AD:

Dr. Brandy Baxter:

00:11

Today we're talking to Joshua Escalante Troesh and Amelie Riendl about the state of financial coaching and counseling survey, what the results tell us about the profession and where the field goes from here. Josh is a CFP fiduciary financial advisor, tenured professor of personal finance and entrepreneurship, business consultant, and founder of Financial Coaches Network and Purposeful Finance, a nonprofit that provides free and low-cost financial resources to a quarter million families each year. He brings wide-ranging perspective from working inside the financial industry during two major market crashes to building businesses, teaching the next generation, and helping make financial education more accessible. And yes, his background even includes guiding passengers through the longest river in Anaheim, California. Joining Josh is Amelie Rendell, an accredited financial counselor who brings more than 15 years experience in project management and software development. At Financial Coaches Network, she helps build the systems, education, and technology that support financial coaching businesses, including Money Coach Network. She also launched her own niche-focused coaching business after completing FCN launch in 2020. And outside of her professional work, Aily has jumped out of an airplane, flown one solo, and is listed on two patents. Welcome to the show, Josh and Amelie.

Joshua Escalante Troesh :

01:43

Thank you. It's great to be here.

Rachael DeLeon:

01:46

Josh, what I love in listening to your bios is I always feel like entrepreneurs are free spirits. We've got, you know, guiding down rivers, jumping out of airplanes. It always takes a little bit of that spark to do craziness. A little bit of a little bit of nuttiness. So um, but what we really are excited to talk to you about today is this survey that you're putting together. And before I jump into some of these findings, tell us a little bit why you started this survey and what you were hoping to learn.

Joshua Escalante Troesh :

02:19

Yeah. So, you know, being a CFP, we have access to lots of surveys that are out there, right? Most of the custodians do them, you know, Kit Sys does them, all sorts of different surveys. And there isn't really a survey to collect data about the profession, or there's definitely not the robustness that you see within the financial advisor space. And so the hope is to have a survey that helps us to be able to get a better understanding of the financial coaching and counseling industry, how counselors work with clients in the real world, um, hopefully find common practices and insights around those, uh, and to support what you guys do at the AFC uh PE, which includes supporting professional growth and development, and also helping the education programs be able to develop education programs that are better aligned with how people are experiencing this profession, right? And then ideally to help grow the profession.

Rachael DeLeon:

03:26

Was there anything like off the bat that was really surprising to you through the survey?

Joshua Escalante Troesh :

03:32

Not really, because we've done this for a few years. And so a lot of the things are were um are are pretty standard. There are a couple of things which I don't want to jump ahead a little bit, but there are a couple of things that'll come up that I don't necessarily know if they're surprising. I think other people will find it surprising. And I think that I don't know how to describe it. Not surprising, but oh, that's interesting. I would hope that that wouldn't be the case.

Dr. Brandy Baxter:

04:00

You know, that makes sense. Josh, uh Rachel and I had a chance to look at kind of some of the information that you sent to us earlier. And one of the things that jumped out to me was how people define themselves professionally as someone with lots of credentials and titles. Um, you can see that the profession has people who are just really defining themselves through their titles or their training or their credentials. What did the survey kind of help you guys see about where the field really still has some clarity and confusion that it needs to resolve?

Joshua Escalante Troesh :

04:35

Yeah, especially around names, you know, there's a lot of discussion in the uh on our side, right? The financial coaches and counselors side, around what is the difference between financial counseling and financial coaching. You'll notice that uh Amel and I use those terms interchangeably, right? We don't really have a difference between them. And the, you know, the survey kind of reflects that. The the most common name that people call themselves is a financial coach. The second most common is a financial counselor, right? When they're presenting to the public. And the and then you've got a whole bunch of other random names that people call themselves. And I think that's reflective of the fact that the um the general public doesn't really see a distinction between those things. Right. Um, you know, what they're looking for is someone to help them and financial coach, financial counselor, those both sound like people who can help me. And it doesn't sound like a financial advisor where I have to have a million dollars in order for them to help me. And so um I think that's reflective of the consumers. If and we also don't see any difference in like how much people are able to charge or how successful a person is based on whether they call themselves a financial coach or financial counselor. Um, another thing that oftentimes comes up in relation to that is I listen to people when they do want to draw a distinction. Well, a financial counselor does this and financial coach does this. And those descriptions, not only are they not necessarily consistent, but in my mind, those are things that no matter what you call yourself, you should be doing both of those things. Right. Um, because that's that's the best version of financial counseling. And I know it's what uh you guys also think is the best version because it's included in the standards of practice. They're both included in the educational curriculum. And while certain things might be emphasized more than others, it's included, right? Yeah, so I don't know, you know, the it's kind of a rose by any other name.

Rachael DeLeon:

06:51

Yeah, I agree. I mean, we include both coaching and counseling aspects in the AFC curriculum. And as a financial professional, you can go on and get more training and more skill stats to continue to build your toolbox. Um, but you're absolutely right. The best counselors know how to utilize both and know how to utilize it for the right client in the right client situation.

Dr. Brandy Baxter:

07:16

That was a great question, Rachel. I'm glad you asked that because you and I had a chance to look at the research a little bit earlier. And I think this is a great time for us to bring Amelie into the conversation because the the data shows that financial professionals call themselves lots of different things through their titles, training, and credentials. And I'm curious, what did the survey reveal to you two about where the field may need to clarify some things or remove confusion? Josh, Amelie, whomever wants to go first.

Amelie Riendl :

07:47

Well, it it showed us that the most common thing that we call ourselves is a financial coach, but also um near the top was also financial counselor. And that varied depending on whether or not um the counselor had an AFC or not, which was interesting. So AFCs tend to call themselves financial counsel financial counselors equally as financial coaches, whereas in the general population, we saw financial coach to be much more common.

Joshua Escalante Troesh :

08:15

And I think what that shows is that from the consumer's perspective, they don't see a differentiation between the two. And you'll notice Amelie and I will use financial counseling and financial coach interchangeably. We we think of them as the exact same term. And you know, consumers, I don't think see a difference between them because they just want someone to help them with their finances. They know financial advisor, wealth manager, so on and so forth means they have to have a million dollars to invest. And so they see financial counselor, financial coach. I have no idea what either of those things are, but that sounds right, right? Um, we also don't see a big difference between people who call themselves financial coach or financial counselor with regards to how much they charge or how successful they are or anything like that. And so uh what what that suggests is that uh consumers are just not seeing a difference between the two, right? Um and and personally, I don't see a big difference between the two. I know that in in the uh AFCP and other financial coach counselor communities, uh you know, people will say, oh, well, a financial counselor is defined as this, and a financial coach is defined as this. But the reality is when I read those definitions, a good uh financial coach slash counselor is gonna do both of those things, right? It's not a one or the other. Um, and both of those things are included in your standards of practice, they're included in the ASCPE educational curriculum. And so a good person is, you know, whatever they call themselves, it's gonna do both.

Rachael DeLeon:

09:52

Yeah, and I think it's learning as you become more comfortable when someone needs you to coach them and when someone needs you to counsel them. You know, sometimes in that crisis moment, immediately it's the education, the counseling. Um, and then other times, how are you empowering them to be the expert in their own lives? And so I think there's a balance. And I think a really good financial counselor, financial coach knows how to do both.

Amelie Riendl :

10:18

Um, I also wanted to just briefly talk about two, that that about credentials. So you talked about credentials and learning and um the AFC was by far the most common credential and um not surprising to us, but um really good. And also we did find that coaches that had higher revenue growth also tended to be accredited financial counselors. So we thought um that was interesting as well.

Rachael DeLeon:

10:42

So digging in a little bit more, the survey also raised some concerns around professional boundaries, including client data privacy and unlicensed regulated services. What should coaches and counselors be paying closer attention to?

Joshua Escalante Troesh :

10:59

Yeah. So one of the things that we found was we we asked, what do you include in your in your service offering? Um, and we'll talk about some other interesting findings from that question a little bit later as well. But uh we had, you know, about uh almost 20% of people that said that they either it's standard for all clients, it's offered as needed, or it's offered for an additional fee, uh, that were offering investment advice or investment management, about 20% that were uh provided insurance advice or insurance policies, almost half for tax planning, and uh all of these things are regulated. And we don't have 20% of people having licenses in these in investments. We don't have 20% of people having a CPA or an EA, uh, including almost uh 15% of people doing tax preparation. Now, these laws will vary somewhat by state, but these are highly regulated. Oftentimes they require licenses. And so it suggests that there's a significant number of people that are providing services that may either a be illegal, right? For example, investment management and investment advice is illegal if you don't uh do it, um, may be illegal depending on the state. Tax preparation, many states, or California, as an example, requires for tax preparation you have to have a CPA, an EA, a tax attorney, or be licensed with the state, or areas of really high potential legal liability without any license to provide regulatory protection.

Rachael DeLeon:

12:53

Yeah. And Josh, I think, you know, when I hear data, it's like the high level, and then you kind of want to dig in um, you know, how many of AFCs are answering that and don't have licenses versus people who don't have credentials, like where is that education gap occurring? So I sometimes think of it as a as a tip for next year. Yeah. And I love that I mean, and that's what I love about surveys like this. They answer so many questions and they and they encourage us to dig in and learn more. And so, um, you know, I think education and understanding what are the regulations in your state and and where are the lines that you don't cross as an AFC? Where are the lines where you make that warm handoff to a CFP or a tax preparer so critical for our field?

Dr. Brandy Baxter:

13:42

Emily, can you talk a little bit about how technology plays a role when it comes to financial professionals, um, specifically around how are the financial professionals using technology in their practices?

Amelie Riendl :

13:56

Yeah. So um, it's interesting because you'd think um there's so much technology out now, right? And it's constantly being improved. You'd think that people would be embracing it. But we're kind of seeing the opposite is still true. People are still kind of hanging on to that old technology of like the worksheet or a list of action items, a written summary instead of using all these tools that are available to us. So um some of the things that we asked that we did ask what they use for follow-up for technology and using software, like putting tasks in a software or having information come through the software for like reminders through the CRM. The numbers were very low. Less than 10% of coaches were using that. So it's just overall, I think it's been underutilized in this industry. And we're hoping to help increase um the awareness of what's available and how it can really help you be more efficient as a coach.

Joshua Escalante Troesh :

14:48

But a paper action item list was above 60. Yeah. So it's not that people aren't doing it, they're just not using technology.

Rachael DeLeon:

14:56

The survey also looked at niches, client volume, paying clients, and compensation, which I know is a question a lot of coaches have as they're building a business. What does the data tell us about business realities of financial coaching?

Joshua Escalante Troesh :

15:11

I think in any manner of how we look at it, whether we're talking about are they growing their practice, meaning are they serving more and more people? Are how much are they able to charge per fee? Um, are they, you know, in any factor of how we look at it. There are two things that really drive higher success. The first is having a niche, right? Having a focus on being able to help people in a way that other people can't help people. Right. Um, and this is true for any profession, right? Any profession, the more focused you are in what you do, the more you help this small group of people and not anyone else, the more you can charge. Right. Um and the more success you have because people that are in that group say, hey, this is the person you want to go to because that that's what they specialize in. Uh and the second thing is uh having an AFC. Being certified with it with AFC certification. Um, those are the two big um uh drivers of success that that we see. Um now obviously if someone has a CFP, there's lots of data showing that that's also a driver of success, but we're talking about financial coaching and counseling. The majority of people have the AFC, and so certifications really matter and a niche that really matters. And it's not just a marketing thing, it's when you focus on a small group of people, you get to understand their needs really well. And so you're able to serve them in a way that most other people can't.

Dr. Brandy Baxter:

16:48

Okay, that's a really good perspective, Josh. And so let's step back from the data a little bit and look at kind of the story behind it. So, based on the information that you found, what does it tell us about where the profession is right now for financial counseling and coaches?

Joshua Escalante Troesh :

17:08

I would argue, and this is probably not going to be a surprise, um, that the profession is in its infancy. Right. Um, you know, it's and a lot of people might find this funny if they know like the the history of the ASCPE and other things, like, oh, it's been around for decades. Well, yeah, but the medical profession has been around for centuries.

Rachael DeLeon:

17:34

That's a good yeah, good comparison.

Joshua Escalante Troesh :

17:36

Yeah. And so when we uh and so when we look at this idea of where the profession is, um, there's there's a lot of lack of credentialing in in the profession. Uh the AFC was the most common credential within the most common certification within within our survey, uh, but it was beaten by a certification, the N-O-N-E. Oh, wait, that's none. They have no certification. And so, you know, we still have, you know, you don't have medical doctors where half of the medical doctors don't have the credentials of being a medical doctor. In fact, we don't have that because you go to jail for that, right? Um, and so we have a very young profession, financial advising, very similar as well, right? So this isn't financial counselor versus advisors, also a young profession. Also, you don't go to jail for not having the CFP. Um, we see the same thing with niches. A lot of people don't have niches, right? Doctors, lawyers, they have an entire system around developing niches and helping people to develop niches, and you're kind of forced to do it, right? Um, and so consistently what we see is a young profession that's still developing, still figuring things out, and and still growing and changing much more rapidly than you see other professions that are that have been around longer.

Rachael DeLeon:

19:08

Yeah. And I think as the profession grows, the value behind consistent education and a commitment to continuing education becomes more apparent in the needs that we have and the ways that we're using financial counseling and coaching. And so surveys like this help us recognize where those gaps are, where there's opportunities to better support the profession and shape it as it grows. And speaking of, leading into the next question, when you take a step back at all of these findings, where do you see the financial counseling and coaching profession go away?

Joshua Escalante Troesh :

19:46

I think there's a lot of growth opportunity with it. Right. Um, what that growth opportunity exactly looks like, uh, I think that's gonna change a lot. Um, you know, we can have a conversation around AI, but you know, that conversation has been had ad nauseum, but it will that will have a potential influence and a potential impact. But I think the bigger impact for financial coaches and financial counselors is some of the things that actually don't come out of our survey, but I see happening in the financial advising space. Um, and I see a lot more financial advising firms, uh registered investment advisory firms. That's the fiduciary side of that industry, uh starting to incorporate financial coaching and financial counseling. Um, I have in my firm a financial coach on staff. Uh, that that's primarily what they do is monthly accountability meetings with clients who need that support and budget development and so on and so forth. And so I think that we may see a little bit more crossover between those two professions. Um, and that may lead to more job opportunities for financial for AFCs as more financial advisors bring that in. I think the biggest challenge is right now it's viewed more as a cost center of okay, this is an additional cost to support clients that might need this help, as opposed to a potential profit center for the businesses, which may slow those job opportunities, at least for the time being.

Rachael DeLeon:

21:29

I think that's a really, really great call out. And it's my hope. And, you know, we're starting to see that, that we start to see that shift in the field. And I think it's better helping financial planning firms think about what the win is in the short term, but also the long term. So the pipeline of customers that you're building, whether it's the, you know, the generation, uh, the kids that are, you know, just starting out, they may not have wealth yet, but you're already working with the parents. How do you bring those people along? Um, there is a whole Nation of people that need access and opportunity. And so how do we better serve all of those people? And how do we focus on the long-term impact and the long-term gain? And again, an organization always wants to know what's the return on investment. And so it's helping to define what that looks like.

Dr. Brandy Baxter:

22:20

It's a really great point, Rachel. I'd like to pull Amelie into the conversation and ask her what is one thing that you hope the professionals take away from the survey data?

Amelie Riendl :

22:32

Oh gosh, one thing. I think investing in, and we did talk about this today, but invest in your business is really what drives success. So not just investing money, investing time, um, taking the time to get the training and the credential and um putting like getting software that's gonna help you. So just putting that time into not too much time because Josh will Josh will yell at you then for spending too much time preparing, but I think just um not just kind of going with um, oh, I'm just gonna start coaching and just starting coaching without putting a lot of thought into it. And that's it really is important to research your niche and serve that niche. And if you do so, you can charge more. And if you charge more, you have more money to spend on software to help you be more efficient. And so I think it's just a matter of like putting the time and the money into it to to help um to help you be more successful, not just as a business, as just as a coach if you're working for a company as well. And I I really think that um if people did that, I think we'd see a lot more success. And I'm hoping we see more success in the future.

Rachael DeLeon:

23:39

Josh, turning the table back to you, what is your hope that people will take away from the survey?

Amelie Riendl :

23:45

I think that the the big hope is that people see the value of financial coaching and financial counseling. And I'm gonna take it in a little bit uh different direction and go back to those worrisome practices, right? I I think part of the reason why people who do financial coaching and financial counseling um who don't also have licenses and so they're registered investment advisors or attorneys or whatever else. I I think part of the reason why they offer investment advice and management services, tax planning, these other things is because they don't feel confident enough in the value of just supporting with uh budgets and accountability and building a savings accountability and paying off you know bad debt, right? Those types of things. And the reality is there's a lot of value there. There's a lot of people that that is what they are looking for. Um I I know a lot of, I see it all the time in the communities that I'm in for financial advisors, where hey, I'm looking for a referral. I'm looking, you know, I've got a client and and they really, really, or I've got a prospect and they really, really, really need this. And what they describe is exactly what AFCs do, right? Uh you know, without the investment management, without the retirement planning and all those other things. And and I I know talking with financial coaches that uh that there's this feeling of, well, yeah, but how much can I really help them? I really need to be able to talk about these other things in order to uh provide value and be a service that's that's impactful and meaningful. And you know, this doesn't necessarily uh come out of the data, uh, but that's not necessary, right? People need the type of work that you do, and you don't need to move into areas that have that heightened liability, that have regulatory oversight where you may be breaking the law depending on what you're doing, because what you do is valuable and it's needed.

Rachael DeLeon:

26:07

And and I think too, some of the questions that you have in here about the profession and and what people are charging and how they're building the work, I think there's probably a lot we can learn about that. Because when you look at a private practice, for example, for a CFP, the model is very different because you are managing investments or you're guide guiding on long-term investments. Whereas an AFC, your clients might move through and come back as there are, you know, certain aspects of their financial lives. Um, but the engagement looks very different. And we're starting to see, especially in the private practice space, you know, many financial counselors are serving clients one-on-one, but they're doing group style sessions, or they're or they're partnering with local businesses to offer financial counseling and coaching in that aspect too. And so it's just really learning the model that works for you. Um, and you're a hundred percent correct. Those foundational skills are valuable at every level of, you know, life and income level. You know, so many of us didn't have those skills, and it's really critical um that we get that advice at the right time.

Joshua Escalante Troesh :

27:15

I have clients that have multi-million dollar businesses and they're going through the financial coaching services, right?

Rachael DeLeon:

27:23

Well, I wanna, you know, we you came on today to talk about the the survey and the data that you've seen in the past, and you're getting ready to launch a new survey this year. Um, and so I want you to talk about when that's coming out. Uh, we want to make sure that our community, as well as the, you know, other financial counselors and coaches are answering this survey and filling out this data. I think the more we share with one another, the more we learn.

Amelie Riendl :

27:49

So the survey is officially live. And so you can you can fill it out anytime. Go to financial coaches network.com backslash survey, or there's just a link from our our main homepage as well. And there's just some things that I just want to talk about. Really, really exciting. And we also just launched a survey data hub, which contains all the results from our historical surveys, and it will contain the results from new service, this any new survey we have moving forward. So as we get results in, we will just continue to add it to this hub. And if you fill out the survey, you get access to it for free until the next survey opens. So it's incentive to fill it out every year essentially. And so all you have to do is fill it out, and you can see all the data from from past years as well. So we're really excited about that. Um, we've also kind of changed the survey a little bit through the years. Um, this year we really focused on trying to make it as inclusive as possible to the entire field of financial counseling. So when we first started it, it was a little more focused on businesses. And we've taken that step back and said, no, we need to make these questions a little more generic as much as possible. So a lot more inclusive. And it also is we've streamlined it a little bit over the years so that you don't see all of the questions. And so if you don't own a business, you're not going to see those business questions pop up.

Dr. Brandy Baxter:

29:09

Well, Josh and Amelie, this has been such a delight chatting with you both and hearing the data behind your research and how that research gives us a real good picture of where the financial counseling and coaching profession is right now. How can our audience connect with you? Amelia, you mentioned about the website, but let us let us know how we can connect with you even after the podcast.

Amelie Riendl :

29:32

Yeah, I mean, you can email us anytime. I'm the person behind info at financial coachesnetwork.com. Um, you can also email me directly, which it's the same email, but Amelie at financialcoaches network.com. Uh it's probably the best way to get a hold of us, or you can go onto our website. You can actually schedule a chat with us directly on our homepage. So you can schedule a 20-minute chat if you have any questions about anything at all. Just curious about um if you're looking for just some advice on kind of next steps for your career, very happy to do that as well.

Rachael DeLeon:

30:00

Thank you both. It's been a pleasure.

Amelie Riendl :

30:02

Thank you. Bye.

Dr. Brandy Baxter:

30:04

Great. So, you know, as someone who spends a lot of time just working with clients and being in this space as a financial counselor and coach, today's conversation landed differently for me. I think I never really paused to think about the research and the data of what my peers are doing. And hearing about this survey data was really insightful to just know that credentialing and titles, the the average consumer probably doesn't really stress about it as much as we do. And that we need to just make sure we have the skills to show up and serve our clients well. And that's what the credentialing really provides for us. It gives us the skills to know that we're serving our clients to the absolute best of our abilities. So chatting with Josh and Amelie was really insightful for me today.

Rachael DeLeon:

30:53

Yeah, I agree. And I I love to geek out over the data. So for me, I'm a constant questioner. So it's, you know, when I have one, I pull on that thread and I want to see where it goes. And so um just really encouraging others, if if it feels right to you, uh, fill out the survey. I think when we talk to one another and we share this information and we don't work in silos, we learn a lot more about the impact we can have together.

Dr. Brandy Baxter:

31:21

Yes, indeed. And if you are listening or watching us and you want to know a little bit more about the survey data, we have the links in the show notes, but we also encourage you to like and subscribe to our channel so you can stay up to date on great content from great professionals here in this space with real money real experts.

Rachael DeLeon:

31:41

The opinions of our podcast guests are their own, which means that their stories, views, or lived experiences may differ from yours or mine. We encourage you to tune in to Real Money Real Experts with open curiosity. Why? Because it's oftentimes in the conversations where viewpoints or stories differ from our own that we learn the most.