

About money coaches

By JED LEVENE

Earlier this year, I was reading an industry publication that was praising the accolades of Canada's greatest financial visionaries. One that really stood out to me was a lady named Sheila Walkington, who was interviewed by CBC in 2004 as one of Canada's first money coaches.

I was very happy to see that Walkington had trained and mentored a certified financial planner in Barrie who is spreading the mission of positive cash flow for Canadian families. Karen Collacutt works with families from all over Canada to help them get their personal finances under control.

Collacutt was a financial advisor offering investments and insurance to clients, but what she found was that many times clients were putting the cart ahead of the horse, meaning they made good incomes and should be investing in personal financial products, but despite their healthy incomes, many were spending more each month than they were taking in.

"Most of my clients are making good incomes, yet they find they are still living paycheck to paycheck," says Collacutt. Surprisingly, these are the people she works with most often. Individuals making good incomes, but are not sure where all of it is going and are feeling a little frustrated and lost.

Collacutt states: "There are many resources out there for people who are on the verge on bankruptcy, yet not very much to help people who just aren't sure where all their money is going."

Most of her clients spend more than they take in each month. This ranges anywhere from \$100-\$2,000 of negative cash flow monthly.

Most people would assume that all these people need is a budget. But the fact is that a budget is static, just a snapshot in time. When Collacutt works with clients, they create a dynamic spending and savings plan that is monitored by the clients every time a paycheck comes in. Basically, each dollar is accounted for as soon as it is deposited in the bank account. This allows people to feel empowered because they are deciding where their money is going as opposed to reacting to why it is gone.

"The core of the whole program is cash flow. If you have a handle on your cash flow, you can make decisions concerning all other areas of your life. It's about getting clients to connect with their money in a personal way," Collacutt says.

One thing that is different about money coaching is that money coaches not only create a plan, but work with clients to implement and maintain the plan. This becomes particularly important in the first few months where clients test what is and is not working with the plan and make changes as necessary. The biggest challenge clients face is the change in behaviour, so there is a huge need for accountability and support in the early stages.

Generally, people would work with a money coach for four months. After an initial consultation, both parties decide if this is something that will work for them. After gathering information and creating a draft plan, clients test the plan to ensure it is something they can stick to. Aside from the cash-flow management side, clients set goals such as a family vacation or a special purchase. This way, each month they can decide if, for example, they wish to spend \$75 going out for dinner or would they rather put that money in their vacation fund.

If you have any questions about money coaching or are wondering if it is right for you, you can visit www.moneycoachescanada.ca