FINANCIAL COUNSELING AND THE SUPERVITAMIN EFFECT

CONCEPTS & MODEL OVERVIEW

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“In the social service field, underlying financial instability is often the primary backdrop, if not the actual presenting cause, for those receiving services.”

- New York City Department of Consumer Affairs

Office of Financial Empowerment
Financial Empowerment = The Path to Financial Stability
IN TIMES OF INCREASING NEED AND DECREASING RESOURCES, HOW CAN WE DO MORE WITH LESS?
The “Supervitamin” Effect

- **Theory**: integrating financial empowerment activities with supportive programs yields *improved program outcomes and program efficiencies*. 
Cities for Financial Empowerment: Goals

1. Improve access to high quality financial information, education and counseling
2. Connect individuals and families to safe and affordable financial products and services
3. Create opportunities to save and build assets
4. Protect consumers in the financial marketplace
The “Supervitamin” Approach

Local Government

Local Financial Empowerment Initiative
(Nonprofits/service agencies/financial institutions/employers/higher ed)

- Workforce Development
- Foreclosure Prevention
- Faith Community
- VITA
- Homeless Services
- Financial Education/Counseling
- Access to Financial Products/Services
- Saving and Asset Building Platforms
- Benefits Access
- Prisoner Re-entry
- Public Housing
- Food Assistance
- Micro-enterprise
- DHS
Local Government Role

- Leader
- Convener
- Fundraiser/funder
- Champion
Potential Strategies

- Bank On Campaign
- College Savings Account (CSA) Platform
- Financial Empowerment Centers
- Financial Education Providers Network
- Mayor’s Financial Fitness Challenge
- Matched Savings Accounts
- Safe Pay Initiative
- Affordable Small Dollar Loan Program
Early Evidence and National Replication

- NYC developed the Financial Empowerment Center model in 2008
- NYC OFE evaluation: Financial Empowerment Centers effectively help clients decrease debt, increase savings, improve credit
- Bloomberg Philanthropies invests $16.2 million in Living Cities’ Cities for Financial Empowerment Fund to create national replication of the Financial Empowerment Center model
Financial Empowerment Center Model

- Integrates one-on-one financial counseling with traditional anti-poverty programs and services.
Financial Empowerment Center Model

- **Professional**: counselors trained via college credit-bearing course
- **Personalized**: one-on-one counseling meets clients’ unique needs
- **Integrated**: counseling services connected to various supportive programs and services through co-location and referral systems
- **Outcome-oriented**: well defined, quantified outcomes are recorded for each client
Financial Empowerment Center Model

- **Partners**
  - Local government
  - Nonprofits
  - Service agencies
  - Educational institutions
  - Financial institutions
  - Employers
Financial Empowerment Center Model

- Types of Partnerships
  - Integration and referral
  - Co-location/satellite sites
  - Service delivery
  - Outreach
Financial Empowerment Center Model

- Service Plans
  - Debt
  - Credit
  - Savings
  - Banking
Financial Empowerment Center Model

- **Outcomes**
  - **Debt**
    - Decrease debt by at least 10%
  - **Credit**
    - Establish credit score
    - Increase credit score by at least 35 points
Financial Empowerment Center Model

- **Outcomes**
  - **Savings**
    - Increase savings by at least 2% of net income
    - Establish and maintain a monthly savings habit
  - **Banking**
    - Open a safe and affordable bank account
    - Transition to a safe and affordable bank account
    - Account is open six months later
Financial Empowerment Center Model

- Data tracking
  - Intake form
  - Financial Health Assessment
  - Session documentation
  - Outcome summary
Michigan Communities for Financial Empowerment

- Network for local leaders committed to advancing financial empowerment initiatives in their communities

- Supports
  - Training
  - Technical assistance
  - Funding
Contact

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“Like all learning, financial education is a process that should begin at an early age and continue throughout life. This process builds the skills necessary for making critical financial decisions that affect one’s ability to attain assets, that improve economic well being”.
Alan Greenspan
Financial Literacy is the Core

- Credit and Budget Counseling
- Money Management
- Fresh Start
- Volunteer Income Tax Assistance
- Down Payment Assistance
“The amount and timing of financial education matters when it comes to attempts at building financial literacy to shape behavior, education that closely precedes a financial decision has more impact.”

National Endowment of Financial Education
Building an Effective Financial Education

- Clear Mission and Goals
- Know your audience
- Create Standards
- Establish Partnerships
Building an Effective Financial Education

- 5. Integrated with other programs and services
- 6. Marketing and Outreach
- 7. Develop and Train your staff
- 8. Collect Feedback
Programs and Curriculums

- National Foundation of Financial Education-NEFE
  www.nefe.org
- Practical Money Skills - Money 101
  www.practicalmoneyskills.com
- Stock Market Game
  www.stockmarketgame.org
- FDIC – Money Smart
  www.fdic.gov/consumers/consumer/moneysmart
- Financial Educators
  http://www.financialeducatorscouncil.org
- PNC-Foundations of Money Management
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