



VIA ELECTRONIC MAIL

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Consumer Financial Protection Bureau
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RE: CFPB's Request for Information on Financial Coaching Services for Economically Vulnerable Consumers and Veterans in Transition

To the CFPB:

The National Foundation for Credit Counseling ("NFCC") commends the Consumer Financial Protection Bureau's attention to financial counseling and financial coaching as critical services. We appreciate the opportunity to provide comments on the issues facing retired service members and other financially vulnerable citizens, as outlined in the CFPB's recent Request For Information.

The NFCC and its Member Agencies are already exploring ways to successfully integrate financial coaching concepts into their long-standing, well-respected financial counseling services, and we hope that some of the lessons shared in this letter will help inform the CFPB as it evaluates financial coaching program standards going forward. In addition, to ensure that financial coaching programs reach as many veterans and vulnerable consumers as possible, we urge the CFPB to identify and utilize opportunities to increase public awareness of these programs.

The NFCC therefore will respond to each of the CFPB's requests for information on (1) best practices; (2) existing solutions; and (3) the NFCC's ability to deliver the right services in the most effective manner.

I. About the NFCC

The NFCC is a 501(c)(3) nonprofit voluntary membership organization representing the largest and longest-standing nonprofit financial counseling and education network in the country. The NFCC's vision is to create a national culture for financial responsibility. The NFCC network's core mission is to promote a national agenda for financially responsible behavior and build

capacity for its members to deliver the highest quality financial education and counseling services.

The NFCC was formed 62 years ago and is recognized as the “Gold Standard” of financial education and counseling because of its rigorous Member Quality Standards, Council On Accreditation (COA) requirements, and counselor certification requirements. The NFCC’s members currently comprise eighty-nine 501(c)(3) nonprofit organizations with over 700 local offices and 2,100 professionally certified counselors and educators in all 50 states and Puerto Rico. The NFCC and its Member Agencies thus have national reach, with local, community-based service delivery.

II. Best Practices in Financial Coaching

a. The Importance of Standards

The NFCC hopes that as the CFPB explores financial coaching, it will insist on quality standards that ensure that consumers are not abused and instead receive high quality services. Quality standards are vital as financial coaching proliferates. NFCC Member Agencies report they are seeing more organizations, including non-profits, beginning to deliver financial coaching despite their experience otherwise focusing on health and human services, not financial or credit issues. While the NFCC in no way questions the intentions or capabilities of these providers, we believe financial coaches should be adequately trained and certified to assist consumers.

Dr. Michael Collins from the University of Wisconsin-Madison Center for Financial Security has become an authority in the field of financial coaching (and is a long-standing supporter of the NFCC). He defines financial coaching as follows: “Financial coaching means providing regular one-on-one sessions with clients in order to ‘coach’ performance improvements to meet goals mutually set by the coach and client. Coaching is differentiated from counseling in that coaches are not [necessarily] ‘experts,’ but instead they provide encouragement and monitoring over advice, and do so in a process largely driven by the client.” Sound financial coaching programs depend on long-term, personal relationships between individual coaches and clients, and these relationships must focus on specific, individualized goals and utilize metrics for success that are tailored to individual clients.

We agree that coaching is fundamentally different from traditional counseling or mentoring in that it focuses more on ongoing behavior change, executive attention, goal-setting, and individual monitoring. The NFCC nevertheless concludes that underlying the ability of each of these elements to produce sound results is a coach that is knowledgeable about financial information and strategies. The NFCC therefore strongly urges the CFPB to support financial coaching by coaches that display minimum levels of familiarity with core financial concepts and the problems facing veterans and consumers.

To this end, the NFCC endorses Dr. Collins’s “Professional Model” for financial coaching programs, by which professionals (such as credit counselors) who have active relationships with clients expand their client interaction by utilizing core concepts from financial coaching

programs.¹ The two services are complimentary to each other, and when credit counseling agencies are able to integrate financial coaching into their relationships with clients, they are better able to meet clients' needs. Already, several NFCC Member Agencies are offering financial coaching programs as a part of their client services, and the NFCC believes support and guidance from the CFPB would facilitate more member agency expansion into this important area.

NFCC Member Agencies are exceptionally well-positioned to offer financial coaching services to their clients, and the "Professional Model" may prove invaluable when designing these programs. Each Member Agency counselor must demonstrate substantial knowledge regarding a multitude of financial topics, including budgeting, insurance, and credit. The NFCC has produced a set of widely used educational materials to train counselors on these matters, and the NFCC offers certification to those that demonstrate proficiency in each topic.

b. The Need for Outreach/Promotion

The NFCC and its Member Agencies work tirelessly to cultivate financial support from public and private funding sources to create consumer awareness and outreach campaigns. But more support is needed, particularly to reach veterans and financially vulnerable consumers. The NFCC has found that many programs, such as Military OneSource, are simply not promoted well enough to drive military service members and their families to seek assistance that would benefit them. Even if individual members are aware of these programs, their military training, with its emphasis on self-reliance and discipline, foster reluctance to seek assistance from credit counseling agencies or coaches. Accordingly, while credit counseling and financial coaching are effective ways to address military-specific issues like predatory lending and debt-settlement programs, more effort and resources are needed to make these programs available to veterans, raise awareness of these programs' existence, and overcome institutionalized resistance to seeking assistance.

III. Existing Solutions

In addition to the growing trend of Member Agencies beginning to offer financial coaching services, the NFCC has engaged in two efforts that illustrate existing solutions.

a. The NFCC's Financial Coaching Pilot

The NFCC is currently in its third year of running a pilot program that leverages the skills and expertise of NFCC Member Agencies to provide financial coaching. This pilot offers the CFPB some important lessons as it evaluates this sector.

This pilot program is designed to provide long-term financial coaching as well as credit and asset-rebuilding assistance to 600 low-and-moderate income families at-risk of, or recovering from, financial hardship. The sponsor of this program, one of the largest U.S. financial institutions, has thus far invested more than \$600,000 in this program, which is currently offered

¹ For more information on the Professional Model, please see <http://fyi.uwex.edu/financialcoaching/about/professional-model/>

in five communities across the country. The pilot primarily focuses on measuring long-term behavioral changes, such as credit score and debt-to-income ratio improvements, consistent payment of bills, transition from under-banked/unbanked to banked, and increases in savings. The results of the first two years were very promising, with significant improvements in credit scores and in debt-to-income ratios as well as measurable increases in savings.

The coaching in this program consists of an initial in-depth, individual financial assessment of each family's situation, leading to the creation of a customized and sustainable budget, along with an action plan providing practical solutions to their concerns. When indicated, referrals to assistance organizations within the community are made, including unemployment assistance, job training and placement, resume building, and free tax preparation. This aspect of the program reflects "traditional" financial counseling provided by NFCC Member Agencies. After this initial phase, the families are invited to participate in quarterly meetings with a dedicated counselor where they discuss their progress and concerns. The participating families are also invited to attend classes and seminars dedicated to specific topics of interest.

The first phase of the pilot lasted approximately one year, from March 2011 through February 2012. A total of 538 families participated, including 438 families at risk of or recovering from financial hardship and 100 prospective homebuyers. Many families were in the first phase of the pilot for a period of six to eight months, which was too short of a time to see a significant increase in the credit score. In that short amount of time, we observed the following improvements in the families' financial situation:

- The families saw a significant improvement in their debt-to-income ratio, from an initial average of 50% down to 32% by the end of the program.
- The average savings (non-retirement) increased by 33% during the program, from an initial average of \$1,212 to \$1,612.
- 60% of the participating families saw an increase in their credit score, by an average of 36 points.

Accordingly, due to the relatively short duration of the first phase, agencies found that improvements to the debt-to-income ratio, as well as increases in the amount of non-retirement savings, were much more achievable and meaningful metrics than an increase in the credit score.

In December 2012, the NFCC completed its second year of the pilot program. All the families that participated in the first year of the pilot were invited to continue to take advantage of the program in 2012. The detailed results of phase 2 will be available later in April, but early results indicate that the pilot participants who stayed in the program for a second year showed stronger improvement overall in terms of savings, debt-to-income ratio, and credit ratings.

While the numbers above demonstrate that the pilot has been quite successful in improving the financial condition of many participants, the program reveals key factors that often resulted in families' successes, as well as some challenges the Bureau should take into account when thinking about financial coaching programs in the future.

A key factor in the financial success of the participating families has been their active engagement with their coach over an extended period of time. Participating agencies saw long-term engagement as the biggest difference between a successful family and one who saw minimal or no improvements. Additionally, families that followed their action plans and budget recommendations, and increased their payments to creditors, were most often the families with the most positive results on their credit scores, debt-to-income ratio, and savings amounts.

The first phase experience of one of the participating agencies is instructive for examining the challenges inherent in maintaining long-term relationships with clients. The process of reaching out to clients over an extended period of time proved to be time-consuming and resource-intensive. The agency observed that the participating families were responsive during the first six months of the pilot, but that many were not interested in a continued relationship with their counselor. By the time of the last attempt to contact the families, the agency was able to make contact with only 16% of the original families.

One possible solution to the dilemma of maintaining long-term relationships is to establish individualized goals for each family, with some goals taking less time to achieve than others. Accordingly, it is important to choose success metrics appropriate for the time-frame and goals set by individual clients. For clients with shorter-term goals, for example, reducing the clients' debt-to-income ratio or increasing savings may be an adequate goal. For clients with longer-term objectives, by contrast, improving credit scores may be a worthwhile goal.

When setting goals for an entire coaching program, it is important to take into account the differences in situations many clients face. For example, the combination of at-risk and recovering families served under this Pilot makes it challenging to reflect the underlying complexities associated with each group. The participating families that completed the bankruptcy or foreclosure process prior to entering the program had a greater likelihood to increase their credit score as well as reduce their debt-to-income ratio and increase their savings rate. By contrast, families in pre-bankruptcy or foreclosure may have completed a short-sale, bankruptcy proceedings, or other negative disposition of their debts during the program, which may have led to a decrease in their credit score during the analysis period.

b. The “Integrated Service Delivery” Model

The NFCC has engaged in a unique, integrated model that the CFPB should consider a well. To more fully explore different delivery mechanisms for integrated services, United Way Worldwide and the Bank of America Charitable Foundation developed the *Bank of America and United Way Financial Stability One Stop Learning Network*. Under this program nine United Way affiliates and their community partners – including NFCC Member Agencies – created a “Learning Network.” Each participant engaged in a series of shared learning opportunities to analyze, document, and share their experiences during the nine-month project. The objective was to identify best practices in the integrated delivery of financial counseling, coaching, and other services. This integrated model has shown significant promise in helping families improve their overall financial and economic prospect over time by bringing together the benefits of

financial counseling and coaching along with health and human services and workforce development.

The NFCC Member Agencies that participated in the Learning Network reported promising results. Of the elements to the success of bundling or sequencing counseling, coaching, and social services, NFCC members reported that the most critical are:

- A multi-year commitment to serving clients.
- The availability of one-on-one Services: financial counseling, coaching and case management have to be core services at Financial Stability Centers.
- Cross-training staff through train-the-trainer programs and leveraging volunteers whenever appropriate: Financial Stability Center staff has to be trained and knowledgeable in all or most of the services offered, resulting in greater effectiveness and efficiency of time and resources.

Although still in its early stages, the concept of Integrated Delivery should be considered when designing programs for service members transitioning into civilian life, as this model provides easy and direct access to many social and financial services and benefits in a very convenient way.

IV. The NFCC's Experience and Capabilities

All NFCC Member Agencies provide comprehensive and holistic counseling tailored to the unique needs of each client. This approach to counseling entails general financial counseling and budget preparation, credit and debt counseling, housing counseling (including pre-purchase counseling), bankruptcy counseling, and other counseling and education disciplines, such as financial literacy, in one-on-one as well as group settings. Services are offered in person, via the telephone, and sometime available over the Internet using web-based applications. In the past two years, NFCC Members have provided quality financial and housing counseling and education services to 5 million clients nationwide.

As leaders in the sector, the NFCC has long-served as a trusted Intermediary for private and federal awards and contracts, often serving military veterans in this capacity. The NFCC has been an approved HUD Housing Intermediary for more than 15 years. Recently, the NFCC has been one of the largest recipients of HUD funding for "traditional" comprehensive counseling, which includes foreclosure prevention counseling, as well as Reverse Mortgage Counseling, as well as for National Foreclosure Mitigation Counseling (NFMC) funding.

The NFCC and its Member Agencies also are trusted resources for the military, veterans, and vulnerable consumers.

a. The NFCC's Experience Helping Service Members and Their Families.

The NFCC has had a long-standing relationship with the Department of Defense (“DoD”). NFCC counselor certification is recognized by DoD as one of the approved financial counseling certifications. Additionally, the NFCC’s rigorous member accreditation requirements through the Council on Accreditation have been acknowledged by DoD as the standard of excellence. Today, COA is being utilized for its units under a government contract with DoD. Susan C. Keating, NFCC President & CEO, is a member of the COA Board of Trustees and has been engaged in their recent work with the military audience.

Throughout its 62-year history, the NFCC and its Member Agencies have committed themselves to providing financial counseling and education to military service members and veterans. Current national military partnerships that deliver on this commitment include:

- **Coast Guard Mutual Assistance:** Since 2003, NFCC members have offered tailored financial counseling and financial education for Coast Guard members and their families.
- **Military OneSource:** Since 2008, NFCC members have offered face-to-face financial counseling to service members and their families across the country working as a subcontractor with Ceridian and ValueOptions as prime contractors.
- **Army OneSource:** NFCC works with Community Support Coordinators across the U.S. to connect them with NFCC member financial education resources for service members and their families.
- **Zeiders Enterprises:** NFCC members work with Zeiders to offer episodic or “on-demand” financial counseling at military activities, including DoD Yellow Ribbon Reintegration Programs.
- **Military.com:** NFCC provides financial education materials and advice through this website visited annually by millions of military service members and veterans.

Most NFCC Member Agencies also work in many capacities across the U.S. with all branches of the military and veteran community to conduct outreach events, presentations, provide training and in some cases provide individual services through contractual arrangements. From education events during Military Appreciation Month to military-centric financial literacy webinars, NFCC members are engaged and committed to this important audience.

For example, the Consumer Credit Counseling Service of Greater San Antonio is heavily involved in the San Antonio Family Endeavors (SAFE) Homeless Veteran Educational Outreach. Over 30,000 soldiers are expected to return from Iraq with many relocating to the San Antonio area to be near the largest military medical facility in the world, Brooke Army Medical Center, many have demonstrated a lack in successfully transitioning to civilian life. The agency offers Money Management Basics Skills classes to help them more successfully reintegrate into society. The classes are presented on-site at SA Family Endeavors the third Wednesday of each month. CCCS of Greater San Antonio also individually counseled hundreds of homeless veterans since February 2011, providing them with personalized education about their situation. The Member Agency reports that the homeless veteran students have demonstrated displacement and anger

issues as they move from the total care provided by the military to civilian life. Sharing money management skills has been a practice in patience as a large percentage of veterans deal with displacement due to Post Traumatic Stress Disorder (PTSD) and Traumatic Brain Injury (TBI). There is no shelf life for these injuries; cases are being reported as far back as WWII veterans.

CCCS of Greater San Antonio also is a recognized partner in the Alliance for Veterans and Families Veterans Information Program and Senators Leticia Van de Putte and Cong. Chas Gonzalez have honored the Agency's accomplishments. The collaboration between the Agency and the local United Way agency has helped them reach 19,000 veterans. Other homeless veterans are speaking up for the agency's educational program results and the number of participants are growing. The agency has become the preferred partner for financial counseling and education by the USO, Guard and Reserve, Military OneSource, Army OneSource, the Navy, and the Coast Guard. They also serve on the Working Committee of the San Antonio Alliance for Veterans and Families whose mission is to reach out to veterans seeking transitional assistance as they integrate back into society.

b. NFCC Has Developed Innovative Practices and Tools to Complement Financial Counseling.

Since 2010, the NFCC and its Member Agencies have been implementing a series of innovative pilots designed to help families and homeowners rebuild assets and reduce their debt. These programs involve longer-term interaction with clients, require intensive follow-ups and more comprehensive data capture and reporting than some of the traditional financial counseling and education services. Because of their unique characteristics, these programs closely mirror financial coaching services. This evolution in the services provided by NFCC Member Agencies has successfully highlighted the ability of NFCC counselors to provide both financial counseling as well as "financial coaching."

Volunteer-Driven Services: Some NFCC Agencies train out-of-NFCC-network financial coaches. One example is a Florida-based NFCC Agency that partnered with the local Points of Light (a non-profit organization that support volunteerism) affiliate to provide services to veterans. Each volunteer coach selected by Points of Light is part of a team of coaches supervised by an NFCC-certified financial counselor. The NFCC Member Agency provides the volunteer coaches with an initial all-day training and then a monthly peer-support network as well as on-line immediate support as needed.

Outreach to Improve Financial Literacy. This year, the NFCC is launching a national campaign to assist families rebuild their financial lives. This campaign leverages the value and long-term benefits of "comprehensive/holistic counseling" and offers a "3-Step Program" to consumers: : 1) a financial "stress test" designed to increase awareness and support consumers to take action; 2) a customized, comprehensive financial review designed to set goals, develop a budget, and establish a realistic long-term action plan; and 3) a targeted education course designed as a "deep dive" focused on the major areas of interest to the individual or family.

Innovative Tools and Research. The NFCC has many consumer-friendly budgeting and tracking tools available on its Web site. Of note, the NFCC – in collaboration with Ohio State

University, the University of Wisconsin (with the support of Michael Collins and his team) and the University of Chicago – recently launched a new online financial resource tool for consumers, called MyMoneyCheckUp™. This free tool, available on the NFCC Web site, or at www.MyMoneyCheckUp.org, is designed to provide an assessment of a consumer’s overall financial health and behavior in four designated areas of personal finance: budgeting and credit management, saving and investing, planning for retirement, and managing home equity.

The NFCC also closely tracks national trends in the area of personal finance, and releases a Financial Literacy Survey every April. The summary and details of this survey are available at: <http://www.nfcc.org/NewsRoom/FinancialLiteracy>

V. Conclusion

Addressing the financial needs of economically vulnerable populations and veterans in transition is a critical initiative that will require a significant investment in resources and a long-term commitment. The NFCC would be delighted to participate in this initiative under the leadership of the CFPB. The NFCC’s extensive experience in serving as a national partner for federally-backed programs, as well as our Member Agencies’ vast reach and community presence, makes us an ideal partner for CFPB as it looks to support financial coaching.

Sincerely,



Susan C. Keating
President & CEO
National Foundation for Credit Counseling, Inc.