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# GETTING SMART ABOUT FINANCIAL COACHING:

## 5 ways to create meaningful and life-changing financial outcomes for the community

Smart Money Coaching, San Francisco's free and confidential one-on-one financial coaching program is celebrating its fifth anniversary. The program began when a family experiencing homelessness won a below-market-rate unit in the City's housing lottery, only to have their housing application denied because they had subprime credit. Smart Money Coaching, managed by the San Francisco Office of Financial Empowerment (OFE), has since helped thousands of people increase their own financial capability, providing the skills necessary to achieve positive financial outcomes and

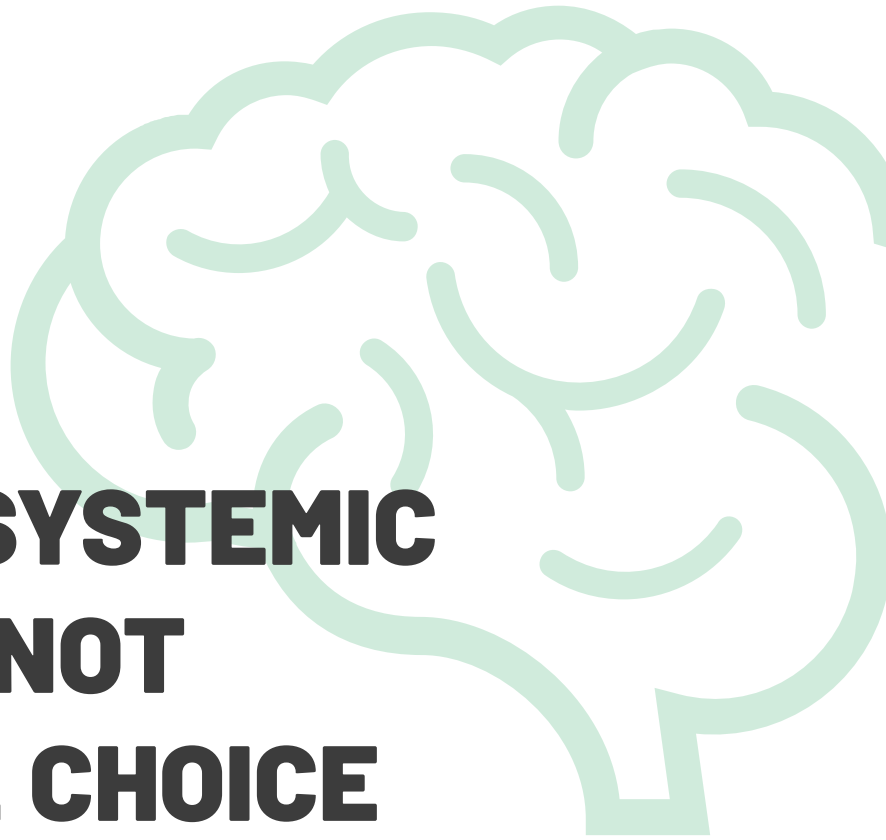
improve their financial well-being. The program is available to anyone living, working, or receiving services in San Francisco, but primarily focuses on reaching and serving diverse low-income communities across the City. Clients meet with a certified financial coach who helps them address their unique financial challenges and goals, including reducing debt, establishing and improving their credit score, opening a low-fee bank account, and increasing their savings. This brief highlights the five most important lessons Smart Money Coaching has learned since the program launched.



*"What I valued most about Smart Money Coaching was having a one-to-one financial coach and it was free! That to me was valuable because I know people that pay a lot of money to get financial advice at a high price. I was having financial problems, debts, and poor credit score for years, and what [the Smart Money Coach] taught me through financial coaching really worked!"*



# FOCUS ON SYSTEMIC BARRIERS, NOT INDIVIDUAL CHOICE



Smart Money Coaching's mission is to empower clients to navigate the financial system so that they can make informed decisions and improve their financial lives. Many of the financial challenges that Smart Money Coaching clients experience are due to structural and racist flaws embedded in the financial system, which is not designed to serve low-income consumers. Given this reality, Smart Money coaches help to identify the barriers that prevent clients from accessing the financial mainstream and then outline clear and actionable steps to achieve resolutions so that their clients can strengthen their own financial capability.

Too often, our society and institutions unfairly judge low-income consumers for their financial hardships, blaming their situations on poor individual choices rather than the entrenched systems that create and exacerbate wealth inequality in America. Financial decisions that on the surface might look unwise or misguided many times become very logical when there is a true understanding of the dire and limited options available to these individuals. For example, many

Smart Money Coaching clients use overdraft as an unofficial line of credit because they have no access to cheaper loans and need money to cover basic necessities like groceries and diapers. They are forced to rack up multiple, expensive overdraft fees while consumers with more resources can utilize cheaper forms of credit, like credit cards. These fees can exacerbate already difficult financial situations, making it more difficult for these individuals to exit poverty.

Similarly, many Smart Money Coaching clients enter the program unbanked not because they are unaware of the benefits of a bank account, but because systemic barriers, such as [ChexSystems](#) records, shut them out of the financial mainstream (read more about these barriers in OFE's recent [brief](#)). Financial coaching will never be the silver bullet to solving wealth inequality, but with a deeper understanding of systemic barriers, Smart Money Coaches can provide the best available options for their clients' unique financial circumstances.





# TRUST THAT CLIENTS ARE THE BEST JUDGES OF THEIR OWN FINANCIAL SITUATIONS AND NEEDS

Smart Money Coaching seeks to empower the agency of the client, by giving them the knowledge and tools to make their own informed financial decisions. Discussions of financial literacy for low-income consumers are often rife with paternalism, and communities may understandably view financial coaching with skepticism. Rather than fall into this trap, Smart Money Coaching embraces the philosophy that clients themselves are the best judges of their own financial situations and needs, and they do not need to be told how to spend their money.

Given the exorbitantly high cost of living in the Bay Area, clients tend to be very savvy with how to manage their limited income. Smart Money Coaching views our role as helping clients learn more about the rules of the financial services world to protect their hard-earned money, improve their current financial situation to the maximum extent possible, and successfully set and achieve their longer-term goals. Smart Money Coaching services are intentionally client-centered, meaning that appointments focus on what clients want to get out of the program. Instead of a top-down approach

where clients are told what to do, the program offers clients an advocate by their side who will coach them through the various options and inform them of their rights as consumers so they feel empowered to make the best decision for them. As a supportive service, Smart Money Coaching is committed to enhancing the agency of our clients.

*“The biggest challenge for me is just looking at my finances without becoming emotional about it. I avoid looking at my accounts because it causes mild stress and anxiety. Having a regular meeting with my coach makes it less stressful and easier to examine the important details on a regular basis....My coach is my accountability partner. My coach isn't necessarily doing anything that I couldn't do myself, but having a regular meeting and a neutral party to discuss [my financial situation] with has empowered me to find new income, reduce or eliminate my interest rates, move out of my car and into a home, and start keeping a budget again. It would be an understatement to say that it changed my life.”*



# 3 TIME COACHING TO SEIZE THE OPPORTUNITY IN PIVOTAL LIFE TRANSITIONS

As Smart Money Coaching has expanded partnerships with City departments and local community partners, the program has found that financial coaching can have a significant impact on clients who are experiencing a pivotal life transition, such as exiting homelessness or starting a new job. Clients who are embarking on a new chapter in their lives see the direct benefits financial coaching services can play in helping them achieve their personal goals and are usually highly motivated to engage with the program. **Examples of life transitions Smart Money Coaching has supported include:**

## Housing Search:

Through our partnership with the Department of Homelessness and Supportive Housing (HSH), Smart Money Coaching has worked to remove key financial barriers to housing for clients experiencing homelessness. At the beginning of a housing search, the coach will pull the client's credit report to anticipate what a prospective landlord might see and then take proactive steps to resolve any issues that may pose a barrier to securing housing. For example, one youth secured housing after four months of having her housing applications denied due to subprime credit. Her financial coach helped remove seven negative collection accounts on her credit report, including accompanying the youth to file a police report about the fraud and drafting a persuasive letter of support to the prospective landlord.

## Exiting the Justice System:

Smart Money Coaching recently developed a relationship with the Adult Probation Department

(APD)'s Reentry Division to offer financial coaching to people exiting the justice system. Formerly incarcerated individuals face unique financial barriers and hardships, which can impact their access to stable housing, employment, and economic opportunity.

*“ I had just gotten out of prison after serving 42 years. I had only about \$150 in my pocket and was on public assistance and I had no job. When I met with my coach, I knew nothing about banks or credit, but my coach helped me to understand that. My coach helped me open a bank account, so I can start to improve my credit. We also made a budget to be able to start saving money. My coach didn't look down on me about my past and went out of his way to help all that he could. I now rent an apartment in San Francisco, have a full-time job and purchased a motorcycle and a van.”*

Additionally, many formerly incarcerated individuals re-enter society as identity theft victims with damaged credit because other people used their social security information to open credit accounts, take out student loans or file fraudulent tax returns while they were incarcerated. When coaches meet with clients, they will review their credit reports and file disputes to credit bureaus, and report the fraudulent activity to relevant lenders, banks, and creditors.

## Workforce Development:

Smart Money Coaching has partnered with the Human Service Agency (HSA)'s Welfare to Work



employment program to integrate financial coaching as a key supportive service for their clients. In preparation for heading back into the workforce, our coaches work to help individuals open a bank product with low fees and set up direct deposit so that clients do not need to use predatory financial servicers like check cashers to access their paycheck. To date, Smart Money Coaching has helped 145 HSA clients open safe and affordable bank accounts and prepaid cards to help them save more of their hard-earned money as they begin their new jobs.

### **Starting a Family:**

Expecting parents have used Smart Money Coaching services to do critical financial planning. Through partnerships with the [Homeless Prenatal Program](#), [the Women's Building](#), and [Rising Up](#), Smart Money Coaches have worked with pregnant women to help them and their families prepare for their new babies, including updating their household budgets, creating child savings goals, and reviewing eligibility for public benefits like Women, Infants and Children (WIC) and subsidized childcare.

*"I'm a preschool teacher in San Francisco. I'm currently pregnant with my first child, and my partner and I couldn't be more excited. It's just us two living in California, so it was tough to keep afloat in such an expensive city. Before I started Smart Money Coaching, I had no savings, no credit, and struggled with my finances. I had a good job for someone my age but not a lot to show for it. Personally, establishing credit was the hardest part. I've tried previously but wasn't successful. My coach helped me enroll in a credit builder and savings account through a local credit union. I had no idea about this financial opportunity, and it has been very successful for my credit. It's such a privilege to learn how to handle my finances and make the decisions with my Smart Money Coach's help."*

### **New to the United States:**

Learning about the American financial system can seem like a daunting task for a U.S. citizen, let alone someone who is new to the country. Smart Money Coaching has supported many immigrants, including undocumented individuals, adjust to their new lives by helping them navigate the financial mainstream.

*"My client is an Eritrean immigrant who is receiving administrative skills training and learning how to speak English at the same time. The client's financial burden increased when she began supporting her husband who is unable to find work and three school-age children who recently came to the United States. This client was at first skeptical of Smart Money Coaching but now has become one of my most consistent clients who, after much due diligence, has been able to create and make adjustments to her budget, and has been faithfully saving a few dollars for the past two months for emergencies for the first time. After one of the most recent sessions with this client, both she and her Tigrinya translator gave me a big hug because they both learned how to use credit wisely, and my client kept saying "Thank you" because she'd just attained her first credit card and had no idea how to use credit but now was confident. The client is now establishing a positive payment history on her credit report because of the financial education she received from Smart Money Coaching."*

### **Confronting Moments of Crisis, Like COVID-19:**

The economic impacts of the pandemic have exacerbated many of the financial challenges Smart Money Coaching clients already experience due to loss of employment, reduced hours at work, and increases in debt. Coaches pivoted quickly to meet the emerging financial needs of their clients including negotiating with debt collectors and loan servicers, navigating changes in income and bill prioritization, and connecting clients with local, state, and federal benefits and emergency supports.

*"After the client lost both her part-time jobs due to Covid-19, I suggested that the client file for unemployment benefits, which she started to receive shortly thereafter. Due to the enhanced pandemic unemployment benefits, the client was actually making about \$1,400 per month more than when she was working. Since our initial session together, the client has been able to increase her savings from approximately \$300 to \$3,879. Because she was able to save up some money, she decided to go back to school. Also, from our last appointment, the client was able to increase her credit score from 684 to 733."*





# HIRE COACHES WITH SIMILAR LIVED EXPERIENCES AS THEIR CLIENTS

Smart Money Coaching has worked to expand the number of non-profit service providers the program contracts with, focusing on identifying partners that have expertise working with specific communities in San Francisco. For example, the San Francisco LGBT Community Center joined Smart Money Coaching through funding from the Department of Disability and Aging Services (DAS) to serve older adults and adults living with disabilities who are part of the LGBTQ+ community. Financial Capability Investment (FCI) joined the program to provide services to at-risk Transitional Age Youth (TAY) served through a partnership with the Department on Homelessness and Supportive Housing (HSH). FCI has over 12 years of experience working with at-risk youth and has the cultural competency to understand the diverse external barriers that their young clients face.

Beyond overall organizational expertise, to achieve the best outcomes, Smart Money Coaching encourages service providers to hire financial coaches with similar lived experiences as their clients because these coaches understand intuitively the barriers they face. These coaches excel at bringing new clients in the door and forging deep connections by meeting them where they are both personally and financially.

When Smart Money Coaching's lead service provider, BALANCE, hired coaches that spoke Spanish, Cantonese, and Mandarin this significantly expanded Smart Money Coaching's ability to reach Limited English Proficiency (LEP) communities

that were previously underserved. One coach, leveraging his language and cultural competency, began using WeChat, the popular Chinese messaging and social media platform, to do financial empowerment workshops. He was able to identify a creative way to reach and recruit new Chinese-speaking clients who were previously not aware of the program.

Another coach is a San Francisco native from a second-generation Mexican family and grew up similarly to many of the youth he now works with. His 82 percent appointment show rate reflects his ability to build a strong and trusting rapport with his young clients. Jesse, one of his young clients, exclaimed,

*“The most valuable feature of the Smart Money Coaching program is hands down the coach advisor himself! Just having somebody pick their brain and ask them questions... people don't have time or would charge you..... Smart Money Coaching has definitely saved my future.”*

Jesse was living in a single room occupancy motel and had multiple housing applications denied due to his credit score. Through intensive coaching support from his Smart Money Coach, multiple negative debt accounts were removed from his credit report that led him to secure housing. Since then, Jesse opened a savings account and started his own barber business.







# LEVERAGE THE POWER OF CITY HALL TO ACHIEVE SUCCESS FOR CLIENTS

Smart Money Coaching leverages the power of City Hall and connections within local government to maximize the program's impact for our clients, including making and taking referrals from trusted community partners, receiving training from experts, and escalating issues to City leadership.

## Referrals:

OFE has strong connections with other government agencies and nonprofit organizations that are routinely reached out to, especially when a client has a need or issue that is beyond the program's scope of expertise. For example, a Smart Money Coaching client who was receiving Social Security Disability Insurance (SSDI) had an account in collections and the collection company had set up automatic withdrawals from the client's bank account. The coach worked with a lawyer at Bay Area Legal Aid, who drafted letters to the original creditor and collection company, allowing the client to settle their debt for \$0.

Many clients are connected to the program through strong referral pipelines built with community nonprofit organizations. As one coach explained,

“One of our Smart Money Coaching clients was referred to us by a local senior center. This client is in her mid-70s, is largely homebound due to many health issues, and experiences a fair amount of anxiety. Since we can't meet in person due to COVID-19, we've been talking on the phone, and mailing documents to each other when necessary. The first goal we worked on together had to do with her reluctance to hire a home health aide. This client felt her out-of-pocket costs would be unaffordable. We created a budget together over the phone. We did this a couple of months in a row, and this process seemed to ease her anxiety around her finances. She saw that she had money left over at the end of every month, and she has started to talk about the possibilities ahead.”

## Training:

As a City program, Smart Money Coaching is well-positioned to train coaches on local public resources and relief programs that clients may be eligible for. All financial coaches participate in Smart Money Coaching's continued education training with at least eight hours of training per year. These trainings frequently leverage expertise from local City departments and non-profit



community partners to integrate best practices into Smart Money Coaching. For example, Smart Money Coaching recently partnered with [the Financial Justice Project](#) (FJP), a sister program within the Office of the Treasurer & Tax Collector, that advocates for the elimination of government fines and fees that disproportionately impact low-income residents. FJP developed a two-part training for Smart Money Coaching about local fine and fee discount programs available to low-income people and how to support clients through the application process. Similarly, after financial coaches elevated clients' concerns about back owed rent due to COVID-19, Smart Money Coaching contacted the Mayor's Office of Housing and Community Development (MOHCD) and the [Eviction Defense Collaborative](#) to better understand the eviction moratorium and what local protections were available. A staff attorney from the Eviction Defense Collaborative provided in-depth training on statewide eviction moratorium legislation (AB3088) so that the coaches could help clients be proactive in evaluating their options and planning for impending deadlines. Other past trainings have included Bay Area Legal Aid presenting on the legal rights of low-income consumers and the San Francisco Office of Labor Standards and Enforcement educating coaches on how to support clients who are victims of wage theft.

### **Advocacy:**

Lastly, when referrals and education don't suffice, Smart Money Coaching leverages the power of City Hall and the Treasurer's reputation to advocate for clients, by escalating issues coaches see on the ground to leadership at our financial institution partners. For example, when a client shared that he had been a victim of racial discrimination and had his account forcibly closed at a local branch of a large bank, OFE immediately contacted the bank's leadership to raise the issue which resulted in a swift resolution. The client expressed his gratitude, saying,



*Thanks to you, [the Smart Money Coach], and the Treasurer's Office for finally making the wheels turn on the [bank] issue."*

### **Conclusion:**

Smart Money Coaching has learned invaluable lessons over the last five years - from the importance of understanding how systemic barriers impact client's financial lives to hiring a diverse team of coaches who share similar lived experiences to that of clients, to having the ability to pivot and respond to emerging client needs during unprecedented crises like COVID-19. The program's success is a reflection of how Smart Money Coaching has built trust with the community it serves, developed partnerships with non-profits and city departments, and fostered relationships with individual clients. Still, there is always more work to be done. In the next year, Smart Money Coaching plans to:

- > Expand and deepen partnerships with City agencies to provide coaching services to more clients, including integrating coaching into the Department of Homelessness and Supportive Housing's adult rapid rehousing program and expand intensive coaching services to San Francisco Public Library patrons served in satellite branches in the Southeast of the San Francisco
- > Partner with [Leap Fund](#) to better understand and document the impact of benefits cliff on our clients' financial decision-making regarding their public benefits and associated asset limits
- > Provide financial coaching to participants of several guaranteed income pilots in the City, helping those clients maximize this extra funding to achieve their unique financial goals

**Smart Money Coaching looks forward to continuing to evolve the program through innovative and client-centered approaches that create meaningful and life-changing financial outcomes for our community.**





# ACKNOWLEDGMENTS

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## San Francisco Government Partners

San Francisco Public Library

Human Services Agency

Mayor's Office of Housing and Community Development

Department of Homelessness and Supportive Housing

Department of Disability and Aging Services

## Smart Money Coaching Service Providers

[BALANCE](#)

[Financial Capability Investment](#)

[San Francisco LGBT Center](#)



For more information about Smart Money Coaching, or the Office of Financial empowerment, visit: [sfofe.org](https://sfofe.org)

