

# Financial Coaching
## Business Model & Revenue Guide

National Financial Educators Council

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# Introduction

In today's volatile economy and complex financial marketplace, many people now seek the guidance of a financial coach to bolster their confidence in making informed decisions about managing their personal finances. But what is a financial coach, how are they qualified, and what can a person expect when undertaking to become one? This document provides an in-depth description of what financial coaches are, their roles and responsibilities, how to become a financial coach, the standards by which their qualifications can be judged, hiring opportunities in the field, and expected salaries.



# Financial Coach Overview & Role

A financial coach's role is to help clients work toward developing positive behaviors that increase their financial wellbeing and motivation to improve their personal finances.

Distinguished financial coaches understand a client's current situation through empirical analysis of their finances; uncovering their goals; defining clear objectives; prioritizing steps; providing education, guidance, and accountability; and supporting clients to work toward a state of financial wellness and security. Throughout the process they provide a safe, nonthreatening forum for clients to answer questions about their finances.

A financial coach is not an investment adviser, as defined by the Securities & Exchange Commission (SEC). Investment advisers are defined as persons or firms that are "engaged in the business of; providing advice to others or issuing reports or analyses regarding securities." To remain in compliance with SEC licensing requirements, financial coaches should not provide investment advice.

Read More about What Financial Coaches Do

**The NFEC interchanges the words 'coach,' 'counselor,' and 'consultant.' The skill sets and standards for each are identical and an effective coach should possess the skills reflected in the other terms.*



# Financial Coaching Standards

Anyone can call themselves a 'financial coach,' 'financial counselor,' or 'financial consultant.' The industry currently is unregulated– meaning there is no government oversight. This lack of regulation has caused problems for those distinguished financial coaches who possess the education, credentials, and experience to work in the best interests of the clients they serve.

Qualified financial coaches meet national standards demonstrating that they possess the content knowledge and andragogy skill sets to provide educational guidance to their clients that helps them take confident, effective action on financial matters that best fulfills their goals.

The NFEC's Financial Coaching Standards and Code of Conduct help the public differentiate between people who just say they are financial coaches and those who have demonstrated their abilities. These benchmarks are shared with others in the industry to assist practitioners to become more effective in their roles as financial wellness consultants.

Financial Coaching Standards & Code of Conduct

The NFEC's Financial Coaching Standards and Code of Conduct offers the following benefits:



### Coaching Framework
Guidelines to improve the quality of financial coaches.

### Hiring Coaches
Guidelines for recruiting and hiring financial coaching professionals.

### Performance Criteria
Detailed performance criteria for personal financial consultants.

### Professional Development
Framework for financial consultants to develop professional skills.

### Structured Communication
Common language to improve communication across the industry.

### Measurement Tools
Tools for financial counselors to assess their impact.

### Public Awareness
Differentiates between those who meet standards and those who don't.

### Public Assurance
Public assurance that financial consultants meet the highest standards of practice.



# Opportunities for Financial Coaches: Entrepreneurial, Volunteer & Salaried

Financial coaches can be segmented into three broad categories: self-employed, volunteer, and salaried. Many coaches choose a hybrid combining two or all three of the aforementioned options.

Those exploring the financial coaching industry should consider these questions: Do you want to work for someone else, volunteer your services, or start your own business? These choices are not mutually exclusive. For example, you could start by working for a company, then branch out into your own enterprise.

# ***Entrepreneurial Path:*** What Financial Coaches Offer

Financial coaches can offer a variety of services; but our research indicates that most coaches provide a common set of services.

The NFEC reviewed 137 financial coaching websites appearing in the top 50 Google results in a search using the terms 'money coaching,' 'financial coaching,' 'personal financial coaching,' and other similar keywords. A total 26 websites out of the 137 reviewed met the search criteria displayed in this data section.

In the websites we reviewed, the most common service money coaches offered (all 26) was one-on-one contact with the coach – most often by phone, but some had email options. Of the 26, only 5 offered custom personal financial plans to clients. Two sites had re-planning and reporting services, including adjustments to the initial plan and separate reports with new data. Educational materials were offered by 8 of the 26 (in any form, such as coursework or ongoing training).




Read the Full Article on How to Start a Financial Coaching Business

# *Entrepreneurial Path:*
# Whom Coaches Serve

Financial consultants can serve a wide audience – from individuals and couples to larger corporate clients. Each type of client requires the coach to adapt methodologies and create a plan that fits the unique needs of the audience being served.



### *Whom Financial Coaches Serve*

- Individuals & Couples: ***Foundation***
- Individuals & Couples: ***Recovery***
- Individuals & Couples: ***Life Stages***
- Groups: ***Support Programs***
- Organizations: ***Corporate Clients***

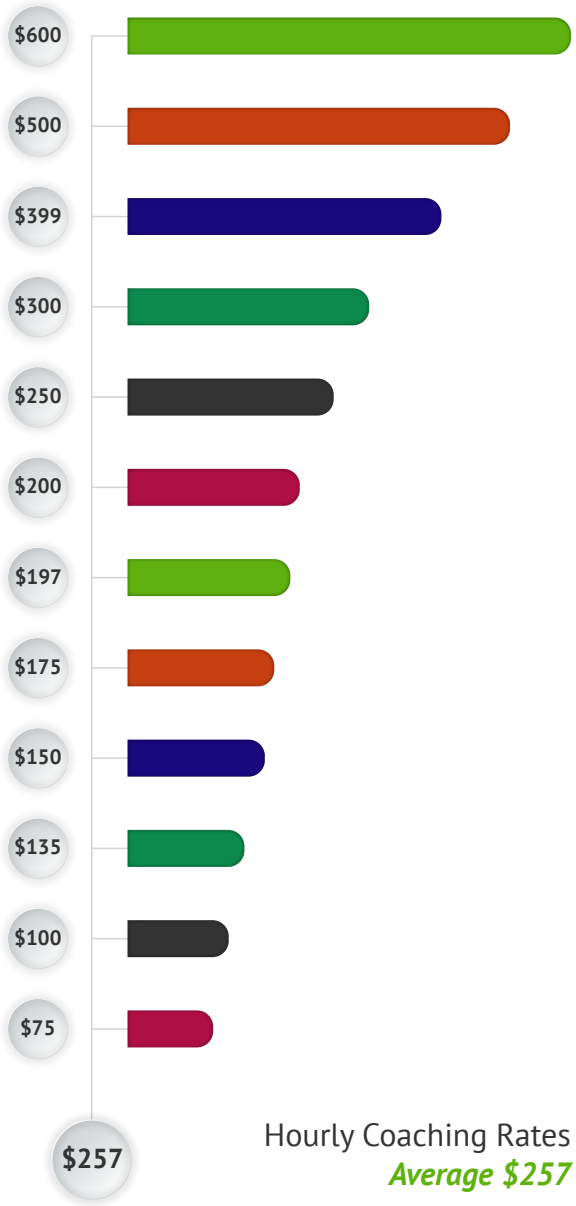
# ***Entrepreneurial Path:*** Coaching Rates

Of the 26 companies reviewed by the NFEC, our researchers discovered that a wide variety of coaching fees and packages were available.* Some started at under a hundred dollars per consultation and the choices ranged up to $6,000 for more comprehensive financial coaching packages.

Packages were the most common offering provided by coaches (21 of the 26 sites included package options). These varied in scope, but all included personal counseling and were based on time (by the month, quarter, etc.) An hourly pricing model was the next most common offering: 12 of the 26 financial coaching websites had hourly pricing options.

Other less common methods of pricing included: attainment of a specific goal (i.e. credit score improvement, budget development, decision-making support). One company was found to be in potential violation of Security & Exchange Commission regulations, as their website stated they "provide investment advice" (unlicensed 'coaches' may not provide investment advice).

*The research conducted compared hourly pricing options due to the significant variance between packages; hourly pricing provided a clearer barometer.



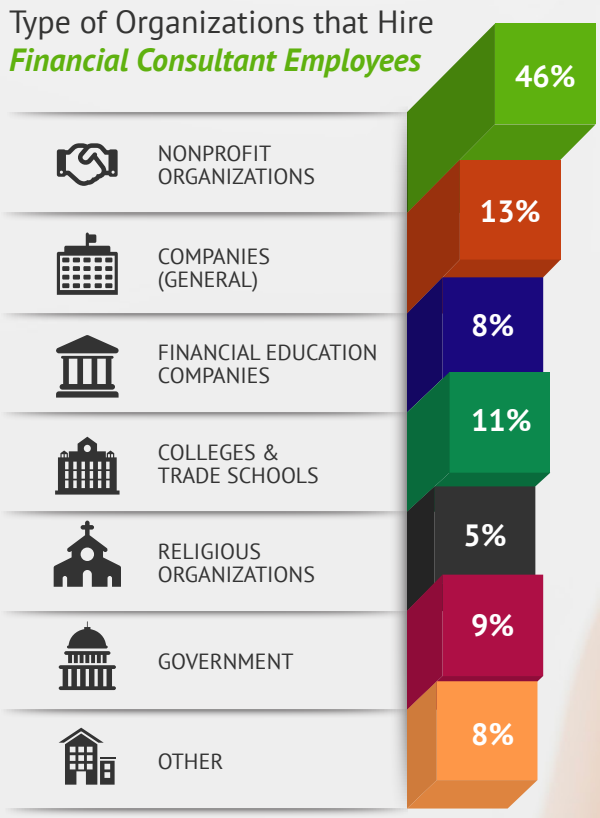

Hourly Coaching Rates
***Average $257***

View the Complete Study on Financial Coaching Fees and Rates

# *Salaried Path:* Organizations that Hire Coaches

Relevant searches on LinkedIn, ZipRecruiter, and Indeed websites yielded the following data related to the term 'financial coaching.' Any sellers of financial instruments – such as financial service organizations – were excluded from the results.

The data revealed several common position types, with most centering around three general areas: personal finance for organizational personnel, personal finance for communities, and specific financial topics (state retirement plan, for example).



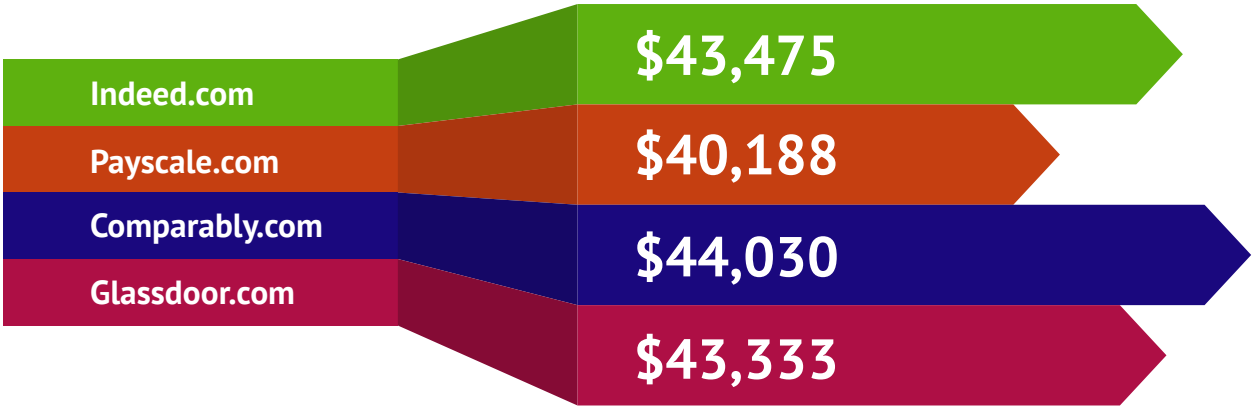



# ***Salaried Path:*** Coaches Income Data

Data were gathered on salaried financial coach positions by first defining financial coaching roles. We evaluated those jobs seeking people to fill financial coach roles who were charged to analyze clients' current financial situations and goals, offer education and guidance, and provide support and accountability to help people work toward financial security and wellbeing.

The data were compiled from national results on top job sites, gathered using search terms related to money coaching job opportunities. It was noted that a money coach's salary is higher in cities. ZipRecruiter, for example, estimates the average salary of a money coach in metropolitan areas to be $66,000, more than 35 percent higher than the average for rural areas.

Nationwide Average of ***Financial Coach Employment Ads***



# ***Volunteer Path:*** Opportunities

There is a growing need for volunteers to provide coaching and accountability programs to the underserved. Many coaches combine salaried or entrepreneurial paths with giving back, to help those in need of qualified financial guidance.

We invite you to share the gift of your expertise with a school, nonprofit organization, or community group in your town. Providing coaching service to those in need serves the community in a meaningful way.

Register for Volunteer Opportunities Here



# Compensation Factors for Financial Coaches

Below is a list of factors that can have a positive impact on the compensation of both entrepreneurs and salaried financial coaches:

### *Experience*

Gaining experience and writing case studies describing clients who reached their goals offers evidence of a coach's value.

### *Training*

Pursuing training to earn certification and credentials builds credibility and can command a higher income.

### *Reporting*

Reporting and measurement competencies can be leveraged to showcase outcomes and the coach's skills.

### *Technology*

Leverage existing tools and technology that help serve those in the coaching program professionally.

### *Brand*

Develop a highly-visible and professional online presence, image, and trustworthy brand.

### *Commitment*

Communicate passion for helping others and commitment to providing clients with excellent service.

# Steps to Becoming a Financial Coach/Counselor/Consultant

Those who seek to learn how to become a financial coach can find important resources and suggestions in this section. We sincerely hope you will find guidance and direction to succeed in a financial counseling or coaching venture. The resources found here provide step-by-step information about how to take financial coaching to the next level.

## *Step 1:* Professional Development Training

The first step with any new venture is to get the necessary education. Graduating from a recognized program will help you demonstrate your financial counseling capabilities and earning your certification indicates compliance with national standards.

Succeeding as a financial coach requires more than just gaining knowledge about personal finances. You also must become well-versed in behavioral psychology, how to teach effectively, the regulations governing the industry, and coaching methodology. You may learn these topics in-depth through financial coach certification programs.

When you have successfully completed the coursework to earn your financial coach certification, you demonstrate your competence in financial coaching and show that you meet national standards. This accomplishment gives your clients confidence in your capabilities.

Learn more about the
Certified Personal Finance Consultant – NFEC's Financial Coaching Program



## *Step 2:* Gain Real-world Experience

While you are pursuing the requisite education, gain some hands-on experience under appropriate supervision. While academic knowledge is one piece of the puzzle, the road to becoming a financial coach also requires you to put what you're learning into action.

Each person you counsel is unique, because every individual has his or her own financial psychology, ingrained money habits, and financial realities they're facing. Handling these unique situations presents a challenge, one that requires practice with people in different financial situations.

Your initial coaching experience should be done with the support of a mentor or supervisor who has experience in the field. Until you finish your education and demonstrate your competence as a financial coach, your work and recommendations should be monitored.



# ***Step 3:*** Processes & Reporting Systems

Implementing processes and systems is the next step and will help you serve clients efficiently.

It's critically important to establish relationship management systems that guide timely communications and keep records of interactions with your clients. Select systems that can automate approved messages to reduce your need to send them out personally.

Selecting financial coaching software that allows you to view a client's entire financial picture in one place, including bank balances, credit scores, insurance coverage, etc., is essential. Many financial coaches never view a client's personal finances; they simply rely on the initial interview, which is subject to client bias. Coaches who gather documentation are able to determine clients' true financial picture and prioritize their progress.

As NFEC research data demonstrate, most coaches fail to provide their clients with a financial plan on paper. Locate or build a reporting system so your clients receive a personal financial plan that offers clear direction and action steps. Use the same system to generate progress reports tracking their accomplishments.

3 Essential Systems for ***Financial Coaches***



# *Step 4:* Educational Resources

The educational resources selected by coaches is a critical element in the process. Coaches provide guidance and education – so the materials they select need to be of the highest quality. Resources should be practical, yet also meet core educational standards while encouraging clients to take action around their personal finances.

When selecting lesson plans consider:

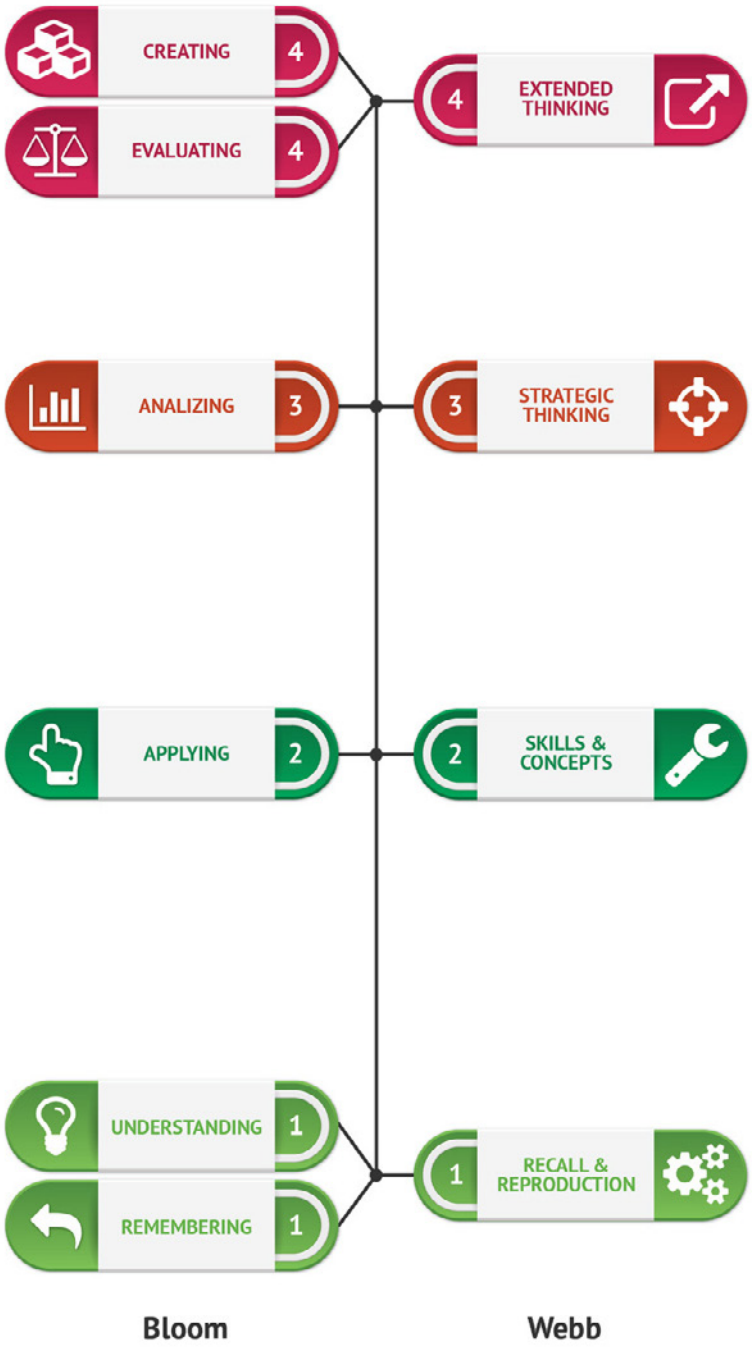
- Client Goals
- Financial Sentiment
- Current Financial Situation
- Knowledge Level
- Willingness to Adopt Positive Financial Behaviors

Educational materials should provide education and also have clients participate in activities that help them work toward their financial goals. Lesson plans should meet participants at their current level of knowledge and progress them toward greater financial security.



## *Bloom & Webb*

Educational outcomes are gauged with Bloom's Taxonomy of Higher Order Thinking and Webb's Depth of Knowledge (DOK) theories. These frameworks outline the cognitive rigor of the material, and provide a clear context for assessments.




### *Extended Thinking*

At this level participants can answer questions that require complex reasoning and analysis; they possess the ability to connect lessons with other concepts.

### *Strategic Thinking*

Lessons that meet this learning objective require higher cognitive rigor like planning, reasoning, and explaining the process used to derive the answer.

### *Skill & Concept*

Activities have participants connect information in the Recall group to be able to solve problems. Lesson plans at this level ask participants to develop relationships between concepts and interpret data.

### *Recall*

These assessments test students' ability to recall information like a name, fact, quote, or other basic piece of information.

# *Step 5:* Commitment to Excellent Service & Results

As a financial consultant, you have a fiduciary responsible to help your clients; and high-quality coaches have a burning desire to help them achieve their goals. Distinguished coaches help their clients stay focused after a financial setback and encourage them when they're feeling positive and motivated.

As much as you may want to, you won't be able to help all your clients. This can be frustrating. But when you do help someone accomplish a milestone, it will make all your hard work worthwhile. Watching clients progress from losing sleep over financial stress to excitement about reaching their retirement goals feels deeply rewarding. If you do not get this sense of satisfaction when helping others, consider another profession.

Distinguished coaches make a firm commitment to their clients' financial wellbeing. This mindset helps more of them achieve better results. Enjoy the positive feeling that comes with their accomplishments, and let it motivate you to continue improving your abilities as a financial coach.

