

# Financial Counseling Best Practices

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This document was created by a working group of credit union financial counselors who are members of the Michigan Credit Union League's Financial Education Council. With the goal of gathering best practices to assist credit unions in forming or improving a formal or informal financial counseling program, this document reflects the operational experiences of several credit unions and is not intended to be a comprehensive how-to guide. Credit unions just starting out in financial counseling may find information in this document to consider in creating a program and credit unions who have already established a program may find insight to best practices that can supplement their program.

Financial counseling involves fundamental money management assistance to help consumers solve or avoid financial problems and improve their financial status. Financial Counseling can include many types of counseling including budget counseling, credit counseling, debt counseling, and financial planning. Some of the credit unions that have submitted information use different terms for their programs and you will see that reflected in this guide.

**Thank you!** Thanks to the members of the 2011 MCUL Financial Education Council's Financial Counseling Best Practices Working Group who compiled this guide and to credit union financial counselors who shared the details of their financial counseling program:

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# Financial Counseling Best Practices

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# Best Practices for Establishing a Financial Counseling Program

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As each credit union is unique and has its own set of priorities, before establishing your budget counseling program, you will want to determine if there is a need for this service at your credit union. There are three types of financial counseling that may be helpful to your members:

- **Remedial:** Short term crisis intervention
- **Prevention:** Developing a plan to stop problems before they occur
- **Productive:** Identifying best ways members can use their resources

Once you determine there is a need, you must determine where the need exists. Is there one area specifically, such as lending, that you clearly see a need? This section will help you identify the areas in which a need may or may not exist at your credit union and how you can gain upper management agreement and cooperation to establish your program.

## **Establishing Need**

To help you determine need, we have listed three ways in which you can research the need at your credit union. They are talking to your lending department(s), surveying your membership, and reviewing your loan portfolio for missed lending opportunities due to poor credit, high debt ratio or insufficient income.

- **Talking to your lenders:** Contact your loan interviewers, underwriters, collectors and member service staff to ask if they see a need. Often these people work with your members the most and see loans that your credit union could not make due to the reasons listed above. Ask them to give you scenarios of lending and collections problems that may lead them to believe that budget counseling may help.
- **Surveying your membership:** You can conduct an informal survey of members as they leave your branch offices or conduct a more formal survey by mail/e-mail. In these surveys you would simply ask them two questions: Would you like to see a budget counseling service at our credit union? Would you take advantage of this service if it were offered?
- You can also conduct a more targeted survey to members whose loans have been denied and get their feedback on this service.

- **Reviewing Your Loan Portfolio:** Reviewing the number loans denied due to poor credit scores or high debt ratios can directly lead you to a decision that budget counseling is needed at your credit union.
- **Review member activity:** Review your member's rates of NSF's/payday lending usage/garnishments/bankruptcies.
- **Analyze community profile data:** Look at the unemployment rate, bankruptcy, income levels, recent immigrants, etc. Some websites to help you analyze your community are:  
<http://www.uscourts.gov/Statistics/BankruptcyStatistics.aspx>  
<http://www.census.gov/compendia/statab/>  
<http://www.countyhealthrankings.org/michigan>
- **Consider non-measurable needs:** Such as positive word of mouth and fulfilling your mission to help improve the community.

### **Strategic Plan**

Outline a strategic plan or your expected outcome for your budget counseling program. In your plan you will need to provide statistics on current delinquency, results from other credit unions of similar size and similar situation, and your desired outcome. Include member and staff surveys that support the need for the program. You may need to include a chart of projected savings to your credit union as a result of adding this program. Include cost savings measures related to delinquency reduction, more collectable loans disbursed, as well the benefit to the community. There may be other documentation needed as determined by your credit union.

Here's how some credit unions recognized the need for budget counseling at their credit unions:

At HarborLight Credit Union in 1999, a member needed assistance figuring out his finances because he lacked money management skills. Sheryl Hogle worked with the member to teach him the process. After the session, the member was able to successfully pay his bills. Soon after this meeting with the member, Sheryl attended a training session on budget counseling with Kathryn Greiner, Director of Credit Education at the University of Michigan Credit Union. Sheryl found the session so valuable that in 2001, she attended the week-long Financial Counseling School offered through CUNA. This program was not certified at the time. Soon after her training, HarborLight began their budget counseling program.

In 2010, Sandie McKay at Option 1 Credit Union was contacted by a financial advisor with MEMBERS Financial Services Program, sponsored by CUNA Brokerage Services, Inc. The advisor identified a need for budget counseling as he met with members who wanted to invest and save but were not able to because they first needed to learn how to manage their money and

pay down debt. Sandie expressed an interest providing this service at her credit union. The financial advisor directed her to Sheryl Hogle at Harbor Light Credit Union. Sheryl suggested Sandie participate in the new self-study program FiCEP. Sandie received her certification and began providing one-on-one budget counseling, financial education workshops and lunch and learn programs.

In the early 80's losses due to bankruptcy were growing exponentially, so the University of Michigan Credit Union reviewed loan files searching for trends among members who created a loss for the credit union due to bankruptcy. They discovered more than half of those members had received consolidation loans 12 – 18 months prior to filing. Looking for a solution, Loan Supervisor Ed Szczechowicz arranged to have local credit counselor Kathryn Greiner meet with consolidation loan applicants prior to making a loan decision. Kathryn met members at the credit union to review their income, expenses and debts to determine if the loan would make their situation better or worse. When a loan was not indicated she helped members identify other options for solving their problems. Kathryn was paid per capita as a consultant from 1985-1992. The University of Michigan Credit Union surveyed the files of 658 members who had received financial counseling, and found that six members (less than 2% of those counseled) subsequently filed for bankruptcy in a three year period. Seeing the progress, UMCU developed a CUSO to provide financial counseling and wealth management. The plan was to have the profit generated by the wealth manager support the budget counseling program, which brought in little income. Some of the cost of the budget counseling program would also be covered by the other credit unions that the counselor served. This subsidiary was called First of Washtenaw, which operated from 1992 to 2005. The CUSO was closed when three of its client credit unions switched to full time counseling services. UMCU absorbed the two counselors and maintains an in-house program for budget counseling.

### **Identifying Your Future Budget Counselors**

Identifying the right person to be a budget counselor is your biggest challenge. Financial counselor roles include advising, instructing and motivating. Counselors need to have a clear understanding of money management and the elements of creditworthiness. They also need to have empathy so they can see things from the other person's perspective, yet stay objective and logical when generating ideas to resolve the problems.

Some traits attributed to a good budget counselor are: a good listener, compassionate, someone capable of teaching AND active listening. Talking too much is a pitfall to avoid: it's difficult to learn when we do all the talking. Finding out how your member sees the problem is key to helping him find an appropriate solution. The individual should have the "heart of a teacher." A few questions to ask when interviewing potential budget counselors are as follows.

“Do you have an experience that would help you relate to members in financial distress?” Whether through personal experience or knowing someone who has gone through financial distress, this question shows if the person has compassion and is sensitive to what the member is going through, a vital part to the success of a counselor. “How does budget counseling help the organization as a whole?” This question shows that the person understands the importance of budget counseling and how important it is not only to the member, but to all of your members and to the success of your credit union. You may use real case studies or scenarios that the credit union has seen and ask the staff to identify what the member is feeling and how they would respond to them. The budget counselor must be able to understand the difference between sympathy and empathy when working members. The goal is to help, but not force, the member to establish and agree to a budget/spending plan that will work for their unique situation and help them develop better spending habits for the future.

## Best Practices for Training

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### Certifications

- ***CUNA Financial Counseling Certification School and Self-study Financial Counseling Certification Program***

This comprehensive program is designed for collectors, loan officers, budget counselors or any staff committed to helping members gain control of their financial future. CUNA has offered a live school experience and a self-study curriculum (FiCEP).

[http://www.cuna.org/training/self\\_study/cuficep.html](http://www.cuna.org/training/self_study/cuficep.html)

Some state credit union leagues, including Michigan, have offered an enhancement to the FiCEP self-study curriculum that adds interactive webinars, live group training and testing for participants.

- ***The Association for Financial Counseling, Planning and Education (AFCPE)*** offers a financial counselor certification course that is not credit union specific but is very comprehensive. <http://www.afcpe.org/certification/>

### Other Training

- **In-house training.** Some credit unions have developed financial literacy seminars to teach staff money management skills and how to improve credit. The credit union must

ensure the designated staff person has the skills needed to educate others correctly. A trained counselor can role play to practice counseling and then observe them during one-on-one sessions with members. Observation is also recommended when a new financial counselor provides credit education in a group setting.

- **Job Shadowing.** Prior to the first budget counseling session, or very early on, credit unions may share resources and allow new budget counselors to visit their credit unions to observe experienced counselors in sessions. Observation provides a real look at budget sessions including member questions and concerns about counseling and a look inside the real reasons for overspending. This will also help new counselors develop their own style and best practices for their individual credit unions.

## Best Practices – Sessions (Formal/Informal)

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### **Environment**

Formal sessions are held in a private office or area that is designated for this purpose. Appointments are scheduled ahead of time and are uninterrupted. Privacy is needed for members who feel ashamed or embarrassed that they need the counseling. Privacy allows members to express their emotions and is especially helpful when there is conflict between spouses/partners. In credit unions where a private location for counseling sessions is not available, try to make the member as comfortable as possible. Use a low voice when discussing private issues and make sure to keep your attention on them rather than other distractions that may come.

Short, informal sessions may be held whenever the member visits the office or has the need to talk with their counselor. Appointments are not needed if the counselor is available. Some sessions can be handled via e-mail and phone.

### **Involvement of spouse members:**

If married or in a partnership, suggest that both parties come to the session, even if the spouse only wants to observe and not participate. If spouse/partner will not or cannot attend, suggest

they make their own separate appointment. Encourage the initiator to come with or without their spouse/partner if necessary.

When working with couples, find out what each person wants to accomplish financially and look to find the common ground or compromise that will bring them together. “I always tell married couples that we don’t start off on the same page or in the middle of the same page, but because you are here today we will consider this one foot on the page and we will begin to listen and learn to get us to the middle”, says Sandie McKay of Option 1 Credit Union.

For many people, discussing money is very emotional. It is important to remember that budget counselors are not marriage counselors and refer to other counseling services as needed.

### **Children**

Suggest that members come to budget counseling sessions without their young children to eliminate distractions. Some parents may ask to have their children attend with them. This is acceptable if the child is older and the parent feels that their inclusion will improve their success in putting a budget plan into action.

### **Frequency of Sessions**

Most first sessions begin with a 1-3 hour meeting to do a budget analysis; identifying problems, goals and solutions. This is sometimes followed up with a second session to create a spending plan. In some cases, members are invited to come back until they feel secure in the process alone. Some credit unions limit the number of budget sessions; however success is more likely when members are allowed additional visits when necessary. Some members benefit from a follow up discussion six months to a year later.

An effective tool for developing members with good financial habits can include a series of short sessions. Many budget counseling programs begin with an analysis of income, expenses and debts, and at a later meeting the counselor and member create a 3-month budget. Follow up sessions might include: ways to cut spending; ways to accelerate debt reduction; how to determine how much credit one can afford; how and why to include savings in a tight budget; and how to rebuild credit.

### **Hours**

Some credit unions only offer sessions during their business hours. Other credit unions offer session before and after business hours as well as on weekends. Hours are determined based on your member’s needs, staff availability and your credit union’s policy.



### **Preparation for Your Session**

Consider creating a budget counseling agreement to review with the member at their initial session. This should include the purpose of the program. A sample agreement might read as below:

*The goal is to help people become responsible for their own financial lives. The purpose of credit counseling is:*

- To help members develop a plan for spending, bill-paying and saving that systematically and fairly reduces debt.*
- To help them to understand how to use credit wisely in the future.*

The agreement could also include a hold harmless phrase for the credit union and information on how the member's budget analysis might be used and stored. A release of information should be used to share their information with another creditor.

After the initial appointment is made, contact the member/client to confirm the appointment and reassure him/her in their decision to make the appointment. Some credit unions do not follow up on "no shows". Instead, a reminder call is made prior to the session. In most cases the member will call to reschedule their appointment if needed.

Send a budget analysis form to the member before their appointment, either by mail or e-mail, to allow them to research and average out their basic living expenses then list their debts. Doing this work with their records in advance means less time is spent with the counselor gathering that data, freeing up more time to figure out a plan of action. The budget analysis includes categories of spending that do not occur every month, like car and home repairs, so members may need the counselor's help revising their initial draft to make it more realistic. When solutions fail, it is often because of unplanned expenses, so take the time initially to make sure the analysis includes the member's plans and goals. Some members who complete the form see their situations more clearly and are able to figure out what changes they are willing to make so that a counseling session is not needed.

### **Follow up**

Informal follow -up: Ask your member to let you know how they are doing. If the member is in the branch office, the counselor can approach them to see how they are doing with their plan. Be careful to protect their confidentiality and talk privately.

Formal follow-up: A follow-up letter/e-mail can be sent after a session to see how the member is doing with their plan. Maintain their responses to include in tracking reports.

Thirty days after a session, conduct a review to determine if any follow-up is needed on counselor's part. This may include follow-up with a creditor or on information requested to or from the member.

Credit unions may ask members to schedule an annual visit to see how they are progressing. This is more often done with members who were in the remedial phase when they originally received budget counseling. Track their progression.

### **Additional Advice**

Help members see the light at the end of the tunnel so they don't give up. A payment plan that resolves delinquencies and other immediate problems (with utility disconnects or payday loans for example) provides hope for easier times ahead. Members need to see how they will actually get out of debt. You can do this with a free online program at [www.powerpay.org](http://www.powerpay.org). The program shows how to "roll up" payments each month for the fastest way to pay debt and cut interest expense. Members are inspired to increase income and/or cut expenses when they can see exactly when they will be out debt. This allows them to begin to plan for other goals such as a new car, marriage, family, homeownership, retirement, etc. Power Pay has helped countless members find an alternative to bankruptcy.

## Reporting Results

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### **Tracking**

Some credit unions place account notes or tracking notes to track budget counseling sessions. The best practice for your credit union can be identified by talking to your IT department. Other credit unions place notes with a member's loan file, especially if the counseling was a determining factor in a loan approval decision.

- For members with loan balances, record the loan status (current/delinquent) at time of budget session. Review same loans three months after session and again at six months to determine if improvements were made after budget session.
- Track number of loans approved after budget session and their status after six months, one year etc.
- Track the status of members at one-on-one sessions. Are they in the remedial, preventative or productive phases of the process?

- Track the number of members and number of hours used for one-on-one budget counseling per month.
- Track the number of attendees at group member education or workshop sessions.
- Submit accomplishments for current year monthly, quarterly, or as determined at your credit union.
- Track how members got to the next level of: improving credit score, loan status, meeting with a financial advisor for retirement, etc.

## Other Educational Opportunities

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Quarterly Newsletters to members – use to promote upcoming events and offer budgeting tips.

Formal education sessions –offer seminars on money management and understanding and improving creditworthiness.

See credit union financial counseling program examples for more options

## Advertising Your Program

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Your program can be advertised in many ways using various media. Credit unions may advertise on their website, statements, newsletters, TVs in branch offices, flyers at teller stations, or through TV and radio ads, and most effectively, word of mouth by other members and your credit union staff.

Referrals: Referrals often come from collectors, credit committee, member service representatives, lenders or satisfied members that have benefited from the program.

# Credit Union Program Examples

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## **ELGA Credit Union**

**Credit Union Size:** Assets: \$274,000,000 Membership size: 43,000 Membership area: Genesee, Lapeer, Oakland, Shiawassee, Saginaw and Sanilac Counties in Michigan

**Financial counseling contact:** Lori Hawk, CCUFC: [lori.hawk@elgacu.com](mailto:lori.hawk@elgacu.com) (810) 715-3542

**Financial counseling activities:** One-on-one financial counseling, financial seminars and workshops, student classroom instruction.

**Credit Union staff involved in financial counseling activities:** We currently have approximately 17 on staff that does some form of financial counseling including our CEO, branch managers, credit solutions manger, credit solutions representatives, bankruptcy specialist, and educators.

**One-on-one financial counseling:** Our Credit Solutions Representatives (otherwise known as our collection department) has gotten into more of a counseling role than collecting to see how they can help our members through this difficult time to keep their homes, vehicles, etc.

**Financial seminars and workshops:** Credit Score and Budgeting Seminars

**Other related activities:** Student Classroom Instruction, On-site Presentations

**Program Development:** Current: We are offering modifications, extensions, and budget counseling to keep our members on track. Future: We have a team in place to research the needs of an in-house financial coaching staff. We hope to have this in place in 2011.

**Program measurement and Impact reporting:** We have documented one year of modifications from June 2009 through June 2010. 70 modifications were done (5 defaulted on the modifications, 2 paid off their loans, 63 keeping agreement made).

**Successes/Best Practices:** Take time to meet, listen, encourage and help them find solutions.

**Challenges/Stumbling Blocks:** When the member(s) gets to a bankruptcy lawyer before we can advise them to do otherwise, people not being open to share, when they've received bad advice from someone (friend, realtor, etc.).

**Future Plans:** Early warning signs, early budget counseling, financial coaches available for ALL members.

## **Option 1 Credit Union**

**Credit Union Size:** Assets: \$264,151,962 Membership size: 35,000

**Membership area:** 11 Counties in Michigan

**Financial Counseling Coordinator:** Sandie McKay, CCUFC 616-243-0125 x1225

[sandiem@option1cu.org](mailto:sandiem@option1cu.org)

**Training/Certification of financial counseling staff:** CCUFC (CUNA) Recertification 2011

**Types of Financial Counseling Activities:** One-on-one financial counseling, financial seminars and workshops: Dave Ramsey, Financial Peace University (13 weeks), Lunch and Learn Financial Workshops for Select Employer Groups, Staff Awareness Workshop – every month

### **Why should we provide financial education?**

- *Encourage the member to consider new methods and skills that will help them create a budget, pay down debt, increase their credit score, and long term financial stability.*
- *Teach essential money management skills that were not learned in school or youth. (budgeting)*
- *Teach members how to build a strong financial future by helping them recognize their financial role as a crucial part.*

### **Teach financial education with a Weight Watchers philosophy**

- *Teach budgeting skills that are simple, realistic and understandable.*
- *Teach guidelines and the short/long term results of managing your money within them.*
- *Teach members that a monthly household budget is not a sacrifice, but discipline and focus to accomplish a goal.*
- *Teach perseverance, patience and hope.*

### **Results of financial education:**

- *Member will gain a positive attitude towards managing their money when they are confident with establishing a budget.*
- *Initial fear and failure of past money management mistakes decreases as education increases. Member decreases debt and increases savings.*
- *Will prevent future decisions that negatively affect the financial future of the family or individual such as payday loans, tax relief fraud, fraudulent credit agencies, and investment fraud.*

### **How will financial education improve membership and the credit union?**

- *Strengthen member loyalty*
- *Increase profitability of households*
- *Provide members with financial solutions from a trusted source.*
- *Credit union is established as a trusted and reliable financial institution in the community.*

- *Increase the power to borrow!*

**Marketing:**

- *Option 1 Credit Union website – Financial Counseling webpage (see handout)*
- *Business Cards \*\*cards at every desk and branch*
- *Financial Counseling brochure*
- *Staff Awareness Workshops (new hire orientation, etc)*

**Program development and design process:**

- *Identified a need for financial counseling when members met with the financial advisor of the MEMBERS Financial Services Program. Often a member has the desire to invest for retirement but requires the money management skills to achieve that particular goal.*
- *Researched FiCEP, CUNA's Financial Counseling Certification Program.*
- *Contacted a budget counselor already in the field for basic information to begin one-on-one counseling. Offered budget counseling during FiCEP.*
- *Established relationship with marketing department for materials: brochures, website, and posters.*
- *Staff awareness is crucial to the long-term development of program – the more they know the more you will get referred. (I recommend all incoming calls or walk in inquiries come directly to me no matter what the question.)*
- *"It is important how much you know, but it is crucial how much you care."*

**Program measurement and Impact reporting:**

- *Log sheet: name, date, number of minutes or hours with member*
- *Measure program every quarter to see if hours have surpassed last year. Every year add workshops, seminars, short educational classes – always looking for things to expand and challenge the program. What can I do to provide more financial peace and education to our members?*
- *The number of years for the program increases exposure – be patient and grow steadily.*

**Successes/Best Practices:** *When you know the member "gets it."***Challenges/Stumbling Blocks:**

- *More exposure of program – with patience and time*
- *Would like to double the monthly hours of counseling*
- *Private office vs. open cubicle in lobby*
- *Facilities available at other branches: no computer, privacy issues.*

**Future Plans:** *Financial Counseling Department, director of financial counseling and education for Option 1 CU*

**Dave Ramsey's Financial Peace University.** Option 1 Credit Union utilizes this program to aid in their member education training. This training includes financial education on saving, spending, investing, and building wealth and is an easy and interesting series of financial workshops.

## **Wildfire Credit Union**

**Credit Union Size:** Assets: 627,235,518 Membership size: 34,477

**Membership area:** *Saginaw Michigan and six contiguous counties.*

**Financial Counseling Coordinator:** *Louise Cherry, AFC, Branch Manager, 989-249-8263. E-mail: [lcherry@wildfirecu.org](mailto:lcherry@wildfirecu.org)*

**Financial education and counseling activities:** *One-on-one counseling and in-house seminars*

**Credit Union staff involved:** *We currently have two accredited financial counselors on staff. Six employees completed the MCUL Guided Self-Study program for CUNA Certification (FiCEP) with 11 more enrolled this year. Our goal is to have two trained counselors at each branch.*

**One-on-one financial counseling:** *Our sessions are formal appointments that last approximately two hours. Some sessions are referred to us by our loan and collection departments. Most of them are from members who realize they need help.*

**Financial seminars and workshops:** *We have had in-house seminars for our members. Our goal is to have more seminars and workshops once we have more counselors.*

**Marketing:** *It is posted on our website, and in our newsletter. <https://www.wildfirecu.org/>*

**Community Partners:** *We do an annual seminar with our local bankruptcy task force.*

**Program Development:** *After going to a budget counseling seminar put on by Kathryn Greiner, I told my CEO we need to have the service for our members. He said to set it up!*

**Management and Board approval process:** *Our Board was in complete approval of the service.*

**Program development and design process:** *Linette Sager and I worked together to set up the budget and forms we use. We did counseling for both our members and for our CUSO.*

**Program measurement and Impact reporting:** *At this time we don't have a specific method to measure our success. We watch the members account to make sure they are up to date on loans. We encourage members to come back as often as they need to.*

**Successes/Best Practices:** *Do not judge anyone who comes in for help. We do our best to make them comfortable with us before we begin the session. Confidence in the counselor is a key factor.*

**Challenges/Stumbling Blocks:** *Time has been our stumbling block due to our positions at work. We do counseling in addition to our normal duties.*

**Future Plans:** *Once all our counselors have passed their tests we will be able to concentrate on marketing the program to our members. We will also work more with our loan and collection departments for referrals.*

## **CASE Credit Union:**

**Credit Union Size:** Assets: \$196M **Membership size:** 30,500

**Membership area:** 6 Counties

**Financial Counselors:** Karen Casler, CCUFC [kcasler@casecu.org](mailto:kcasler@casecu.org) and Norma McGarry, CCUFC [nmcgarry@casecu.org](mailto:nmcgarry@casecu.org) Phone: (517) 393-7710. Three others trained and will be participating in the MCUL CCUFC certification program.

**Financial Education and Counseling Activities:** One-on-one budget and/or credit counseling, financial seminars monthly on various topics, financial education offered in the community

**Marketing:** Website presence [www.casecu.org](http://www.casecu.org), materials available to staff via internal Intranet, community 211 Directory, Capital Area Community Services publication, Statement and on-hold messages

**Community Partners:** Center for Financial Health, Lansing Community College, Lansing School District, Capital Area Career Center, churches & women's community assistance programs

### **Program Development:**

- *Counseling Program in place for more than 3 years with one FT employee as their primary function to manage the program*
- *CEO and upper management fully supported the program*
- *Staff trained on the benefits and services and educated on how to recognize the need for counseling*
- *Formal counseling referral process developed*
- *Tracking process developed – referrals; new loan dollars; new products; charge offs; BK and paid off loans*
- *Survey every person who participates in the program for feedback*
- *Community resources developed for referral*
- *Three additional staff will participate in the MCUL CCUFC training this year*

### **Successes/Best Practices:**

- *Develop community resources – become the community resource*
- *Train staff to recognize the need for counseling in member interactions*
- *Partner with internal departments – lending, collections, operations*
- *Offer services to your staff – participation helps to understand the process*

### **Challenges:**

- *Initially getting the word out to membership about the program*
- *Perceived value of the program*
- *Expect failures – not every counseling experience will be successful*

**Future Plans:** Train additional staff to assist with counseling, program materials available on website



## **Soo Co-Op Credit Union**

**Credit Union Size: Assets:** \$127M **Membership Size:** 23,500

**Membership Area:** Eastern Upper Peninsula

**Financial Counselors/ Financial Education Staff:** Mary Lynch, CUDE, CCUFC plus one staff person in the process of being certified. [mlynch@soocoop.com](mailto:mlynch@soocoop.com) Phone: 906-632-531

**Financial Education and Counseling Activities:** One-on-one budget and credit counseling, financial education seminars in the community on various topics and in-school credit unions.

**Marketing:** Financial counseling flyers, financial counseling brochures, SCCU website and employee intranet, member newsletter.

**Community Partners:** Bay Mills Community College, area schools, MI Works and local community library.

**Program Development:** Informally up until 2010; offering loan modifications and extensions to keep members on track. In 2010 SCCU realized the need for a more structured financial counseling program. Researched and identified a staff member to go through the FiCEP Program. This person meets with members referred by a loan officer, collections department and other departments within the credit union.

**Successes:** You know it was a success when the member has the "Ah-Ha" moment. Also, when you get a call from a family member or friend of a member that has already gone through financial counseling.

**Best Practices:** Training staff to recognize the need for financial counseling in day to day interaction with members. Develop community partnerships.

**Challenges:** Privacy issues, finding a place to meet with members. Expect failures, not every session will be successful. Getting staff to understand the financial counseling process and how it will benefit members.

**Future Plans:** Certify additional financial counselors to work with more members/nonmembers in our community.

## **Limestone Federal Credit Union**

**Credit Union Size: Assets:** \$32M **Membership size:** 3,900

**Membership area:** Alger (new), Delta (new), Luce (new), Mackinac (new) and Schoolcraft counties

**Financial Education Staff:** One Certified CU Financial Counselor Amy Blanchard, CCUFC [ABlanchard@limestonefederal.com](mailto:ABlanchard@limestonefederal.com) Phone: 906-341-5866

**Financial Education and Counseling Activities:** One-on-one budget and/or credit counseling, classroom presentations and in-school credit unions.

**Program Development:** *Adult financial education began five years ago following the implementation of youth financial education. One staff member completed the Certified Credit Union Financial Counselor offered through FiCEP program.*

**Marketing:** *Monthly newsletter*

**Successes:** *Getting the member to the point where they do not owe back payments, their credit score comes up and they don't come in for a loan every time a small "problem" arises. They have SAVED up for such "problems". When the member says, "Collectors aren't calling me anymore. This is great!"*

**Best Practices:** *Getting staff to realize that this resource is just the next office over is key; Management must be on board since there is no actual measure of success money wise but there is with getting members more qualified for loans and financially responsible. Remind yourself that there are successes and failures with each and every member. For adults we use a "Zero Balance" budget with cash for expenses and checks written only for bills.*

**Challenges:** *The member themselves, getting them in the financial counselor's door is a giant leap of faith.*

**Future Plans:** *More adult education classes especially for seasonal workers. More marketing.*

## **University of Michigan Credit Union**

**Credit Union Size: Assets:** *\$446,718,297*    *Membership size: 48,167*

**Membership Area:** *Students, faculty, staff and alumni of the University of Michigan and Washtenaw Community College and those that work within 25 miles of our branches in Washtenaw and Wayne counties.*

**Credit Union staff involved in financial counseling activities:** *Harriet Hughes is the Assistant VP of Education, and provides supervision and back up for counseling and seminars. Kathryn Greiner, AFC, is the Director of Education, counsels members and does the bulk of the financial literacy presentations. Budget counselor Beth Blanco, formerly a lender with another CU for 8 years, earned her accredited financial counselor certification and provides one-on-one counseling. [harrieth@umcu.org](mailto:harrieth@umcu.org), [kathryna@umcu.org](mailto:kathryna@umcu.org), [bethb@umcu.org](mailto:bethb@umcu.org)*

**Budget Counseling:** *Provided to members referred by lenders and collectors, as well as members who self-refer for this program offered at no cost to members. Beth works 4, 10-hour days to be available to members in the evening. Members needing help with organization can return for a Money Management Skill Building Workshop and get Bill Books to organize their budgeting, bill paying and saving. We have established 8 uses and benefits of our budget counseling program:*

1. *Reduce bankruptcy losses*
2. *Help members improve creditworthiness*
3. *Assist members with in-depth workout plans*
4. *Assist lenders when making high-risk loans (like consolidation loans)*
5. *Public relations/good will*
6. *Competitive edge*
7. *Enhance member loyalty to UMCU*
8. *Create a financially strong membership base*

**Financial Seminars:** *Provided for members in house and on site at SEG's, often in the form of a "lunch and learn" session. A list of 14 credit education topics is offered and groups often set up a series of presentations for their staff. We also provide workshops to members 12 and under through our Penny Pioneers program, for member's age 11-14 we hold a Financial Fitness event, and provide teen's 16-18 in-depth financial education through our Independent Edge Program. We also speak as guests in high school and college classrooms. UMCU has initiated a Speaker's Bureau so other experienced staff members can also do presentations as needed. New credit union employees go through a budget counseling overview after 6 months of employment, so they understand the service and how to make referrals.*

**Marketing and Promotion:** *is done with brochure and business cards, money management articles in our quarterly member newsletter. Budget counseling is listed as a service in our brochure packet for new SEG's and new members. Many members come in for counseling through "word of mouth" or learned about the service at a financial literacy workshop.*

**Program measurement and impact reporting:** *numbers of counseling sessions and information about seminar location, topic and attendance is reported monthly. We are making notes on member's accounts so we will be able to use Symitar to measure the impact of counseling on how members are managing repayment of loans, avoiding checking account overdrafts, and successfully repaying new loans. In the past we sent surveys to members at 6 months and 1 year for their reports on their own progress.*

**Challenges and Stumbling Blocks:** *We have learned it is important to have two or more people trained and certified to do financial counseling, so that if the counselor gets sick or leaves the credit union can continue providing the service.*

**Future Plans:** *staff able to do financial counseling in each, especially those branches in remote locations.*