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Kathleen Prochaska-Cue

University of Nebraska - Lincoln, kprochaska-cue1@unl.edu

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This NebGuide explains what financial counseling is, who needs it and why, when it is needed, where to find a qualified financial counselor, and more.

Kathy Prochaska-Cue, Consumer Science and Education Extension Specialist

What Is Financial Counseling?

Financial counselors help people learn to manage their own financial resources. As a process, financial counseling involves at least two people--the person who counsels, and the person or persons being counseled.

Financial counseling usually extends over a period of time, since most true change does not take place immediately. Ultimately all decisions are left to the person being counseled.

Financial planning involves setting financial goals and objectives, developing an action plan, and using assets to implement the financial plan.

Financial counseling, on the other hand, involves reorganizing financial management attitudes and practices so assets can be found for financial planning purposes. Financial counseling may be needed before financial planning can take place.

Financial counseling typically involves financial problem solving, setting immediate and long-range goals, cash flow budgeting, record keeping, and perhaps debt restructuring through negotiation with creditors.

Who Needs Financial Counseling, and When?

Whenever a change occurs, planned or unplanned, financial counseling may be needed. Better yet, seek financial counseling when change is anticipated, such as a new job or move to a different location, or retirement. Since change is inevitable, the need for financial counseling exists for almost everyone at some point in life.

Why is Financial Counseling Needed?

Often there is more than one reason to seek financial counseling. Many people lack the knowledge and skills necessary for successful financial management.
Personal financial management is generally not part of our education; most of us learn to manage finances through the school of "hard knocks" or personal experience, and from observation of how others manage money.

There are four financial reasons that motivate people to seek help. First are income-related problems, including unemployment, layoffs, underemployment, illness or accident, family abandonment, retirement, death, divorce, and irregular income.

Expense problems are the second of the four financial reasons to solicit financial advice. Expense problems include the lack of a financial "cushion" to help during an emergency, unplanned increases in regular and irregular expenses, and change in a person's or family's situation. Such changes include divorce, a new family member, a new home, or a different job for a breadwinner.

The third financial reason is credit use or general debt management. Using credit as an alternative source of income, setting up housekeeping, impulsive/compulsive spending, lack of sales resistance, and uninsured property loss are some of the credit-related reasons people want financial counseling.

The fourth reason to seek financial counseling is that society is more complex. We face a greater number of alternatives and choices when making financial decisions, and we seek help with financial decisionmaking.

Now that we have discussed what financial counseling is, who needs it, when and why, we should consider how to judge a financial counselor, and where to find a financial counseling service. Remember, there are no legal restrictions on using the title "financial counselor." Anyone can claim that title.

**Characteristics of a Qualified Financial Counselor**

A qualified financial counselor has:

- a genuine concern for people. The counselor enjoys working with people.
- a tolerance for points-of-view, values, and goals unlike the counselor's own.
- a way of recognizing and working to preserve the dignity and self-respect of other people.
- a personality and manner that encourages other people to open up.
- an openness about self, but enough self-respect to maintain personal privacy.
- a commitment to objectivity. Qualified counselors see their roll as problem-solvers and alternative-generators, but not as decision-makers.
- the ability to listen. Qualified counselors know the value of, and practice, appropriate silence.
- optimism. The counselor believes people basically are good, and can and will exercise at least some control over their own destinies.
- the know-how to look for the real problem, since money problems often are symptoms of other difficulties. The counselor refers people for appropriate help with personal, marital, chemical abuse, and other malfunctions a financial counselor may not be qualified to deal with.
- insight into the counselor's own biases and attitudes. The counselor takes conscious steps to prevent these biases and attitudes from interfering with effective financial counseling.
- the ability to recognize, and help the client recognize, that the final decision and solution to financial difficulties rests on his/her/their shoulders. The final solution is not the responsibility, success or failure of the counselor, but of the client.

**Where Can a Qualified Financial Counselor Be Found?**

Financial counseling as a service may be offered by:

- **Educational Institutions:** Cooperative Extension Service,
- **Business:** nonprofit Consumer Credit Counseling Service, Inc.; for-profit debt adjustment or other
Financial Institutions: credit unions, banks, savings and loans,

Employee Assistance Programs: company-affiliated or community-sponsored,

Social Service Organizations: Department of Social Services, Family Service Association, Catholic Social Services, Lutheran Social Services,

Religious Organizations: ministers and their spouses, lay leaders, religious support groups.

Quality of Financial Counseling

How successful financial counseling is depends upon three factors: the person counseling, the person counseled, and the sponsoring business, agency or organization.

How effective the counselor is depends upon her or his personal philosophy and skill in relating to the particular person or people being advised. Training, education and experience, both personal and as a counselor, also affect the counselor's effectiveness.

The person being counseled brings past and present experiences, values, attitudes and skills to the counseling experience. All these factors impact on the success of counseling.

Finally, the counselor's sponsoring agency, organization or business affects the success of counseling. Every sponsor of a financial counseling program has a philosophy related to that program.

For example, some programs are more consumer-oriented than creditor-oriented, or vice versa. Sponsoring entities may focus on short-term solutions rather than on long-term education to help clients learn new attitudes and behaviors related to money management.

Unbreakable Laws of Quality Financial Counseling

Quality financial counseling is based upon these unbreakable laws:

- All information received from the client is **confidential**.
- **No quick, pat, easy answers** to financial problems.
- **All appropriate people are involved in the financial counseling experience.**
- Referral for appropriate help with personal, marital or other problems is made when difficulties are not inherently financial.
- Financial counseling conferences are **informal**.

Financial counseling is necessary for most people at some point in time. Since anyone can call themselves a financial counselor, this publication serves as a guide for finding quality financial counseling when needed.

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