

FINANCIAL COUNSELING PROCEDURES & TECHNIQUES

1. **Initial contact** should **start with a smile** and **warm greeting**. Recognize that people may be apprehensive. It is important to make **small talk** or use humor to help them **relax**. **Compliment** them on their willingness to work with you, for being on time, or for bringing spouse, etc.

"I want to congratulate you on your willingness to work with me to improve your financial situation."

"Thanks for being on time and for bringing your spouse."

"It looks like you came prepared!"

2. **Privacy Act Statement**—Explain the Privacy Act Statement and get client to **sign**.

"Because I keep a record system, I need you to read and sign a Privacy Act Statement. You need to know that personal information discussed here stays here, unless you disclose something illegal or that is a violation of the UCMJ. Then I'll have to report that up the chain of command."

3. **Normalize** client's **feelings** and **past experience** with personal finances.

"Most of us have experienced a financial crisis at some time in our lives."

"I understand it can be uncomfortable to discuss personal finances with others, however, we will need to take a close look at what's going on in order for both of us to understand your financial situation. Once we know exactly how things stand, we can then focus on solutions to improve your situation."

4. **Expectation question**—This is used to find out what the client **wants** or **expects**.

"What would you like to accomplish in the (short) time we have available? In other words, what would you like to leave here with?"

This will also serve to help you and your clients identify their presenting financial problems.

5. **Cost Question**—Helps the client to see **how** their presenting financial problem/s is/are **affecting** their **life**.

*"I'm wondering, what [problem] has **cost** you already, not just in terms of dollars, but also in terms of your ability to concentrate on your work, your job performance, your relationship with other key people in your life (e.g. your family), in terms of self-confidence and self-respect, or in terms of peace of mind?"*

After they respond to this question, follow-up with what they want to change.

"What specifically do you want to change?"

Compliment client(s) on identifying what's going on and their desire to want to make some changes in how they manage their personal finances. This is a good time to **introduce the Financial Planning Worksheet (FPW)**.

"Congratulations on taking positive action to do something about your current financial situation. What I would like to recommend is that we use a Financial Planning Worksheet that has been developed especially for military members and their families. It will help us take a 'financial snapshot' so that we can see exactly what your financial situation is as of today."

Emphasize to your client(s) that their FPW and the resulting plan that you will help them develop will only be as good as the information they provide. You can also remind them that it works like the old saying regarding the use of computers.

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"This plan will only be as good as the figures that you provide. It's sort of like that old saying about using computers, garbage in garbage out."

- 6. Data gathering time.** Use the FPW to begin the financial planning process once you feel the client is ready. Avoid any judgments or assessments. Just **gather** or **review** the **information** provided. Avoid verbally or non-verbally confirming client's self-limiting beliefs and statements. This is data gathering time, it's **not** problem solving time. **TRUST THE PROCESS! IT REALLY WORKS!** Once you have calculated the surplus or deficit and the debt-to-income ratio, ask the client how they feel about the **accuracy** of the numbers.

"Does a \$200 dollar-a-month deficit sound about right to you?"

"Do you feel this is really accurate, or is it too high or low?"

If the client says it is not accurate, you may want to go back and review the income, expense and indebtedness information and look for discrepancies. Know that clients often underestimate their monthly expenses because they usually keep no records. If the client confirms the bottom line, then you are ready to look at options or solutions that the client can implement.

- 7. Miracles and Exceptions**—For clients who are 'stuck' on their problem, or who are particularly negative, now is an appropriate time to ask the miracle question.

"If a miracle were to happen tonight and the [problem] went away, what would your life be like – what would be different in the morning?"

This enables the client to view their future without their [problem]. It allows the client to imagine what life would be like when their [problem] has been resolved. Give the client time to reflect on this question. This will move the client toward wanting to achieve resolution and will be a good opportunity for you to return to the FPW to complete the remaining sections.

You may also want to ask stuck or 'tough' clients what the exceptions to the problem are.

"When does [the problem] not occur? What is happening when [the problem] doesn't occur? When was the last time [the problem] wasn't occurring? What was different about that time?"

Focusing on exceptions also enables the client to view their life without the problem. It allows you to 'catch the client in their successes, not their failures.'

- 8. Discuss options.** This is **problem-solving time** where the focus is on options and solutions to the client's financial situation.

*"Now that we know the extent of the [problem] and what is going on, and we have had a glimpse of what the future could be like without the [problem], we can begin to look for possible options or solutions to deal with it. We will be looking at options in three areas: options to **increase income**, options to **reduce living expenses**, and options to **reduce or better manage the debt load**. I will **record all** of them on the FPW Action Plan."*

Now is also a good time to ask the client about options **they** have been **thinking about** and to **compliment** them or validate their ideas for changing their financial situation.

"So, what have you done about this already?" (and what else, and what else)

"So, what have you thought about doing?" (and what else, and what else)

Get at least **three options** or contemplated actions. This is an opportunity to get the client involved in solutions to their own problems. Remember, **compliment** the client on their solutions.

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9. **Complete the projected column** on the three pages of the FPW involving Income, Living Expenses and Indebtedness. Enter new dollar amounts in the Projected or “P” column based on the effect of implementing the various options discussed. When finished, calculate a new bottom line (surplus or deficit). If there is a surplus, **compliment** them on their hard work and willingness to consider new options or solutions to their financial situation.

“You’ve done some really good work here and have come up with a number of options that will help your current financial situation.”

10. **Spending Plan**—Next show the client how to set up a Spending Plan based on their new spending targets using the **projected column** figures. It’s important to point out to your clients that the spending plan concerns how they **spend their take home pay** and does not include any expenses or creditors paid by allotment. In the eyes of some financial experts, this is the most important part of the whole process, since the spending plan is really the “road map” for the client to use which will help them change their spending behavior. It will also give them the opportunity to assess their progress toward achieving their new spending targets.

“I will help you set up your spending plan for the first month and show you how it works and how you can use it to measure your success in achieving your new spending targets. Please remember that this plan only includes those expenses and creditors paid out of your take home pay. We do not need to include those expenses or creditors paid by allotment, since they are already taken care of.”

11. **Monthly Spending Record**—At this time you will want to introduce the Monthly Spending Record, which is a method of tracking their actual spending in the various categories on a daily basis. Again we are only concerned about expenditures involving **take home pay**. At the end of each pay period, the expenditures in each category are totaled and entered in the **Actual** (what they actually spent) or “**A**” column.

“What you will want to do is to carefully track your expenses on a daily basis each pay period for several months. I will show you how to do the first month. This will allow you to discover where the ‘leaks’ are and how well you are doing in terms of achieving your new spending goals. It may also indicate where you need to make adjustments in future months. You will know that you have met your spending targets when the ‘A’ column totals for each month either equal or are less than the ‘P’ column totals. This will be a giant step on the road toward reaching your financial goals.”

12. **Closure**—Ask about client’s expectations and **bring closure** to the session. Ask the client what they see themselves doing first when they leave your office.

“What do you see yourself doing first after you leave here today?”

Look for opportunities to **reinforce** and **compliment** your client’s willingness to take action. **Help** the client **visualize implementing** the **options** and any difficulties they might have.

“What options will you implement immediately?”

“How will you know when they have been implemented?”

“What difficulties do you foresee in implementing these options?”

Establish a can-do mindset. Rehearse accomplishing the various options and the likely outcomes when the client completes them. Lastly, set up a day and time for **follow-up** to review client’s progress. Close by saying something positive.

“I can hardly wait to hear about your successes when we get together again.”