



MILITARY FAMILIES LEARNING NETWORK

Motivating Clients to Develop Positive Financial Behaviors

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U.S. DEPARTMENT
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This material is based upon work supported by the National Institute of Food and Agriculture, U.S. Department of Agriculture, and the Office of Family Policy, Children and Youth, U.S. Department of Defense under Award Numbers 2010-48869-20685 and 2012-48755-20306.



MILITARY FAMILIES LEARNING NETWORK

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LEARNING NETWORK

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professional development
through engaged online communities.

eXtension.org/militaryfamilies



PERSONAL FINANCE

Military Families Learning Network

Providing continuing education opportunities and resources for financial educators working with military families

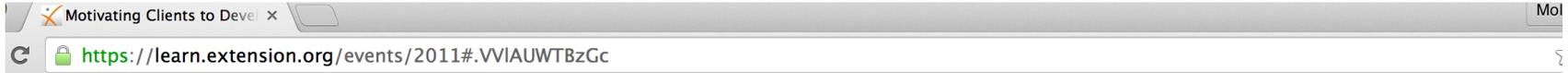


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Dr. Barbara O'Neill

Dr. Barbara O'Neill, financial resource management specialist for Rutgers Cooperative Extension, has been a professor, financial educator, and author for 35 years. She has written over 1,500 consumer newspaper articles and over 125 articles for academic journals, conference proceedings, and other professional publications. She is a certified financial planner (CFPO), chartered retirement planning counselor (CRPCO), accredited financial counselor (AFC), certified housing counselor (CHC), and certified financial educator (CFEd).





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Motivating Clients to Develop Positive Financial Behaviors

<https://learn.extension.org/events/2011#.VSVGsE0tGM9>

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Webinar Objectives

- Discuss three leading behavior change theories
- Discuss locus of control, time preference, and conscientiousness
- Discuss 20 specific financial behavior change strategies
- Discuss implications for practitioners
- Discuss resources and learning activities



Key Take-Away #1

Positive financial behaviors
take planning and effort



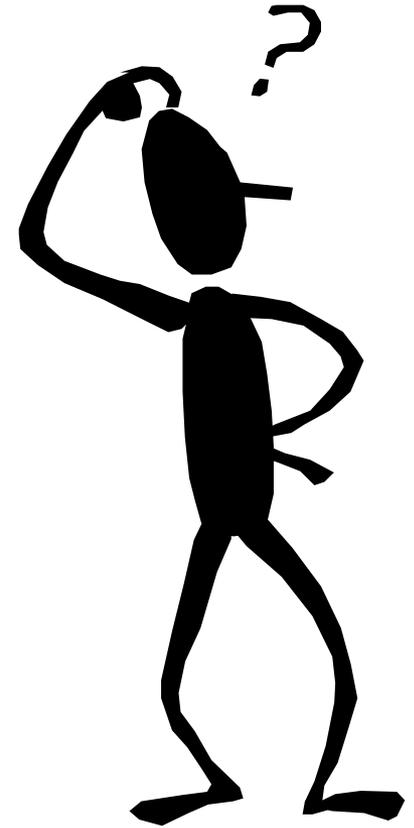
Question #1

**What Financial Behaviors
Do You Want to Motivate
Clients to Change?**



What Are Your Frustrations About Changing Clients' Financial Practices?

- Ignored recommendations?
- Emotional barriers?
- Other (e.g., cultural) barriers?
- Procrastination?
- Forgone investment opportunities?
- Uncovered risk exposures?
- Other?



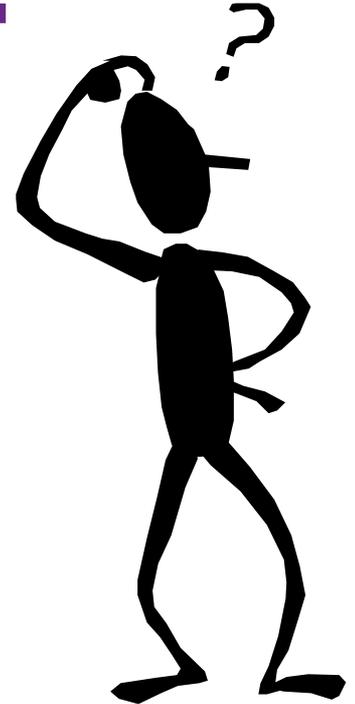
Hard Realities

- Counselor/educator goals and client goals are often NOT the same!
- People have internal (e.g., emotional) and external (e.g., lack of transportation) barriers that interfere with financial goal attainment
- To change financial behavior, practitioners must
 - Know where clients want to go
 - Identify barriers
 - Avoid judgment and assumptions
 - Provide attainable solutions

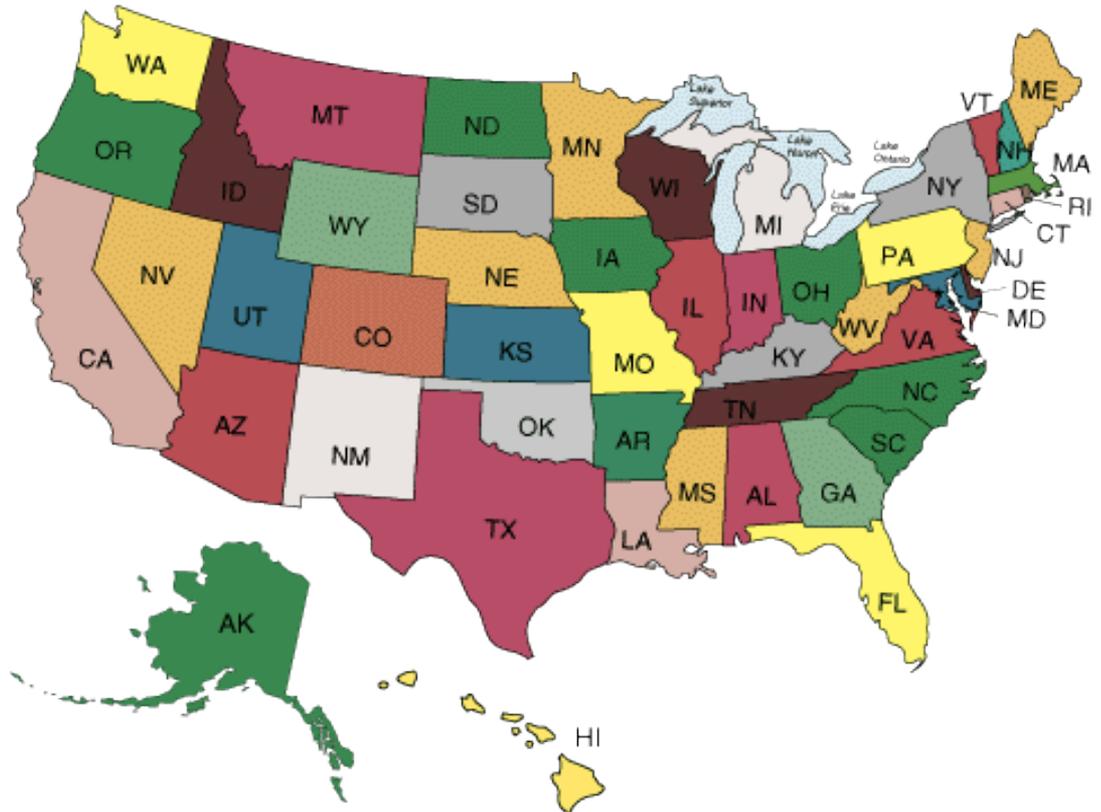


Who is a Financially Successful Client?

- On track to reach financial goals
- Successfully practices tax avoidance
- No debt/overspending problems
- Invests regularly via dollar-cost averaging
- Sticks to investment policy/asset allocation
- Has adequate insurance for major risks
- Savvy about financial issues



The Savvy Client From New Jersey



NOTE: You can tell this story using YOUR state

Changing *Any* Behavior- Including Finances- Isn't Easy

- Inertia and procrastination
- “Analysis paralysis”
- Fear of failure
- Lack of role models
- Time constraints
- It's hard to “move your cheese” and “find new cheese”!



Behavior Change Research

- Has often been related to health practices
 - Smoking cessation
 - Substance abuse
 - Weight control
- Interesting parallels to financial practices
 - Saving/investing
 - Spending
 - Debt and credit

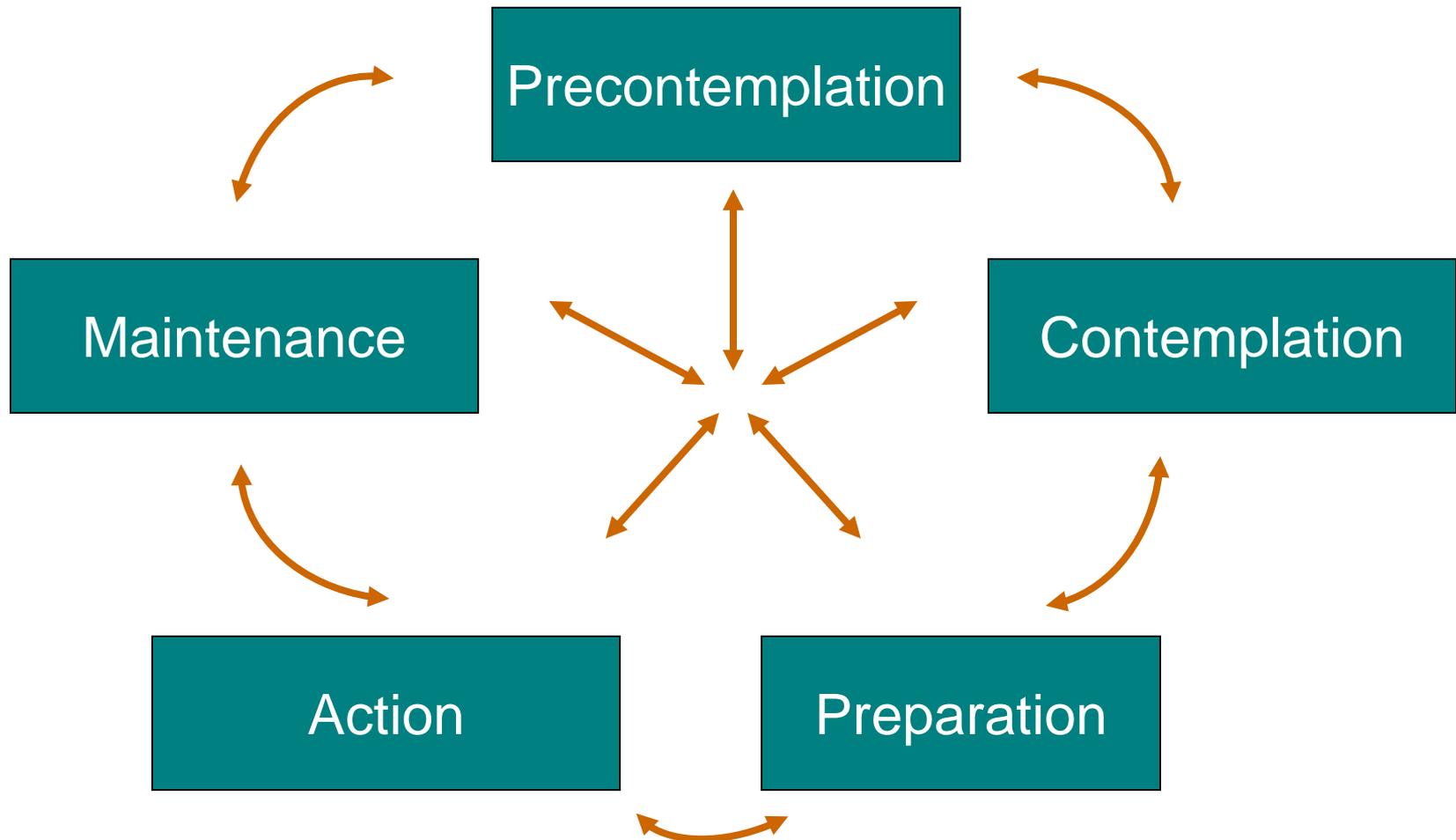


Key Take-Away #2

Research theories/models and psychological concepts are useful to understand financial behavior change



Stages of Change Model



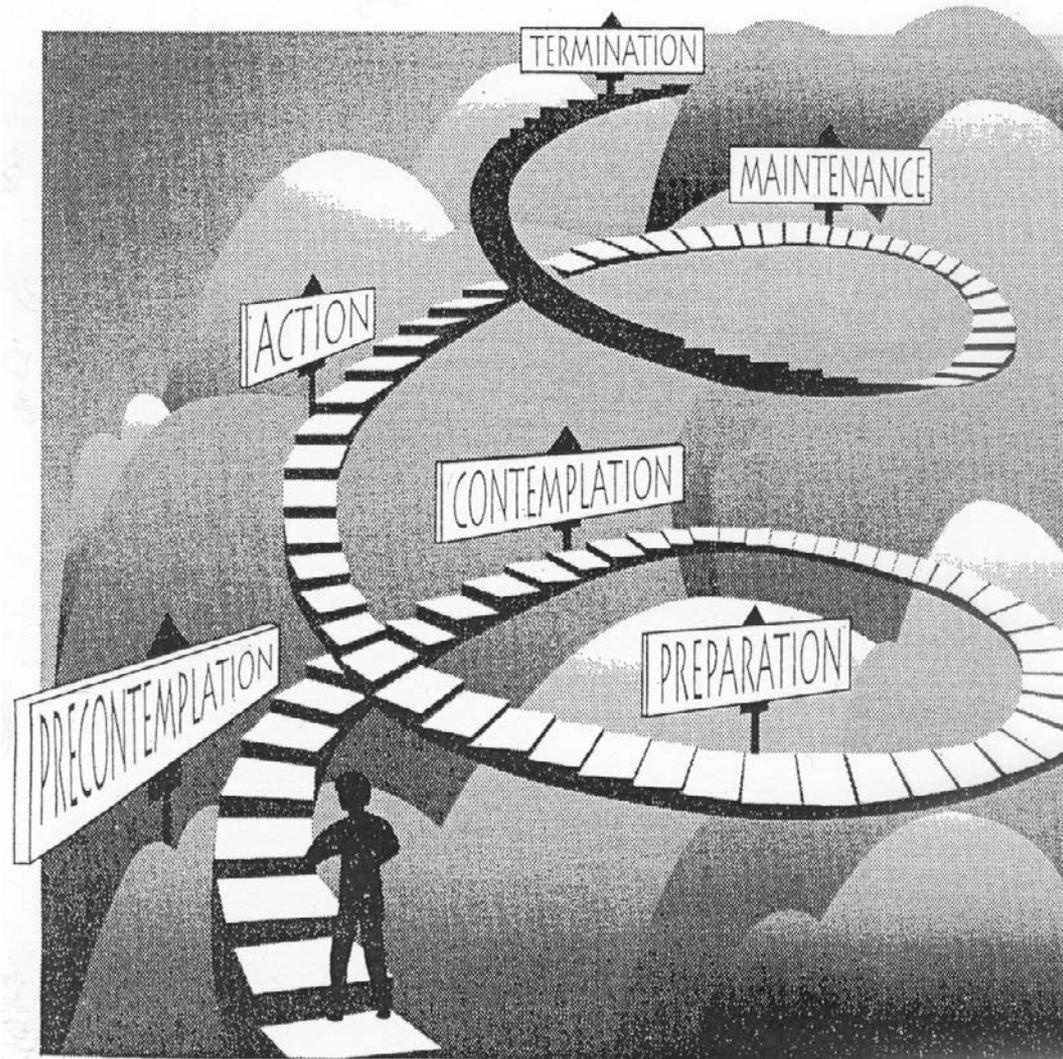
Formal Name: Transtheoretical Model of Change (TTM)

- Prochaska, DiClemente, and Norcross, developed the TTM in the 1970s and 1980s
- TTM was derived by studying human experiences and combining existing psychotherapy models
- The word “transtheoretical” come from a combination of change variables from many existing psychotherapy theories
- The TTM was designed to help people intentionally change behavior by understanding processes of change



The Stages of Change

- The TTM is used to encourage behavior changes in others
- Recognize what stage a person is in and then decide what processes they could use to progress forward
- In order for people to make a behavior change, they go through five distinct stages



The TTM Stages of Change

Precontemplation Stage	<p>People are not thinking of making any change, because they do not feel that change is necessary.</p> <p>People in this stage are not seeking information to help make a change and may not have identified a problem needing change.</p>	<p>People are in this stage if they indicate they “don’t plan to do” [action].</p>
Contemplation Stage	<p>People begin to think about or “contemplate” having a problem. These people set goals and begin to seek out information and a solution to their problem.</p>	<p>People are in this stage, if they indicate they “plan to do [action] within six months.”</p>
Preparation Stage	<p>People are planning to make the changes soon. They are “preparing” the last steps before acting on their goals. They may be seeking additional help or information.</p>	<p>People are in this stage if they indicate they “plan to do [action] within one month.”</p>

The TTM Stages of Change

Action Stage	<p>This is the stage where either the bad behavior ends or the good desired behavior begins.</p> <p>This is the most challenging stage and requires strength and support to prevent a relapse to the old bad behavior, or a halt in the new good behavior.</p>	<p>People are in this stage if they indicate they “did [action] within the past six months.”</p>
Maintenance Stage	<p>This is the final step identified, before the change is accomplished and considered completed or ongoing. This stage generally starts six months after the start of the <i>action</i> stage.</p> <p>In the <i>maintenance</i> stage people are trying to make the change permanent. People have to learn to resist temptation and “maintain” their new behavior.</p>	<p>Participants are in this stage if they indicate they “did [action] more than six months ago.”</p>

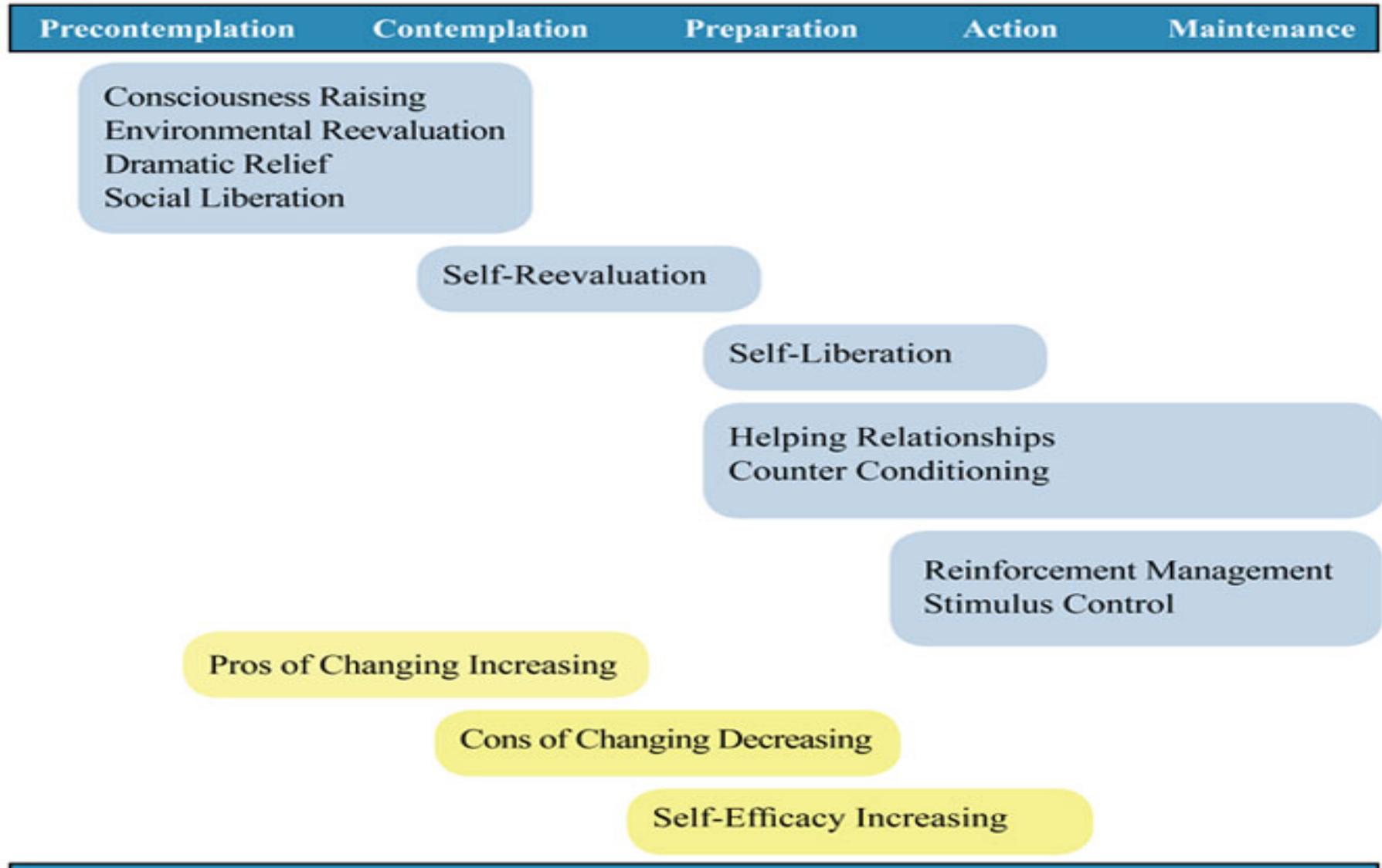
TTM Change Processes

- ***Social Liberation (PC)***- Realizing that social norms are changing to support a positive behavior change (e.g., awareness of company retirement savings plan)
- ***Consciousness-Raising (PC to C)***- Learning new facts and tips about a positive behavior change (e.g., benefits of savings)
- ***Dramatic Relief (PC to C)***- Experiencing negative emotions about current behavior (e.g., “bag lady” fear)
- ***Environmental Re-Evaluation (PC to C)***- Recognizing impact on one’s environment (e.g., the effect of financial behaviors- or smoking- on others)
- ***Self Re-Evaluation (C)***- Realizing that a positive behavior could be part of one’s personal identity (e.g., imagine yourself free from debt...how would you feel about yourself?)

More TTM Change Processes

- ***Self-Liberation (P)***- Making a firm commitment to change (“I will invest \$100/month in retirement savings”)
- ***Contingency Management (A to M)***- Develop rewards for healthy behavior change (e.g., treat yourself at milestones)
- ***Counter-Conditioning (A to M)***- Substitute a healthy alternative behavior for an unhealthy one (e.g., physical activity for over-spending)
- ***Stimulus Control (A to M)***- Add cues to engage in healthy behavior and remove unhealthy cues to control environment (e.g., freeze credit cards, automate savings deposits)
- ***Helping Relationships (A to M)***- Social support for change

Stages by Principles and Processes of Change



Source: Pro-Change Behavior Systems, Inc.

<http://www.prochange.com/transtheoretical-model-of-behavior-change>

Key TTM Concept: Decisional Balance

- Weighing the pros and cons of changing behavior
- People don't change unless the pros outweigh the cons



Decisional Balance

DECISIONAL BALANCE WORKSHEET

Perceived gains associated with adopting desired behaviors

1. _____
2. _____
3. _____
4. _____

Strategies to maximize potential for achieving gains

1. _____
2. _____
3. _____
4. _____

Perceived losses associated with adopting desired behaviors

1. _____
2. _____
3. _____
4. _____

Strategies to minimize potential of perceived losses

1. _____
2. _____
3. _____
4. _____

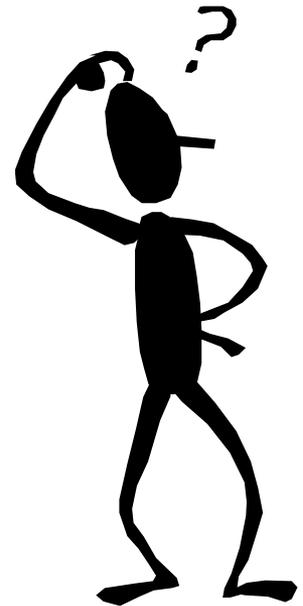
TTM Implications For Financial Practitioners

- Use TTM-tested statements to assess clients' readiness to make certain changes
- Use appropriate intervention strategies for each behavior change stage
 - **PC & C:** Facts, ideas, success stories, financial calculators
 - **P:** “How to” information & services
 - **A & M:** Reinforcement, praise, progress reports, bar charts



Question #2

**Have you used the TTM
or any other theories to
inform your work?**



Diffusion of Innovations Theory

- Describes how new ideas, products, and behaviors become norms
- Includes behavior change at all levels: individual, interpersonal, community, and organizational
- Success determined by: 1. nature of the innovation, 2. communication channels, 3. adoption time



Source: Everett M. Rogers, *Diffusion of Innovations*, 4th ed. (New York: The Free Press, 1995).

Diffusion of Innovations Theory

1. Nature of the Innovation

- Relative advantage over what is being replaced
- Compatible with values of intended users
- Easy to use
- Opportunity to try innovation
- Tangible benefits



Diffusion of Innovations Theory

2. Communication Channels

- Mass media (enhanced by listening groups, call-in opportunities, face-to-face meetings)
- Social media
- Peers
- Respected leaders



Diffusion of Innovations Theory

3. Adoption Time

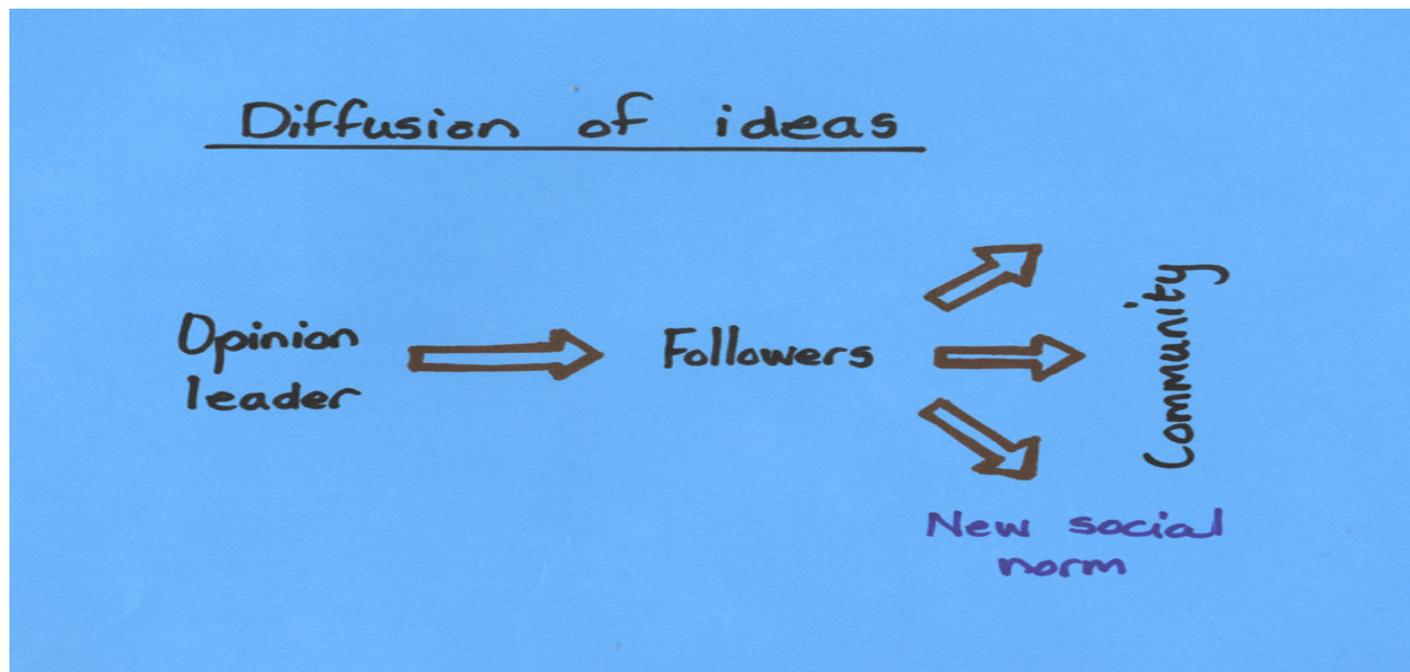
- Awareness → Intention → Adoption → Change
- Gradual process
- Movement through groups
 - Pioneers
 - Early adopters
 - Masses



Diffusion of Innovations Theory

People are more likely to adopt a new behavior when someone they respect or admire endorses the behavior:

- Opinion leaders influence an initial group
- New social norm is established
- Rest of community follows (social conformation)



Fishbein and Ajzen's Theory of Reasoned Action (TRA)



- Developed during the 1970s
- Used to study behavioral intention, which is related to predictions of attitude and behavior
- Fishbein and Ajzen were working on similar concepts to explain human behavior; eventually collaborated to create and publish the model
- Used to study human behavior for 40 years:
 - Ajzen, I. & Fishbein, M. (1980). *Understanding attitudes and predicting social behavior*. Englewood Cliffs, NJ: Prentice-Hall.
 - Fishbein, M. & Ajzen, I. (1975). *Belief, attitude, intention, and behavior: An introduction to theory and research*. Reading, MA: Addison-Wesley.

Assumptions of TRA Model

- Human behavior is under the voluntary control of the individual
- People think about consequences and implications of their actions when deciding whether or not to do something
- Therefore, intention must be highly correlated with behavior
 - Whether or not a person intends to perform a financial behavior should correlate with whether or not they actually DO the behavior



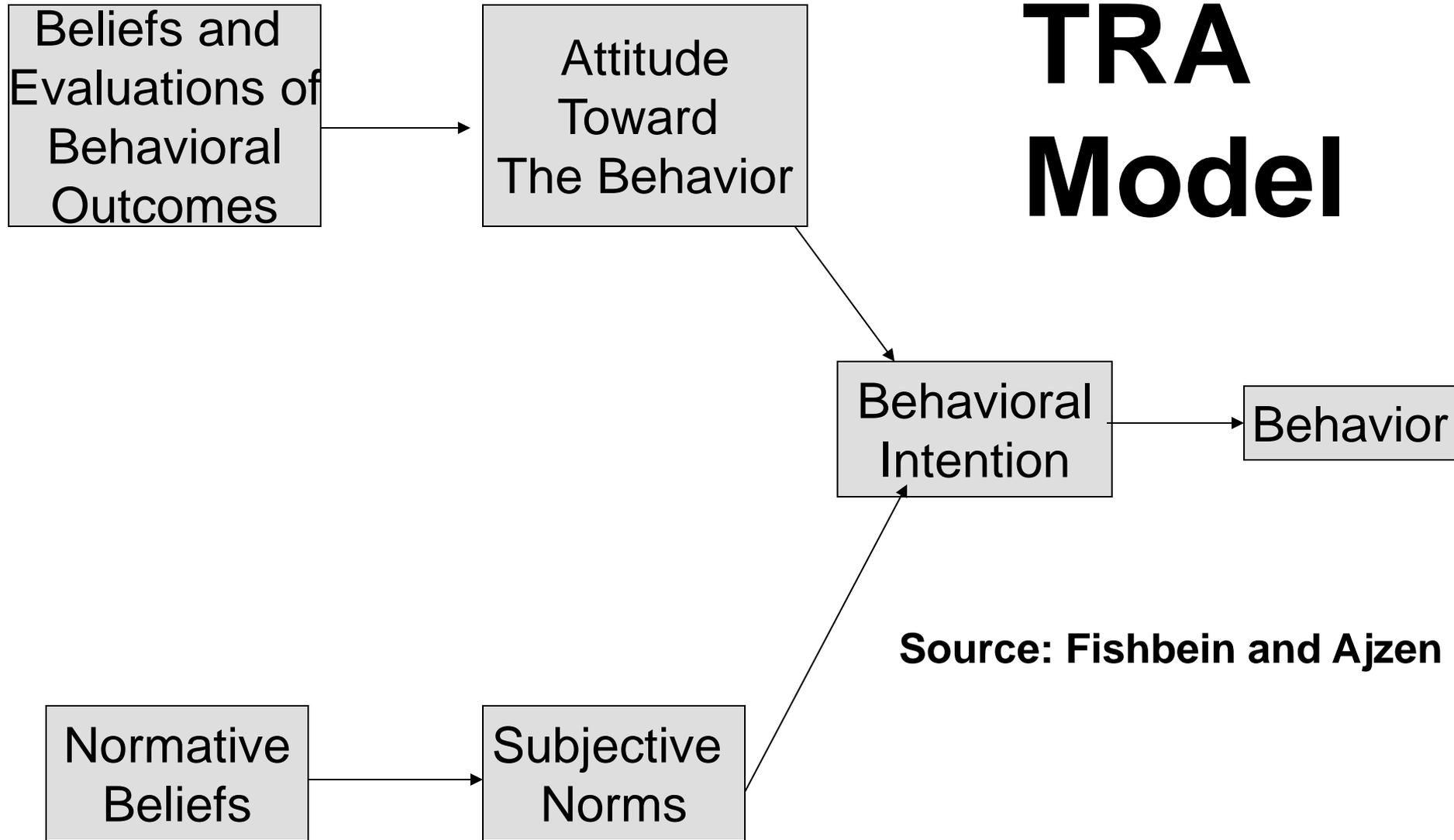
Components of TRA Model

Behavior is a function of 2 things:

- **Attitudes** toward a specific action
 - What will happen if I engage in this behavior?
 - Is this outcome desirable or undesirable?
- **Subjective norms** regarding that action
 - Normative beliefs: Others' expectations
 - Motivation to comply: Do I want to do what they tell me? How much? Why?



TRA Model



Source: Fishbein and Ajzen

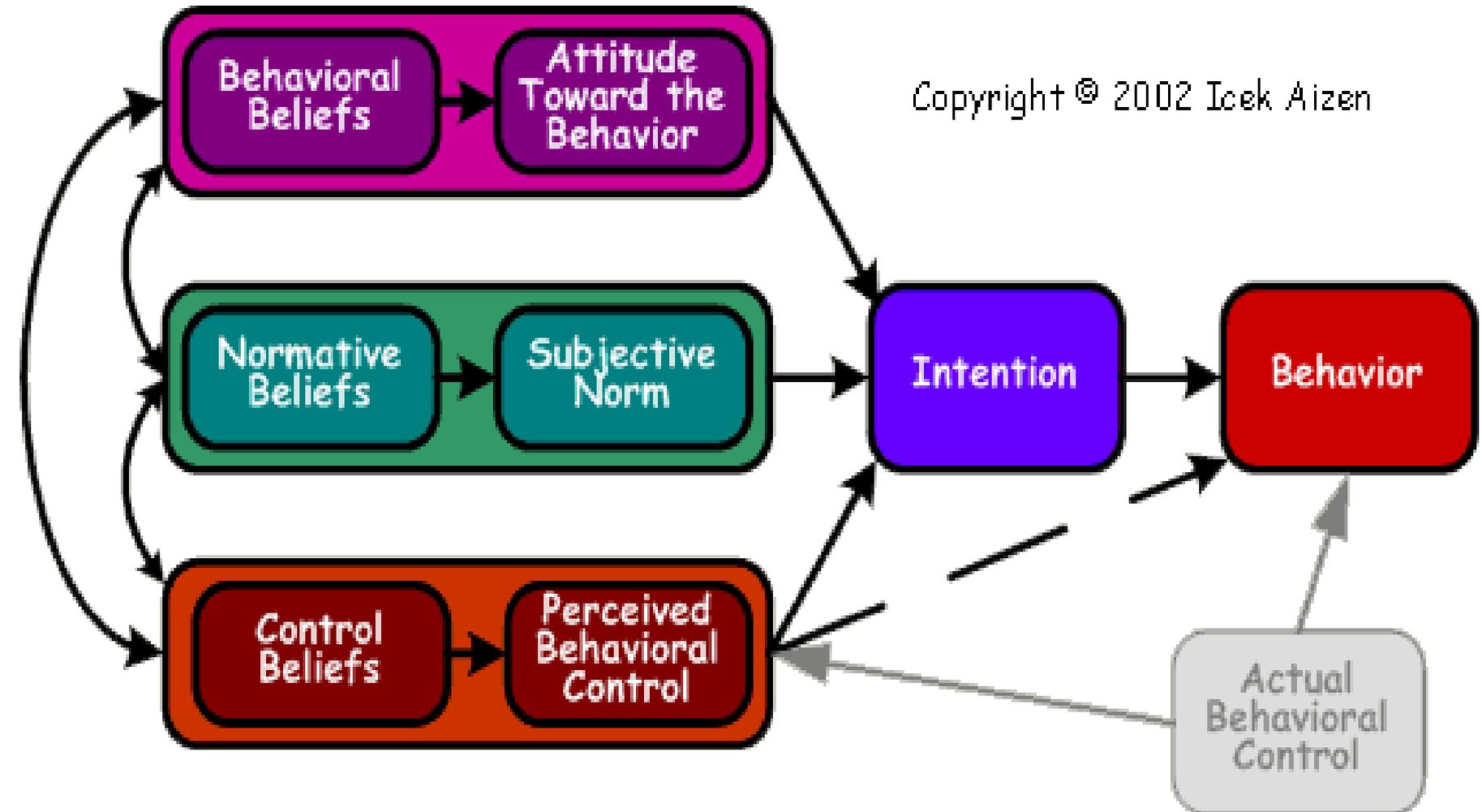
Limitation of TRA Model

- People who have little power over their behaviors (or believe they have little power; e.g., “learned helplessness”).
- As a result, Ajzen added a third element to the original theory:
 - Perceived Behavioral Control



Theory of Planned Behavior (TPB)

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Locus of Control (LoC)

- Describes whether you attribute success and failure to things you have control over OR to forces outside your influence
- Dates back to the 1960s (Rotter)
- Internal LoC- People attribute outcomes to their hard work and decisions
- External LoC- People attribute outcomes to “fate” or the actions of others rather than their own actions
- Locus of Control Assessment (22 Questions):
http://www.mindtools.com/pages/article/newCDV_90.htm



Fostering an Internal LoC Motivates People to Change

Those with an Internal LoC...

- Take responsibility for own personal financial wellness
- Are interested in future outcomes
- Learn from past mistakes
- Engage in activities to improve their situation
- Take action to improve their financial knowledge and skills



Time Preference

- Trade-off between current consumption and future wealth
 - Spend today or save for tomorrow?
- Economic Models:
 - Higher discount rate (time preference) = shorter time horizon (i.e., focus on well-being in the present)
 - Lower discount rate (time preference) = longer time horizon (i.e., focus on well-being in the future)
- Present-bias individuals are less likely to take positive actions (e.g., reduce utility use, save for retirement)



Conscientiousness

- Fundamental personality trait that influences whether people...
 - Follow rules and expert recommendations
 - Are careful, thoughtful, and organized
 - Make well-considered decisions (vs. act impulsively)
 - Set and achieve long-term goals
- One of Five Factor Model (FFM) personality traits:
http://en.wikipedia.org/wiki/Big_Five_personality_traits



The Five Factor Model (FFM)	
<i>(aka. The Big Five; The OCEAN model).</i>	
> <u>Openness to experience</u>	
• I have a lot of curiosity ___	I do not like change ___
> <u>Conscientiousness</u>	
• I keep my room neat and clean ___	I am not reliable ___
> <u>Extroversion</u>	
• I like lots of excitement ___	I always enjoy parties ___
> <u>Agreeableness</u>	
• I am usually polite to others ___	People say I'm cold ___
> <u>Neuroticism</u>	
• I worry a lot ___	I am rarely sad or down ___

Retirement Plan Savings and Health Behavior Study



- Published in *Psychological Science* in 2014:
<http://pss.sagepub.com/content/early/2014/06/25/0956797614540467.abstract>
- An employee's decision to contribute to a 401(k) predicted action to correct poor physical health indicators that were revealed during an employer-sponsored health examination
- Employees who saved for the future in a 401(k) showed improvements in abnormal blood-test results and health behaviors about 27% more often than non-contributors did
- Findings were attributed to individuals' time-discounting and conscientiousness that both predict long-term behavior

Key Take-Away #3

Financial practitioners have a toolkit of strategies to motivate clients to improve their finances



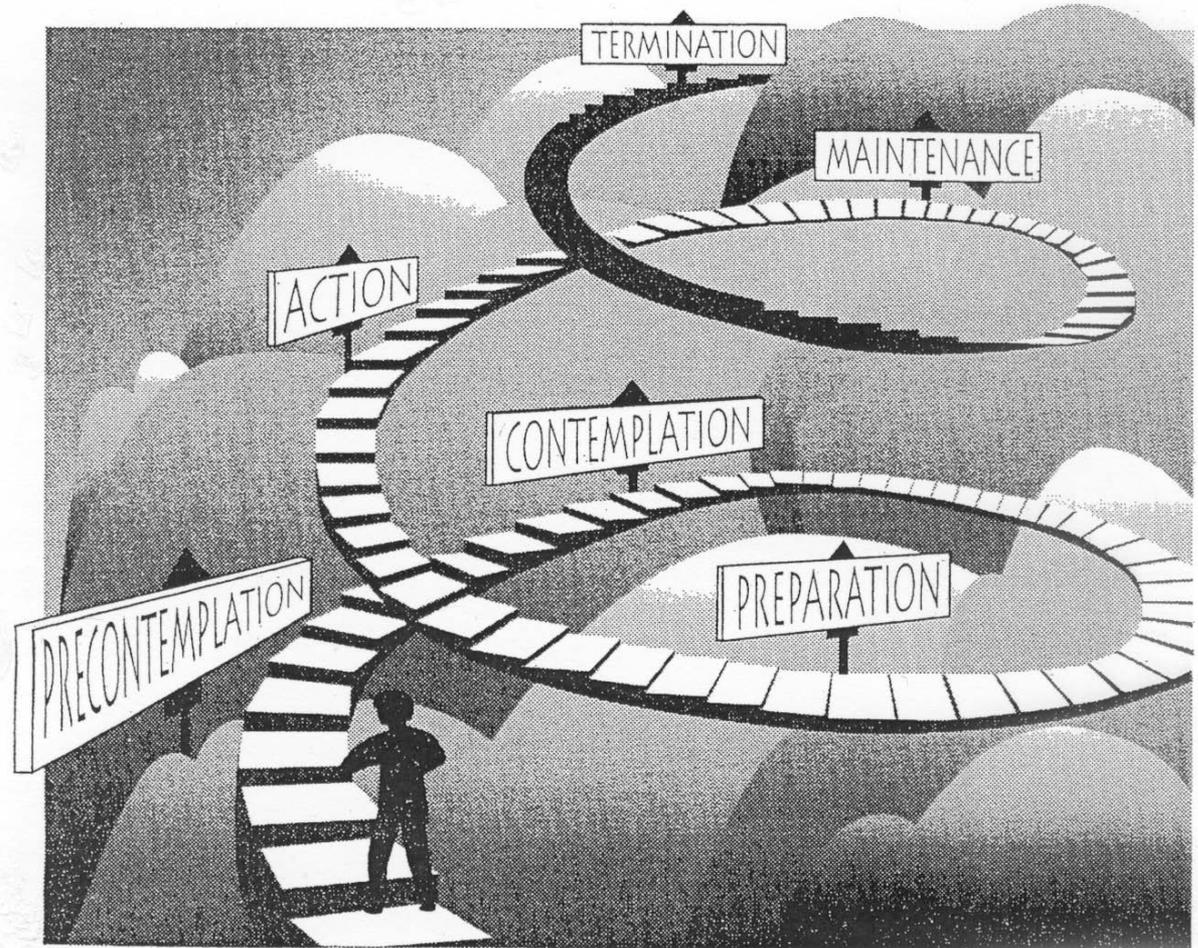
20 Strategies to Motivate Clients to Develop Positive Behaviors Financially



1. Assess Clients' Readiness For Change Using the Transtheoretical Model (TTM)

Source:

Changing For Good by Prochaska et al. (1994)



2. Understand Key Behavioral Finance Concepts

- There is a natural human tendency to try to establish patterns in events and use mental shortcuts (heuristics) to make decisions (e.g., 1/n asset allocation in 401(k) plans)
- Irrational behaviors include:
 - **Mental accounting** (e.g., earnings vs. gifts)
 - **Status quo bias** (tendency to avoid change)
 - **Overconfidence** (overestimate abilities)
 - **Anchoring** (latch onto numbers irrationally)
 - **Recency bias** (overestimate/extrapolate recent events)



Strategies To Avoid Behavioral Finance Errors

- Teach clients to view all income as earned income so that it is treated equally... calculate how long it would take to earn “found money” after taxes 
- Use mental accounting to clients' advantage (e.g., earmarked savings accounts)
- Put positive behaviors on autopilot (e.g., *Save More Tomorrow* program to automatically increase 401(k) savings when salary increases)
- Automated dollar-cost averaging (e.g., TSP savings)

More Behavioral Finance Strategies For Practitioners

- Provide research-based information that contradicts clients' mistaken beliefs, anchors, etc.
- Realize that people often “hear only what they want to hear”; hit their “hot buttons”
- Encourage clients to follow “The Rule of 3”
- Encourage overconfident investors to use an indexed core portfolio
- Educate clients about behavioral finance mistakes



3. Capitalize on Teachable Moments and Wake-Up Calls

- Some people won't change unless they have to
- Life-changing events provide motivation to
 - Cope with a situation
 - Make a decision
 - Complete a task
- “Teachable moments” can be positive or negative
- Wake Up Calls: Negative event teachable moments



Potential Problems With Wake-Up Calls

- Intense emotional reactions
- “Hot potato syndrome”
- “Analysis paralysis”



Practitioner Strategies:

- “Third party” case studies and success stories
- Help client narrow down options
- Ask client “What is the consequence of doing nothing about [situation]?”
- “Time Out” (Decision-Free Zone)

4. Provide Assistance With Goal-Setting



- Many people lack written financial goals
- Many people perform only necessary financial tasks
 - Postpone tasks that require planning or analysis
- Research: goal-setting works best when accompanied by support services (e.g., IDA programs)
- Understand “the goal behind the goal”
- Turn goals into a series of small steps (“homework”)

Start With a “Bucket List”



5. Automate and Simplify

- Research: The more choices people have, the more likely they are to delay or take no action
- Personal finance can be “high maintenance”
- Clients are time-stressed and crave “low maintenance” lives
 - How much discretionary time do YOU have?
- Financial practitioners can be an information “filter”
- Encourage automated savings



Conduct an “Automation Inventory” for Clients

- Direct deposit
- Mutual fund AIPs
- Stock DRIPs
- Purchase of U.S. savings bonds (Treasury Direct)
- Electronic debits (i.e., automatic bill-paying)
- Credit union deposits
- Salary reduction plans
- Checking to savings transfers
- Stop-loss orders on stock
- Low “PITA factor” investments



6. Foster Positive Qualities

- Optimism: Studies have shown optimistic people are more likely to perform recommended practices
- “Planners” more likely to be successful- at all income levels: <http://www.americasaves.org/images/asw2015finalrelease.pdf>
- Attribution theory: How people believe that things happen in life (how they see cause)
 - **External LoC:** Believe in chance or fate
 - **Internal LoC:**” “If it is to be, it is up to me”



Implications For Financial Practitioners

- Help pessimistic clients “reframe” situations and see positive aspects
 - “It could have been a lot worse”
- Give clients “homework” (small tasks) where they can experience success and control
- Administer a LOC quiz
 - Google “Locus of Control” to find online
- Pay attention to clients’ personality traits and outlook on life
- Share success and “turn-around” stories



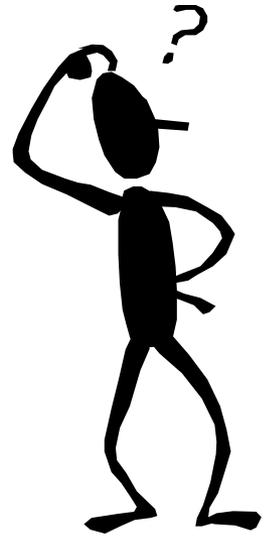
7. Address Obstacles to Adopting Recommended Practices

- Obstacles are ANYTHING that blocks positive financial action
- Can be financial, social/emotional, or logistical
- What is the “real obstacle”? (e.g., no will)
 - Financial (perceived high cost of lawyers)
 - Social/emotional (choice of a guardian)
 - Logistical (don’t know how to find lawyer)



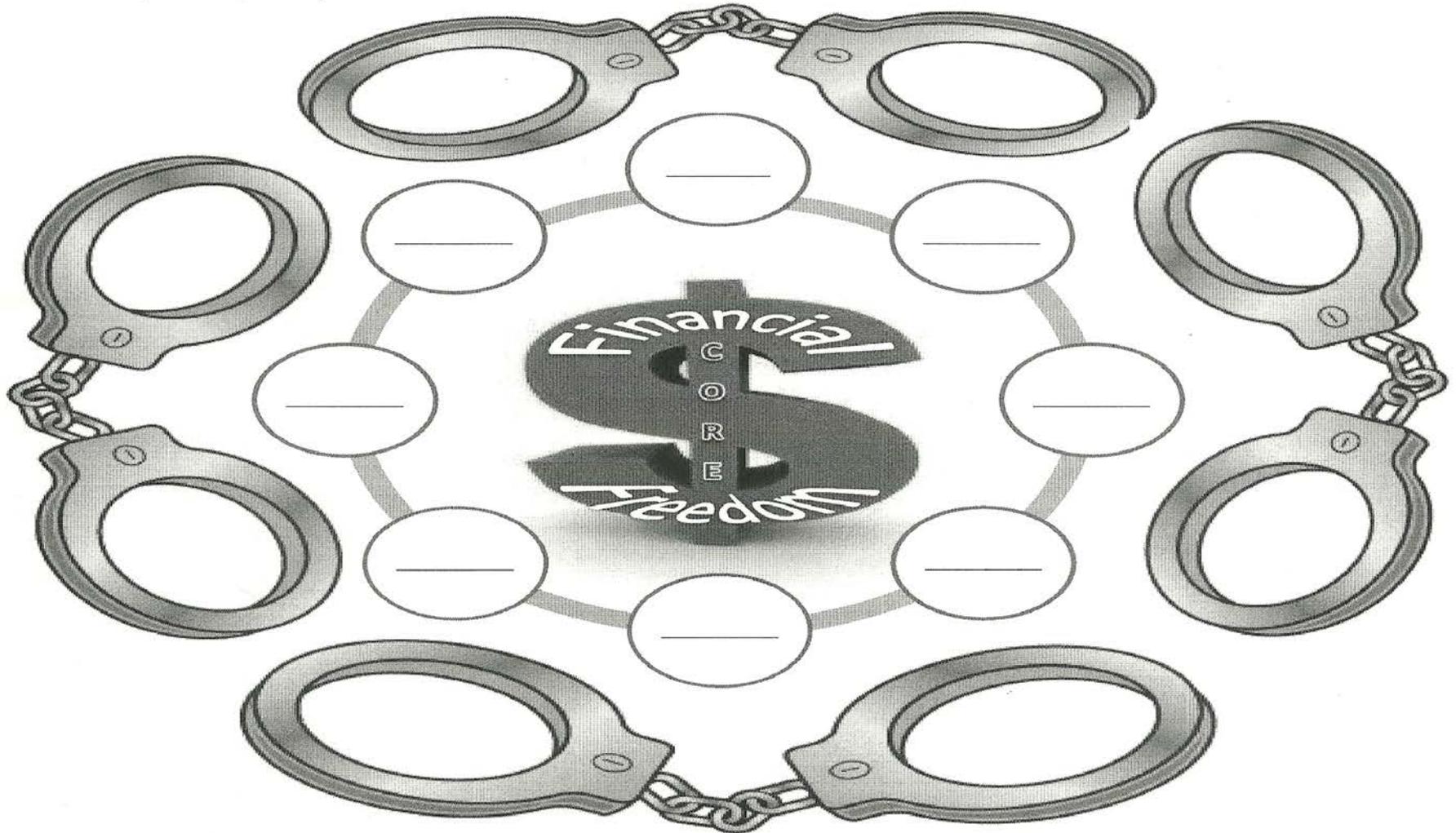
Good Questions to Ask Clients to Identify Obstacles

- What has stopped you from doing [action] in the past?
- Do you anticipate any problems or challenges in achieving this goal?
- How can I help you reach your goal(s)?



Obstacle Identification Activity

Lets face it, everything we do to change financial behavior can only be effective if there aren't unknown underlying issues blocking change from occurring. These issues not only affect us financially, but in everything we do even down to personal and professional productivity. We need to be equipped to properly identify these issues and provide solutions/support to ultimately get to the the core. Use this diagram to understand the extent of the challenges clients are facing everyday. Fill the handcuffs with predatory "quick fix" products and decisions that are resulting from these barriers. (example theft, check cashing loans,etc) Then fill in the circles in with personal hardships, challenges and struggles. For example: job loss, power shut off, overdrafts, illness, childcare, depression, transportation, abuse, etc.



Question #3

What are your biggest financial obstacles or those of your clients?

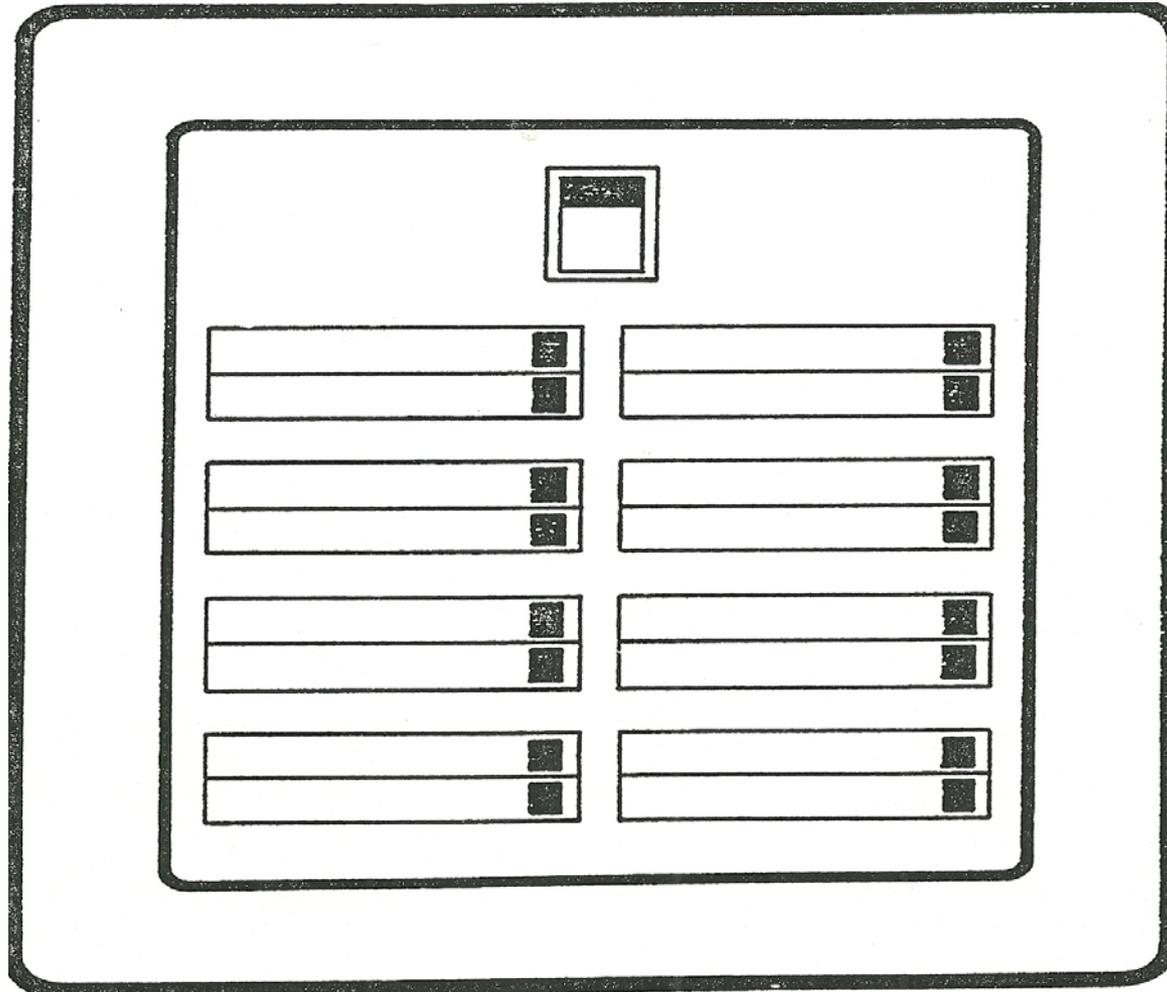


8. Identify Client “Hot Buttons” and Personalize General Information

- Gentle probing questions
 - What makes you happy?
 - Where do you want to be in 3-5 years?
 - What worries you the most about money?
 - Tell me about your family (NOT, “do you have kids?”)
- Online self-assessment tools
- Convert all recommended percentages into dollar figures (based on client’s situation)
- Consider providing an financial annual check-up:
<https://learn.extension.org/events/1316>



Client Hot Buttons



9. Provide Peer References

- People like to know **how** people like themselves are doing
- People like to know **what** people like themselves are doing
- Use median incomes, net worth figures, etc.
- Report workplace savings plan participation %
- Comparison calculator (CNN Money):
http://money.cnn.com/tools/networth_ageincome/
- “The Wealth Test” from *The Millionaire Next Door*:
 $\text{Age} \times \text{Gross Income} \div 10 = \text{Minimum Net Worth}$



The Power of Social Norms

- Goldsten et al, (2008) study of social norms to change behavior; experiment about environmental conservation program in hotels
- Telling people “the majority of guests **at this hotel** reuse their towels” proved superior to traditional appeals that focus solely on environmental protection benefits
- Even more superior results were found for the setting that closely matched participants’ immediate circumstances (“the majority of guests **in this room** reuse their towels”)

Implications

- Provide positive financial frames of reference such as % of employees participating in an employer’s retirement plan
- Provide relevant research findings about financial behaviors of Americans
- Use the “Wealth Test” from *The Millionaire Next Door*: formula based on age and income:
<http://www.bauer.uh.edu/drude/Net.Worth.Worksheet.pdf>



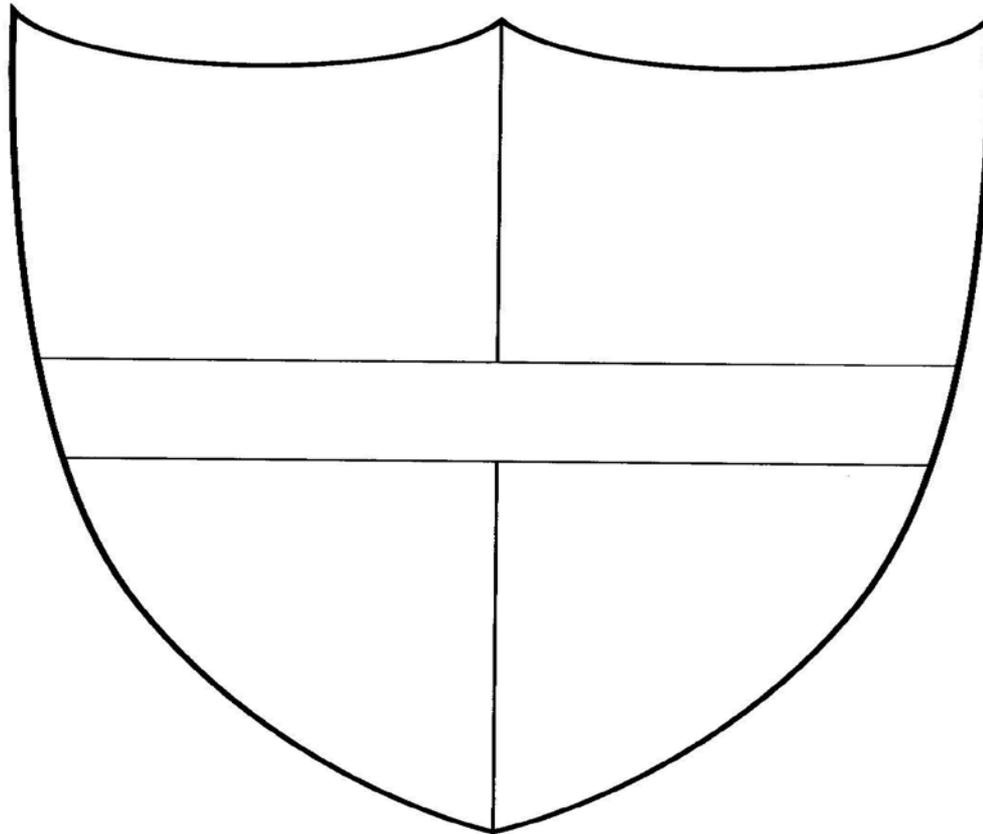
10. Build Trust and Confidence

- State repeatedly that “any results are success” (even if it’s not reaching the total goal)
- Provide comfort in uncomfortable situations
- Share your story if it is relevant to clients
- Share good “generic” client success stories
- Keep information confidential
 - “What happens in my office stays in my office”



Ice Breaker Activity: Financial Coat of Arms

Coat of Arms



Key Take-Away #4

The *Small Steps to Health and Wealth*[™] program is a resource for behavior change information and strategies



Small Steps to Health and Wealth™ Program

- Includes 25 behavior change strategies to improve *both* health and finances
- Emphasis on personal control and empowerment
- Includes worksheets for people to personally apply each behavior change strategy



<http://njaes.rutgers.edu/sshw/>

<https://learn.extension.org/events/1625#.VSfZeU0tGM8>

SSHW™ “Elevator Statement”

Small Steps to Health and Wealth™ encourages participants to make positive behavior changes to simultaneously improve their health and personal finances.



SSHW™ Framework: 25 Health & Wealth Behavior Change Strategies

- Track Your Current Behavior
- Unload Your Childhood Baggage
- Put Your Mind To It
- Commit to Making a Change
- Defy Someone or Defy the Odds
- Think Balance-Not Sacrifice
- Control Your Destiny
- Make Progress Every Day
- Get Help and Be Accountable
- Meet Yourself Halfway
- Say “No” to Supersizing
- Convert Consumption Into Labor
- Compare Yourself With Benchmarks
- Use Easy Frames of Reference
- Automate Good Habits and Create Templates
- Live “The Power of 10”
- Take Calculated Risks and Conquer Fears
- Appreciate Teachable Moments and Wake-Up Calls
- Weigh the Costs and Benefits of Changing
- Step Down to Change
- Kick It Up a Notch
- Control Your Environment
- Monitor Your Progress & Reward Success
- Expect Obstacles & Prepare For Relapses
- Set a Date & Get Started...Just Do It!



11. Defy Clients to Change or Defy the Odds

- Defiance can be a powerful motivator
- Challenge assumptions or prove someone wrong
- Make a bet and win it
- Stop being a statistic!
- Complete a Challenge to save money, etc.



12. Make Progress Everyday

- *Any* small step to improve your finances is better than doing nothing!
- Incorporate daily action steps into daily routine
- Learn something new every day about personal finance (increases consciousness-raising)

http://njaes.rutgers.edu/sshw/workbook/08_Make_Progress_Every_Day.pdf



13. Meet Yourself Halfway

- **Health:** Decrease portion sizes of favorite foods by 1/3 to 1/2 and/or increase exercise
 - Eat half as much as you do now...gradually
 - Take leftovers from restaurant meals home
- **Finances:** Reduce discretionary spending by 1/3 to 1/2 and/or increase income
 - Spend less than you do now
 - Look for less expensive options



14. Convert Consumption (Calories, Spending) Into Labor



- **Health:** How many hours of exercise are needed to burn off extra food?

– Is eating a certain food “worth the calories?”



- **Finances:** How many hours of work are needed in order to buy something (use after-tax dollars)?

– Is buying something worth the time worked?

15. Automate Good Habits and Create Templates

- **Health:** Routine health screenings, nutritional shakes and “points” programs for weight loss, short programmed workouts (e.g., Curves)



- **Finances:** Dollar-cost averaging investment deposits, employer retirement savings plan, *Save More Tomorrow* concept, direct deposit

http://njaes.rutgers.edu/sshw/workbook/15_Automate_Good_Habits_and_Create_Templates.pdf

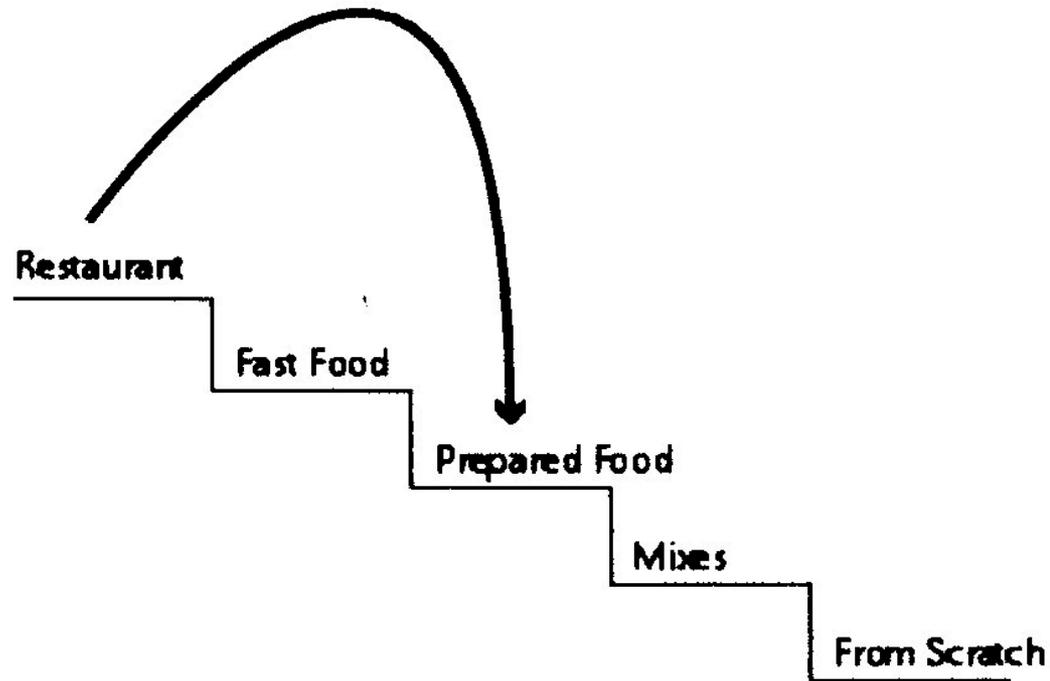
16. Live “The Power of 10”

- Save \$10 a day, week, or month
- Invest 10% of gross income annually
- Add \$1/day to minimum credit card payments
- Invest some money in stock (average 10% return)
- Other “10 multiple” advice?

http://njaes.rutgers.edu/sshw/workbook/16_Live_The_Power_of_10.pdf



17. Step Down to Change



- Don't cut out something completely
- Find a better alternative

http://njaes.rutgers.edu/sshw/workbook/20_Step_Down_to_Change.pdf

Share “Step Down” Stories



Morning Glory
A Thrift and Gift Shop

Morning Glory's \$ 5/BAG

Winter Clearance Sale is here!

Thursday April 4th – Sunday April 28th

***All Winter Clothes & Accessories**

*Specially marked items not included

Morning Glory is located at 134 Main Street (Route 206) Andover Borough, NJ. (It's the blue building right next door to the Main Street Grille/Andover Inn).

The Morning Glory Shop is a fund raising initiative of DASI Domestic Abuse and Sexual Assault Intervention Services. All profits from Morning Glory go to help survivors of domestic and sexual violence and their families in Sussex County.

For more information about DASI's services and programs please visit us at: www.dasi.org. Please find Morning Glory on Facebook at www.facebook.com/DASImorninggloryshop

We welcome donations! Donations are accepted Wednesday-Friday between the hours of 11:00-4:00 pm and weekends by appointment. For info on what Morning Glory accepts and to arrange a pick up or drop-off appointment, please call us at 973-786-0018 or email us at mgshop@dasi.org.



Morning Glory is located at:

134 Main Street

Andover, NJ

973-786-0018

Store Hours:

Wednesday-Sunday

11:00am-5:00pm



Personal Experience: Four bags @ \$5 = \$20
40 usable items @ 50 cents (jackets, shoes, suits, pants)
18 other items donated to Fire Department clothing box

18. Kick It Up a Notch!



- Pay off 6% of credit card balance instead of 3%
- Automatically increase savings at regular intervals
- Sign up for auto-escalation of savings (if available)
- Add 1/12 of mortgage payment (P & I) monthly
- Do more of anything that is already positive!
- Other “Kick it up” ideas?

http://njaes.rutgers.edu/sshw/workbook/21_Kick_it_Up_a_Notch.pdf

Help Clients “Step Down” or “Kick It Up a Notch”



Step Down

- Phase out poor habits in gradual stages
- Select less expensive alternatives
- Purchase a reduced quantity
- Buy something less frequently

Kick It Up a Notch

- Increase savings contribution by 1%
- Best times to do:
 - When expenses end
 - When pay increases

Practitioner Tip: Find out when clients are scheduled to get a raise (e.g., union contract) or bonus (e.g., end of the year)

52-Week Money Challenge

Starts with \$1 and gradually ramps up \$1 a week to 52

<http://walton.ifas.ufl.edu/fcs/files/2014/01/52-Week-Money-Challenge.pdf>

HOW TO SUCCESSFULLY SAVE \$1,378 IN 52 WEEKS!

Week	Deposit	Balance	Week	Deposit	Balance
<input type="checkbox"/> 1	\$1	\$1	<input type="checkbox"/> 27	\$27	\$378
<input type="checkbox"/> 2	\$2	\$3	<input type="checkbox"/> 28	\$28	\$406
<input type="checkbox"/> 3	\$3	\$6	<input type="checkbox"/> 29	\$29	\$435
<input type="checkbox"/> 4	\$4	\$10	<input type="checkbox"/> 30	\$30	\$465
<input type="checkbox"/> 5	\$5	\$15	<input type="checkbox"/> 31	\$31	\$496
<input type="checkbox"/> 6	\$6	\$21	<input type="checkbox"/> 32	\$32	\$528
<input type="checkbox"/> 7	\$7	\$28	<input type="checkbox"/> 33	\$33	\$561
<input type="checkbox"/> 8	\$8	\$36	<input type="checkbox"/> 34	\$34	\$595
<input type="checkbox"/> 9	\$9	\$45	<input type="checkbox"/> 35	\$35	\$630
<input type="checkbox"/> 10	\$10	\$55	<input type="checkbox"/> 36	\$36	\$666
<input type="checkbox"/> 11	\$11	\$66	<input type="checkbox"/> 37	\$37	\$703
<input type="checkbox"/> 12	\$12	\$78	<input type="checkbox"/> 38	\$38	\$741
<input type="checkbox"/> 13	\$13	\$91	<input type="checkbox"/> 39	\$39	\$780
<input type="checkbox"/> 14	\$14	\$105	<input type="checkbox"/> 40	\$40	\$820
<input type="checkbox"/> 15	\$15	\$120	<input type="checkbox"/> 41	\$41	\$861
<input type="checkbox"/> 16	\$16	\$136	<input type="checkbox"/> 42	\$42	\$903
<input type="checkbox"/> 17	\$17	\$153	<input type="checkbox"/> 43	\$43	\$946
<input type="checkbox"/> 18	\$18	\$171	<input type="checkbox"/> 44	\$44	\$990
<input type="checkbox"/> 19	\$19	\$190	<input type="checkbox"/> 45	\$45	\$1035
<input type="checkbox"/> 20	\$20	\$210	<input type="checkbox"/> 46	\$46	\$1081
<input type="checkbox"/> 21	\$21	\$231	<input type="checkbox"/> 47	\$47	\$1128
<input type="checkbox"/> 22	\$22	\$253	<input type="checkbox"/> 48	\$48	\$1176
<input type="checkbox"/> 23	\$23	\$276	<input type="checkbox"/> 49	\$49	\$1225
<input type="checkbox"/> 24	\$24	\$300	<input type="checkbox"/> 50	\$50	\$1275
<input type="checkbox"/> 25	\$25	\$325	<input type="checkbox"/> 51	\$51	\$1326
<input type="checkbox"/> 26	\$26	\$351	<input type="checkbox"/> 52	\$52	\$1378



52-Week Youth Money Challenge

Gradually ramps up from \$1 to \$5 per week

<http://www.slideshare.net/BarbaraONeill/52-week-money-challenge-for-youth0315>



52-Week Youth Money Challenge

Barbara O'Neill, Ph.D., CFP®, Rutgers Cooperative Extension
oneill@aesop.rutgers.edu

Weeks of the Challenge	Amount of Savings Per Week in Dollars (or Other Currency)	Amount Saved	Total Amount Saved
Weeks #1-#10 Dates:	\$1.00	\$10.00	\$10.00
Weeks #11-#20 Dates:	\$2.00	\$20.00	\$30.00
Weeks #21-#30 Dates:	\$3.00	\$30.00	\$60.00
Weeks #31-#40 Dates:	\$4.00	\$40.00	\$100.00
Weeks #41-#50 Dates:	\$5.00	\$50.00	\$150.00
Week #51: Optional Birthday Gift Savings Date:	\$25.00	\$25.00	\$175.00
Week #52: Optional Holiday Gift Savings Date:	\$25.00	\$25.00	\$200.00
Optional 50% Match by Parent, Grandparent, etc. Date:	\$100.00	\$100.00	\$300.00



19. Control Your Environment

- Remove cues for unhealthy practices
- Add prompts for healthy practices
- Set yourself up to succeed
 - Avoid temptation
 - Reminders and warning signs
 - Rearrange things
 - Break the chain early
 - Anticipate difficult situations



20. Expect Obstacles and Prepare for Relapses

- Obstacles and relapses should be expected
- Identify obstacles and plan to overcome them
 - Time pressures
 - Social pressures
- Control everything you can
- Regroup and move on after a relapse



Question #4

Which behavior change strategy do you like the most and why?



Set a Date to Change Behavior

- Take the time to prepare properly
- Identify and address obstacles
- Set a realistic start or quit date
- “Go public” with your commitment to change
- Consider a “commitment contract”
- *Then...* “just do it!”



Behavior-Change Contract

Name: _____

Health Goals: _____

I commit to take the following actions to reach my *health* goals:

1. _____
2. _____
3. _____
4. _____

Wealth Goals: _____

I commit to take the following actions to reach my *wealth* goals:

1. _____
2. _____
3. _____
4. _____

Self-Changer's Signature _____ Date _____

Witness Signature _____ Date _____



Key Take-Away #5

Financial practitioners should change a behavior of their own before trying to change others

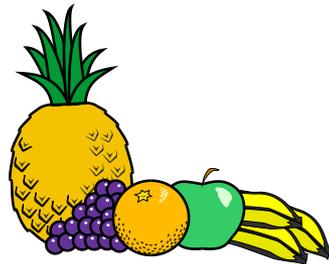
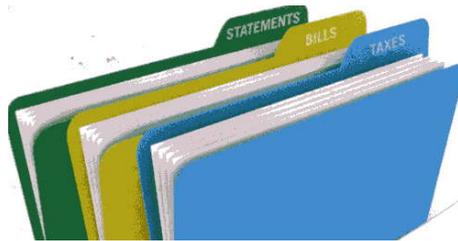


Practitioner Suggestion: “Walk The Talk” Yourself (Complete a Personal Behavior Change)



Why?

Makes you understand how hard change is and gives you a success story to share



“Street Cred”: I “Walked the SSHW™ Talk”

- BMI of 27 (overweight) to normal weight
- Lost > 30 lbs. and 22% of body weight
- Fit physical activity into 3-hour R/T commute
- Continued wealth accumulation strategies



Question #5

What is the most difficult behavior change you made in the last 5 years?



“To Do List” to Motivate Clients

- Determine client’s stage of readiness to change
- Counter common behavioral finance errors
- Help clients save time: narrow choices and curate information
- Automate positive financial behaviors
- Foster an internal LOC and optimistic outlook
- Help clients address obstacles
- Personalize general advice: use dollars and not percentages
- Stress that small steps make a difference
- Be sensitive to cultural influences on financial behaviors:
<https://learn.extension.org/events/1556#.VSfZK00tGM8>



Resource



Journal Article:

Rowley, M.E., Lown, J.M., & Piercy, K. W. (2012). Motivating Women to Adopt Positive Financial Behaviors. *Journal of Financial Counseling and Planning*, 23(1), 47- 62.

http://afcpe.org/assets/pdf/v23_47-62.pdf

Resource



Journal Article:

Xiao, J.J., Newman, B. M., Prochaska, J.M., Leon, B., Bassett, R. L., & Johnson, J.L. (2004). *Journal of Financial Counseling and Planning*, 15(2), 89-100.

<http://afcpe.org/assets/pdf/vol1529.pdf>

Resource



Conscientiousness Quiz

- *How Conscientious Are You?* online quiz
- 20 questions; takes < 5 minutes to complete
- Provides personalized feedback and analysis

<http://www.oprah.com/money/Jean-Chatzkys-How-Conscientious-Are-You-Quiz>

Resource



Locus of Control Quiz

- *The Locus of Control* online quiz
- Based on research by Rotter
 - J.B. Rotter (1966). Generalized expectancies for internal versus external control of reinforcement, Psychological Monographs, 80, (1, Whole No. 609).
- 13 questions; takes < 5 minutes to complete
- Provides personalized feedback and analysis

<http://www.psych.uncc.edu/pagoolka/LocusofControl-intro.html>

Key Take-Aways



- Positive financial behaviors take planning and effort
- Research theories/models and psychological concepts are useful to understand financial behavior change
- Financial practitioners have a toolkit of strategies to motivate clients to improve their finances
- The *Small Steps to Health and Wealth*TM program is a resource for behavior change information and strategies
- Financial practitioners should change a behavior of their own before trying to change others

Key Take-Away Applications



- Help people develop a realistic action plan to improve their finances; be an “accountability partner”
- Consider behavior change research models and theories in financial education and counseling efforts
- Use one or more motivational strategies discussed in this webinar
- Review *Small Steps to Health and Wealth*[™] program materials
- Make a personal behavior change during the next few months



MILITARY FAMILIES LEARNING NETWORK

Final Questions? Comments?

For follow-up questions and contact:

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Twitter: @moneytalk1



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Dr. Barbara O'Neill*

Upcoming Webinars:

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Financial Therapy Insights for Financial Counseling and Education, Dr. Mary Bell Carlson
- Thursday, 11 a.m. ET:
Step by Step Financial Coaching Techniques, Jerry Buchko

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