Financial Plan of Action

A guide for financial mentors

November 2016, June 2017
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ISBN: 978-0-947513-51-1 (print)
ISBN: 978-0-947513-52-8 (online)

MINISTRY OF SOCIAL DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

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Introduction

We know that people experiencing financial hardship in New Zealand are living with stress, as families struggle on low incomes and lack the material resources to meet their basic needs. The Financial Plan of Action supports people, their families and whānau to build their financial capability and resilience.

This guide supports the use of the Financial Plan of Action. The guide covers the main principles, highlights key concepts and frameworks, and gives an overview of how a financial mentor will work with clients, their families and whānau.

A strengths-based approach values the capacity, skills, knowledge, connections and potential in each client and their community. This approach views clients as resourceful and resilient in the face of adversity, and as the experts in their own lives.

The Financial Plan of Action and this guide are both in the testing phase. The phased introduction makes it possible for providers delivery new Building Financial Capability services to make sure the Financial Plan of Action works for clients. Over the coming months, we will continue seeking feedback from the sector, following the interim training that has been completed and providers having had a few months to further test the tool. We aim to have a further review of the FPoA and this guide around October 2017.

Ahakoa iti, he pounamu

Treasure even the smallest of achievements

What the evidence tells us

Key findings from the Building Financial Capability literature review and the co-design workshops held with clients, providers and other sector experts have informed our way forward.

What we learned

- Becoming financially capable is hard. Feelings and fears influence financial judgements and decisions, and decisions may not come frequently enough for people to learn how to make good financial judgements. Many people make trade-offs between the present and future.
- Complex factors contribute to achieving financial resilience. These include the financial literacy and capacity of consumers, the supply of accessible, affordable and appropriate financial products, regulators and regulation, people's economic circumstances, and people's social capital.
- Reaching people at the right time is important. Effective financial capability interventions recognise that each contact with a client is a potential teachable moment.
- When a person or family lives in chronic poverty and is focused purely on survival, an emphasis on building financial knowledge and skills does not adequately reflect the complexity of their situation and will not necessarily be a priority for them.
- A strengths-based approach values the client as resourceful in adversity, and as the expert in their own life. It is a more holistic approach: that puts the client at the centre and addresses personal, economic and social contexts.
- We need to build clients' financial resilience and their ability to access and draw on internal capabilities, and access external resources and supports in times of financial adversity.

What we know about people experiencing hardship

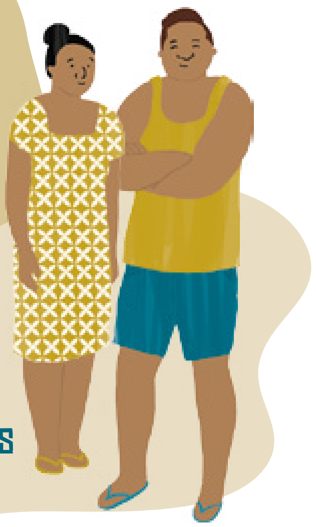
Ethnicity percentages experiencing material hardship in 2013/14:*

35% PACIFIC

20% MĀORI

5% EUROPEAN / PĀKEHA

4% OTHER ETHNIC GROUPS



Of the 272,257 people receiving hardship grants in 2015/16:†

59% FEMALE

41% MALE

Women are more likely than men to head a sole-parent family, which is one of the high risk factors associated with persistent poverty.

In 2013 there were 201,804 sole-parent families in New Zealand. 84.2% were female-headed.‡

The percentage of people experiencing material hardship in 2013/2014:*

31% SOLE PARENTS WITH DEPENDENT CHILDREN

8% TWO-PARENT HOUSEHOLDS WITH DEPENDENT CHILDREN

3% COUPLE-ONLY HOUSEHOLDS AGED UNDER 65 YEARS

2% HOUSEHOLDS WITH PEOPLE AGED 65 AND OLDER

Between 2012–2014, on average, the number of children living in households experiencing severe hardship were:§

33% MĀORI

28% PACIFIC

5% PĀKEHA

* MSD Social Report, 2016, p141
† Work and Income data on hardship grants 2015/2016
‡ Statistics NZ, 2014, NZ General Social Survey
§ MSD/Pasefika Proud, Pacific Peoples in New Zealand, 2016, p8

Defining the Building Financial Capability experience for clients

We have developed a set of principles to ensure that services deliver an optimum client experience.

Client-centric and embedded with learning

Empowering clients works best when processes and services are meaningful and actively help clients connect to what they need to build their own financial capability and resilience.

Integrated and connected

Services are integrated across the social sector, easy to navigate, continuously improved, and focused on client outcomes. Clients get the right support, when and how they need it.

Culturally responsive and relevant

Services and initiatives recognise that there are differing approaches and understandings of financial capability and resilience. Delivery is meaningful across a range of cultures.

Accessible when needed

Services are easily accessible, appropriate, and can respond to clients' cultural context, language, diversity, and personal situation, including any impairments or disabilities.

Strengths-based and aspirational

Clients are inherently capable and resourceful. We value skills, knowledge, connections, and potential in people and communities. Our language and approaches are future-focused and support clients to focus on their strengths to build financial capability and resilience.

Whānau-centred

We work with clients' natural supports including family, whānau, peers, local communities, and social and health navigators for behaviour change through and with these relationships.

Using client-centred and whānau-centred approaches

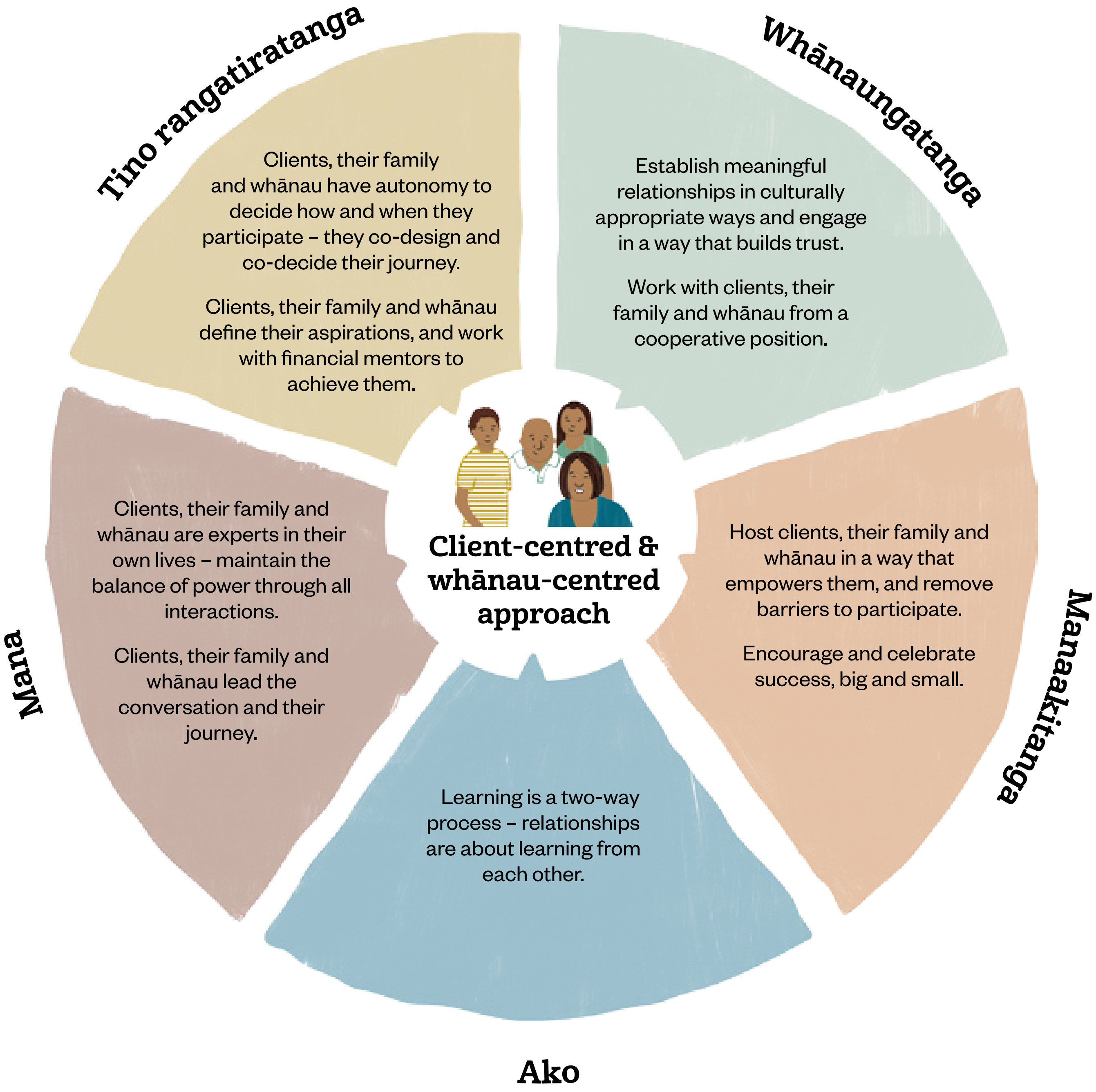
Taking a strengths-based approach enables the Building Financial Capability services to be both client-centred and whānau-centred. This means that the needs of clients, families and whānau are at the centre of services to ensure they receive the right support.

Being client-centred allows clients to drive their journey, learning and change. This recognises that people are capable and responsible for determining their own lives.

A whānau-centred approach refers to a culturally grounded, holistic approach in which providers are focused on improving the wellbeing of whānau and address individual needs within a whānau context. It recognises the complexities of families and whānau and the importance of creating an environment where whānau strengths are endorsed, whānau ownership of solutions and actions are encouraged, and authentic relationships between whānau and providers are the norm.

Whānau should have the opportunity to extend their own resources and expertise while also addressing the needs of individual members. By placing clients, their family and whānau at the centre of services, and building on the strengths and capabilities already present, whānau will build the capability to prevent crises, be resilient, respond to challenges, and invest in their futures.

Our approach to engaging with clients, their families and whānau:



What is strengths-based practice in Building Financial Capability?

Strengths-based practice in Building Financial Capability services focuses on working collaboratively with clients to exercise choice and control over any support they may need. Relationships and rapport are the cornerstone of this approach.

The financial mentor's role is to co-facilitate solutions through strengths-based conversations. This recognises that financial mentors don't always have the answers, but focus on the things that are working well to create positive experiences driven by the client's goals and aspirations. These conversations will help clients to develop and drive their Financial Plan of Action.

Strengths-based approach

A strengths-based approach values the capacity, skills, knowledge, connections, and potential in people and communities. It emphasises people's determination and strengths. This approach views people as resourceful and resilient in the face of adversity, and as the experts in their own lives. It is client-led and focused on future outcomes and strengths that clients bring to overcome their challenges.

Acknowledging the client's strengths and working with these is the starting point for positive change. It also reminds the client that they have the inherent capability, and helps to build on their strengths. It allows the client the opportunity to see solutions rather than just problems. It builds the client's confidence, capability and resilience to respond to ongoing changes and challenges.

A strengths-based approach offers genuine support for clients to control their own lives by:

- building a positive and collaborative relationship, recognising the client is the expert in their own life
- empowering them to take a lead in their achievements in ways that work for them
- working collaboratively to achieve their goals.

Principles of a strengths-based approach

1. Every person has potential and it is their unique strengths and capabilities that determine their journey, not their limitations.
2. Focus on strengths and abilities, not labels – see challenges as opportunities.
3. Change is inevitable – everyone wants to succeed in some way.
4. Positive change occurs through trusted and authentic relationships. All people need to feel and be appreciated – it is a transactional and facilitating process of supporting change and capability-building.
5. A person's perspective of their reality is central. Valuing and starting the change process with what's important to that person is integral.
6. People will have more confidence to achieve their goals when they start with things they are familiar with, and ways that have already worked for them.
7. Capability-building is a dynamic, lifelong journey so it takes time.

Tip #1: Just have a conversation

A client's journey

The diagram to the right illustrates a client's typical journey. For the purpose of this guide, it also illustrates that the financial mentor may expect to:

1. Receive referrals from different channels.
2. Build relationships over time, starting from session one and building on that foundation over the sessions.
3. Help to reduce immediate pressure as a priority and introduce planning in follow- up sessions.
4. Work with clients and their families and whānau.
5. Help clients identify their aspirations and develop plans for change.
6. Think widely about community resources and opportunities for clients to improve their connection with their communities and income-generating opportunities.
7. Encourage the celebration of success.

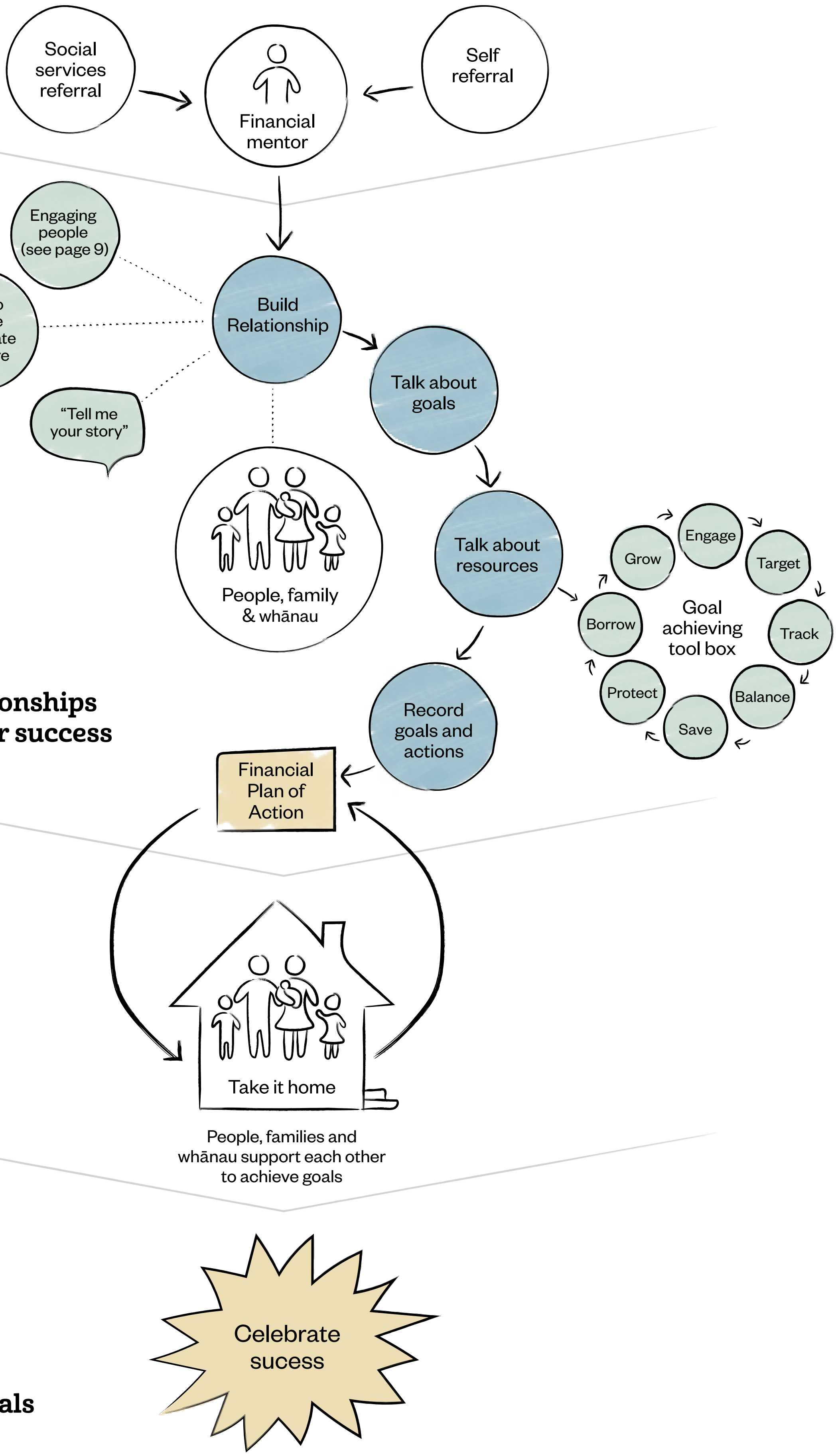
Tip #2: Focus on what's worked, not what hasn't

Referral

Build relationships and plan for success

Live it

Achieve goals



Financial Plan of Action

Clients have told us that their lives are complex, with a range of needs and issues: family/whānau, cultural, health as well as financial. They have told us that they need help with financial planning to live better, more financially independent lives.

There are a range of tools to help understand a client's financial position, but in addition to these there was the need for a standardised and more integrated approach that took into account wider issues that might be impacting on the client through a financial lens.

How does a Financial Plan of Action work?

The Financial Plan of Action is an easy-to-use resource to help clients, their families and whānau to build their financial capability and resilience to changing economic circumstances.

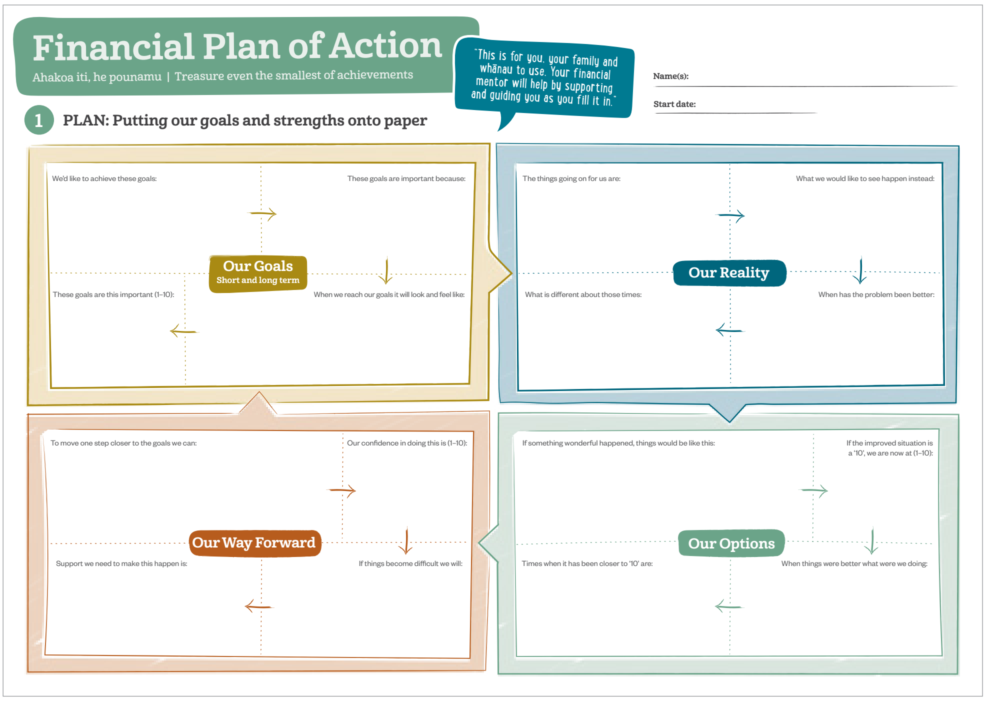
The Financial Plan of Action is developed with a financial mentor and is easy for a client to update as needed. The plan links into existing resources such as budget sheets and other resources that financial mentors currently use, including those on financial planning websites such as Sorted.

Strengths-based practice is goal oriented. The central and most crucial element in this approach is the extent to which people themselves set goals they would like to achieve in their lives.

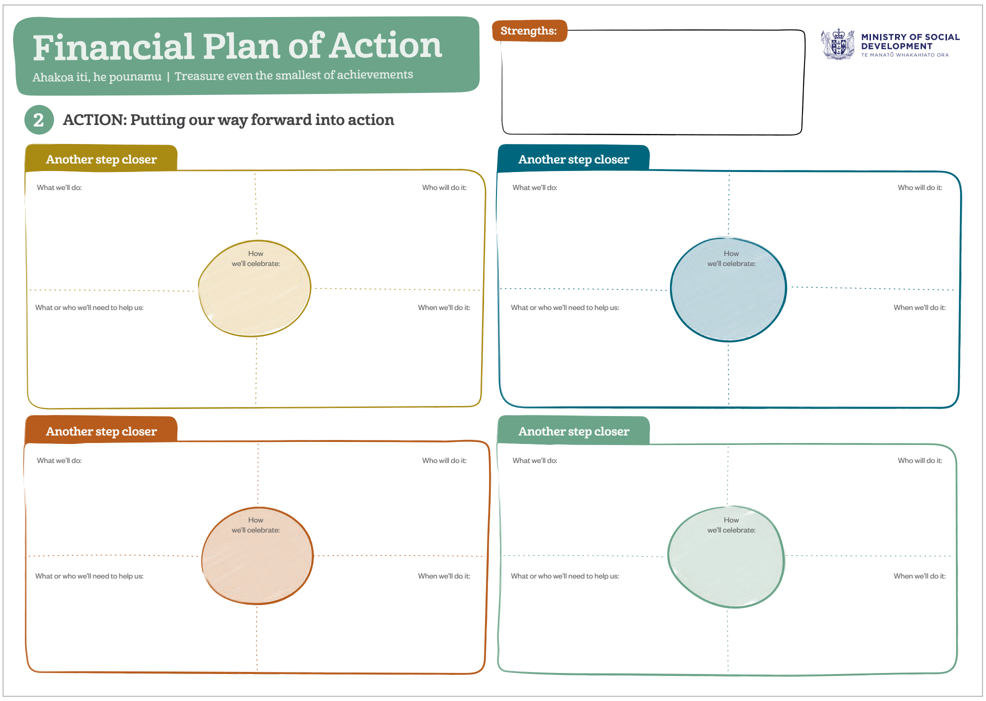
The primary focus is supporting clients to recognise their strengths and the resources they can use, rather than the problems or weaknesses to fix.

Clients may choose to share their plan with others such as their MoneyMates peer support group, Work and Income case managers, or other social and financial services.

What does the Financial Plan of Action look like?



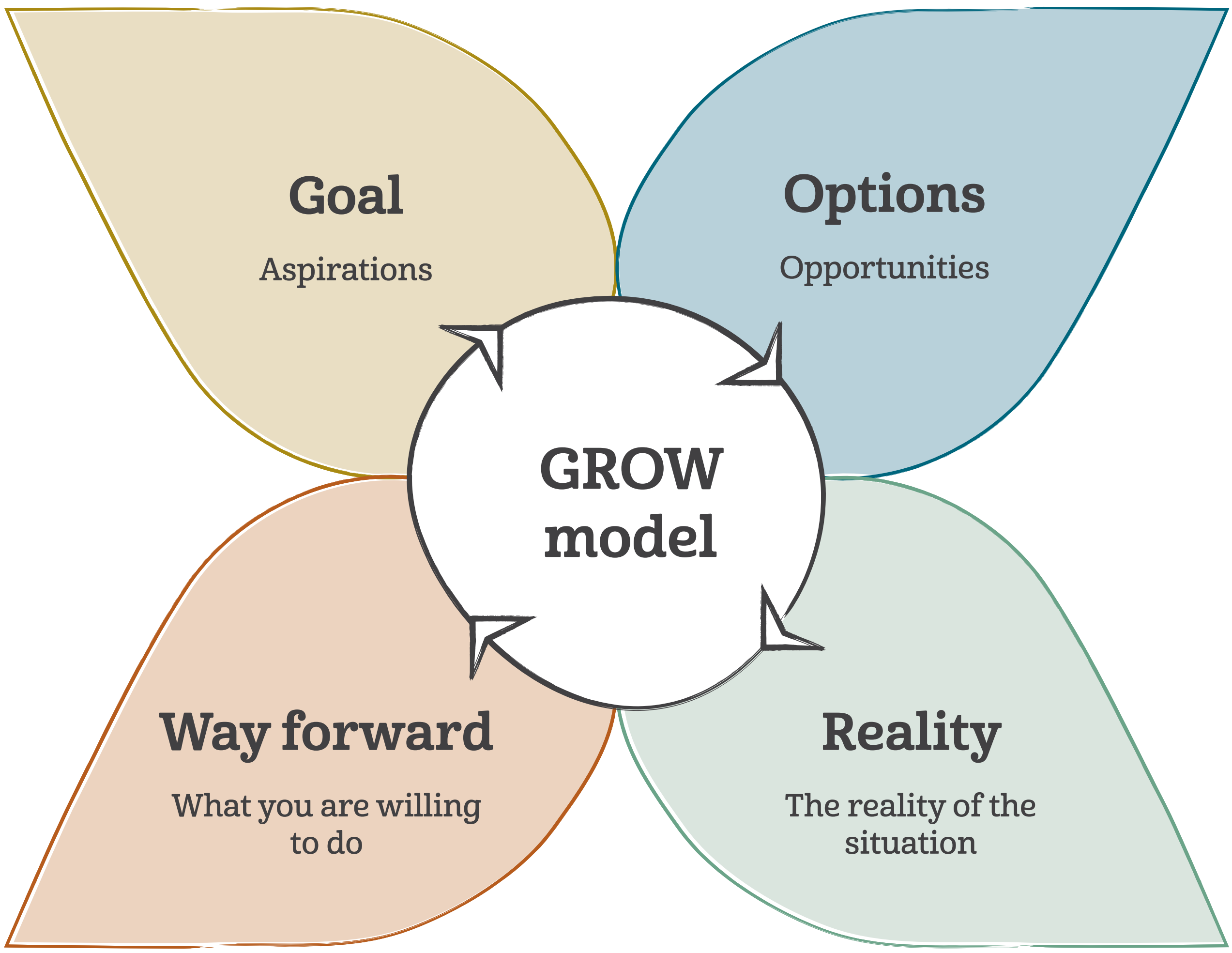
Side 1 of the 'Financial Plan of Action' is used for active planning – exploring and recording goals. It breaks this down into 4 easy steps; **Goals**, **Reality**, helps identify **Options** and the **Way Forward**.



On completion of the planning on the first side, side 2 identifies strengths and actions, each a step closer to reaching individual goals.

Using the GROW model to help clients plan and achieve their goals

The GROW model focuses on Goal, Reality, Options, Way Forward. It was developed in the 1980s by business coaches Graham Alexander, Alan Fine, and Sir John Whitmore. John Whitmore was the first to publish GROW in his book Coaching for Performance (1992).



Reality

Describe what is happening at the moment.

What would you like to see happen instead?

How are you coping?

When is the problem better?

What is different about those times?

How did you do that?

List the resources that the client/whānau has.

Goal

What would make our conversation worthwhile?

What would you like to achieve today?

What makes this important for you?

Which one of your goals is most important to you?

If you achieved that goal, how would you feel?

Here are some useful conversation questions to support the client completing side 1 of the Financial Plan of Action.

Options

If something wonderful happened overnight and this problem went away, what would that look like?

If that wonderful thing was a 10, and the worst the problem has been is a 0, how good are things today?

Has it been higher than today? What were you doing when things were better? If it hasn't been higher, what could you have been doing?

What else? Can you do more of that? How?

On a scale of 0 – 10, how clear is your goal now?

Way forward

To increase your goal rating by 1 or 2 points, let's talk about what small steps you will take to achieve your goals.

On a scale of 0 – 10, how confident are you of making this happen?

What support do you need and who do you need it from?

When will you get started and how much time will it take?

What will you do if you run into difficulties?

Helpful hints for strengths-based conversations

Opposite are some useful questions (with context) to guide you in strengths-based conversations with clients.

Tip #3: Provide space, not advice

1. **Not everyone knows exactly what help they want or need. Encourage people to consider how they would like things to be different, even if it's not clear in their minds just yet.**
   - What would make our meeting worthwhile?
   - What would you like to talk about?
   - What do you want to get from this?
2. **We want people to do more of what works.**
   - When is the problem better?
   - What is different about these times?
   - How did you do that?
3. **You can learn a lot about a person by asking them to scale their comments.**
   - On a scale of 0 – 10, how far do you think you have progressed towards achieving a goal or your action plan?
   - Where on the scale do you want to be?

4. It's important for people to start to imagine the future they want. This can inspire an 'aha' moment.

- How will things be without the problem?
- What will others notice when the problem is no longer there?
- When the problem is solved, what will you be doing differently?

5. Committing to what has been discussed is an important part of enabling people to achieve their goals.

- What are you going to do?
- How much of the action will you do and how much will others do?
- When will you do this by?

Reaching solutions in conversations

Concepts	Strategies/Messages
There is no such thing as 'never' and 'always'.	• Using 'never' and 'always' implies there is a strong belief the person cannot change. It is problem focused. • Focus on the purpose and describe the vision. Identify the current reality (ground reality) and widen the vision.
If something works, do more of it.	• If you can think it, you can achieve it. • It's important to have a realistic timeframe.
If something does not work, stop it.	• If you only do the same thing, you can only expect to get the same result.
Big changes come from small steps.	• Do more of what works and play to your strengths. • Success is an effective model that works time and time again.
People are wonderfully resourced.	• Help a person to identify their resources and what they are good at, what they know, can do, and understand. • Aim to use the resources to enhance performance.
Give praise and acknowledge success.	• Give the sort of praise that helps the person understand what they did well. • Give feedback that is purposeful, specific and focused. • Highlight what they did (specific things) and what could be used again.

Session example

Different clients in different situations will each need a different approach. The information opposite is an example of one type of approach. It could be useful to use the prompts and a general guide to facilitating your session.

Session one:

- Welcome your client(s) and facilitate introductions.
- Sign forms, such as confidentiality agreement.
- Discuss what they would like from these sessions.
- Discuss immediate pressures and possible solutions.
- If appropriate, introduce the Financial Plan of Action as something you could start to work on together in the next session.

Session two:

- Ask your client how their last week has been.
- Ask if they are still interested in the Financial Plan of Action.
- Have a conversation to establish what they would like to achieve (long and short term goals) and how this can be achieved. For example, nominating a person they can talk to who will support them.
- Record the discussions on the Financial Plan of Action.
- The client, their family and whānau may take the Financial Plan of Action home and start to work on one of the tasks to achieve their goal. For example, gathering the documentation they have for their current debts to bring to the next session, and asking the nominated person if they would support them to ‘keep them honest’.

Session three:

- As the sessions continue, keep working through the Financial Plan of Action together. There is no timeframe, follow your client and where they are.
- As they complete an action, treasure the success by talking about how they did this and encouraging more use of those strengths. Record the strengths that they used to get the job done.

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