Why Financial Stability Matters in Vocational Rehabilitation Counseling

This document provides an overview of the importance of financial stability in vocational rehabilitation and the issues vocational rehabilitation counselors should consider when introducing asset development into counseling and guidance. Companion tools promoting integration of the concept of financial stability into the rehabilitation process may be accessed at www.tacesoutheast.org.

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Financial Stability and
Vocational Rehabilitation Counseling

Introduction

While the role of public rehabilitation is to assist people in "obtaining or maintaining employment," every Vocational Rehabilitation Counselor (VRC) knows a job in and of itself does not magically address all problems person faces. It does not break down the array of barriers poor and disabled individuals face: poor credit, limited or no assets, predatory lending, a lack of rudimentary understanding of how public benefits are connected, inadequate medical insurance and poor money management skills. These factors impact a person's ability to "obtain and maintain employment." If economic self-sufficiency or being on a pathway to financial stability is not viewed as a component of public rehabilitation's job then many consumers will, at best, remain working poor and recidivism will remain an issue. Because tax dollars support the services of public rehabilitation it is reasonable to demand that the employment secured lays the foundation for financial stability.

Building conversation about achieving financial stability into vocational counseling requires some finesse because…

- Financial stability occurs on a wide array of levels and is impacted by a host of factors ranging from individual choices to resources available to public policy.
- While individuals with disabilities are subject to the same rules as anyone else they may be more restricted by public policy and have fewer options due to dependence (or the belief of dependence) on public benefits.
- Money is a tricky subject: It is connected to our self-concept, our attitudes and behavior, and how we understand economics.
- The way we perceive money ourselves is a factor in how we counsel others.

To lay the foundation for financial stability through vocational counseling, VRCs must take the following factors into account.

Trust: Money is one of the last taboos in our society. Often people do not feel comfortable discussing money. There are many judgments connected to money. Respect, power, connections, having value, are all associated with having money and the lack of these is associated with not having money. The consumer may be less than forthcoming until trust is established. Trust is established over time by sharing all information in a non-judgmental manner. Our non-judgmental language can be a significant factor in establishing trust.

Loss Aversion: According to the behavioral economics concept of the Loss Aversion theory, individuals naturally prefer avoiding losses to acquiring gains. In other words, getting a parking ticket for $25.00 and winning $100 in the same day, the focus is on the parking ticket, and not the winnings. Or, obtaining a job for $2,000 a month but losing your cash benefit from SSI, the focus is more on losing benefits than increasing income. Helping people understand this and think through the options could be an essential piece of counseling for the VRC.

Risk vs. Uncertainty: Combine Loss Aversion with the difference between risk and uncertainty and it becomes clear why consumers with good information still choose to keep their earnings under Substantial Gainful Activity (SGA). A risk is something one can gauge or has a sense of the possible outcomes based on past experience and knowledge. When a risk is taken the risk taker has a reasonable idea of the expected outcome. Uncertainty, however, means one is unclear what will happen and has no way to project possible outcomes. Every counselor has worked with individuals who are afraid to take jobs due to the impact on their benefits. If we think about it in terms of being afraid of losing what you have and being uncertain if work will really last it is apparent why, even with the correct benefits information, many individuals believe it is better and safer not to work.

Emotion: Professionals must understand that everyone's relationship to money is emotional. It can appear rational on the outside but on the inside it is driven by emotion. We all have underlying fears of not having enough money. Money is a large piece of how many people define themselves. Prior to helping consumers in asset development we must first consider our own emotions about money because they impact the information and advice we provide.

The following are suggestions on how a VRC could incorporate financial stability into the counseling process.

Frame the Conversation

Before the conversation takes place it is essential that VRCs carefully prepare their line of inquiry, consider the language to be used and anticipate potential indicators of the consumer's perspective. It is useful to use open ended questions such as: What would change in your life if you had that wage? Is there anything that concerns you about having more money? Is there anything you would like to know about in regards to money?

Relationship with money: Consumers must think about their relationship to money. How concerned is the consumer about losing what he or she has in hand, in order to gain more in the long run? What strategies can be implemented to make them feel secure? Most people form their emotional perspective on money over time and will change that perspective with new experiences.

Self-image: VRCs need to realize that many consumers don't believe they are the type of person who can have assets, or who will progress economically. Many people have learned how to live removed from the financial mainstream: According to the Corporation for Enterprise Development (CFED) 69% of individuals with disabilities reported they have no checking account, and 54% reported no savings account[1] []. They believe they will always be poor and there are few resources to help them think differently. They need help in just thinking about what their lives would look like if they had money. VRCs must assist them in creating an image of themselves as people with resources. Few people leave poverty if no one believes they can.

Behaviors: There are many behaviors connected to people's emotional relationship with money. Fear of losing what they have causes many people to be under employed. Stress can result in impulsive shopping or risk taking behaviors such as gambling. The VRC's role is to help consumers be aware of their emotional connection to money and the behaviors that can result from that connection. We need to help them think about different approaches if the current behavior is destructive to the consumer's goals.

Talk about What the Consumer Needs to Know

Most of us know just enough about money to make it work in our lives… but not much more. Where someone is in his or her life will directly impact what information they need or want. If I am losing my home I need to know about emergency home mortgage programs not the price of yachts. Money is an abstract concept. To realize this, one need only look at the collapse of the banking industry. How many of us knew that in 2008 most of banks' profits came from derivatives or what a derivative was? Who knew that being too big to fail was a criterion for banking? Few of us understand the complexity of money in our society but all of us need to figure out what information and support we need to be financially stable. And this is not any different for the people we serve.

Helping someone understand what he or she wants and needs to know about money is necessary for a successful employment experience. VRCs may feel that this is not their role but without these discussions many consumers will continue to be poor despite their employment.

Many individuals with cognitive disabilities have not had enough control and /or experience with money to embrace basic concepts. Someone else has paid their bills, done their shopping and managed their money. Thus rudimentary concepts around money remain obscure. It simply is not part of their experience.

[1] 2010 CFED Publication: *Asset Limit Reform in the Supplemental Security Income (SSI) Program: Remove the Penalty for Saving*
http://www.realeconomicimpact.org/UploadedDocs/Documents/SSI_Asset_Limits_One_Pager_HR_4937.pdf

I once worked with an individual who quit his job and the next month went to his bank to withdraw some money. The bank teller told him he didn't have any money in his account. He told the teller his social security check was always deposited each month for doing nothing, so why wasn't his paycheck? No one had helped this man understand the connection between work and money. Based on his experiences, his perspective made sense. We (professionals) frequently make assumptions and miss providing critical information as I did in this case. Money needs to be part of the conversation with consumers.

The VRC and the consumer can explore what information is needed immediately, what can be provided over time and what are the concrete steps the consumer is willing to take to advance his or her financial situation. The VRC should also help the consumer think through where the holes or inaccuracies are in his or her information. It is similar to asking someone who has never worked what type of job they want to do. Usually the consumer does not have a clue without additional information. Addressing what consumers need to know to make informed decisions, and helping them acquire the skills to obtain employment that fits with their strengths, abilities and financial needs, are or should be essential components of effective vocational planning.

The following discussion topics may be useful to help consumers to start thinking about how money factors into planning and employment goals.

- *Control of assets:* How much control over his or her money does the consumer want? Does having money trigger impulsive behaviors? Being economically self-sufficient does not mean a consumer has to control his or her money or even understand all aspects of money management. For example, many people without disabilities turn over control of their money to some form of automation i.e. direct deposit, automatic payroll deductions for retirement or savings, bill payment, or to someone else for investment purposes. What features, if any, does the consumer want in place when he or she starts working?

- *Asset-building supports:* What supports does the consumer need to lay a foundation for asset building? Does the individual need a bank account, budgeting assistance, help decreasing debt, credit repair, education about the importance of credit scores, warnings about predatory lending practices, information on using work incentives, etc. What steps is he or she willing to take independently, what steps does he or she need support in implementing? Who in the community can provide this support?

- *Financial goals:* What information and assistance is needed in setting or determining financial goals, e.g., own a car, computer, house, new TV, etc., and in clarifying thoughts on achieving those goals. How does the chosen employment goal support the financial goals? Is it realistic or are the financial goals longer terms than the vocational plan?

- If the financial goals are long term, help your client think about the systems and supports that need to be in place to achieve the goal.

- *Banking:* What assistance is needed to establish a relationship with a bank or credit union that is willing to provide advice and support? Is the consumer in the Chex System and thus not able to open an account due past bad credit?

- *Public benefits:* What supports are needed to help the consumer understand the impact of work on public benefits?

- *Work incentives:* What supports are needed for the consumer to figure out how to strategically use work incentives to support self-sufficiency goals?

Integrate Financial Expectations into the Plan

VRCs are good problem solvers. They help consumers figure out employment options that highlight contributions and minimize challenges. The focus of counseling and guidance is traditionally stronger in helping consumers obtain jobs that fit their skills and abilities than in meeting their financial aspirations. There is a common perspective that everyone starts somewhere, so a low wage is acceptable because it is a starting point. When consumers have more complexities in securing employment, wage expectation is often not even discussed. To help them achieve self-sufficiency VRCs need to connect the planning process with not only financial information but financial expectations as well.

As the plan is developed and employment outcomes are chosen, it is important to ask questions about financial expectations. The answers to financial questions should frame the employment goals just as the consumer's unique skills and abilities do.

Sample questions

- What do you want financially from a job: paid leave, retirement, benefits, annual raises, merit based raises?
- What would it look like to be financially stable?
- What do you want from your money? Stability, savings account, ability to travel, owning a home, car or computer, freedom from debt, new clothes, discretionary spending, etc.
- How does this employment choice meet those goals?
- What are you willing to do beyond work to achieve those goals? e.g., attend financial literacy classes, start a saving account, take the bus, talk to a benefits planner about work incentives, apply for a matched savings account, take out a small loan to build credit?

- What are you willing to give up to obtain that life style?
- How much uncertainty are you willing to live with to do something you really love?

Integration of the answers to these questions into the employment plan allows the consumer to not only *shape* their financial future but to *have* a financial future.

Finally, prior to closure, the VRC should meet with consumers to review their financial expectations. Help them think through what systems and services in the community are vital in order to reach and maintain economic self-sufficiency. Provide the consumer a suggested list of community resources that are available to assist consumers.

A listing of additional questions and topics that can be addressed during the rehabilitation process can be found on SE TACE's ADX webpage under tools for counselors. http://www.tacesoutheast.org/network/ax/index.php

Concluding Remarks

No one reading this article is looking for ways to add to their workload, and initially, translating financial stability from an abstract theory into day to day VR practice will create work. However, if we choose not to build financial health into our service portfolio, we run the risk of becoming obsolete. The nation today is focused on the financial health of our society. As a society we are increasingly demanding that government services are cost effective. The cost effectiveness of our services can rightfully be questioned when we look at the number of individuals closed "successfully" who are still working poor and collecting public support. Taking the steps today to reframe our services so they include the outcome of financial stability not only benefits the people we serve but also positions vocational services to have meaningful impact on the next generation.

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