

## **Resourceful Servants: The Experience of Financial Counseling**

Adam DeHoek

Program Director, Resourceful Servants

Research and Evaluation, Office of the Presiding Bishop

Evangelical Lutheran Church in America

April 2018

As part of the research agenda for the Resourceful Servants Initiative, evaluative work was completed to investigate the experiences of ELCA rostered ministers who participated in financial counseling with Lutheran Social Service (LSS) Financial Counseling.

Supporting this work was the Post-Session Financial Counseling Questionnaire, collected from 111 rostered minister participants (35% response rate), and a focus group with five financial counselors from LSS.

This document explores the following areas:

- Reasons for participating in financial counseling
- Topics of discussion and actions taken
- Current financial knowledge
- Recent financial decisions
- Sharing experiences of financial counseling

### *Participant Profile*

For the overwhelming majority of respondents to the Post-Session Financial Counseling Questionnaire (98%), this session with LSS Financial Counseling was their first in the past year.

Ninety-seven percent of respondents were Ministers of Word and Sacrament. Respondents came from 38 ELCA synods.

### *Reasons for Participating in Financial Counseling*

For most respondents (90%), the primary reason for participation in financial counseling with LSS was the requirement for their participation in the Resourceful Servants Savings Matching Pilot Programs. This was consistent with findings from the financial counselor focus group, who indicated that many clients participated in financial counseling because it was a requirement.

Some respondents named other reasons as primary, including budgeting and tracking expenses (7%), retirement savings (6%), general financial questions (6%), and gathering an external perspective on their financial situation (5%). These, too, were consistent with the reports from the focus group. One financial counselor said several of her clients wanted unbiased advice on retirement planning; another said many of her clients were looking for reassurance that they were on the right track financially.

The Post-Session Financial Counseling Questionnaire also asked rostered ministers if anything had prevented them from participating in financial counseling in the past. Thirty percent indicated they saw no need for financial counseling. Twenty-two percent said that nothing specific prevented them from

seeking out financial counseling; they simply never had. Nineteen percent said they lacked awareness of the availability of financial counseling. Fifteen percent indicated they had participated in financial counseling or planning with another resource.

### *Topics of Discussion and Actions Taken*

During a financial counseling session, clients and counselors discussed topics of greatest interest and relevance to the client. Following the session, the counselor provided an action plan to each client to address the issues raised during the session.

Among our respondents, the topic of most frequent discussion was budgeting and managing expenses. Eighty-two percent of respondents reported they had discussed budgeting with their counselor. Perhaps not surprisingly, the actions most frequently planned by respondents following the session were related to budgeting and managing expenses. Nearly 60 percent of respondents indicated they took an action related to budgeting or managing expenses after participating in financial counseling. One rostered minister said his primary action was to, [“Continue the process of developing and honing our personal budget so that it’s helping us meet our savings goals.”](#)

More than half (58%) of respondents reported discussing saving for emergencies with their financial counselor. Following their counseling session, one-quarter of respondents planned to take an action regarding increasing their savings. For some respondents, the reason for saving was quite general; it was a good idea to have a reserve of a minimum of several months’ income in savings as protection for unforeseen events. For others, the reason for saving was more specific, including travel, Christmas gifts, or home improvement.

Fifty-five percent of respondents reported discussing their credit report or credit score with their financial counselor, and 45 percent reported discussing credit card debt. Financial counselors reported that many rostered ministers had high credit scores and manageable levels of credit card debt. Perhaps as a result, only a small proportion (7%) of respondents said they planned to take action related to their credit following their session. One rostered minister said, [“I was advised to eliminate some of my unused credit accounts to reduce the risk of identity theft.”](#) Several others suggested that they would be looking into increasing their credit limits to improve their credit scores.

Just over 40 percent of respondents reported discussing saving for retirement with their financial counselor. Eleven percent reported planning to take an action regarding their retirement plan following the session. Two rostered ministers specifically mentioned working with representatives from Portico on their retirement questions. One rostered minister said he planned to set up a Roth IRA to help augment his retirement savings.

Nearly the same proportion (40%) of respondents reported discussing student loan debt with their financial counselor. Eight percent of respondents planned to take a specific action related to their educational debt. In several cases, this meant meeting specifically with an educational loan counselor at LSS. In other cases, it simply meant continuing to pay down educational loans at a steady pace.

Other financial topics were less frequently discussed: Other debts (including car loans) (31%); Debt Management Plans (24%); Health costs and insurance (23%); Major purchases (14%); Filing for bankruptcy (1%).

Nearly half of respondents indicated they discussed general financial worry with their financial counselor. This figure is significant, though it is lower than the national average of approximately 75 percent<sup>1</sup>.

Nearly 20 percent of respondents said their primary action moving forward was to continue on the same path. One rostered minister said, “Keep doing what we’re doing without giving up hope that we’ll never pay off our debt. I’m more committed to the sacrifices after having an outside person evaluate that we’re doing the best we can and that over time we’ll get there, even if it is more slowly than we would like.”

### *Current Financial Knowledge*

As part of the Post-Session Financial Counseling Questionnaire, respondents provided self-reported ratings of their current knowledge of their own financial situation. All respondents reported being either somewhat or very knowledgeable about their personal financial situation.

These findings were consistent with the report from the financial counselor focus group. Financial counselors reported that most of the rostered ministers were doing well financially. For many rostered ministers, their educational and credit card debt levels were at acceptable levels. Their income levels were relatively high. Additionally, many had some level of savings in the bank and were actively considering their future financial plans. These characteristics were different from the typical financial counseling client and different from the expectations financial counselors initially held about participants in Resourceful Servants.

Even though the financial situation of participating rostered ministers was relatively good, it seems there was still room for growth. Eighty-seven percent of respondents reported they could still benefit from additional advice and answers to everyday financial questions; 69 percent reported having gained a little more or a lot more knowledge about their finances after participating in financial counseling.

### *Recent Financial Decisions*

Respondents were asked to rate their confidence that they made the right choice in their most recent significant financial decision (including picking a credit card, buying a car, refinancing their mortgage). Ninety-seven percent of respondents indicated they had recently made a significant financial decision. Of these, 94 percent reported they were either somewhat or very confident they made the right decision. After financial counseling, 45 percent of respondents said they were a little more or a lot more confident about their financial decisions.

### *Sharing Experiences of Financial Counseling*

Respondents were overwhelmingly likely to recommend financial counseling through LSS Financial Counseling to a friend or relative. Ninety-eight percent of respondents reported they would be somewhat or very likely to do so. Respondents were also likely to share what they had learned with a friend or relative, with 94 percent of respondents reporting they would be somewhat or very likely to do so.

---

<sup>1</sup> NFCC 2017 Consumer Financial Literacy Survey (<https://www.nfcc.org/clientimpact/2017-financial-literacy-survey/>)

Some of these responses may have been driven by encouragement from the financial counselors. Several financial counselors indicated they had shared with rostered ministers the importance of thinking about LSS when the rostered ministers have conversations about finances with congregational members, and that LSS can be thought of as another tool in the toolbox of rostered ministers.

### *Conclusion*

Overall, rostered ministers reported they were already rather knowledgeable about their personal financial situation, even before speaking with a financial counselor. This matched with reports from financial counselors who described many rostered ministers as organized, responsible and in good financial position.

There was still significant value in rostered ministers' participation in financial counseling. Most rostered ministers reported gaining a little or a lot more knowledge about their financial situation after completing financial counseling. In many cases, they were able to receive financial information about a specific area of concern and subsequently, they planned to take action in that area. Additionally, rostered ministers became acquainted with financial counseling as a resource for members of their congregation and appeared ready to share that information with those who could benefit from it.