

Coaching conversations: Budgeting

Making a budget and then maintaining it is a crucial financial behaviour. It is also often the first step in managing debt, or building savings.

Budgeting can also feel intimidating, challenging, or limiting. Your client may have negative associations with the word 'budget.' But if they express an interest in building better money habits, it can help to start the budgeting conversation with them. Consider the following ideas on how to explore the conversation:

1 Use acknowledgement and encouragement to build motivation or manage nervousness:

- They may be concerned that a budget will limit them, or that it won't make any difference. Use encouragement, and ask permission to move forward - "We could always give it a try together and see what it looks like." / "Would you like to start with writing a few things down and see how that feels?"
- The word 'budget' itself can be intimidating; Alternatives are 'spending plan,' 'financial picture,' 'cash flow'
- If they've tried budgeting in the past, offer acknowledgement for these efforts and explore what methods they might be comfortable with now

Listen actively and ask powerful questions to explore their needs and goals

- ## 2
- Making a budget should be a step that helps the client reach their goals. Explore the reasons why a budget could help them. Listen actively and use powerful questions to explore the conversation. For example;
- "It sounds like you've tried budgeting in the past, what more can you tell me about how it went?"
 - "I'm hearing you say that you'd like to have a clearer picture of your cash flow, have I got that right?"
 - "What types of things would be easier for you if you had a better picture of your money going in and out?"
 - "Budgeting involves looking at what money you're bringing in and what you're spending. Where would you like to start?"
 - "What's a good first step that feels comfortable for you right now?"

Have a variety of tools ready to support your client's budgeting steps

- ## 3
- There are many different budgeting tools and worksheets out there. This is because there are many different ways to approach it. If you have a few different options available you can offer the one that is right for your client. Here are a few tools from Prosper Canada:
- [Simplified monthly budget template \(fillable PDF\)](#)
 - [Monthly budget worksheet \(fillable PDF\)](#)
 - [Cash flow \(week by week\) budget \(fillable PDF\)](#)
 - [Week-by-week spending plan \(fillable PDF\)](#)

TIP

Some clients may already be very knowledgeable about their budget. Their limits may instead be a lack of income, or high expenses they have little control over. In these cases, the conversation may be best managed with acknowledgement, and support to access additional income or community resources.