



Institute of consumer
money management

2017 Annual Report



Message from the Executive Director

It has been a productive and exciting year since ICMM launched in April 2016. As the Executive Director from the launch until October 2017, Marty Saffer laid a sound foundation for a bright future. During his time as the ED, Marty was instrumental in building an excellent research team with sound scientific training and experience. We are grateful for Marty's leadership.

2017 Areas of Focus:

- ✓ The Board of Directors sharpened and solidified ICMM's mission and vision.
- ✓ Topics and projects that aligned with ICMM's mission were identified and launched.
- ✓ In November 2017, I became ICMM's Executive Director. This is a dream job for me following two decades served as an executive in the financial education and credit counseling industry.

Moving forward to the New Year, ICMM's research team and partners are exploring how current theory and research from behavioral science can be applied to personal money management and financial literacy. Our focus areas include debt reduction and savings programs for consumers living in low to moderate-income (LMI) communities. Our research applies behavioral science and technologies to inform evidence-based educational programs for the LMI population.

The consumer financial education and management landscape is gaining momentum with the new findings in behavioral science and emerging technology developments. The future for agencies like ICMM is encouraging, yet challenging. There are uncertainties ahead due to the federal government's economic and taxation policy changes. Much work is ahead of us in helping LMI communities experience economic empowerment and shared wealth.

ICMM will continue to fine-tune our strategic direction and work to build strong partnerships with academic and nonprofit institutions to achieve our mission: to create a sustainable financial future for consumers.

Warm Regards,

Dr. Diane Chen



Completed Projects

Human Subjects Research:

Disposition of Supplemental Retirement Saving Assets Funded by ICMM to North Carolina State University

The optimal management and use of retirement savings can influence retirement income security and well-being. The proposed study considers how recent retirees access and utilize retirement savings. The study will use survey data of employees retired from a large public university and merge the data with administrative records, including past annual earnings and current benefits from the state's defined benefit plan. The results of this study will determine if individuals are making strategic financial errors, such as maintaining high-interest debt while leaving funds in retirement saving plans that yield lower annual returns. Further, factors that influence distribution decisions will be considered: the individuals' level of financial literacy, and the sources of advice used by retirees to make financial decisions. The findings will inform policies aimed at assisting retirees to optimally access and manage retirement savings.

- Principle researchers: Drs. Robert Clark & Melinda Morrill

Pre-Bankruptcy Counselor Adherence to Key Counseling Session Components

The purpose of this program evaluation was to determine if counselors offering telephone pre-bankruptcy sessions adhered to key pre-bankruptcy counseling components typically found during in-person sessions. The key components (an analysis of the client's budget and discussion of the consequences of and alternatives to bankruptcy) were adhered to by several pre-bankruptcy counselors. It was recommended that all counselors be trained to exhibit the key components while still maintaining expected efficiency.

- Conducted by Dr. Jennifer Pupard





Retention Rate among Debt Management Plan Clients

The purpose of this project was to update a database analysis for a national non-profit credit counseling Agency. The database included information about clients who enrolled in the agency's Debt Management Plan (DMP). Client status (active/completed, cancelled, or inactive), length of enrollment prior to account cancellation or inactivation, reason for cancellation, and gender differences in cancellation reasons were explored. A monthly and annual client loss calculation was used to track the agency's progress over time. The results indicated an increase in client loss. The first 30 days after DMP enrollment were shown to be a critical period for client loss. Clients under age 25 were particularly likely to drop out or cancel. Women were overrepresented in cancellation reasons related to negative life circumstances, such as loss of income. Men were overrepresented for positive life circumstances, such as ability to pay the debt directly. Systematic changes geared toward the goals of the agency were suggested, such as improving customer service, improving the DMP client screening process, and introducing incentives for clients to remain in the program.

**- Conducted by
Dr. Jennifer Pupard**

Debt Counseling and Restructuring through Telephone: Relationships with Clients

The purpose of this project was to determine the keys to relationship building between a debt counselor and the client. Recordings of routine customer service phone calls were analyzed. The key finding for maintaining client satisfaction was that the counselor built a relationship with the client. A natural, respectful and interested tone of voice, the inclusion of formal and polite words and phrases, as well as repeated positive experiences with the same person or persons were found to facilitate a relationship with the client. Such emotional awareness and social skills for some counselors may take training to be consistent and come across as genuine. The analysis offered recommendations for managers regarding how to best support counselors as they work to build relationships with clients and enhance interpersonal communication skills.

**- Conducted by
Dr. Charlotte Zeamer**



Financial Coaching Practices, Financial Education, and Financial Counseling: A Comparison with Specific Recommendations

The purpose of this evaluation was to assess a financial program where employees could receive a grant during a financial hardship if they enrolled in three one-on-one sessions with a financial coach. A literature review was conducted to provide information regarding the differentiation of financial coaching, financial education, and financial counseling and to classify the current program's sessions accordingly. The first session was identified as financial coaching, while the two subsequent sessions were classified as primarily financial education sessions, with some coaching. Based on these specific classifications and a thorough literature review of financial education and coaching practices, a list of specific recommendations that could be applied to each session type and across all session types was developed. In addition, a supervisor's guide geared to assist coaches in skill development was prepared.

- Conducted by Dr. Alisa Estey

Lead Source Conversion of a Debt Management Program: An Assessment

The purpose of this program evaluation was fourfold: determine the conversion rate and reasons behind conversion versus non-conversion of phone calls for Debt Management Program (DMP) clients, prepare a comprehensive list of counselor actions that contributed to or hindered conversions, list recommendations to aid counselors when conducting calls, and list supplementary recommendations the counselor could use to further assist clients with their financial situations. The results showed that out of the 18 calls reviewed, four were successfully converted, 10 were not converted based on a lack of qualifications needed to join the program, and four were not converted due to reasons other than lack of qualifications. The results also showed that the primary behaviors which contributed to conversion was when the counselor exhibited clarity in program description and application process, along with building rapport and showing empathy for clients.

- Conducted by Dr. Alisa Estey



Literature Research:

Financial Vulnerability among Prospective Retirees

The purpose of this research review was to identify categories of vulnerable retirees. Two groups were identified: marginal, who live paycheck to paycheck; and over spenders, who have sufficient income but consistently spend more than they earn. Further review was conducted to determine likely causes of vulnerability among low and moderate-income households. The general finding of this study **is** that marginal individuals are making rational choices given the constraints they face. Credit card debt and payday loans are used as sources of liquidity because their lack of savings makes it difficult to handle unexpected financial shocks through other means. The most effective policies to help marginal individuals are direct transfers or job skills programs. Over-spenders often hold both high-interest credit card debt and low-interest savings. A rational economic agent would not hold both simultaneously, so it is possible to make the case that the financial vulnerability of over-spenders is caused by financial illiteracy. The most effective policies to help over-spenders are financial education programs.

- Conducted by Patrick Royal





Projects In-Process

Human Subjects Research:

Sustainability of Financial Behavior Change

The purpose of this program evaluation was to assess the effectiveness of a multi-session financial education and coaching program specifically designed for a large company's employees who were recipients of financial support for specific hardships. The program's effectiveness was determined by measuring the sustainability of financial behavior changes following the participants' completion of the program. Three follow-up contacts were made with participants over the six months following program completion. Qualitative analysis of the follow-up responses revealed that, in most cases, participants made beneficial changes in their financial behavior and some of the changes were sustained at the six month follow-up. Recommendations for program improvements were reported.

- **Conducted by Dr. Karen St. Clair**

Employer Retirement Benefits Survey

The purpose of this proposed survey research is to measure employer attitudes toward, and offerings of, retirement savings plans and other employee benefits. The outcome will provide insight into employer decision-making about benefits and into possible barriers to increasing availability of 401(k) plans.

- **Principle researchers: Drs. Brian Zurowski and Jennifer Pupard**



Effective Financial Education for Victims of Domestic Violence

The purpose of this research project was to determine what makes money management training effective for survivors of domestic violence, and how the feeling of empowerment and real behavior change can be maximized for survivors. Audio of recorded financial counseling sessions from several domestic violence support agencies were analyzed. In addition, a variety of approaches to financial literacy and money management training for victims of domestic violence were compared: online learning, virtual reality training application, and both training methods with phone access to a live financial literacy coach. The expected outcomes include informing best practices for learning and behavior change in the target group, designing more generalized trainings that can result in better financial stability, feelings of confidence for the survivors, and long term improvements in life.

**- Principle researcher:
Dr. Charlotte Zeamer**

Employee Financial Well- Being Survey

The purpose of this survey was to examine the types of financial well-being programs and support offered to employees, particularly in small businesses. The survey also explored employer behaviors that communicate concern for employee financial well-being. About 500 participants completed the survey. The data is currently being analyzed. Preliminary results indicate that there is a significant positive relationship between employee financial well-being offerings and the size of the employer.

**-Lead Researcher:
Dr. Jennifer Pupard**



Effectiveness of Financial Coaching and Education: A Longitudinal Survey

The purpose of this longitudinal survey is to assess the effectiveness of a financial education and coaching program designed for employees of a large organization who have received financial support for a hardship. This survey will assess both short-term and long-term financial behaviors and beliefs, along with how the coaching sessions and subsequent changes in financial behaviors impact the client's well-being. The survey and method have been designed. Pre-survey data has been collected. The post-survey has been designed and post-survey data collection has begun.

- Principle researcher: Dr. Alisa Estey

Couple-Based or Individual Financial Coaching: A Preference Comparison

The purpose of this exploratory, online survey is to determine whether individuals in committed relationships would prefer individual or couple-based financial coaching sessions. In addition, the factors that might impact these preferences will be determined. The expected outcomes include an identification of the relationship characteristics, financial roles, and other demographic variables that impact a preference of couple-based instead of individual financial coaching. This survey will also serve as a first step to exploring whether couple-based financial coaching programs should be developed, as there is currently a lack of these types of programs. If couple-based financial coaching is shown to be preferable, the next step for ICMM would be to develop such program.

- Principle researcher: Dr. Alisa Estey



Program Evaluations:

401(k) Employee Education Materials

The purpose of this project was to develop an employee-targeted presentation and presenter guide which conveys the importance of saving for retirement. The presentation has been conducted six times. Approximately 10 people attended or called in each time. A pre- and post- knowledge assessment was administered, as well as participants' online activity with a savings account provider. Data collected weekly after the end of the project indicated that the number of logins to the 401(k) online system and the number of participants in the system increased. The increase was statistically significant and persisted for the three month data collection period.

- Principle researchers: Dr. Brian Zurowski & Patrick Royal

Improving Rates of Retirement Savings: A Comparison of Two Kinds of Presentations

The purpose of this program evaluation is to compare the learning outcomes of two kinds of presentations: the traditional bank-designed presentation and the presentation that takes into consideration the participants' interests, needs, and questions. Outcomes will be determined by measuring learning and behavior changes after presentations. The findings will be used to improve approaches to education about retirement savings options and ways to improve savings habits.

- Principle researcher: Dr. Brian Zurowski & Patrick Royal





Institute of consumer money management

Our Mission:

- Our mission is to create a sustainable financial future for consumers.
- We conduct and provide funding for research and studies that promote positive spending behaviors and consumer asset building.
- We are committed to promoting financial literacy in our community and across the United States.

Our Vision:

Our vision is to become a leading evidence-based organization that caters to the financial literacy and financial capability concerns in our local community, and eventually nationwide.

The Institute of Consumer Money Management

855-507-6454

3700 Barrett Drive

Raleigh, NC 27609

icmmnc.org