This study evaluated the impacts of two financial coaching programs: The Financial Clinic in New York and Branches in Miami, to assess how financial coaching improves the financial well-being of low- and moderate-income individuals.

3. Financial Coaching Impact Evaluation (CFPB and Urban Institute Study)

The research focused on goal-setting, financial behaviors, and long-term financial security improvements through one-on-one coaching. The study used a randomized control trial (RCT) and process evaluation to identify key outcomes, especially concerning retention in financial coaching.

1. Reasons for Reduced Retention

- **Misaligned Expectations:** Participants often entered coaching with unrealistic expectations about immediate financial relief, leading to early disengagement when those expectations were unmet.
- **Life Circumstances:** Many participants faced external barriers such as job loss, housing instability, or personal crises, limiting their ability to continue with coaching.
- **Low Engagement in Initial Sessions:** At Branches, only 37% of participants attended even one session, and overall, most participants did not return after one or two coaching sessions, particularly those who expected quicker results.

2. Elements for Keeping Retention

- **Flexibility and Ongoing Support:** Successful retention strategies included offering flexibility in the mode of coaching (phone, in-person, or online), and consistent follow-ups from coaches to maintain participant engagement.
- **Building Trust and Motivation:** Coaches who built strong, trust-based relationships with clients, particularly by clarifying the coaching process and managing expectations, were more successful in retaining participants.
- **Personalized Coaching Goals:** Participants who engaged with the program long-term were those who set clear, achievable goals with their coach and saw incremental progress in achieving these goals. Emphasizes “SMART” (Simple, Measurable, Attainable, Realistic, Time-bound) goals to structure progress in manageable, realistic steps.

3. Strategies and Best Practice Recommendations

Successful Strategies

• **Integrating Coaching with Other Services:** Embedding financial coaching into other support services, such as housing or employment assistance, led to improved retention.

• **Behavioral Incentives:** Offering small incentives, like milestone rewards, helped participants stay motivated.

• **Focus on Long-term Behavior Change:** Coaches who helped participants focus on gradual, long-term financial improvements saw more consistent engagement, as participants adjusted to the slower nature of financial progress.

Unsuccessful Strategies

• **Stand-alone Financial Coaching:** Programs that did not integrate other services or provide clear pathways for immediate assistance struggled with high dropout rates. Participants often needed more holistic support.

• **Inconsistent Coaching Models:** Variations in coaching styles, particularly at The Financial Clinic where less experienced "Financial Fellows" were used early on, negatively affected retention, as some participants felt less supported.

Prioritizing the Findings

The most valuable insights for retention in financial coaching, particularly for community organizations helping low-income Canadians, are:

1. Integration with Broader Services: Financial coaching is more successful when integrated with other essential services like employment or housing support. This holistic approach increases participant engagement and helps them see the benefits of coaching more clearly.

2. Personalized and Flexible Coaching: Programs that adapted to participants' individual needs, both in terms of the content of the sessions and the delivery method (remote or in-person), saw higher retention rates.

3. Trust and Continuous Support: Building a trusting relationship between the coach and the participant and providing regular follow-ups helped to retain participants over time.

Best Practices Context

• **Integration is Key:** Programs that embedded financial coaching within broader service offerings were more successful. This approach aligns with the needs of low-income individuals who often face multiple, interconnected challenges (e.g., unemployment, debt, housing instability).

• **Clear Expectations and Long-term Focus:** Retention was higher among participants who understood that coaching would not provide immediate fixes. Coaches who took the time to manage participant expectations and emphasized small, incremental changes fostered longer engagement.