Approaches to Financial Counseling

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Key Questions?

• Is financial counseling needed and if so, to what extent?
• What are the challenges facing credit unions that want to meet these member needs?
• How can credit unions overcome these challenges?
Is Financial Counseling Needed?

• 67% live paycheck to paycheck
• 19% spend more than they earn
• 50% of the workforce earns $25,000 or less
Is Financial Counseling Needed?

• 26% have overdue medical debt
• 49% are not saving for retirement
• 49% of 4 year college grads are working in jobs that don’t require a 4 year degree
The challenges facing credit unions!

- How to find the resources to meet member needs
- Establishing a program in a normal planning cycle
- Proving that counseling works for the member and the credit union
What the Foundation is doing

• Working with CUNA and State Leagues to train certified credit union financial counselors
• Coaching credit unions to establish and grow counseling and education programs
• Teaching how to of track and measure the impact of counseling
Financial Counselors Trained

- 48 Programs
- 25 States
- 412 Credit Unions
- 1655 Students
What some credit unions are doing

- Financial health focus and culture
- Linking counseling to products and programs
- Developing effective partnerships
- Multiple counseling alternatives for members
- Creative Counseling Challenges
More Information

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Mission:
Empower low-income individuals to become productive participants in the U.S. financial system and achieve their financial goals.
Facts about NTFP:

- Founded in 1994
- Serve 6000 New Yorkers per year (in all five boroughs) across 40+ partner sites
- Currently offering services in 3 Credit Unions in NYC
Credit Union Education Programs

We provide members:
- Individualized counseling as part of their banking experience
- A complement to the credit union’s core competency in delivering financial services

By integrating financial advisory services into credit union operations we are able to create an avenue towards better utilization of the more advanced financial services offered.
Pathways to Financial Health: Goals

Leverage the network of credit unions as vehicles for financial empowerment for underserved communities:

• Develop a sustainable model for the integration of financial counseling into CU operations.
• Combine counseling with high-impact financial products to achieve better outcomes for clients.
• Track and demonstrate impact of counseling through standard data collection platform.
### Financial Counseling Model Overview

<table>
<thead>
<tr>
<th>Outreach</th>
<th>Counsel</th>
<th>Support</th>
<th>Measure</th>
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<tbody>
<tr>
<td>- Market program to targeted member segment</td>
<td>- Assess member financial situation</td>
<td>- Leverage technology to help members follow their Financial Action Plans</td>
<td>- Measure client outcomes</td>
</tr>
<tr>
<td>- Use credit union services to identify members needing counseling and conduct outreach</td>
<td>- Develop Financial Action Plan</td>
<td>- Create supportive environment with CU staff</td>
<td>- Measure credit union impact</td>
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Initiative Structure

• 5 Pilot Credit Unions
• Summer & Fall 2015 program assessment & in-person training
• Central Client Management and Outcome Tracking Salesforce Platform
• Oct 2015 – Oct 2016: One Year Delivering Financial Counseling
• Fall 2016 evaluation
<table>
<thead>
<tr>
<th>Alternatives FCU</th>
<th>Border FCU</th>
<th>Faith Community United CU</th>
<th>Freedom First FCU</th>
<th>New Orlean’s Firemen’s FCU</th>
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</thead>
<tbody>
<tr>
<td>Ithaca, NY</td>
<td>Del Rio, TX</td>
<td>Cleveland, OH</td>
<td>Roanoke, VA</td>
<td>Metairie, LA</td>
</tr>
<tr>
<td>9k members,</td>
<td>25k members</td>
<td>4k members</td>
<td>47k members</td>
<td>23k members</td>
</tr>
<tr>
<td>$90m in assets</td>
<td>$125m in assets</td>
<td>$13m in assets</td>
<td>$357m in assets</td>
<td>$156m in assets</td>
</tr>
<tr>
<td>Strong understanding of client issues; very well integrated into their community; focused on expansion to other branches w/in 2 years</td>
<td>Enthusiastic about learning to better track their numbers, 12 years of counseling experience, brand new credit union software</td>
<td>Has recognized the need to formalize their program, a big focus on credit counseling and disputes, strong referral system baked into CU operations</td>
<td>Strong leadership, really well designed financial products, Huge credit union with nearly 50,000 members</td>
<td>Large team of 26 certified financial counselors, each doing their own thing, have invested $300,000 in counseling programs</td>
</tr>
</tbody>
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Overview of Database Features

General Salesforce features:

• Cloud-based, making all your clients information easily accessible
• Can be used with any web browser, even on your phone
• Easy search
• Ability to text, email, and manage communication with clients directly from the database
• Dashboards & Reporting
• Evaluate client progress over time
## Direct Credit Pull

### Personal Credit Report Detail

#### Information
- **Contact:**
- **Owner:**
- **Personal Credit Report Name:**
- **Date of Credit Report:** 8/19/2015

#### Overview
- **Credit Score:** 623
- **Total CR Debt:** $2,072.00
- **Credit Score Evaluation:** Fair

#### Balance Data
- **Oldest Trade Line:** 2000-06
- **Installment Balance:** $0
- **Real Estate Balance:** $0
- **Total Unsecured Loan Balance:** $1,479
- **Revolving Balance:** $1,479
- **Real Estate Payment:** $0
- **Monthly Personal Debt:** $0
- **Satisfactory:** 4
Advisor Dashboard

**Increased Credit**

- Total: 1,303
- 779: 60%
- 524: 40%

**Advisor - Increased Credit**

- Total: 94
- 61: 65%
- 33: 35%