CASH Coach Training

Baltimore CASH Campaign

2015

Program Sponsors:

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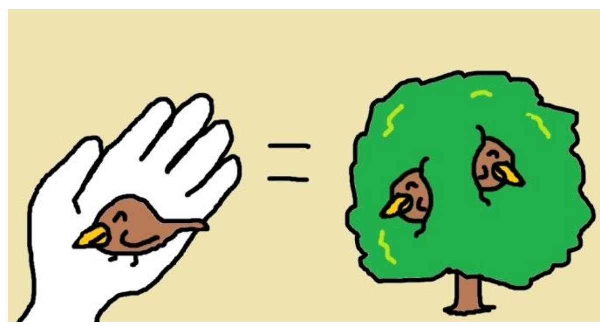
Behavioral Economics and Consumer Behavior

Definition: Behavioral Economics and Consumer Behavior explore why we make particular financial decisions, even if they are not the "best" financial choices available.

The Power of Defaults: A default is the choice we make when we do not choose. Because people are often reluctant or scared, lazy, procrastinating, or confused by the information presented, the default option often becomes the most common choice. Example: In companies where participation in a 401(k) is the default, roughly 95% or workers invest in the plan. Where participation is not the default (must elect to participate), the rate is less than 40%!



The Problem of Timeframe: Short-term gains or losses are more powerful motivators than anticipated final states of wealth. So, **we respond more strongly to the chance to get something today than to a potentially bigger payoff down the road**.

Appealing to the Right Identity: People think about themselves in a variety of different ways—as a parent, daughter, worker, woman, economically disadvantaged person, etc.—and they will make different choices in the same situation when they have different "identities" in mind.

We all wear many different hats at different times.

Mental Accounting: People compartmentalize money into distinct categories and have different propensities to save or spend from different mental accounts. So, we might be very good about not touching the rent money, but will blow "found" money.

Risk Preference: People vary considerably in their preference for or aversion to risk. Those who gamble in casinos, play the lottery, or invest in high risk stocks all demonstrate a willingness to accept financial risk; in each case the activity offers the opportunity to make potentially huge amounts of money, but also carries with it the possibility that you will lose money. Not gambling, conservative investments, and related activities might demonstrate aversion to risk. Risk tolerance also appears in many other aspects of our lives and can influence our decision making and life trajectory: staying in a job versus quitting without a new position lined up or buying a home in an unstable real estate market versus renting. Even a decision about whether to drive to your destination (could arrive sooner but could also get stuck in traffic) versus taking a train (will arrive at a set time, will take more time than the ideal driving circumstance but less than if you are stuck in traffic) speaks to the ways in which we accept and assign risk.

Something to Think About:

Every person who interacts with money makes decisions about how, when, where, and why we spend money. These decisions speak to our individuality, but also reflect our backgrounds. They also reflect the unique conditions we are facing at that moment.

Consider the example of three used cars, each of which costs around $20,000.

2008 BMW 335i
90,000 miles; 18-28mpg

2005 Dodge Ram 3500 Dually
164,000 miles; 12-24 mpg

2012 Toyota Prius V
20,000 miles; 48-51mpg

Which of these vehicles is best? Which should a person purchase?

A person's preference may reflect their needs (ability to haul heavy loads and trailers or the ability to transport business clients) or their values (a "green" vehicle or displaying outwardly their wealth). Risk aversion may come into play in the decision making process, leading them to reject a vehicle (likelihood of problems from a vehicle with 100,000+ miles, high repair costs). Their preference may also reflect their beliefs, upbringing, and community. Each of these vehicles may be seen as a powerful status symbol, but to members of different geographic, social, cultural, and economic communities. Likewise, each might lead to criticism.

Do consumers always make the most logical, rational, and efficient choices? Do you? How might values and preferences lead us to make decisions which are not (at least apparently to an outsider) the most logical, rational, and efficient?

The Takeaway for Coaches

Behavioral Economics and Consumer Behavior offer us three powerful insights which are essential for an effective coaching relationship.

1) Our values, life experiences, background, and culture are crucial in influencing the decisions which we make.

2) Even when we know the "right" or "best" path forward, we often decide upon what would be perceived by an outsider as "poor," "wrong," or "inefficient."

3) The decisions that we make for ourselves may be very different from the decision we might make on behalf of someone else.

Their importance speaks to the very purpose of coaching. Our goal is not to fix our coachees or to tell them what to do. Most coachee already know what they "should" do. Instead, using the COACH model, powerful questions, and other tools at your disposal, you can help your coachee to better understand the decisions which he or she is making, why the decisions are being made, and how those decisions are impacting their goal-achieving processes.

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Poverty, Scarcity, and Coaching Low-Income Individuals

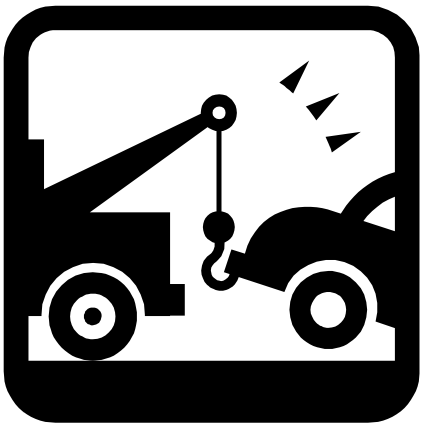
While individual experiences vary, many of the coachees in the Baltimore CASH Campaign coaching program come from low- to moderate-income or financially disadvantaged situations. Coaches should understand that all situations are different and that participation in our program does not automatically mean that an individual is drawn from any particular background or financial situation. This information is provided as a resource should it be needed and because many of our coaches, particularly those who are not themselves from low-income or financially disadvantaged backgrounds, may not be familiar with this content.

<u>Poverty and Scarcity</u>

Anyone who has ever tried unsuccessfully to multitask (say, driving while talking on the phone and eating or watching television while reading a book and writing an email) has come to the painful realization that each of us has a limited amount of mental bandwidth. At some point we are simply unable to complete the tasks which are placed before us in a high-quality and timely manner. This bandwidth limitation also manifests itself in forgetfulness or an inability to focus. On a busy day where you have a number of important tasks to perform (present a report at work, get the car fixed, go to a dentist's appointment, pick up the kids, etc.), have you ever simply forgotten another task or activity that you needed to complete? Did feelings of being overextended or overwhelmed prevent you from succeeding?

Poverty can be understood as a chronic lack of the resources necessary to maintain a decent standard of living. From this, it is clear that a person dealing with poverty must spend an excess of time and energy attempting to access resources. When they are unable to get the resources they need, people living in poverty must deal with the physical, mental, and emotional consequences that follow from lack of access to those resources. New research is shedding important light on the impact that chronic poverty has on the mental bandwidth of those individuals facing this type of hardship.

A group of researchers from Harvard, Princeton, and the University of Warwick performed two sets of experiments using 400 randomly chosen subjects at a New Jersey mall. All of the subjects were given a preliminary IQ test and were then presented with either a group of “easy” scenarios or “hard” scenarios. The researchers found that when faced with the easy scenarios, such as a $150 car repair, rich and poor participants fared equally well on subsequent IQ testing.



For hard scenarios, one example being a $1,500 car repair, the results were very different. Wealthy participants—those with more resources or the ability to more easily access resources such as credit—saw no significant drop in their performance in testing. Poor participants did noticeably worse on IQ testing when faced with the hard scenarios. The IQ reflected in testing by poor participants fell by 13 points. This loss of cognitive ability is the same as that faced by an individual who skips a night’s sleep or the difference between a chronic alcoholic and a normal adult.

Scarcity and poverty do not make people less intelligent—the above study considered the starting baseline IQ of participants and compared those with similar IQs. **Instead, people living in poverty experience a contraction of their mental bandwidth.** The result of this contraction is that individuals facing poverty have less bandwidth to use in other areas of their lives.

This research helps to explain why people living in poverty often make what appear to be bad decisions, often in many different areas of their lives: their impoverished state may actually be keeping them from using all of their mental faculties to make the wisest and most efficient decision possible. Poor (or inefficient) decisions then would likely lead to more poor decisions, further limiting the ability of individuals to make wise decisions and break the cycle of poverty.

Information drawn from Princeton University, “Poor Concentration: Poverty Reduces Brainpower Needed for Navigating Other Areas of Life,” and CityLAB, “How Poverty Taxes the Brain: Scientists have Discovered that Being Poor Actually Impairs our Cognitive Ability.”

Takeaway for Coaches

For coaches who are matched with coachees coming from a background of poverty, the above information may be useful in understanding why a coachee might make certain decisions about their life or money. That ability to understand a coachee’s situation is objectively valuable for the coach and essential to building a relationship built upon mutual respect and trust. It may also help the coach avoid judgment for what he/she perceives to be an unwise or poorly thought through decision.

Effective use of the tools at the disposal of the coach (COACH model, powerful questions) in a coaching session can also help a coachee consider his/her decisions more deeply. The coach should effort to guide the coachee to deeper consideration of upcoming decisions and by extension toward making more informed, well-considered decisions. Note that we do not say "better" decisions. It is essential that the coach not seek to lead the coachee to any particular decision. Remember that the coachee is Creative, Resourceful, and Whole. The goal of the coach is to help the coachee fully utilize the knowledge and skills which they have within themselves.

<u>Coaching Low-Income Individuals</u>

Coaching a low-income individual can present a number of challenges to the coach. It is important to remember that this information is included for educational purposes for future coaches; it is not provided so that coaches can "fix" their coachees.

While it may seem obvious, it is worthy of noting that low-income individuals have access to fewer financial assets. This may limit the ability of an individual to make his/her preferred choice or decision. It is also easy to understand that this effect can be additive: for instance, an individual who does not own a car might be more limited in where they can shop, potentially meaning that they will have to pay higher prices or be forced to purchase something other than their preferred product or service. Having paid more for the good or service, the individual then has even less money and therefore less flexibility.

Low-income workers, including those who only have part-time, seasonal, or temporary employment, are less likely than higher paid, permanent workers to receive benefits (including insurance and retirement programs) at their employer. This may require additional spending on things such as healthcare (or may require that the low-income worker simply go without needed services) and can also limit long term wealth and security built through lack of economic opportunities, including pensions, 401(k)s, and home ownership.

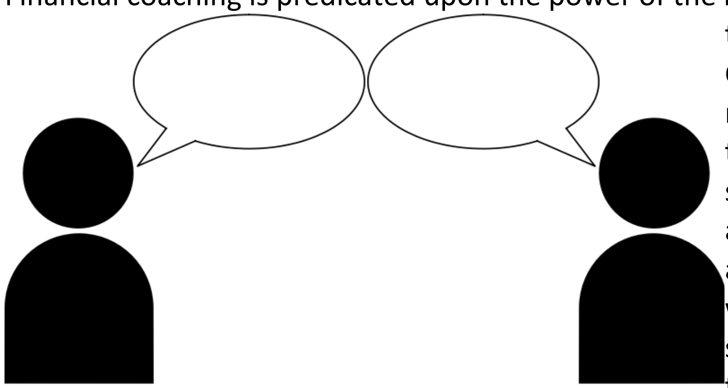
Everyone has beliefs and values concerning money, this is not limited to low-income individuals, but for low-income individuals these beliefs and values can disproportionately impact the economic bottom line. Because low-income individuals have fewer financial assets, an individual's behavior as a giver (to friends, family, church, etc.) or remitter of money to a home country, for instance, can severely constrain one's ability to spend money as needed or to save. This may make it more difficult for the individual to improve his/her overall financial position (creating, for instance, the inability to pay for education, or purchase a car which would allow for a better job). It may also serve to move that person from being is difficult but manageable position to an untenable position. It is important to reaffirm that the goal is NOT to instruct the coachee to stop the behavior which the coach may question. To do so violates the spirit of coaching and could easily serve to drive a wedge between coach and coachee.

Most low-income individuals (along with many moderate-income and economically disadvantaged individuals) will be eligible for assistance programs, including public benefits and support from non-profit and charitable organizations. You may find in your conversations with your coachee that he or she is already receiving some benefits. It is safe to say, however, that many low-income individuals are not receiving all of the assistance for which they may be eligible. As part of your coach training materials you will receive an up-to-date copy of Baltimore CASH's referrals page. For coachees who are not receiving any benefits and/or who are not familiar with current offerings, an excellent place to start is with Maryland's EarnBenefits screening. Numerous screening sites are available throughout the Baltimore metropolitan area, a list of which is available on the EarnBenefits website (www.earnbenefits.org/maryland). Baltimore CASH operates a screening location at the Mondawmin Mall, telephone 410-234-8080.

What is Coaching?

Financial coaching is an emerging field which has grown out of a desire to move beyond financial education programs and to better address people's spending and money habits. Research has demonstrated that financial education and counseling can be very beneficial in the short term, but tend to have little success at long-term change. Building upon research from behavioral economics and consumer behavior and drawing insights from counseling and coaching in other areas (e.g. life coaching and career coaching), financial coaching offers a relationship-orientated, partnership-based approach to creating positive change.

The Coaching Relationship



Financial coaching is predicated upon the power of the interpersonal relationship built between the coach and the coachee. Baltimore CASH asks that coaches and coachees make a commitment to their partner in this process, facilitating the growth and success of the coachee. Coachees are assigned to one coach with whom they are expected to meet. Most coaches work with a single coachee, although some coaches may choose to work with two or more coachees.

Duration and Frequency

Coaches and coachees are expected to meet regularly, roughly once per month. Coaches and coachees should work together to set their schedule. The commitment is typically six months, but can be adjusted to meet the needs of the coachee. Sessions should last 60-90 minutes, with additional time allocated for the early sessions to allow for getting-to-know-you activities, tracking spending and building budgets, and the formulation of goals.

The Coaching Session

A typical coaching session will be composed of a number of activities, including setting financial goals, building or tracking financial plans, follow-ups on discussions from previous coaching sessions, checking on commitments previously made, and creating or reviewing homework.

Goals of Coaching

The goals of financial coaching speak to the real, transformative, and critical power of coaching when it is used well and there is buy-in on the part of both coach and coachee:

- Achieve coachee-defined goals
- Address immediate issues
- Support specific actions to meet goals
- Improve financial situations
- Change financial behaviors
- Provide tools, resources, and referrals

Short-Term Action, Long-Term Orientation

The typical coaching relationship will last between six months and a year, although many coaches and coachees choose to extend their commitments well beyond this time frame. As such, the goals which are set and the actions which are taken should be relatively short term. This may mean breaking up larger, long-term goals into smaller and more quickly achievable segments. For instance, someone looking to purchase a home may not be able to achieve this large goal, but they may be able to save a portion of the down payment, remove incorrect items from a credit report, and begin to rebuild their credit history in 6 months to a year, thus laying a crucial foundation leading toward the larger, longer term goal.

The long-term orientation is the focus of the coaching relationship on creating positive behavioral change in the lives of coachees. This is one of the important ways in which coaching differs from financial education. Coaching has the power to help coachees build the knowledge and confidence to take control of their financial lives and destinies.

Coaching vs. Financial Planning

It is important to remember that Financial Coaching is ***NOT*** Financial Planning. The CFP Board, the professional oversight organization of Certified Financial Planners, defines financial planning as "the process of determining whether and how an individual can meet life goals through the proper management of financial resources. Financial planning integrates the financial planning process with the financial planning subject areas, which include insurance planning, investment planning, income planning, and estate planning."

Financial planners use their knowledge and experience to design a financial plan which they present to their clients. Financial coaching training provides neither the knowledge nor the licenses necessary to work as a financial planner. Financial coaches also do not seek to craft plans or dictate to their clients; in this way the two disciplines are fundamentally different from one another. Individuals who, through their education or prior work experience, may have financial planning knowledge should remember that they are volunteering as a financial coach **NOT** a financial planner! Some coachees may benefit from the services of a CFP or other financial advisor, but this individual is not and should not be their CASH coach.

Definition of Financial Planning from the Frequently Asked Questions section of the Professional Standards & Enforcement area of the CFP Board website.

Key Coaching Skills

Curiosity: *Curiosity is the most essential skill in the coach's toolkit*. Through the use of questions, coaches help coachees to answer questions and to discover that they possess within themselves the answers to those questions. Curiosity in action helps to build the relationship between the coach and the coachee. Coaching with powerful questions also helps teach coachees to introspectively examine their own lives.

Accountability: Accountability is having your coachees account for what they said they were going to do. It stems from three questions: (1) What are you going to do? (2) When will you have this done? (3) How will I know? Accountability does not include blame or judgment. Rather, the coach holds coachees accountable to their vision or commitment and asks them to account for the results of their intended actions. If need be, holding coachees accountable includes defining new actions to be taken.

Acknowledgement: Acknowledgment addresses the self and who coachees had to be in order to accomplish the action they took or the awareness they achieved. It is the articulation of your deep knowing of the other.

> "I acknowledge the courage it took for you to show up for this session, knowing that you had difficult things to share with me today."

Bottom-lining: This is the skill of brevity and succinctness on the part of both the coach and the coachee. It is also about having coachees get to the essence of their communication rather than engaging in long, descriptive stories.

Challenging: A challenge is a request that stretches coachees way beyond their self-imposed limits and shakes up the way they see themselves. A challenge, like a request, includes three things: (1) a specified action, (2) conditions of satisfaction, and (3) a date or time of completion. Coachees will respond to a challenge with a yes, a no, or a counteroffer. Frequently, the counteroffer is greater than the concession they initially intended to make.

> A coachee wants to set a six-month saving goal to fund the down-payment on a car. She proposes that she can save $5 per week. Based on her budget and her goal, you challenge her to save $50 per week. She makes a counteroffer of $25 per week.

Clarifying: When coachees are unable to articulate clearly what they want or where they are going, the coach clarifies their experience. Clarification may be used in response to the coach's vague sense of the desired outcome, confusion, or uncertainty. This skill represents a synergistic application of questioning, reframing, and articulating what is going on. It is particularly useful during the discovery process.

Definitions Adopted from Henry Kimsey-House, et al., *Co-Active Coaching: Changing Business, Transforming Lives*, 3rd ed.

Clearing: Clearing is a skill that can benefit either the coach or the coachee. When coachees are preoccupied with a situation or a mental state that interferes with their ability to be present or take action, the coach assists by being an active listener while they vent or complain. Both coach and coachee hold the intention of clearing the emotionality from the situation. This active listening allows coachees to temporarily clear the situation out of the way and focus on taking the next step. When a coach gets hooked by a coachee interaction or is preoccupied with issues that do not pertain to the coachee, the coach can clear. The coach clears by sharing his or her experience or preoccupation with a colleague or a friend in order to show up and be fully present with the coachee.

Intruding: On occasion, the coach may need to intrude, to interrupt or wake up coachees who are going on and on or who are kidding themselves. The coach does this for the sake of the coachee's agenda, often pointing the coachee in a specific direction. Intrusion is considered rude in some cultures. In coaching, however, intrusion is viewed as being direct with the coachee, allowing the coachee to honestly assess and immediately deal with the situation.

> "*Stop for a moment. What's at the heart of this?"*

Reframing: With reframing, the coach provides the coachee with another perspective by taking the original information and interpreting it in a different way.

> A coachee has just been informed that she was selected as the second choice for a new job in a very competitive market. She is disappointed and is questioning her competence. The coach reframes the situation by pointing out that being selected as second choice in such competitive market indicates the high quality of the coachee's expertise and experience.

Requesting: One of the most potent coaching skills is that of making a request of the coachee. The request, based on the coachee's agenda, is designed to forward the coachee's action. The request includes a specified action, conditions of satisfaction, and a date or time for completion. There are three possible responses to a request: *yes*, *no*, or *a counteroffer***.**

Taking Charge: The coach chooses and directs the path of the coaching in order to serve the coachee's agenda. Sometimes coachees become lost in their circumstances and forget what matters most to them. That's when the coach needs to take charge and direct the coaching back to what is most meaningful to them.

Definitions Adopted from Henry Kimsey-House, et al., *Co-Active Coaching: Changing Business, Transforming Lives*, 3rd ed.

The C O A CH Model

C—Competencies What does the coachee's current situation look like? How are they handing their current situation?

Find out what is going on in your coachee's life and what they are already doing about their situation.

Ask for celebrations of your coachee's accomplishments; what they are most proud of; help them to understand their strengths and ask the coachee to acknowledge them, what they are really good at.

- What is going well?
- What are you most proud of yourself for today?
- What going on and what have you already considered?
- What have you tried so far?
- How confident do you feel about the direction you are headed?
- What resources do you need to help you decide?
- What do you know about it now?
- What resources are available to you?

O—Outcome What result is the coachee looking to achieve in this coaching session?
Ask your coachee if he/she has an end in mind. What opportunities and options do they believe are open to them? Can you help them on a short- to intermediate-term goal which will help them achieve a long-term or lifelong goal?
Creating SMART goals will likely take the bulk of your time during coaching. Support you coachee in creating and articulating their vision.

- What do you want to take away from the conversation?
- Where do you want to focus right now?
- What do you really want?
- If you achieved your goal(s), what would that look like specifically?
- What is the problem here?
- If the problem were solved what would be different?
- How can you create options to help you achieve your goal?
- How will you know that you have reached your goal?

A—Action What steps must be taken to achieve the desired outcome?

Once your coachee has considered the opportunities and identified some choices for action, focus on the details to outline the next steps. The smaller the step, the easier it will be for the coachee to complete.

Check the coachee's commitment to action. What 3 (more or less, as needed) steps must they take to achieve their goals? The action steps become the coachee's homework between sessions. It allows the coachee to try new behaviors, see changes, and make progress toward their goals.

- What are 3 steps to achieve your goal?
- If you had a choice, what would you do?
- What support do you need to accomplish your goal?
- What structure needs to be in place for you to consistently act toward your goal?
- How can you have this be easy?

CH—Checking How can you help provide accountability for you coachee?

Caring: the accountability ultimately rests with your coachee, but checking on their progress and supporting their commitment builds the relationship and is critical to the coachee's long-term success.

Hope: What feedback does your coachee need? Are they wrestling with the saboteurs and getting stuck in a comfort zone? Don't be afraid to challenge the coachee. Trust that your coachee is naturally creative, resourceful, and whole. They can make changes and you are there to champion them and remind them that their goals are achievable!

- What will you do, by when, and how will I know that you have done it?
- What is the best way to communicate your accountability for your actions and to whom?
- How can I best support you to take the action steps that you have outlined?
- What value are you taking away from our coaching conversation today?

Adapted from Central New Mexico "Financial Coaching Training, 2 Day Course," referencing Fleming and Taylor, *The Coaching Pocketbook.*

Roles and Responsibilities

Coach:

- Meet regularly with Coachee (at MOST once per week in person or by phone)
- Respect Coachee confidentiality
- Help set goals
- Provide accountability and checking for Coachee
- Maintain supportive and non-judgmental relationship
- Record goals and notes
- Communicate outcomes with Baltimore CASH
- Call your coachee in advance in case of cancellation

Coachee:

- Meet regularly with Coach
- Commit to setting financial goals
- Commit to actively working toward your financial goals
- Make a good faith effort to complete promised tasks
- Communicate outcomes honestly with Coach
- Be open to constructive feedback
- Call your coach in advance in case of cancellation

SMART Goal Worksheet

Today's Date: _______________ Target Date: ________________ Start Date: _________________

Date Achieved: _______________

Goal: ____

<u>Verify that your goal is SMART</u>

Specific: *What exactly will you accomplish?*

____

____

____

Measurable: *How will you know when you have reached this goal?*

____

____

____

Achievable: *Is achieving this goal realistic with effort and commitment? Have you got the resources to achieve this goal? If not, how will you get them?*

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Relevant: *Why is this goal significant to your life?*

____

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____

Timely: *When will you achieve this goal?*

____

____

____

This goal is important because:

The benefits of achieving this goal will be:

Take Action!

Potential Obstacles	Potential Solutions

Who are the people you will ask to help you?

Specific Action Steps: *What steps need to be taken to get you to your goal?*

What?	Expected Completion Date	Completed

Paying Down Debt

- Pay minimum payments. The, consider the following strategies:
- Snowball
  - Focus on smallest debt first while still making minimum payment for all others. Once smallest debt is paid off, use the minimum amount from that debt adding it to your next smallest debt's minimum payment.

- Avalanche
  - Focus on highest interest rate debt first while making minimums on other accounts.
  - Once highest interest rate account is paid off, begin paying account with next highest interest rate, adding the minimum from the paid off account.

Sample Debts of a Hypothetical Coachee:

Debt	Balance	Interest	Minimum Payment
Credit Card 1	$750	15%	$20
Credit Card 2	$2,750	21%	$50
Retail Card	$4,000	27%	$95
Loan	$1,200	13%	$20

On the following page, Debt Repayment Strategies in Action, four potential repayment strategies are employed: making minimum payments only, making minimum payments with $20 per month split evenly between accounts, the debt snowball with $20 extra per month, and the avalanche method with $20 extra per month.

As you will see, adding $20 extra per month to minimum payments saves the client thousands of dollars in interest regardless of the strategy used. The snowball requires by far the least time before an account is paid off, while the avalanche method saves the client the most money. The correct plan will be the one which best meets the needs and personality of the client.

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Debt Repayment Strategies in Action (Sample)

Baseline (Minimum Payments Only)

Debt	Balance	Rate	Min. Payment	Payoff Time	Total Interest
Credit Card 1	$750	15%	$10	18 years, 8 mo.	$1,416.08
Credit Card 2	$2,750	21%	$50	15 years, 10 mo.	$6,713.12
Retail Card	$4,000	27%	$95	11 years, 1 mo.	$8,380.99
Loan	$1,200	13%	$20	8 years, 2 mo.	$748.64

Total Interest Paid: $17,258.83

$20 per Month Extra Divided Evenly Between Accounts

Debt	Balance	Rate	Min. Payment	Payoff Time	Total Interest
Credit Card 1	$750	15%	$10	6 years, 6 mo.	$434.34
Credit Card 2	$2,750	21%	$50	10 years	$3,842.26
Retail Card	$4,000	27%	$95	8 years, 8 mo.	$6,348.69
Loan	$1,200	13%	$20	5 years, 9 mo.	$502.95

Total Interest Paid: $11,128.24

Snowball: $20 Extra Per Month

Debt	Balance	Rate	Min. Payment	Payoff Time	Total Interest
Credit Card 1	$750	15%	$10	2 years, 7 mo.	$154.90
Credit Card 2	$2,750	21%	$50	7 years, 4 mo.	$3,335.92
Retail Card	$4,000	27%	$95	8 years, 8 mo.	$7,511.04
Loan	$1,200	13%	$20	4 years, 4 mo.	$473.82

Total Interest Paid: $11,475.68

Avalanche: $20 Extra Per Month

Debt	Balance	Rate	Min. Payment	Payoff Time	Total Interest
Credit Card 1	$750	15%	$10	7 years, 7 mo.	$792.67
Credit Card 2	$2,750	21%	$50	7 years, 3 mo.	$3,633.83
Retail Card	$4,000	27%	$95	6 years, 9 mo.	$3,887.58
Loan	$1,200	13%	$20	7 years, 8 mo.	$744.93

Total Interest Paid: $9,059.01

Credit Reports and Credit Scores

What is a Credit Report?
A credit report is a record of your credit history—your prior borrowing and repayment history. It contains four major types of information:

- Your Identity: Name, address, Social Security Number, birth date, and employment history.
- Your Existing Credit/Credit History: Information about your credit, such as credit cards, mortgages, car loans, and student loans. It may also include many details of your credit, including how much you owe your creditors, your payment history, and payment terms.
- Your Public Record: Information about any court judgments against you, tax liens against your property, judgments against you, and current or discharged bankruptcies.
- Inquiries: A list of companies or individuals who have requested a copy of your report.

Equifax, Experian, and TransUnion are the three major credit bureaus which gather and maintain the information that is captured in your credit report.

How long do items stay on a Credit Report?
Credit reports capture positive and negative information about credit history. Negative items on your credit report remain for a set number of years, depending on type. Newer negative items more seriously impact your credit score than older items. For instance, a six month old bankruptcy would be much more negatively viewed than one which is six *years* old.

- **Accounts Paid On Time**: Typically, 10 years since date of last activity
- **Late Payments**: 7 years on credit report
- **Bankruptcies**: 7 years for Chapter 13; 10 years for Chapter 7
- **Foreclosures**: 7 years
- **Collections**: Generally, about 7 years from the time the account became past due. This may vary considerably.
- **Public Records**: Generally 7 years. Unpaid tax liens and some other unpaid debts to the government can remain indefinitely.

What is NOT included in a Credit Report?
There are many misconceptions about what information is included in a credit report and what is not. The following items are not a part of your credit report:

- Checking and savings account data, including account balances
- Bankruptcy more than 10 years old; Charged-off debt or collections *more than* 7 years old
- Gender, ethnicity, religion, or political affiliation
- Medical history
- Criminal records; Motor vehicle records

What is a Credit Score? How does a score relate to a Credit Report?

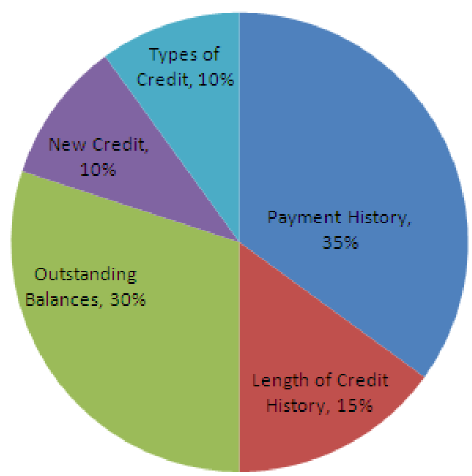
A credit score is a number that summarizes your risk, based on your credit report at a particular time. It is used by lenders who are making decisions about offering credit to applicants and the cost of credit (rates and fees). A higher score shows lower risk, and *vice versa*. Credit scores are calculated using formulas (not made public) by companies, the best known of which is the Fair Isaac Corporation (FICO). Regardless of who is producing the credit score, the information is drawn primarily or exclusively from an individual's credit report.

Does everyone have a credit score?

No. For a score to be calculated, a report must have a sufficient number of items, or "lines." According to FICO, a file must contain *at least* one account that has been open for 6 months or more along with an account that has had activity in the last 6 months. In practice, credit reports with fewer than 3 lines may be considered a "thin file" and fail to produce a score.

What goes into a credit score?

The credit score formulas are not disclosed, but estimates exist; the companies also reveal the components used in calculating credit scores. Five types of information are used:



<u>Payment History</u> (35%):
Past payment information on your existing and former accounts. Includes information on timeliness of payment, delinquencies, collections, and judgments.

<u>Outstanding Balances</u> (30%):
Amount owed on credit accounts compared to available credit. High balances in comparison to your credit limits may indicate that you are over-extended.

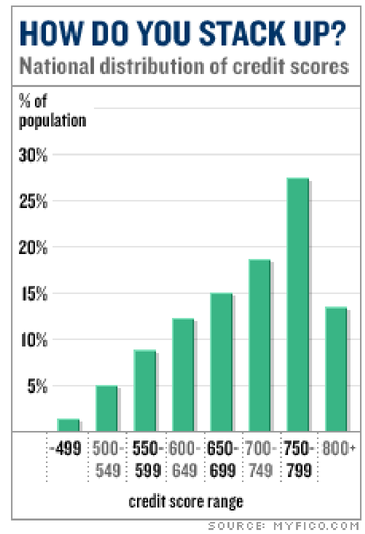
<u>Length of Credit History</u> (15%):
The length of time that existing accounts have been open. As a rule, a longer credit history increases the score.

<u>New Credit</u> (10%):
The age of your existing accounts. If you have an established credit history and do not have too many new accounts, your score will be higher. Many new accounts can indicate greater risk.

<u>Types of Credit</u> (10%):
The mix of different types of credit that you are utilizing. A mix of different types generally leads to a higher score; this is less important if you have a longer, more positive credit history.

What is a good credit score?
Although FICO seeks to dispel the notion that there are "excellent," "good," or "bad," scores the following statements are based on analysis of individuals' success at accessing credit:

- **Mid 700s-850**: Generally considered good to excellent scores and will typically allow access to prime (cheapest) loans.
- **Low-700s to mid-700s**: Good credit score that will typically lead to loan approval, though perhaps not at the lowest rate.
- **690-720**: Approximate mean (average) credit score in the U.S.
- **High-600s to low-700s**: Average to good credit. May limit ability to access certain loans, but many options still available.
- **620 (or 640) to high-600s**: Marginal credit. Many lenders will not lend below 620 (or 640).
- **High 500s to low-600s**: Below average credit. *May* be able to access "subprime" loans; will pay higher-than-usual rates.
- **300 to Mid-500s:** Considered low credit scores. Likely have a history of bankruptcy, charge offs, or similar. Credit will likely be difficult (or impossible) to acquire and expensive.



Should I pull my credit report?
Pulling your credit can be useful for many purposes. Because credit reports (and scores) are used in making lending decisions, it may be wise to pull your report prior to making significant purchases using credit (buying a home, car, etc.). Credit reports frequently capture incorrect information (see below) which may harm your score. It is wise to periodically review your report for accuracy, particularly if you are anticipating a significant purchase. Because they capture information about your accounts, credit reports can help you identify identity theft.

How can I see my credit report?
All Americans are entitled to receive a FREE copy of their report each year from each bureau, the only authentic website is: *www.annualcreditreport.com*

There are many other websites which promise "free" credit reports or credit scores. Most require enrollment in credit monitoring, require you to purchase reports, or will provide access to reports but require purchase of scores.

For those who prefer to work through the mail or who are unable to access the website, credit reports can be requested via the mail from the Annual Credit Report Request Service. Forms and information are included in your supplementary materials and are available on the Baltimore Cash Campaign Financial Coaching website.

Maryland Residents have the right to access each of their credit reports a second time each year. The additional requests should be submitted to the bureaus. Information about accessing these reports is available at: http://www.oag.state.md.us/consumer/edge121.htm

What should I do if something on my credit report is wrong?
Incorrect information on a credit report can be harmful when you apply for credit in the future. Wrong information may also indicate that you have been a victim of identity theft. If you find an error on your report, you should follow these procedures to alert the credit bureaus.

- Using the information on the Experian, Equifax, and TransUnion websites, report the error. You can request that the information be deleted or corrected. Each bureau also offers a toll-free number where frauds can be reported.
- Contact the lender that holds the account tampered with or opened fraudulently.
- File a report with the local police.
- File a complaint with the Federal Trade Commission. Information is available at *www.ftc.gov/bcp/edu/microsites/idtheft*

If you report an error to a bureau, the agency must investigate and respond within 30 days.

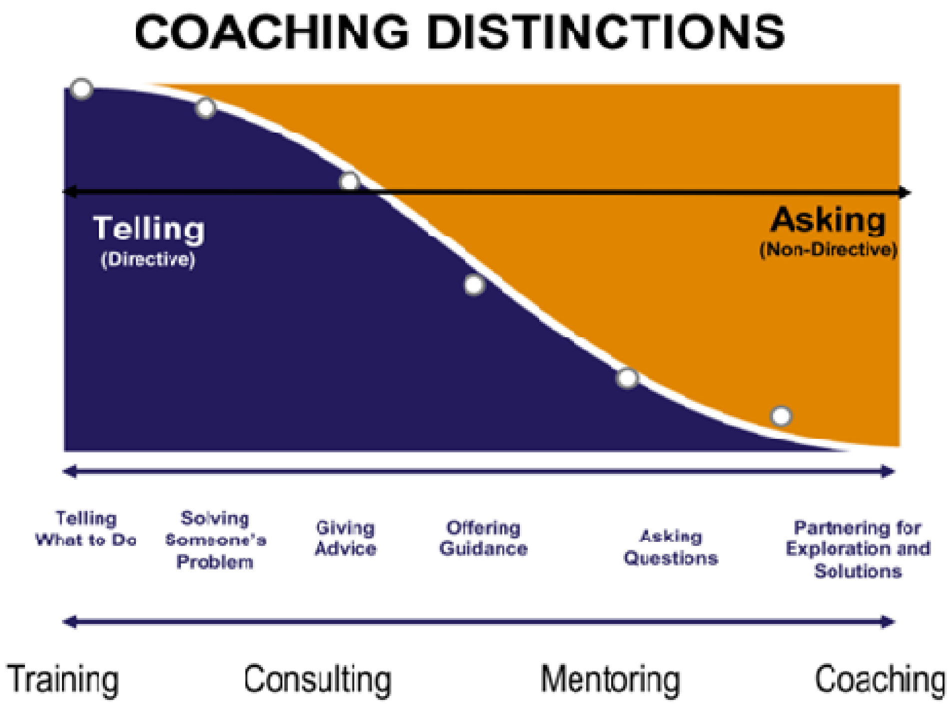
Can I improve or fix my credit score?
The tools for improving your credit score are essentially the same as improving your report. While there is no guaranteed way to improve your score, there are a number of steps that typically lead to higher scores, though the process may take some time:

- Pay your bills consistently and on time. If possible, make at least minimum payments.
- Check your credit report at least once per year.
- Dispute and seek to remove any inaccuracies/errors from your report.
- Keep your debts reasonable—both affordable to you and logical for your income level.
- Keep some (but not an excess) of unused credit.
- Avoid an excessive number of lender inquiries. These "pulls" are recorded on your report and can drag down your score. Fear of the score being lowered in this way should not prevent you from shopping for the best rates, particularly on large purchases. Pulling your own credit report does not lower your credit score.

Adapted from Fair Isaac Corporation, "Understanding Your FICO Score," Equifax, "How to Read An Equifax Credit Report: Customer Tutorial," Board of Governors of the Federal Reserve System, "Credit Reports and Credit Scores," and National Consumer Law Center, *Guide to Surviving Debt* (2013): 44-46.

Coaching Distinctions

There are many well established and credible approaches which can help clients positively change their behaviors. As the graphic demonstrates, these approaches exist on a continuum. At one extreme stands traditional education or training, in which an expert has a monopoly on information (or power) and provides that knowledge to the client. Consulting and mentoring offer more room for participation in the decision making process on the part of the subject, but still largely rely upon the knowledge and experience of the expert for their success.



Adapted from Corporate Coach U Int'l model

Coaching represents a substantial departure from these models. Coaches seek to be non-directive, to use questions and the COACH model to help coachees through a process of discovery and decision-making. This can be challenging, particularly for new coaches. It is natural for people outside of coaching to default to giving advice, particularly in areas where they have experience. Advice is not without value, but is rarely taken up and made personal in ways that lead to long-term behavioral change. As such, it does not have a place in coaching.

Where other models have a trained expert (e.g., teacher, counselor) who is the leader, coaching does not employ an expert leader. The partnership is built around the idea that the coachee is the expert on his/her life and finances. This is not to say that the coach is without knowledge or skills, quite the contrary. Instead, the coach uses his/her skills not to dictate but to elicit.

Powerful Questions for Coaches

Questions to Clarify Outcomes

What would you rather have? What would you like instead?
How can you turn that problem into a goal?
What can you do to influence this?
What will it look like (sound like, feel like) when you achieve this?
If you could have this right now, on a plate, would you take it?
What might be the undesirable or negative consequences of achieving this goal?
What is your first step? Next step? Final step?
What resources do you need to support you in this?
What might it be useful to believe?
What would you like to do differently?
What would you like to see?
Where would you like to be?
How would you like to feel?
What do you want? What is your desired outcome? What results are you working toward?
What is your timescale? What is an appropriate deadline?
What are milestones that we can track along the way?
On a scale of 1 to 10, how compelled are you to do this?

Questions to Aid Moving from Current Reality to Desired Reality

Has this happened to you (or someone you know) before? What was done to overcome it?
Has there ever been a time when….What was it like?
How would you sell your idea? [If you can't, is it the right one?]
What tools do you know about that you haven't used yet? Which will you try?
What tools do you need to help you?
In what way would you like to change the way you operate? How can we turn this around?
What could you change/do to make the situation more positive?
What tools have you used? What worked? What didn't? Why?
How can you achieve what you want? How do you see yourself getting your desired outcome?
What have you tried so far?
What is stopping you from achieving your goal? How can you change the situation?
What motivates you?
What will enable you to achieve your goal, and how will you feel once you have?
What will feel, seem or look different if you achieve your goal?
What would you like to be able to do as a result of being here?
How could you turn this around immediately, and enjoy the process?
Who already does this really well?
What research could you do that would give you more ideas?

Adapted from Central New Mexico Community College, "Train the Trainer Facilitator Guidebook," 171-173.

Questions to Challenge the Way Coachees Perceive the Situation

Does the problem really lie in the task, or the way you feel about the task?
What assumptions are you making that may be questionable?
What "rules" are you using that could be challenged?
What can you edit out of the problem?
What would (insert coachee's hero's name) do in this situation?
What are you holding as true that may not be?
What would you try now if you knew you could not fail?
What's funny about this?
What's great about this?
What would you do if you were already the person you know you have the potential to be?

Questions to Change Their State of Mind

What's the most appropriate state of mind for you right now, as you solve this problem?
Can you think of a time when you felt completely (happy, confident, creative, calm, etc.)?
How good do you really want to feel right now?
Can you notice all the ways in which you'll grow and develop from this assignment?
I know you can do this. Do you?
Take yourself into the future…and think about having achieved this objective. Allow yourself to enjoy those feelings of success and achievement. Now come back to the present, bringing those feelings back with you. What new possibilities do you become aware of?
"Let's go for a walk (or for a coffee) while we talk about this."

Questions to Capture Learning

How could we/you have done this more effectively?
Looking back now, what did you learn?
What can you learn from this?
What's the biggest thing you would have done differently, with the benefit of hindsight?
How have you learned the skills that you now have?
How will you pass on these skills to others?
How will you practice the skills that you have learned?

Questions to Offer Support

What can I do to help/support you in this?
What am I already doing that is helping?
What other support/resources do you need to get this done?
What's the one question I could ask you now that would really make a difference?

Two open-ended questions you *can* use:

Tell me more about….
How is that going for you?

Adapted from Central New Mexico Community College, "Train the Trainer Facilitator Guidebook," 171-173.

C O A CH Model Quick Reference

C—Competencies: Check to see what the person's ability is to handle the current situation.

- What is going well?
- What are you most proud of yourself for today?
- What is going on and what have you already considered?
- What have you tried so far?
- How confident do you feel about the direction in which you are headed?
- What resources do you need to help you decide?
- What do you know about it now?
- What resources are available to you?

O—Outcome: Get agreement as to the results the person is looking to achieve.

- What do you want to take away from this conversation?
- Where do you want to focus right now?
- What do you really want?
- If you achieve your goal(s), what would that look like specifically?
- What is possible here?
- IF the problem were solved what would be different?
- What options can you create?
- How will you know you have reached it?

A—Action: What steps must be taken to achieve the desired outcome?

- What are 3 (more or less as needed) steps to achieve this goal?
- If you had a choice, what would you do?
- What support do you need to accomplish it?
- What structure needs to be in place for you to consistently act toward your goal?
- How can you have this be easy?

CH—Checking: How can you help provide accountability for you coachee?

- What will you do, by when, and how will I know you've done it?
- What is the best way to communicate your accountability for your actions and to whom?
- How can I best support you to take the action steps you have outlined?
- What is the value you are taking away from our coaching conversation today?

Adapted from Central New Mexico "Financial Coaching Training, 2 Day Course," referencing Fleming and Taylor, *The Coaching Pocketbook.*

Monthly Spending Plan

For many people, including many coachees, "budget" is a dirty, scary, complicated, and confusing word. Spending Plans—our preferred alternative term—need not be any of these!

A spending plan is an invaluable tool for anyone interested in understanding where their money is going each month or seeking to rein in their finances. Spending plans, or the more detailed cash flow budgets treated in the next section, are essential for virtually all of our financial coaching clients: they help coachees define, track, and ultimately achieve their financial goals.

We understand that it may seem (or be) awkward to work with a coachee whom you have only recently met to build a spending plan, but undertaking the activity of building a plan during one of your first coaching sessions has a number of very real benefits beyond finances:

- Helps to build a real, meaningful relationship between the coach and coachee early in the process
- Helps to build the coachee's confidence in the coach
- Helps to demonstrate that the coach is a partner in a process rather than an expert
- Helps to draw attention to spending priorities and attitudes about money
- Helps to define and focus short- to moderate-term goals (ie., goals with durations appropriate for coaching)

<u>Spending Plan Components (Monthly)</u>
Income: The plan should include all sources of income, including any public benefits.

Expenses: The plan should include all expenses, including regular expenses (rent, monthly bus pass, etc.) and estimates for other expenses OR allocations for spending categories included.

Income figures should be added together. Expenses should be separately added together. Expenses should then be subtracted from Income. The result represents the coachee's **Surplus** (if the result is positive) of **Deficit** (if the result is negative) for the month.

This number—or more accurately what it reflects about his/her financial situation—may be startling or upsetting to your coachee. You may hear something like "That's all I make?", "I work too hard to get to keep that little of my money!", or "With that little, I will never be able to________." That blank may be filled with any number of things, many of which will speak to the priorities and values of your coachee, eg. buy a house, get out of debt, save for my child to go to college, buy a car, move to a better neighborhood.

It is important to remember and share with your coachee that smart decision making aided by financial coaching can help many people improve their financial situations and behaviors AND what they are seeing in their spending plan is not an end—it is actually a beginning!

The Envelope Method

One of our favorite ways of building a simple but highly effective spending plan is through use of the envelope method. This tool is particularly effective in helping coachees eliminate excessive/binge spending and ensuring that coachees stay on track for the entire month.

When a coachee cashes his/her paycheck the cash is divided amongst a number of paper envelopes, each receives a set amount and is linked to a specific type of spending. The amounts should be based on previous needs and spending behavior, through a spending plan or cash flow spending plan, for instance. The individual spending categories (and the dollar amounts allocated) will vary between coachees, but will likely include a selection of the following:

•Housing (Rent, Mortgage, Insurance, Taxes)
•Groceries
•Car Maintenance/Upkeep (Oil Changes, Tires, etc.)
•Home Upkeep
•Clothes
•Meals from Out (Restaurants, Fast Food)
•Credit Cards
•Healthcare (Insurance, Products, Medication)
•Gifts (Holiday, Birthday, etc.)
•**Savings**
•**Debt Repayment** (If using Debt Snowball, Avalanche, etc. and not included elsewhere)
•Utilities (could be divided by utility: Water, Electric, Heating Oil, etc.)
•Car Payment/Lease
•Parking
•Transit Expenses (Bus/Rail Pass, Gas)
•Childcare
•Other Loans
•Entertainment/Fun Money
•Giving (Religious, Charitable, etc.)
•Phone and Internet
•Education (Tuition, Fees, Supplies, etc.)
•Emergency Fund

Some key points of the envelope system:
1. Money is to be used ONLY for the category for which it assigned.
2. If money is left in the envelope at the end of the month, it can be carried over to the next month. The amount of money allocated can also be decreased if surpluses continue.
3. When money runs out in a category, spending in that area stops! The coachee should not simply shift money between envelopes as this defeats the purpose of the system.
4. All money should be taken from the envelopes: your coachee should not *also* use credit cards, store credit, etc. Many expenses (rent, credit card payment, etc.) have to be paid via check, money order, or bank account. The same principles can be applied on paper OR a coachee can place the money in the envelope and “pay himself/herself” for these expenses.

Cash Flow and Spending Prioritization: Spending Plans for Irregular Income

Cash Flow Spending Plans

Building a spending plan is a powerful tool that can help you gain control of your finances, harnessing your incomes and controlling your expenses. Many people, however, find that a conventional monthly spending plan or budget fails to meet their needs. This tends to be true of individuals with variable incomes—especially hourly and seasonal workers.

Many people, including those with irregular incomes, often find that they have weeks in which they are flush with cash and others in which they lack the funds necessary to pay for basic expenses. Without planning, this can become a month-to-month pattern. Unfortunately, because basic budgets do not take into account when money is brought in and when it is spend, they likely cannot help break this pattern.

A cash flow spending plan captures the same information that is included in a conventional monthly budget—income earned and spending on needs, obligations, and wants. It adds a time dimension, breaking the month down into weeks and locating your income receipt and spending within those weeks.

The real power in a cash flow spending plan stems from its ability to help you identify when you are falling short within the month. With this knowledge, you can adopt a number of strategies for dealing with monthly expenses (like rent and utilities) that are known or can be reasonably estimated and which can be used to break the boom-and-bust cycles:

- **Save to Cover Expenses**: Set aside money each week or from each paycheck to make your payments. This saving should be an account or envelope where it is linked to a specific expense, ie., rent.
- **Seek to Make Smaller, More Frequent Payments**: Some landlords, utilities, and creditor will allow you to make weekly or bi-weekly payments rather than paying monthly. Should you seek to break up your payments in this way, be sure that you have an agreement in place before dividing your payment. Be sure to discuss any fees associated with dividing payments before following this course.
- **Seek to Shift Your Payment Date**: If you have many expenses which come due at the same time within the month (for instance, the first or last of the month), it may be possible to shift one or more of these payments to a different time within the

month. Again, this should be cleared with your landlord, utility, or other person to whom you owe money before you shift your payment.

- **Pursue Level Payments**: Some utilities, particularly gas and electric, allow their customers to make the same payment each month. Customers, therefore, are protected against especially expensive months (ie., especially hot or cold months). A level payment plan is available for those owing back payments to BGE and may be available to other consumers.

- **Attempt to Break Up Lump Sum Payments**: It may be possible to break up large payments such as car insurance and property taxes into more manageable monthly payments. This may require payment of a small fee or slightly higher rate.

- **Pursue Assistance Programs and Additional Employment**: Depending on your income and the size of your household, you may be eligible for public benefits (including housing assistance) and/or energy assistance. Consider being screened through the EarnBenefits program. You may also find time for an additional job or seek to change jobs to increase the amount of income which you are generating.

- **Check Your Tax Withholding**: You should ensure that you have sufficient taxes withheld from each paycheck so that you do not have to make a large payment to cover your liability. If you are receiving a large refund each year, you can decrease the amount that is being withheld. While this will decrease the size of your refund, it will provide you additional funds each pay period which can be included in your cash flow budget.

Building a Cash Flow Spending Plan

1. **Track Income:** Use the income tracker included, record *all* your sources of income, including public benefits and gifts.
2. **Expenses:** Using the spending tracking tool provided, record *all* of your expenses. Be sure that this information is broken down into spending days or spending weeks, so that this information can be used in the cash flow budget.
3. **Analyze Your Spending:** Examine the expense tracker. Does it accurately reflect *all* your monthly expenses? Based on this activity, are there any changes that you would like to make? Are these changes realistic?
4. **Build a Cash Flow Spending Plan:** Using the information that you have captured in your income and spending trackers, input the information into the cash flow budget tool.

Baltimore CASH CAMPAIGN

Sample Cash Flow Spending Plan:

	Week 1	Week 2	Week 3	Week 4
Beginning balance for the week	$37.00	$142.37	$197.67	$179.99
Sources of cash and other financial resources				
Income from job	$305.34	$290.80	$205.20	$135.20
SNAP	$280.00			
Public housing voucher	$650.00			
Total sources of cash and other financial resources	$1,272.34	$433.17	$402.87	$315.19
Uses of cash and other financial resources				
Housing	$650.00			
Utilities	$59.97	$95.50		$54.45
Groceries	$180.00	$80.00		
Eating out (meals and beverages)			$95.35	$45.27
Transportation	$240.00	$60.00	$60.00	$60.00
Other			$67.53	$92.45
Total uses of cash and other financial resources	$1,129.97	$235.50	$222.88	$252.17
Ending balance for the week	$142.37	$197.67	$179.99	$63.02

Total Sources Minus Total Uses. This becomes the beginning balance for the next week.

Spending Tracker

Use this tracker to record *all* of your spending and payments. Payment Method = cash, check, debit, credit.

Name:	Beginning Date:	End Date:

Date	Category	Purchase Description	Payment Method	Amount
1/11/15	*Food*	*Lunch at Chik-fil-A*	*Cash*	*$6.87*

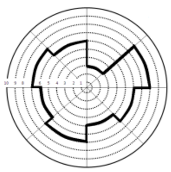
Cash Flow Spending Plan Worksheet

	Week 1	Week 2	Week 3	Week 4	Week 5
Beginning Balance for the Week					
Sources of Cash & Other Resources					
Income from job					
Income from part-time job					
TANF					
SNAP					
Public housing voucher					
Other					
Total Sources of Cash & Financial Resources					
Uses of Cash & Financial Resources					
Credit card payments					
Payday loan payments					
Personal loans					
Other debt					
Other payments					
Savings: emergency fund					
Savings: goals					
Savings: children's education					
Savings: retirement					
Rent or mortgage payment					
Homeowners or renters insurance					
Electricity					
Gas					
Water and sewer					
Cable or satellite television					
Internet service					
Phone and cell phone service					
Groceries					
Eating out (meals and beverages)					
Car payment					
Gas for car					
Car maintenance					
Public transportation (bus pass, etc.)					
Health insurance					
Personal care items					
Childcare, diapers, school fees					
Entertainment					
Contributions					
Other					
Total Uses of Cash & Financial Resources					
Ending Balance for Week (Sources-Uses)					

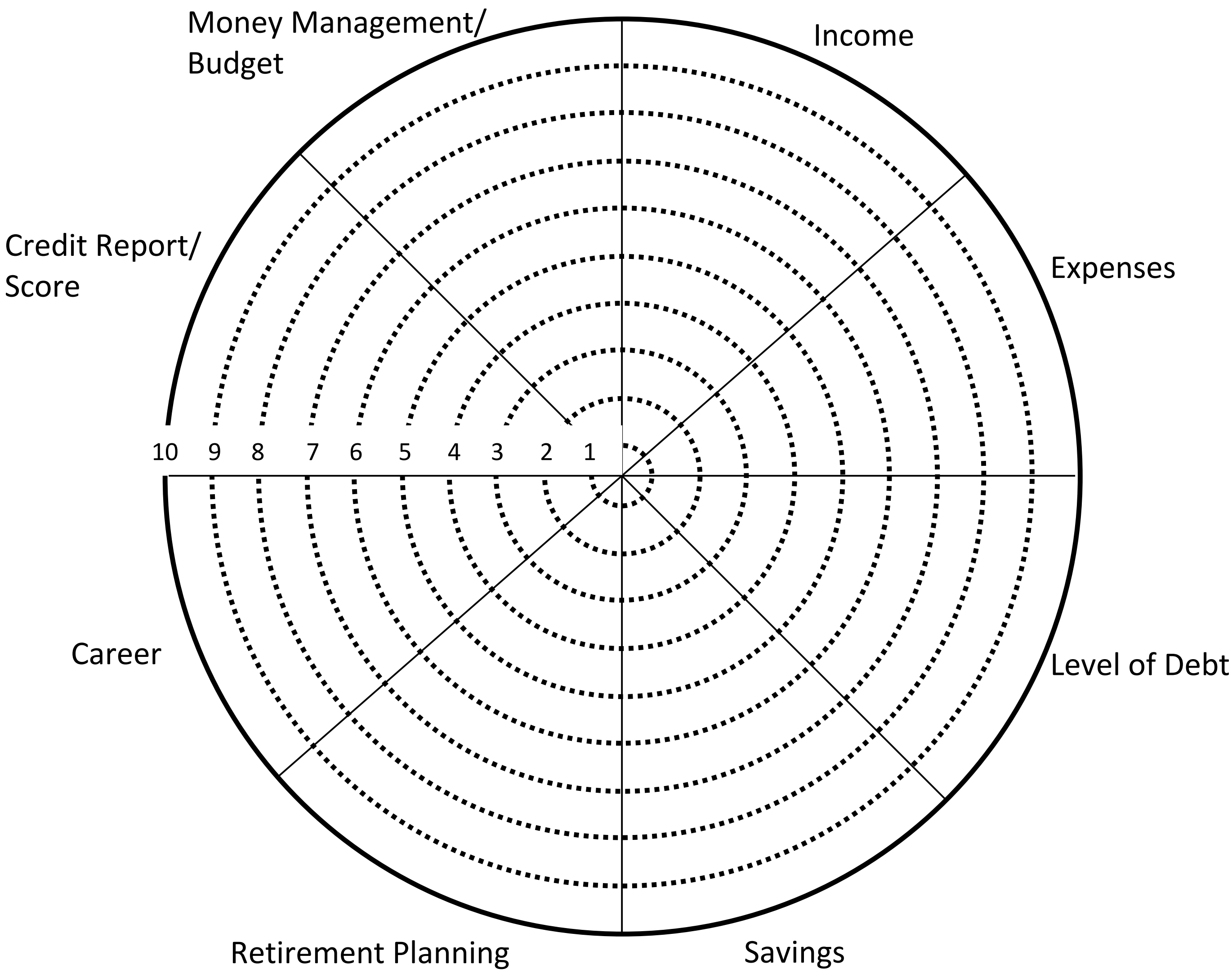
Adapted from "Your Money, Your Goals: A Financial Empowerment Toolkit for Social Services Programs," Consumer Financial Protection Bureau, July 2014: 133-157.

Baltimore CASH CAMPAIGN

Wheel of Money

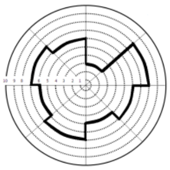


This is a tool to help you evaluate your confidence and satisfaction with a number of areas of your financial life. Use this framework to evaluate your satisfaction on a 0-10 scale with each area of your life, with 0 the center and 10 the outermost ring. Connect the segments to reflect the balance in your life.

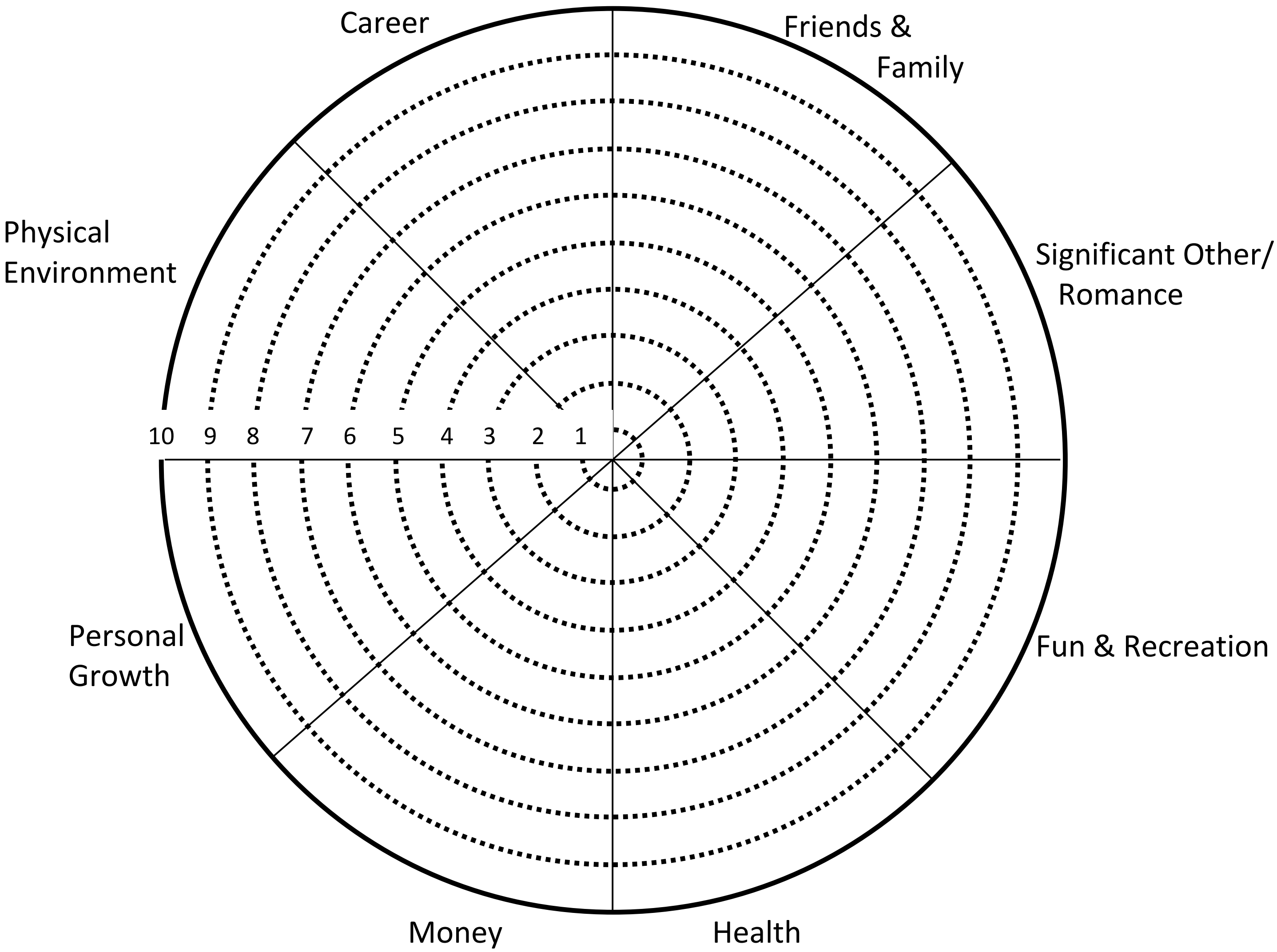


Adopted from Henry Kimsey-House, et al., *Co-Active Coaching: Changing Business, Transforming Lives*, 3rd ed.

Wheel of Life

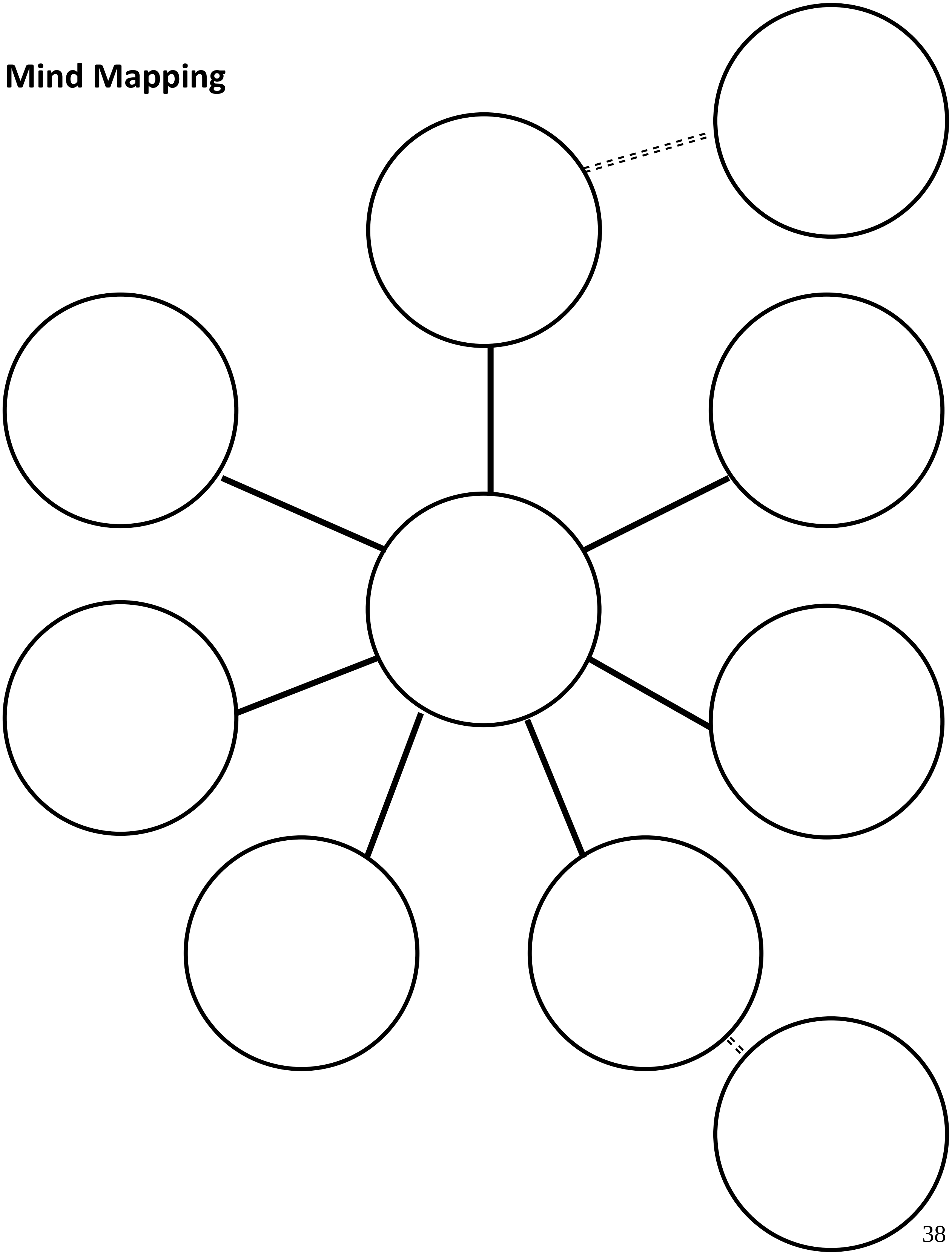


This is a tool to help you evaluate your confidence and satisfaction with a number of areas of your life. Use this framework to evaluate your satisfaction on a 0-10 scale with each area of your life, with 0 the center and 10 the outermost ring. Connect the segments to reflect the balance in your life.



Adopted from Henry Kimsey-House, et al., *Co-Active Coaching: Changing Business, Transforming Lives*, 3rd ed.

Mind Mapping



Learning from Mistakes

We, as human beings, learn some of our most important lessons from the mistakes that we make. Without mistakes, many personal and professional advances are not possible. As Thomas Edison said on inventing the light bulb:

> "I have not failed 1,000 times, I have successfully discovered 1,000 ways to NOT make a light bulb."

Michael Jordan, perhaps the greatest basketball player in the history of the NBA, also understood the value of failure:

> "I've missed more than 9000 shots in my career. I've lost almost 300 games. Twenty-six times I've been trusted to take the game winning shot…and missed. I've failed over and over again in my life. That is why I succeed."

Exercise

Think about 5 events in your life when you have made a mistake and learned something from it.

Mistake	What I Learned From It:
•	•
•	•
•	•
•	•
•	•

We need encouragement to learn and to adopt positive, new behaviors. When a baby says their first word, we celebrate; we do not correct their imperfect pronunciation. For some reason, as we grow into older children, teenagers, and adults, we stop giving and receiving encouragement when we try to learn something new but are not perfect.

Adapted from "Mistakes—The Best Way to Learn?" in *25 Free Coaching Tools and Techniques* by Chris Delaney. www.christoper-delaney.com

Visioning Worksheet

Who Will I Be in 10 Years?

In 10 years I will be ________ years old.

In 10 years I will feel ____

In 10 years I will be ____

In 10 years I will contribute by ____

In 10 years my achievements will include ____

In 10 years I will have experienced ____

In 10 years I will love ____

In 10 years I will be surrounded by ____

In 10 years I will be bringing into the world _____________________________________

My 10-Year Vision

Having a vision for your life and your future can be a valuable way of helping you in defining short- and long-term goals as well as aiding you in developing action steps to move you toward your vision. This activity is meant to be challenging. It is normal and natural for you to feel stressed, nervous, anxious, hopeful, or conflicted about the future. Use the next page to produce a draft of your 10-year vision.

Your Vision

- Is based on the idea that in 10 years ANYTHING IS POSSIBLE
- Articulates your greatest ambition
- Supports you right now in making choices that will lead you to an exciting future
- Can be changed at any time to fit your needs or changed situation
- Is not what other people want for you. It is what YOU want for YOU

Adapted from Vision and Goals Worksheets, www.lululemon.com/eduation/goalsetting

My Vision

What does your life look and feel like in 10 years?

Turning Visions into Achievable Goals

After defining your vision, start developing action-oriented goals to move toward your vision. Select one 10-year goal that is a part of your vision. Break that goal down into 5-year, 1-year, and 6-month goals in the spaces below. Use declarative statements and action steps.

My Vision:____

		EXAMPLE:
10 Year:		I will operate a residential home for troubled youth.
5 Year:		I will purchase a home with 3 extra rooms. I will begin building my non-profit.
1 Year:		I will finish paying off my credit cards. I will pay off $2000 in student loans.
6 Month:		I will live my life on a budget. I will pay off my 2 smallest credit cards.

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