

Coaching conversations: Debt

Reducing debt is one of the most significant steps for building financial well-being and peace of mind. It may also require specialized support beyond the financial coach.

If debt concerns are what has brought the client to talk to you, it's important to listen and get a sense of what their concerns are before working with them on action steps or referrals. **Do be clear about what is possible for you to help with directly**, and what things will need specialized support from someone else. You can always support from a coaching mindset and help them prepare for next steps. Consider the following ideas:

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

Stress about debt is highly personal. What seems like a very small amount of debt to some, might be large and overwhelming to others. Listen and reflect back, and explore further with powerful questions. For example:

- “It sounds like the debt is causing you a lot of stress right now, is that the case?”
- “I’m hearing that you’re really concerned about having this debt in your life. Would you like to tell me more about it? I might be able to recommend some next steps or some people to talk to.”
- “Where would you like to be a month from now? Or one year from now?”
- “What steps have you already taken so far, to address your debt?”
- “What would you be comfortable doing, right now?”

2 Help the client to take next steps on their own

One of the key first steps is knowing how much they owe, and to whom. As a coach, you can support them to:

- **Review any documents or information they have about their debt.** They may have been avoiding doing this on their own due to worry, so as a coach you can offer accountability for this step by doing it with them.
- **Make a list of who they owe money to.** This is an opportunity to write down who, how much, and how much the interest rates are. This can be the first step to prioritizing who to pay off first.
- **Review their budget, or help set one with them.** If the amount owed is small, they may be able to manage it by setting up monthly payments that can be fit into their budget. If the amount is large, they will likely still need to make a budget as part of specialized support down the line.
- Find sample action plan worksheets and more in this Prosper Canada toolkit: [Dealing with debt](#)

3 Help the client prepare to seek specialized debt support

- Depending on their level of debt, the client may need to speak to a non-profit credit counsellor or Licensed Insolvency Trustee. Be ready to recommend a trusted credit counsellor for a no-charge assessment.
- You can also help prepare them by talking through what they might need to bring to their meeting, such as information about their debt, or to be ready to make a budget as part of the debt management process.
- Find a non-profit credit counsellor in Canada: [Credit Counselling Canada](#)
- Find a Licensed Insolvency Trustee in Canada: [Office of the Superintendent of Bankruptcy](#)

REMEMBER

Always work within your role. If a client has a specific debt management question you don't know the answer to, don't guess. Offer a constructive next step to find the answer, such as “I'm not sure, but we could investigate that together,” or, “I don't know, but we can call someone who does.”