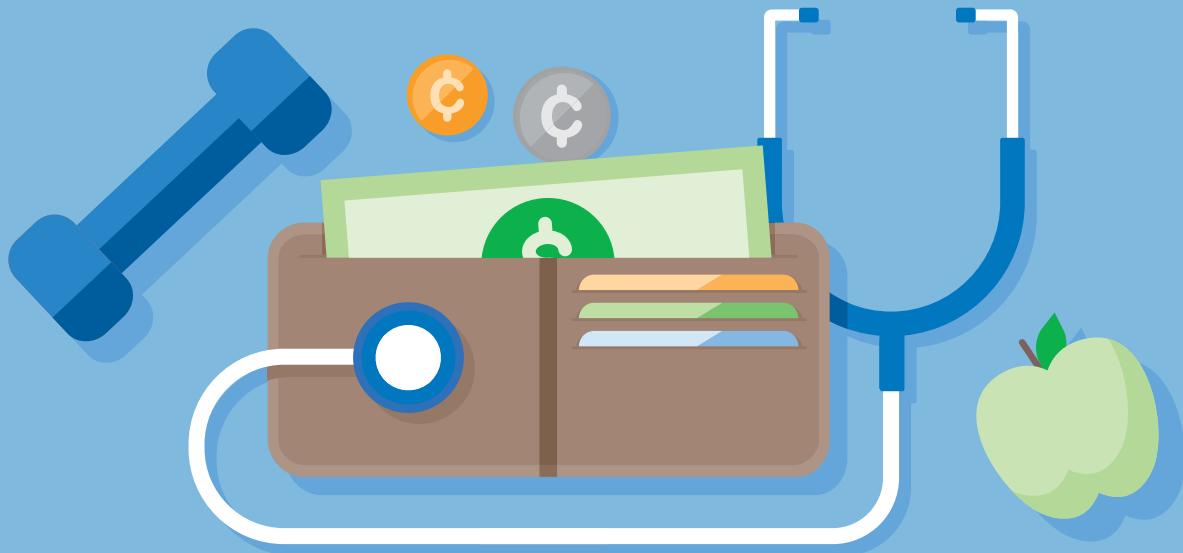


January 2019



Getting started with measuring financial well-being

A toolkit for financial educators

About this toolkit

Financial well-being is the ultimate goal of financial education. Financial well-being describes a condition where a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow them to enjoy life. To help individuals improve their financial well-being, financial education practitioners first must be able to measure it.

This toolkit provides an introduction to the Bureau's Financial Well-Being Scale—a short, validated survey that allows a comparison of financial well-being across individuals and over time. By using the scale, financial education practitioners can:

- Measure, track, and compare client financial well-being;
- Facilitate conversations about financial concerns, challenges, and goals that may influence or reflect financial well-being; and
- Evaluate and improve programs designed to enhance the financial well-being of consumers.

The scale is free and publicly available. It is increasingly being incorporated into financial education practices and included in national surveys.

This guide will walk you through:

Section 1: What is financial well-being?.....	Page 3
Section 2: How do you measure financial well-being?	Page 5
Section 3: How do you interpret the score?	Page 13
Section 4: How can you use the scale in your work?	Page 19

This toolkit also provides:

Section 5: Case studies.....	Page 25
Section 6: Resources.....	Page 31

About the BC FP

The Bureau of Consumer Financial Protection is a federal agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives.

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What is financial well-being?

Financial educators, coaches and other practitioners work to help people improve their financial well-being. But what is financial well-being and how can it be measured?

To answer these questions, the Bureau's research team listened to people around the country talk about what financial well-being means to them. What emerged from these conversations is that financial well-being is determined by the extent to which an individual feels that he or she:

- Has control over day-to-day, month-to-month finances;
- Has the capacity to absorb a financial shock;
- Is on track to meet his or her financial goals; and
- Has the financial freedom to make the choices that allow him or her to enjoy life.

While specific goals and visions of the good life may vary from individual to individual, these four elements reflect two common and consistent themes: security and freedom of choice, in the present and for the future. These **four elements of financial well-being** are illustrated below.¹

	Present	Future
Security	Control over your day-to-day, month-to-month finances	Capacity to absorb a financial shock
Freedom of choice	Financial freedom to make choices to enjoy life	On track to meet your financial goals

¹ This definition was developed as part of research conducted by the Bureau in 2015, available at www.consumerfinance.gov/data-research/research-reports/financial-well-being/ and listed in the Resources section.

TIP

Not surprisingly, financial well-being is closely related to other financial measures, such as level of savings, ability to make ends meet and credit standing. However, financial well-being goes beyond these traditional financial measures to capture how people feel about their financial circumstances.

How can your work influence financial well-being?

There are multiple factors that affect an individual's financial well-being, some of which are within a person's control and some of which are not. There is, however, increasing evidence that **positive financial behaviors** may improve the financial situation of individuals, which in turn, may improve financial well-being. Evidence also suggests that **strong financial skills** and financial self-efficacy—that is, confidence in one's ability to achieve financial goals—can improve financial behavior. The Bureau's research shows that financial well-being is a good reflection of financial situation even though it is not a direct measure of financial situation.²



² See the report "Pathways to financial well-being," available at www.consumerfinance.gov/data-research/research-reports/pathways-financial-well-being/ and listed in the Resources section

How do you measure financial well-being?

The Financial Well-Being Scale helps financial educators measure financial well-being, providing a quick but holistic way of understanding how an individual feels about their financial situation. The scale is available in English and Spanish.

The scale, which was developed and rigorously tested by the Bureau, has two parts:

- 1. The questions:** The questionnaire contains 10 questions that capture how individuals feel about their financial security and freedom of choice plus two questions to assist with scoring. The questionnaire wording has been tested with people of all ages.
- 2. A scoring worksheet:** Responses to the questions can be converted into an overall financial well-being score between 0 and 100. The financial well-being score provides a common metric that allows a comparison of financial well-being across individuals and over time.

Using the questions and scoring sheet, you can measure financial well-being in three steps.

① Five question version

The Bureau also developed an abbreviated version of the scale.

The abbreviated scale asks five of the questions in the 10-question version (questions 3, 5, 6, 8, and 10). It is scored in a similar way as the standard version but uses a different scoring worksheet. The standard version is more precise and may provide more insight into an individual's financial well-being, but both can be used to generate a score.

The abbreviated questionnaire and scoring worksheet version are available at <https://www.consumerfinance.gov/data-research/research-reports/financial-well-being-scale/>



CFPB FINANCIAL WELL-BEING SCALE Questionnaire

NAME OR NUMBER _____

Part 1: How well does this statement describe you or your situation?

This statement describes me	Completely	Very well	Somewhat	Very little	Not at all
1. I could handle a major unexpected expense	<input type="checkbox"/>				
2. I am securing my financial future	<input type="checkbox"/>				
3. Because of my money situation, I feel like I will never have the things I want in life	<input type="checkbox"/>				
4. I can enjoy life because of the way I'm managing my money	<input type="checkbox"/>				
5. I am just getting by financially	<input type="checkbox"/>				
6. I am concerned that the money I have or will save won't last	<input type="checkbox"/>				

Part 2: How often does this statement apply to you?

This statement applies to me	Always	Often	Sometimes	Rarely	Never
7. Giving a gift for a wedding, birthday or other occasion would put a strain on my finances for the month	<input type="checkbox"/>				
8. I have money left over at the end of the month	<input type="checkbox"/>				
9. I am behind with my finances	<input type="checkbox"/>				
10. My finances control my life	<input type="checkbox"/>				

Part 3: Tell us about yourself.

11. How old are you?	<input type="checkbox"/> 18-61	<input type="checkbox"/> 62+
12. How did you take the questionnaire?	<input type="checkbox"/> I read the questions	<input type="checkbox"/> Someone read the questions to me

Step 1: Collect responses to the questionnaire.

An individual can answer the questions on their own or you can read the questions aloud.

Be sure to:

- **Test out the scale.** During its development, the scale was tested on a diverse pool of individuals. However, if you are concerned about how the people you serve might react, test it out on one or two of your clients before adopting it more widely in your practice.
- **Allow people to interpret the questions for themselves.** Don't reword or tell people what questions mean. The design and validation of the scale is based on allowing people to determine what the questions mean for themselves.
- **Give people the choice to complete the questionnaire and assure them their responses will be kept confidential.** This will help people feel more comfortable responding honestly to the statements on the scale.
- **Try the online version.** You can complete the online questionnaire with people you serve or ask them to complete it independently and receive a score instantly. The online version is located at: www.consumerfinance.gov/consumer-tools/financial-well-being/

Example: Using the scale with a new person

Ana comes to her first coaching session eager to work on her finances and improve her credit. After talking to her for a few minutes, you administer the 10-question Financial Well-Being Scale as part of the routine new client data collection process. You reassure Ana that the scale is something "we do for everyone" and remind Ana that she is in a "judgement-free space" prior to going through the questions.

You read the questions to Ana and she selects a response for each question from the options provided. The questions often prompt her to share more details about some aspect of her personal finances. You probe for further information and note coaching opportunities based on Ana's responses – for example, "It sounds like you want to work on increasing your credit score." It takes about 10 minutes to complete the questionnaire.

When Ana finishes answering all of the questions, you thank her and share that you plan to repeat this scale throughout your coaching relationship.

About the image below: After collecting responses to the questionnaire, use the scoring worksheet to calculate the total response value. See Step 2 on the next page.

CFPB FINANCIAL WELL-BEING SCALE						NAME OR NUMBER
Scoring worksheet						
1. Select the person's answers, record the response value in the right hand column and add up the total values for each part of the questionnaire.						
This statement describes me	Completely	Very well	Somewhat	Very little	Not at all	Response value
1. I could handle a major unexpected expense	4	3	2	1	0	
2. I am securing my financial future	4	3	2	1	0	
3. Because of my money situation, I feel like I will never have the things I want in life	0	1	2	3	4	
4. I can enjoy life because of the way I'm managing my money	4	3	2	1	0	
5. I am just getting by financially	0	1	2	3	4	
6. I am concerned that the money I have or will save won't last	0	1	2	3	4	
Part 1 subtotal: _____						
This statement applies to me	Always	Often	Sometimes	Rarely	Never	Response value
7. Giving a gift for a wedding, birthday or other occasion would put a strain on my finances for the month	0	1	2	3	4	
8. I have money left over at the end of the month	4	3	2	1	0	
9. I am behind with my finances	0	1	2	3	4	
10. My finances control my life	0	1	2	3	4	
Part 2 subtotal: _____						
Total response value: _____						

Step 2. Calculate the total response value.

- Using the first page of the scoring worksheet, for each question, enter the response value (the number from 0-4 that corresponds to the client's response) into the right-hand column.
- Add up these response numbers to get a total response value.
- This is only the total response value. It is not the financial well-being score.
- Individuals must answer all of the questions to get a score.

Be sure to:

- **Double-check your addition.** After assigning a numeric value to each response, you need to add up the numbers to calculate a total of all of the values.
- **Look carefully at response values.** Responses (such as "completely" or "not at all") correspond to different numbers depending on the question. For example, sometimes a response of "completely" receives a value of 4 (in questions 1, 2, 4, and 8) and in other instances, it receives a value of 0 (in questions 3, 5, 7, and 9).

Example: Add up the response values

After Ana leaves, you begin to calculate her score using the scoring worksheet. First, you look at how she answered the questions, then you assign the appropriate response value based on her answers. Then you add up all of the response values.

Her total response value is 36, but this is not her financial well-being score. You'll calculate her score in Step Three, described on page 11.

This statement describes me	Completely	Very well	Somewhat	Very little	Not at all	Response value
1. I could handle a major unexpected expense	4	3	2	1	0	4
2. I am securing my financial future	4	3	2	1	0	4
3. Because of my money situation, I feel like I will never have the things I want in life	0	1	2	3	4	4
4. I can enjoy life because of the way I'm managing my money	4	3	2	1	0	4
5. I am just getting by financially	0	1	2	3	4	4
6. I am concerned that the money I have or will save won't last	0	1	2	3	4	2
Part 1 subtotal:						22
This statement applies to me	Always	Often	Sometimes	Rarely	Never	Response value
7. Giving a gift for a wedding, birthday or other occasion would put a strain on my finances for the month	0	1	2	3	4	3
8. I have money left over at the end of the month	4	3	2	1	0	4
9. I am behind with my finances	0	1	2	3	4	4
10. My finances control my life	0	1	2	3	4	3
Part 2 subtotal:						14
Total response value:						36

About the image below: After calculating the total response value, use page 2 of the scoring worksheet to look up the final score. See Step 3 on the next page.

2. Find the financial well-being score

How old is the person?
 18-61 62+

How did the person take the questionnaire?
 Self-administered
 Administered by someone else

Because scores vary based on age and how the questionnaire was administered, you must convert the total response value to a financial well-being score.

- a. Find the row that corresponds to the total response value.
- b. Follow that row across to the column that corresponds to the person's age and how the questionnaire was administered.
- c. Record the final score.

Financial well-being score: _____

Learn more at
consumerfinance.gov/financial-well-being



Total response value	Questionnaire self-administered		Questionnaire administered by someone else	
	18-61	62+	18-61	62+
0	14	14	16	18
1	19	20	21	23
2	22	24	24	26
3	25	26	27	28
4	27	29	29	30
5	29	31	31	32
6	31	33	33	33
7	32	35	34	35
8	34	36	36	36
9	35	38	38	38
10	37	39	39	39
11	38	41	40	40
12	40	42	42	41
13	41	44	43	43
14	42	45	44	44
15	44	46	45	45
16	45	48	47	46
17	46	49	48	47
18	47	50	49	48
19	49	52	50	49
20	50	53	52	50
21	51	54	53	52
22	52	56	54	53
23	54	57	55	54
24	55	58	57	55
25	56	60	58	56
26	58	61	59	57
27	59	63	60	58
28	60	64	62	60
29	62	66	63	61
30	63	67	65	62
31	65	69	66	64
32	66	71	68	65
33	68	73	70	67
34	69	75	71	68
35	71	77	73	70
36	73	79	76	72
37	75	82	78	75
38	78	84	81	77
39	81	88	85	81
40	86	95	91	87

Step 3. Convert the total response value to a financial well-being scale score.

- Using the second page of the scoring worksheet, locate your client's total response value in the first column.
- Follow that row across to the appropriate column based on your client's age group (18-61 or 62+) and whether or not the respondent read the questionnaire to themselves ("self-administered"), or had the questions read to them by you or someone else ("administered by someone else").
- This will give you the respondent's financial well-being score.

Be sure to:

- Look up the total score in the correct column.** The Bureau found that financial well-being as measured on this questionnaire differed based on the respondent's age (18-61, 62+) and the method of completing the questionnaire (alone or administered by someone else). As a result, the score will only be accurate if you use the correct column in the table.

Example: Coming up with the final score

In the third and final step, you use the lookup table to determine Ana's financial well-being score. Because she is 65 years old and you read the questions to her, you look in the fourth column on the worksheet to find her score.

Ana's financial well-being score is 72.

Total response value	Questionnaire self-administered		Questionnaire administered by someone else	
	18-61	62+	18-61	62+
0	14	14	16	18
1	19	20	21	23
2	22	24	24	26
3	25	26	27	28
4	27	29	29	30
5	29	31	31	32
6	31	33	33	33
7	32	35	34	35
8	34	36	36	36
9	35	38	38	38
10	37	39	39	39
11	38	41	40	40
12	40	42	42	44
13	41	44	43	43
14	42	45	44	44
15	44	46	45	45
16	45	48	47	46
17	46	49	48	47
18	47	50	49	48
19	49	52	50	49
20	50	53	52	50
21	51	54	53	52
22	52	56	54	53
23	54	57	55	54
24	55	58	57	55
25	56	60	58	56
26	58	61	59	57
27	59	63	60	58
28	60	64	62	60
29	62	66	63	61
30	63	67	65	62
31	65	69	66	64
32	66	71	68	65
33	68	73	70	67
34	69	75	71	68
35	71	77	73	70
36	73	79	76	72
37	75	82	78	75
38	78	84	81	77
39	81	88	85	81
40	86	95	91	87

How do you interpret the score?

The financial well-being score allows you to accurately and consistently quantify the extent to which people's financial situations and financial capability have provided them with security and freedom of choice. Once you've calculated the score for a person, you can use the score to understand the person's current state of financial well-being and compare the person's score to others.

On the following pages, there are two benchmarking tools to help place your client's score in greater context.

- 1. Score ranges:** This tool provides ranges of scores and typical characteristics of people who fall in those ranges.
- 2. Scores for select comparison groups:** This tool provides distributions of scores for people by age and income, to help you compare a person's score to other people of similar age and income.

TIP

Consider whether, and how, to share the score with the people you serve. While the score is a valuable tool to measure a person's financial well-being, it may not always be useful to share the score with people. Depending on the person and the context, sharing the score could lead to a person feeling anxious or upset, or it could motivate the person. Before sharing the score, consider how the person might react, and whether sharing the score would help or hinder a person's sense of financial well-being.

How the benchmarks were developed

The benchmarks are based on an analysis of the National Financial Well-Being Survey, a large, national survey of adults ages 18 and older in the United States.³ The survey included the Financial Well-Being Scale questions as well as other questions about demographic characteristics, financial situation, financial skill, and behaviors. The benchmarks came from using the survey dataset to analyze scores in light of many personal characteristics and situational measures.

Key break points in Financial Well-Being Scores in the U.S. adult population formed the end points of **score ranges**. The facts listed for each range describe common challenges and successes experienced by individuals in each range.

To create the **scores for select comparison groups** the survey data was divided into 25 age and income categories and the distribution of scores for each subgroup was analyzed.

³ For more details on the national Financial Well-Being Survey, see consumerfinance.gov/data-research/research-reports/financial-well-being-america/.

Score ranges

Financial well-being describes how someone feels about their financial security and freedom of choice, today and for the future.

How to use this information:

The financial well-being score ranges below are designed to give you a sense of whether a person has high, medium, or low financial well-being. The chart also describes financial experiences common to people with these scores. Within each range, financial experiences vary widely, so a person may or may not experience the challenges or successes shown in the chart. However, these characteristics may help provide meaning to the scores by giving you a general sense of the financial conditions of individuals in each score range.

Score ranges

VERY LOW 0-29	LOW 30-37	MEDIUM LOW 38-49	MEDIUM HIGH 50-57	HIGH 58-67	VERY HIGH 68-100
People in these ranges tend to experience the following:					
<ul style="list-style-type: none">Just 5% are certain they could come up with \$2,000 for an emergency.Most (82%) sometimes or often experience food insecurity or food hardship.Almost all (96%) find it somewhat or very difficult to make ends meet.	<ul style="list-style-type: none">Few (23%) habitually save and only some (38%) have more than \$250 in liquid savingsJust 12% always stay on budgetNearly half (45%) have experience with debt collectors.	<ul style="list-style-type: none">Most (60%) have minimal savings of \$250 or more, but only 30% have \$2,000 or moreAlmost all (80%) find it somewhat or very difficult to make ends meet.Some (32%) have had a credit application rejected or are concerned about credit rejection.	<ul style="list-style-type: none">More than half (55%) have automated deposits into a savings or retirement account.A minority (32%) always pay off credit cards in full.Few (16%) sometimes or often experience food insecurity or hardship.	<ul style="list-style-type: none">The vast majority (81%) are certain they could come up with \$2,000 for an emergency.Just 35% always stay on budget.Very few (6%) have experienced a credit rejection or are concerned about credit rejection.	<ul style="list-style-type: none">Most have high levels of savings; 80% have \$10,000 or more in liquid savings.The majority (69%) make automated deposits into a savings or retirement account.Most (81%) have health insurance.

The information in this graphic, including the development of the ranges and the facts about typical experiences, came from the national Financial Well-Being Survey. For more information, see consumerfinance.gov/data-research/research-reports/financial-well-being-america/.

Scores for select comparison groups

Financial well-being can vary with a person's characteristics, including annual household income and age. You may want to compare a person's financial well-being score to the scores of similar individuals rather than to the scores of people overall. The table on the following page allows you to compare a financial well-being score to the scores of others of similar income and age.^{4,5}

In the table:

- Annual household income and age groups are shown in rows.
- The average score column allows you to see whether a particular financial well-being score is above, below, or near the national average compared to the reference income and age group.
- The percentile columns give more detail about where a score falls relative to scores for the same income and age group:
 - Near the bottom of the range (10th to 25th percentile)
 - In the middle (around the 50th percentile)
 - Near the top of the range (75th to 90th percentile)

Example: Find comparison scores

You are working with a 25-year-old individual whose income is under \$30,000. Her score is a 40 on the Financial Well-Being Scale.

By finding her income and age group in the comparison table, you can see that her score of 40 falls below average for her age and income group and within the 25th and 50th percentiles. Understanding that a large percentage of people with similar ages and incomes have higher scores may provide helpful context for setting her goals and developing an action plan for meeting those goals.

4 The values presented in the table are based on annual household income, age, and financial well-being scores from a representative national sample of adults ages 18 and older in the United States. For more details on the survey sample, see "How do you interpret the score?"

5 For an accurate comparison, it is important that you administer and score the Financial Well-Being Scale correctly. Please see "How do you measure financial well-being?" for guidance.

ANNUAL HOUSEHOLD INCOME GROUP	AGE GROUP	AVERAGE SCORE	10TH PERCENTILE	25TH PERCENTILE	50TH PERCENTILE	75TH PERCENTILE	90TH PERCENTILE
Less than \$30,000	Ages 18-29	45	26	37	46	53	60
Less than \$30,000	Ages 30-44	45	25	36	46	52	60
Less than \$30,000	Ages 45-61	45	29	36	44	52	61
Less than \$30,000	Ages 62-71	51	33	43	50	59	66
Less than \$30,000	Ages 72 and older	53	38	46	51	59	67
\$30,000 - \$49,999	Ages 18-29	48	29	41	48	55	62
\$30,000 - \$49,999	Ages 30-44	47	31	38	49	55	61
\$30,000 - \$49,999	Ages 45-61	50	32	40	50	57	66
\$30,000 - \$49,999	Ages 62-71	56	40	47	54	63	73
\$30,000 - \$49,999	Ages 72 and older	58	45	51	57	65	74
\$50,000 - \$74,999	Ages 18-29	52	39	44	50	59	67
\$50,000 - \$74,999	Ages 30-44	52	36	45	51	59	64
\$50,000 - \$74,999	Ages 45-61	53	39	46	52	58	67
\$50,000 - \$74,999	Ages 62-71	61	46	53	60	68	79
\$50,000 - \$74,999	Ages 72 and older	64	49	56	62	71	80
\$75,000 - \$99,999	Ages 18-29	52	34	44	52	58	67
\$75,000 - \$99,999	Ages 30-44	54	39	46	54	62	69
\$75,000 - \$99,999	Ages 45-61	55	40	47	56	63	70
\$75,000 - \$99,999	Ages 62-71	64	49	55	62	71	80
\$75,000 - \$99,999	Ages 72 and older	66	51	57	64	72	81
\$100,000 or more	Ages 18-29	55	41	48	55	61	67
\$100,000 or more	Ages 30-44	59	44	51	59	66	73
\$100,000 or more	Ages 45-61	60	45	52	60	67	74
\$100,000 or more	Ages 62-71	68	52	59	66	75	85
\$100,000 or more	Ages 72 and older	72	57	63	69	81	88

How can you use the scale in your work?

Financial education practitioners use the Financial Well-Being Scale (the Scale) and the score it generates to measure something important that other traditional measures for example, savings and credit scores) may not capture – how people feel about their financial situation. Financial education organizations are using the scale in a variety of ways to improve their services and programs.

Measure individual well-being and progress

Some practitioners track peoples' scores and answers to each question over time to assess changes. Other practitioners compare scores for different groups of people.

You can:

- Administer the scale at intake and at regular intervals throughout your sessions.
- Save individual responses and scores so that you can review changes over time and compare with others.
- Compare the scores of the people you serve to national data and benchmarks the Bureau created.

TIP

Ask all the questions: If you plan on using the score, it is important that you ask all the questions on the scale. Skipping even one question skews the score and provides inconsistent data.

Facilitate one-on-one conversations

Financial educators have found that the scale is a helpful conversation starter. Some practitioners find it useful to talk to people about their responses to specific questions, or about their overall financial well-being scores as a way to broach possibly challenging conversations about their financial concerns, aspirations, and needs.

You can:

- Review the scale responses and score with the person.
- Notice when the questions make clients feel anxious and when the questions inspire confidence.
- Be prepared for people to react emotionally to some of the questions.

Facilitate group conversations

Some practitioners use the scale to guide group discussions in a workshop setting. Reflecting on the questions that are part of the scale helps attendees engage with financial education material more deeply. Practitioners use the scale questions to introduce topics and encourage discussion.

You can:

- Ask workshop attendees to complete the scale before the workshop starts either as a handout or before coming to the workshop.
- Reference relevant scale questions for particular education topics, for example “I am concerned that the money I have or will save won’t last,” when talking about savings.
- Be aware that people may feel hesitant to share their answers with a group or may be guarded about their responses.

TIP

Listen and be patient and supportive. By listening and being patient, you can help create a supportive environment for the person to share their feelings and experiences.

TIP

Avoid judgment. Ask open-ended questions about the person’s responses to the statements, like “Tell me more about what you are feeling,” and “Why do you feel that way?”

TIP

Do it first. If possible, administer the scale to participants prior to starting a workshop. This may help participants more fully engage with workshop material.

Evaluate and improve programs

Using the scale, and the scores it generates, can help you design more effective programs. Many practitioners periodically reflect on what they learn from using the scale and use this knowledge to inform their programs.

You can:

- Develop coaching prompts or materials for people based on their responses to the scale questions.
- Review educational materials to see if they align with what you have learned about the financial well-being of the people you serve.
- Reflect on how individuals' financial well-being has changed over time based on program activities.

Measure and compare programs

Program managers, funders and individual financial educators use the scores to compare people in different kinds of programs. The standardization of the scale makes the scores comparable across individuals and over time, which can yield insights about people in different programs.⁶

You can:

- Report and share the scores of the people you serve with other programs and/or with funders (anonymously or de-identified).
- Discuss scores in peer networks to understand how the people you serve compare with those of other organizations providing similar services or working with similar populations.
- Compare scores and responses of people being served by different programs within an organization (such as participants at different workshops).
- Compare scores to survey data. The scale is increasingly being used by researchers to assess financial well-being in large national surveys.⁷

TIP

Integrate with other data.

If possible, integrate the scale with your existing data collection tools, process, and systems. Having all data together with other information about the people you serve will make it easier to analyze.

TIP

Use the scale consistently.

Administer the scale the same way every time. This helps ensure that you are gathering a consistent set of data.

⁶ For research and large-scale data collection, please refer to the User guide and Scale technical report referenced in the Resources section.

⁷ For example, the 2017 Survey of Household Economics and Decisionmaking and the 2016 FINRA Financial Capability Survey.

How can you integrate the scale with other data collection?

The scale was designed to be a complement to, not a substitute for, other program metrics and outcome measures. Practitioners often collect a range of data about their clients to understand their circumstances and progress. The scale complements these other measures, offering new insights into clients' financial situations.

Is the scale all I need to measure a person's financial status?

Most practitioners find it helpful to integrate the scale with other data collection tools and processes. Other data collection processes might include pulling a credit report or score, or administering survey questions about financial knowledge or behaviors. Some practitioners develop their own tools, while others base their data collection on suggestions from a funder or network.

(i) Many practitioners also use the Financial Capability Scale (FCS) developed by researchers at the University of Wisconsin

The FCS complements the Financial Well-Being Scale nicely because the two scales measure similar but distinct concepts. The FCS focuses on financial behavior and activity whereas the Financial Well-Being Scale is designed to assess perceptions and feelings. Like the Bureau's scale, the FCS is an easy-to-administer, short survey that has been tested for reliability and validity and was developed with input from financial practitioners. Answers to the six questions also produce a score which can be compared over time and for different people. For more information about the FCS see: <https://fyi.uwex.edu/financialcoaching/measures/>

How can I integrate the scale with other instruments?

There are a few things to keep in mind if you are planning to administer the scale as part of a longer data collection process or an existing questionnaire.

Do not pick and choose questions. The scale questions have been carefully chosen and validated. If length is a concern, consider using the five-question version of the Scale.⁸ You can calculate a Score using either the five- or 10- question version, but only if you ask and get answers to all of the questions.

- **Do not change the wording.** Keep the scale questions in the same order and with the same wording as developed by the Bureau. Use the same response labels ("Always", "Sometimes", etc.). It is important to keep the scale as is, because the questions have been validated in this way. If you make changes, your data may not be comparable to the national survey data or to data collected by other programs. Feel free to put on your own logo or to change the font or look of the survey.
- **Do calculate a score.** Calculating a score allows you to compare financial well-being for people over time and to others. All you need to calculate a score is the client's responses and the scoring worksheet.
- **Do consider adding the scale to electronic data systems.** Many practitioners have added fields in their databases and client management systems to store scale responses and scores. This makes it easy for coaches and program managers to review a client's financial well-being in conjunction with other client data.

8 The 5-question scale and scoring worksheet are located at <https://www.consumerfinance.gov/data-research/research-reports/financial-well-being-scale/>

Case studies

Case Study 1: How one financial coaching organization uses the scale to facilitate conversation

mpowered is a financial coaching and education organization with a staff of 18, including 11 certified financial coaches. Coaches have been using the scale since 2016.

Coaches at mpowered⁹ use the scale in one-on-one coaching sessions to facilitate conversations and measure client well-being and progress. The scale also allows mpowered's data specialist and program director to evaluate and improve programs.

- **Facilitate conversations:** The process of discussing the client responses to each question on the scale helps mpowered's coaches develop a more complete understanding of their clients' circumstances.
- **Measure client well-being and progress:** The scale helps mpowered's coaches measure clients' progress and determine whether adjustments in coaching are needed to help clients achieve their goals.
- **Evaluate and improve programs:** mpowered has used preliminary data to evaluate which action steps and client goals are associated with increases or decreases in scores.

⁹ By listing this and other organizations, the Bureau is not endorsing and has not vetted these organizations, the views they express, or the products or services they offer.

Spotlight on: Using the scale to facilitate one-on-one conversations

mpowered's coaches administer the 10-question scale to clients in their first one-on-one coaching session and at quarterly intervals with returning clients. Coaches start by asking clients the scale questions and then ask follow-up questions about their answers to better understand their responses. These conversations help mpowered's coaches understand their clients in a more comprehensive way than conventional objective financial measures like a credit score and savings account balance.

Through judgment-free conversations based around the scale, mpowered's coaches build rapport with clients that helps them understand clients' feelings about their financial situation and provide more detailed context to shape coaching goals.

Lesson learned: Probe differences you see

mpowered's coaches have found that sometimes clients' scale responses seem contradictory to one another or to their traditional financial measures. Asking probing questions to understand apparent discrepancies is a valuable strategy for learning about clients' feelings and relationship to money.

"We have other really quantifiable measures, but this [scale] talks about how they feel. Sometimes you'll get interesting discrepancies between how they feel and the numbers. It taps into the psychological aspect of financial coaching."

-Financial Coach, mpowered

Case Study 2: How one financial coaching organization uses the scale to measure client well-being and progress

The Center for Changing Lives (CCL) is a non-profit organization that provides financial, employment, and resource development. It has 14 staff members, including two housing and financial coaches. CCL has been using the scale since 2015 and asks all coaching clients to complete the scale.

CCL¹⁰ uses the scale to facilitate conversations, measure client well-being and progress, and evaluate and improve programs.

- **Facilitate conversations:** Coaches use the scale as a tool to prompt clients to think broadly about their financial goals, even if they initially came to CCL for help in other areas.
- **Measure client well-being and progress:** Coaching clients complete the scale questionnaire every 3 months, allowing coaches to assess changes in individual client scores and at the aggregate level.
- **Evaluate and improve programs:** CCL evaluates its programs on an annual basis to determine how effective they are in meeting client needs. Aggregate changes in the score are one data point CCL uses to assess the need for changes in their overall programming or approach.

¹⁰ By listing this and other organizations, the Bureau is not endorsing and has not vetted these organizations, the views they express, or the products or services they offer.

Spotlight on: Measure client well-being and progress

New coaching clients complete the scale questionnaire and review their score and responses to individual questions at their first or second meeting with a financial or housing coach. This process enables coaches to expand the conversation beyond the client's primary reason for coming to CCL to a broader discussion of his or her financial goals and appropriate action steps.

In one-on-one sessions with repeat clients, coaches typically focus on whether and to what extent the clients' scores have changed as well as on changes in how clients respond to specific questions. Clients may reflect on changes in their personal circumstances that prompted them to answer a particular question differently. Reviewing score data in detail provides an opportunity for clients to reflect on changes in their perspective over time and for coaches to celebrate achievements that might otherwise go unrecognized.

Lesson learned: Use scores to inform your mission

Coaches and program staff at CCL encourage new users to "*embed [the scale] in the flow*" of regular program operations whenever possible. This means including the scale questionnaire in client intake packets, establishing "*agreed-upon, regular frequencies of using [the scale]*" with new and repeat clients, and building a data system that makes it easy to track and analyze scores over time.

Once the Scale has been integrated into day-to-day processes, scores can be viewed as data points that help inform an organization's broader programming, approach, and mission: "*[Think] about it in the grander strategy of an organization.... Don't collect data for the sake of collecting data; [collect data] to do something.*"

-Program Manager, CCL

Case Study 3: How one funder uses the scale to evaluate and improve programs

United Way California Capital Region (UWCCR) is a grant-making agency with 28 staff members working across several program areas. Financial coaching grants are one of six major activities under UWCCR's financial stability program. UWCCR adopted the scale as a required tool for grantees to use and report on starting in 2017.

The scale allows financial coaching grantees to facilitate conversations and measure client well-being and progress. As a funder, UWCCR¹¹ uses the scale to measure client well-being and progress, evaluate and improve programs, and compare programs in its portfolio.

- **Facilitate conversations:** UWCCR grantees use the scale in one-on-one sessions to understand client situations and inform the identification of client goals. One grantee administers the scale in workshops to get participants to reflect on their financial situations.
- **Measure client well-being and progress:** Grantees track individual clients' scores internally and report average client scores to UWCCR quarterly.
- **Evaluate and improve programs:** UWCCR uses changes in scores together with data on clients' progress toward specific financial goals to measure the aggregate impact of its financial coaching activities.
- **Compare programs:** UWCCR examines the extent to which the clients of different organizations have different average scores and score improvements to gain insight into differential impacts on financial well-being for different types of client populations.

¹¹ By listing this and other organizations, the Bureau is not endorsing and has not vetted these organizations, the views they express, or the products or services they offer.

Spotlight on: Evaluate and improve programs

In 2017, UWCCR introduced a common evaluation strategy based on the scale to all of its financial coaching grantees to measure the aggregate impact of its funding and better understand trends for grantees serving different populations. UWCCR's grantees subject to the evaluation framework (five in 2017, four in 2018) include organizations that specialize in financial coaching to formerly homeless individuals, health promotion, employment services, and refugee resettlement services.

UWCCR's program director selected two types of measures for grantees to report on: client progress toward goals they identify at the outset of coaching and changes in scores over time. Grantees administer the scale to each client at intake and quarterly throughout the grant cycle. Among the 196 clients coached by UWCCR grantees in 2017, the average scale score increased by 8 points over the course of the grant year.

Lesson learned: Practice, practice, practice

"Really pilot it internally first," suggests a grantee program manager. In their experience, clients frequently have questions about interpreting the scale's questions and scoring. The organization's staff should have direct experience with answering typical questions and have practiced these conversations with their colleagues before administering the scale to clients.

Resources

This section includes descriptions of and links to other resources developed by the Bureau. The technical resources will help you learn more about the scale and the scores. The financial education resources will help you in working directly with clients.

Technical resources

The following resources, which are all available on the Bureau's website, offer additional information about financial well-being and the development of the scale.

Definition (Financial well-being: The goal of financial education)

This report provides a conceptual framework for defining and measuring success in financial education by delivering a proposed definition of financial well-being, and insight into the factors that contribute to it.

consumerfinance.gov/data-research/research-reports/financial-well-being

Scale user guide (Measuring financial well-being: A guide to using the CFPB Financial Well-Being Scale)

This guide describes the research behind the Financial Well-Being Scale and provides detailed steps and instructions for using it, including the scoring worksheets.

consumerfinance.gov/data-research/research-reports/financial-well-being-scale

Scale technical report (CFPB Financial Well-Being Scale: Scale development technical report)

This technical report describes the development of the Financial Well-Being Scale. It is designed to serve as a resource for researchers and others who seek the technical details related to the development of the scale and the scoring procedures. This report also includes information about how to score results using software-based IRT scoring, for greater accuracy, on a regular basis, and when not all questions are answered.

consumerfinance.gov/data-research/research-reports/financial-well-being-technical-report

National survey results (Financial well-being in America)

This report presents results from the national Financial Well-Being Survey, conducted in late 2016. The findings include the distribution of financial well-being scores for the overall U.S. adult population and for selected subgroups, which show that there is wide variation in how people feel about their financial well-being.

consumerfinance.gov/data-research/research-reports/financial-well-being-america

Interactive consumer tool

This online version of the standard questionnaire allows anyone to answer the scale questions and generate a score. The webpage also provides answers to common questions, including comparison data for scores of U.S. adults.

consumerfinance.gov/consumer-tools/financial-well-being

Financial pathways report (Pathways to financial well-being: The role of financial capability)

The Bureau conducted a study to analyze the associations between financial capability factors (that is, financial knowledge, skill, and behavior), financial situation, and financial well-being. This report summarizes the results of the study and shows evidence of a pathway to financial well-being.

consumerfinance.gov/data-research/research-reports/pathways-financial-well-being

Financial education resources

The following resources offer additional tools for financial educators and coaches to use with the people they serve. These free materials, available on the Bureau's website, can be used to help consumers better understand financial products and services, set financial goals, and support money management.

Financial education for adults

This webpage helps practitioners navigate the financial education content produced by the Bureau. Rotating featured information highlights new research and events which may be of interest to practitioners.

consumerfinance.gov/practitioner-resources/adult-financial-education

Tools and resources inventory

This inventory gathers all of the Bureau's tools, worksheets, and handouts by topic and by audience. Anyone can download and use these resources with the people they serve.

consumerfinance.gov/practitioner-resources/adult-financial-education/tools-and-resources

Webinar archive

Each month the Bureau presents a webinar on a financial education topic. Past webinars are added to the archive a few weeks after their presentation date.

consumerfinance.gov/practitioner-resources/adult-financial-education/webinar-training

Connect with the Bureau and other practitioners

You can join the Bureau's Financial Education Exchange (CFPB FinEx) to get the latest news, invitations to webinars, and to learn from your peers. You can also join a LinkedIn discussion group, where the Bureau regularly posts research, reports, and discussion topics. More information about signing up can be found on the Bureau's website.

consumerfinance.gov/practitioner-resources/adult-financial-education



Online tools

consumerfinance.gov

Answers to common questions

consumerfinance.gov/askcfpb



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