

Financial Planning Day Volunteer Boot Camp

How to successfully provide pro bono financial advice at the Financial Planning Day!



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What is Financial Planning Day?

- Opportunity for the public to receive free, no-strings-attached, financial advice and education from highly qualified and experienced financial planners
- Designed to benefit the underserved, young adults, and those individuals facing special life circumstances or crisis, by empowering them with financial planning information to achieve their life goals

What is Financial Planning Day? (continued)

- Financial Planning Day is brought to you by:
 - Certified Financial Planner Board of Standards
 - Financial Planning Association®
 - Foundation for Financial Planning
 - U.S. Conference of Mayors

Organizers

- The Financial Planning Days program will be held in U.S. cities identified by the U.S. Conference of Mayors; powered by the financial planning communities of FPA and the CFP Board; and supported by key funding from the Foundation for Financial Planning

How Does it Work?

Financial Planning Day is a free event for the public consisting of two main activities:

- One-on-one Advice: Financial planners meet one-on-one with attendees to address their specific financial questions and concerns
- Classroom-style Presentations: Financial planners conduct educational presentations on diverse and popular financial planning topics

Volunteer Rules and Guidelines

Please take note of the following rules and guidelines for Financial Planning Day volunteers:

- Volunteers in one-on-one counseling sessions will meet with one individual or family at a time
- Try to limit conversations to 15 minutes

Volunteer Rules and Guidelines (continued)

- No Strings Attached:
 - No Business Cards or Marketing Materials
 - No Sales
 - No Follow up
- Program materials given to all attendees contain a directory of volunteers' names and contact information
- You may circle your contact information in the program handout

Important Note

Please take note of the following disclaimer for Financial Planning Day volunteers and attendees:

- Advice received at the Financial Planning Day is for informational purposes only
- Attendees agree to hold all parties harmless
- No client relationship may be formed at the event

Financial Planning Day Boot Camp

The remainder of this Boot Camp will focus on helping you to assist various types of attendees you may encounter at the Financial Planning Day:

- Underserved - no access to a financial planner due to low income, cultural background, etc.
- Young adults
- Individuals and families facing special life circumstances or crisis

Why Pro Bono?

- Help people and make a difference in your community
- Advance our profession
- Increase financial planners' visibility as a resource in the community
- Strengthens ties within community
- It just feels good

What Is Pro Bono?

- Pro Bono is free financial planning for:
 - Underserved, young adults, and individuals facing special life circumstances or crisis who cannot afford to engage a financial planner
 - Others in need as determined by your community
- Pro Bono is a form of Community Service:
 - No expectation of remuneration or client development
 - Clients must be qualified in some way

The Ground Rules

- No sales or promotion
- Client services must be led by:
 - CFP® certificant; or
 - FPA member (CFP® *or* non-CFP® certificant)
- Volunteers must be in good standing and must complete this boot camp
- Advice only – no implementation or monitoring

Regulations and Compliance

- CFP Board's *Rules of Conduct* and FPA's *Code of Conduct* apply to pro bono engagements
- Compliance - Your firm's compliance process applies
- Don't give advice on topics for which you are not qualified
- Most topics will be basic, e.g., budgeting

Liability

- The best protection is good practices
- Check your own E&O insurance
- Follow the Financial Planning Day Guidelines
 - No soliciting
 - No recommendations of specific products
- Federal Volunteer Protection Act of 1997

Working with Low Income Individuals

- Are low income pro bono clients different from paying clients? Yes and no.
- Think basic – major problems are likely to be cash flow, debt, limited resources, and short time horizons
- Knowledge of the financial system (banking, credit, investing, etc.) may be limited
- Relationships with family and community members may be complex

Working with Low Income Individuals (continued)

- Those on public assistance may face various eligibility thresholds that can affect planning
- Adjust language, expectations & recommendations
 - Jargon: terms like asset or liability may be unfamiliar
 - Expectations: Don't project your priorities in making choices and setting goals
 - Recommendations: Solutions need to be simple. Some common products may be unsuitable.

Working with Low Income Individuals (continued)

- Educate, Motivate, Support
 - Despite their limitations, people still want to improve their lives and achieve their goals
 - Help them identify choices and connect them to useful resources in the community

Special Planning Challenges

- Overwhelming debt
- Lack of access to financial services
- Predatory lending
- Income thresholds for public assistance
- Asset thresholds for public assistance

Tips for Success

- To understand clients' financial situation, especially issues that might affect eligibility for public assistance, and identify financial services
- To understand clients' life situation. Don't go beyond your expertise.
- Respect the client
- Poverty or ignorance does not mean lazy or stupid. Your job is to find a way to channel some of their effort toward life-improving goals and wealth building rather than just survival.

Basic Debt Management Tips

- Help the client figure out what is owed
 - Balances, interest rates, minimum payments
 - Confirm that the debt must be repaid
- Figure out how much the client can pay
 - Create a budget
- Set up a SNOWBALL repayment plan
 - Highest interest rate first – economical
 - Smallest balance first – psychological

Debt Management Worksheet

More Debt Tips

- Discuss wants and needs
- Listen to the client
 - What is the barrier to financial wellness?
- Start that EMERGENCY FUND
 - Even \$500 can make a difference
- Foster POSITIVE HABITS
 - Set goals to aim for, track spending and rebuild credit

Creating a Spending Plan

Techniques To Track Spending

- “Envelope” “Calendar”
 “Register” “Receipts”
 “Left Over”
- No one method is perfect
 - Track expenses for at least one month to get a baseline

Living With a Spending Plan

What If They Can't Pay?

- Have the client contact the lender
 - Explain why the client fell behind
 - Present a repayment plan
 - Present a budget that backs up the plan
- Ask for rate reductions and fee waivers
- Get any creditor agreements in writing
- Letter to creditor templates are available on line

More Tough Choices

- Prioritize repayment of debts needed to:
 - Maintain a household (food, rent, utilities)
 - Work (car payments)
 - Meet legal obligations (taxes, child support)
- National Consumer Law Center www.nclc.org search: “Guidelines for Prioritizing Debt”
- Fair Debt Collection Act: www.ftc.gov/bcp/edu/pubs/consumer/credit/cre18.shtm

When (and How) to Seek Help

- The client needs more handholding
 - Credit Counseling Agencies
www.NFCC.org
 - HUD Housing Counselors
www.hud.gov/offices/hsg/sfh/hcc/hccprof14.cfm
- If the client can't repay in 3-5 years or risks losing house/retirement funds
 - "Seek legal advice" (Don't say "bankruptcy")
 - www.lsc.gov or www.findlegalhelp.org

Major Government Resources Available to Low Income Clients

- No need to be experts but know the basics
- Taxes
 - Earned Income Tax Credit (EITC) – refundable tax credit
 - Savers Credit – non-refundable credit for retirement savings
 - Taxpayer Advocate Service – service for distressed taxpayers

Major Government Resources Available to Low Income Clients

- Major Public Assistance Programs
 - Food Stamps
 - Temporary Assistance for Needy Families (TANF)
 - Supplemental Security Income (SSI)
 - Medicaid & State low-income health insurance programs

More Resources Available to Low Income Clients (continued)

- VITA/TCE– free tax preparation
- Individual Development Account (IDA)
- Community Development Credit Unions and Financial Institutions
- Legal Aid
- Veterans' Benefits

More Resources Available to Low Income Clients (continued)

- Bank On
- Develop a list of local resources
 - Check www.govbenefits.gov for public benefits
 - Check United Way, etc., for nonprofit resources
- Investor Protection Trust
- America Saves
- HUD

Print Materials Available at the Events

- Financial planning brochures from CFP Board and FPA
- Financial Prescription handout from the Foundation for Financial Planning
- Personal finance materials from the Government Services Administration

Summary

- You don't have to "know it all"
- You can decide how you want to participate
- Community-Based Organization collaboration makes the engagement easier to manage
- It is amazing to help people change their lives for the better

Thank You!

Thank you for sharing your expertise and building awareness of the importance of financial planning!

The Financial Planning Day may be the first face-to-face contact with a financial planner for many consumers.

We hope this Boot Camp will help make your Financial Planning Day experience as enjoyable as possible!

Financial Planning Days Questions and Answers

- To learn more about the Financial Planning Days initiative, visit www.FinancialPlanningDays.org or e-mail info@FinancialPlanningDays.org
- For immediate questions about this Boot Camp, e-mail fpaprobono@FPAnet.org

Financial Planning Day Boot Camp Exam

- Only CFP® professionals who have not already received CE credit for this course in their current certification cycle are eligible to receive CE credit.
- Your correct CFP Board ID Number and code from the video are needed to complete the exam

www.FinancialPlanningDays.org

Financial Planning Day Volunteer Boot Camp Addendum

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Pro Bono Clients – Considerations

- Cultural
- Family (e.g. biological; non-traditional)
- Emotional
- Life cycle and age
- Client's level of knowledge, experience, and expertise
- Risk tolerance
- Values-driven planning

Planner Characteristics

- Be positive
- Show empathy
- Watch body language

Communication

- Create an atmosphere where clients feel comfortable sharing financial information
- Listen and show the client that you are fully engaged
- Ask appropriate questions

Financial Planning Day Video

- What to expect at your Financial Planning Day program?