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Financial Counseling for Low- and Moderate-Income Employees: An Assessment of Engagement and Outcomes

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Introduction

Employee financial wellness programs (EFWPs) are gaining in popularity as a strategy to address workers' financial challenges and goals beyond offering health and retirement benefits. Most workers say they are stressed about their finances[1] and a third are less productive at work because of this stress.[2] Although employers are increasingly interested in offering EFWPs, little research has been conducted concerning these workplace financial products and services.

With generous support from the W.K. Kellogg Foundation, the Social Policy Institute (SPI) at Washington University in St. Louis launched the Employeee Financial Wellness Programs Project in 2017 to conduct mixed-methods pilot studies of three types of EFWPs among low- and moderate-income (LMI) employees:

1. Workplace financial counseling
2. Workplace credit building
3. Employer-sponsored small-dollar loans

Through these studies, SPI sought to understand the experiences of both employees and employers concerning EFWPs, analyzing data from surveys, provider administrative data, and interviews to assess:

- EFWP take-up and satisfaction,
- Implementation challenges and successes, and
- Workers' financial well-being outcomes.

SPI is especially interested in the experiences and outcomes of LMI workers because of their economic vulnerability. The proportion of LMI workers who lack emergency savings and say it is difficult to cover their usual monthly expenses is 69%, which is 60% greater than among higher paid workers.[3]

Current Study

This is one research brief in a series of five completed through the Employee Financial Wellness Programs Project supported by the W.K. Kellogg Foundation. In this study, we focus on the results of analyses of administrative data for *Trusted Advisor*, a workplace financial wellness benefit offering one-on-one counseling linked to vetted financial tools. This service is offered by Neighborhood Trust Financial Partners, a national non-profit social enterprise based in New York City that offers financial empowerment services.

Neighborhood Trust's *Trusted Advisor* Program

Pilot Program: 2011-2015

Neighborhood Trust's experience serving low-income workers in credit unions and community-based organizations revealed that having a job was no guarantee of financial stability; workers also needed help from financial counselors in accessing and using workplace resources like direct deposit, split direct deposit, retirement plans and other benefits. Neighborhood Trust recognized the workplace as a rich laboratory for financial

empowerment: if services could be embedded into the workplace, low-income workers could be linked to workplace benefits and responsible financial products more seamlessly, and with fewer scheduling and logistical difficulties. Thus, Neighborhood Trust began to offer workplace financial counseling as an employee benefit in 2011. Services included a five-week workshop and one-on-one services, yet it was difficult to engage employees. Employers valued workshop content yet lacked enough space to host sessions and felt the sessions demanded too much of employees' time. Shortening the workshop to two weeks failed to improve engagement and it was difficult to schedule workers for in-person or phone-based counseling sessions.

Financial Snapshot Model: 2015-2017

In 2015, Neighborhood Trust modified the model to make it easier for employees and employers to participate in the *Trusted Advisor* program. Through the "Financial Snapshot" model, rather than offer complete, one-hour 1:1 sessions, counselors embedded in open office spaces introduced *Trusted Advisor* services to employees and offered to pull a credit report. Based on a review of employees' credit report and intake form information, and a brief (10 minutes or less) conversation, counselors offered at least two "Take Action Today" recommendations[4] to help improve an employee's financial situation. They handed the employee a printout of these recommendations, reinforced by text message reminders. These recommendations formed the basis of ongoing communication with employees via SMS, email, and phone. Counselors encouraged longer follow-up sessions with employees who might benefit. While the Financial Snapshot model successfully engaged employees and required less of employers and HR departments, it represented the "lowest touch" iteration of *Trusted Advisor* services.

During this same period, Neighborhood Trust built its tech capabilities by introducing the digital Financial Action Plan™ to reduce demands on employers, create scheduling flexibility for employees and more opportunity to engage with counselors, and reach employers in other markets. The Financial Action Plan™ is an online portal that lets employees access their financial plan and stay in contact with their counselor. These plans include employees' financial goals, credit report and debts, "Take Action Today" recommendations (also delivered via text messages) and "how to" instructions for taking actions to achieve goals, budget, and use of financial products and services. Employees update information in their plans, such as adding goals and updating income and expenses, and can ask their counselors questions about their "Take Action Today" recommendations and tips. Employees' input is captured by a Salesforce database, and counselors are notified when these edits are registered. Employees can also send general messages to their counselors through this portal. Employees who received the Financial Snapshot model with the online Financial Action Plan™ are the focus of this study.

Telecounseling Model: 2018 to Present

In 2018, Neighborhood Trust adopted a telecounseling model. Employees use a website to sign up for services and schedule 30-minute counseling sessions held via phone or Skype. When they sign up for services online, employees can also pull their credit report and answer financial assessment questions. Financial Action Plans™ are still used and counselors continue to offer employees a minimum of two "Take Action Todays" and follow-up via SMS, email, and phone. Though counseling sessions no longer take place in the workplace, they are longer in duration than sessions were in the Financial Snapshot model.

As reflected above, the Trusted Advisor workplace program has evolved based on responses from employers, employees, and counselors. The telecounseling model grants employees flexibility concerning when and where to talk to counselors and permits longer counseling sessions than were possible only in the workplace. Still, counseling

sessions are shorter than in-person, community-based financial counseling sessions, though communication with counselors and progress toward goals are facilitated through Financial Action Plans™, email, phone, and texting.

Study Purpose and Research Questions

The purpose of this study was to examine engagement in and financial outcomes associated with Neighborhood Trust's *Trusted Advisor* program, a workplace financial counseling program offered to LMI employees. Specifically, we examined the financial snapshot model of *Trusted Advisor*, which was used from 2015 to 2017. Research questions included:

1. What are the financial needs and characteristics of LMI employees who engaged in workplace financial counseling?
2. Does engagement in services vary based on demographic and financial characteristics of LMI employees?
3. What changes in credit health did employees experience after receiving services? Did changes in credit health vary based on levels of engagement in services and/or demographic and financial characteristics of LMI employees?

Methods

The analytic sample included 2,849 employees who received Trusted Advisor services under the low-touch, in-person model from January 2015 through March 2018 and were tracked for a period of at least six months. Data used for this study came from Neighborhood Trust's administrative database using a Salesforce platform; were fully anonymized for analysis; and included employee demographic characteristics, services received, financial needs, and credit report characteristics (e.g., credit score, delinquent and collections accounts).

The following dependent variables were analyzed to assess engagement and credit-related outcomes:

Engagement

1. **Counseling sessions:** Number of counseling sessions employees received.
2. **SMS:** Number of texts sent from employees to financial coaches.
3. **Web logins:** Number of times employees logged in to the website hosted by Neighborhood Trust.
4. **Total engagement:** A count of all three types of engagement.

Credit

1. **Credit score change:** The baseline to follow-up difference in an employee's credit score.
2. **Prime credit score:** Whether the employee increased their score to 660 or higher.
3. **Change in delinquency:** The baseline to follow-up difference in the number of accounts on an employee's credit report that were currently delinquent.
4. **Change in collections:** The baseline to follow-up difference in the number of accounts on an employee's credit report that were currently in collections.
5. **Become credit scored:** Whether employees without a baseline credit score had a follow-up credit score.

For multivariate analyses, regression models included the following covariates:

- **Demographic characteristics:** Age, gender, race/ethnicity, language, educational attainment, residence, and marital status.
- **Baseline financial characteristics:** Credit score, number of collections and delinquent accounts, bank account ownership, and primary financial issue. Income was not used as a covariate due to a high rate of missing data (69%).
- **Time:** Year of service and duration of time between the baseline and follow-up credit report or first and last counseling session.

- Service context: Employer, level of employer engagement, and advisor.

Data were analyzed using bivariate and multi-variate statistics. Bivariate analysis was used to examine the relationship between a dependent variable (outcome) and a covariate, such as gender and credit score change. Multivariate analysis was used to examine the relationship between two variables while holding several other variables constant.

For credit outcomes, we used three predictor variables: the number of counseling sessions, "Take Action Today" recommendations and text messages employees received. These analyses were used to determine whether receiving higher amounts or "doses" of *Trusted Advisor* services was associated with better credit outcomes while controlling for other factors, such as age, gender, time (interval between baseline and follow-up credit reports), and employer. For more information regarding analyses, please refer to the Technical Appendix.

Results

Employee Characteristics

Most employees were female, either African American or Hispanic, single, and had incomes under $30,000 and a high school diploma or less. Concerning employee residence, the Bronx was the most represented (43%), followed by Brooklyn (28%). Information about household size, including the number of children and other dependents, was not available. The range of missing data was 1% to 31%.

Employees worked for 22 different organizations or companies in the New York City metropolitan area. Industries included nonprofit human services, home health care, retail, office cleaning, and shipping. The number of employees at each of these organizations and companies who received services ranged from 5 to 775.

Financial Needs of Employees

Employees identified a range of financial issues that were most important for them to address through financial counseling; help with credit and managing debt were the most common issues. However, issues differed based on employees' baseline credit score χ^2 (10, N = 2,107) = 355.46 $p <$ .001. For example, 30% of employees with sub-prime credit scores wished to improve their credit,

Table 1. Sample Characteristics (N=2,849)

	% or Mean (SD)	% missing
Age	40.01 (12.72)	1
Income	$26,439 ($21,866)	69
Gender		1
Female	88	
Male	12	
Race/ethnicity		14
African American	38	
Hispanic	48	
Asian	1	
Caucasian	4	
Native American	<1	
Multiracial	2	
Other	6	
Marital Status		21
Single	60	
Married/partnered	27	
Divorced/separated	12	
Widow(er)	1	
Educational attainment		31
Less than high school	22	
High school	39	
Some college	19	
College degree	21	
Residence		<1
Bronx	43	
Brooklyn	28	
Manhattan	11	
Queens	12	
Metro/other	6	

compared to 20% of employees with prime credit scores.

Employee characteristics were generally not related to primary financial issues. For example, women were no more likely than men to identify any of the five issues as their most pressing concern. There were some exceptions:

- Employees whose preferred language is not English were 12.5% more likely to say improving their credit was their most important issue compared to English speakers ($p < .01$),

- An additional year of age was associated with greater concern about cash flow ($p < .001$) and less concern about credit ($p < .001$) and financial services ($p < .01$), and

- Employees with college degrees were 4.4% more likely to be concerned about saving compared to those with less than a college education ($p < .05$).

Most employees had a bank account, yet over one third did not have a credit score. Employees without a credit score are either "credit invisible" – lack a credit history with credit reporting agencies or have "thin" credit files that lack enough information and data to produce a credit score. This prevalence rate of lacking a credit score is three times higher than the national rate. Most (72%) employees either lacked a credit score or had a sub-prime score. As a result, accessing credit (e.g., credit cards, car loans) is harder and more expensive for these employees.

Figure 1 displays the distribution of employee

Table 2. Baseline Primary Financial Issues (N=2,107)

Financial Issue	All Employees	No Credit Score	Subprime Credit Score	Prime Credit Score
Cash flow	17%	15%	16%	20%
Credit	34%	48%	30%	20%
Financial services	9%	16%	4%	7%
Managing debt	28%	11%	41%	30%
Saving	9%	7%	5%	19%
Other	4%	2%	5%	5%

baseline credit scores. Over half (57%) of employees with a baseline credit score had a score in the near prime or sub-prime range (<660). The median score was 639 – very close to the mean score of 637. Most (61%) employees had a baseline credit score within 1 standard deviation of the mean score (543 to 730).

Employees with one or more delinquent accounts on their credit report had an average baseline credit score of 554, compared to 681 among employees without at least one such account ($p < .001$). Similarly, employees with one or more collections accounts on their credit report had an average baseline credit score of 570, compared to

Table 3. Baseline Primary Financial Issues (N=2,849)

	% or Mean (SD)	N	National Figure
Banking status		2,498	
Banked	77		93.5[5]
Credit score[6] at baseline	636.76 (92.92)	1,837	699[7]
650 or higher	43		69
600-650	21		10
Under 600	36		21
No credit score	36		19[8]
1 or more accounts in collections	36		32[9]
1 or more delinquent accounts	35		5[10]
Credit card debt, baseline	$4,322 (6,008)	46	6,354[11]
Consumer debt, baseline	$6,955 (10,437)	39	
Collections accounts, baseline	$1,858 (2,707)	61	

Figure 1. TransUnion FICO 04 Score Distribution
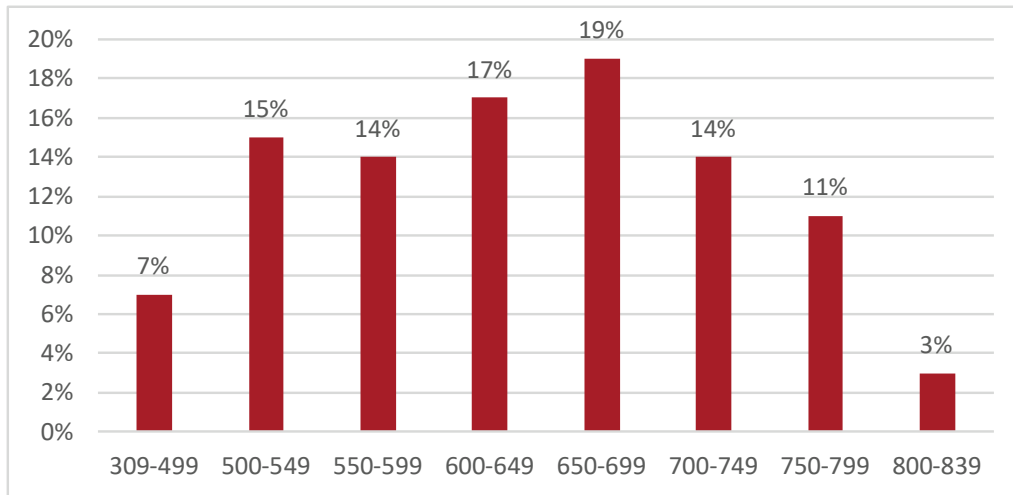
674 among employees without at least one such account (*p* < .001).

Table 4. Program Engagement (N=2,849)

	% or Mean (SD)
Credit score interval	12.46 (3.44)
Year of first service received	
2015	31
2016	43
2017	26
# counseling sessions recieved	1.37 (0.99)
One session	78
Two sessions	14
Three or more sessions	7
# text messages sent to employees	14.72 (14.39)
# text messages sent by employees	7.46 (13.07)
Employees who used Digital Financial Action Plan	33
Total Digitial Financial Action Plan logins	0.76(2.17)
# "Take Action Today" Recommendations	3.08 (1.83)

Employee Engagement in Services

Employees received an average of one in-person financial counseling session, 15 text messages, and three "Take Action Today" recommendations. The number of employees served by 23 different counselors ranged from four to 386. A third of employees logged in to the website at least once to access Financial Action Plans™. Nearly two-thirds (64%) of employees sent at least one text to their counselor. On average, employees sent seven texts, though the median number of texts sent was three.

Table 5 displays the results of multivariate analyses used to determine whether engagement differed based on employees' demographic and/ or financial characteristics. Values in the table that represent model-predicted counts and statistically significant findings are denoted by asterisks.

For example, the model predicts that employees ages 35-54 had 1.54 counseling sessions compared to 1.34 sessions for employees ages 18-34, all other things being equal. This finding is statistically significant at the *p* < .001 level, which means there was less than a 0.1% chance that this result occurred by chance.

Employee demographic characteristics were generally unrelated to levels of engagement. Age was

Table 5. Engagement Outcomes: Multivariate Results - Model Predicted Outcomes

	Counseling Sessions[i]	SMS Sent[ii]	Web Logins[ii]	Total Engagement[ii]
Total	1.42	5.77	0.93	8.39
Age				
18-34 (REF)	1.34	5.33	1.09	8.10
35-54	1.54***	6.94**	0.85	9.52*
55+	1.33	3.35**	0.34***	5.54**
Gender				
Female (REF)	1.42	5.77	0.91	8.38
Male	1.41	5.77	0.99	8.45
Race/Ethnicity				
African American (REF)	1.42	5.44	0.94	8.05
Hispanic	1.41	6.35	0.92	8.96
Other	1.43	5.06	0.92	7.86
Education				
Less than college (REF)	1.39	5.93	0.81	8.32
College or more	1.54	5.16	1.27*	8.62
Marital status				
Single (REF)	1.45	5.95	0.88	8.64
Married/Partner	1.33	5.31	0.91	7.88
Divorced/Separated	1.43	5.86	1.39	8.20
Language				
English (REF)	1.41	5.64	1.02	8.33
Non-English	1.46	6.19	0.45**	8.60
Banked status				
Banked	1.38**	5.64	0.90	8.22
Unbanked (REF)	1.55	6.29	1.08	9.07
Primary issue at first service				
Cash flow (REF)	1.42	4.57	1.06	7.36
Credit	1.51	5.87	0.92	8.60
Financial services	1.13**	4.17	0.51*	5.69
Managing debt	1.48	7.26**	1.00	9.92**
Saving	1.30	5.67	1.13	8.61
Other	1.34	3.76	0.61	6.45
N	1,338	1,338	835	1,338

Note: * $p < .05$; ** $p < .01$; *** $p < .001$. Results are model predicted outcomes calculated at covariate means. Additional covariates included residence, employer, service year, and advisor. (REF) indicates the reference group for Z tests to determine statistical significance. [i]Poisson regression. [ii]Negative binomial regression.

a clear exception. Employees ages 55 and older were less digitally engaged than younger employees, while employees ages 35 to 54 were more engaged overall than younger employees. With respect to employees' primary financial issues, managing debt and financial services predicted higher and lower levels of engagement, respectively. Lastly, non-English speaking employees and those with less than a college education were less likely to use the web portal.

"Take Action Today" Recommendations and Outcomes

Neighborhood Trust counselors provided "Take Action Today" recommendations (TATs)` to employees to address a range of financial challenges and goals displayed in Box 1. Nearly all (98%) of employees received at least one "Take Action Today" recommendation. As seen in Figure 2, most recommendations were related to tackling credit and debt issues.

The mean and median number of recommendations was three. The number of "Take Action Today" recommendations employees received was related to their financial circumstances. Controlling for other factors such as age and gender, employees with the lowest credit scores (411-568) received more recommendations than employees with the highest scores (712-823) ($p < .01$). Model predicted "Take Action Today" recommendations by credit score quartiles are reflected in Figure 3.

Additional findings (controlling for other factors such as age and gender) include:

- Employees with collections accounts on their baseline credit reports received 3.42 "Take Action Today" recommendations compared to 3.17 among employees without collections accounts ($p < .05$).

- Having one or more delinquent accounts was not associated with receiving a different number of "Take Action Today" recommendations.

- Engaging in a greater number of counseling sessions was strongly associated with receiving a greater number of recommendations ($p < .001$).

- Men received fewer recommendations (2.93) compared to women (3.32) ($p < .05$).

- Older employees (age 55+) received fewer recommendations (2.98) than employees ages 18-34 (3.31) ($p < .05$).

- Divorced or separated employees received fewer recommendations (3.08) compared to single employees (3.35) ($p < .05$).

Overall, 22% of employees reported that they followed through with and achieved at least one "Take Action Today." This achievement rate was much higher (72%) among employees who received 3 or more counseling sessions compared to employees who received one (14%) or two (29%) sessions. Because tracking this outcome depends on employee disclosure, this finding suggests that the actual rate of "Take Action Today" achievement may be higher, i.e., with additional counseling sessions to report achievements.

Employee Credit Outcomes

Credit reports capture consumer repayment behavior and credit scores are used by financial institutions to judge the risk that a consumer will repay a loan or other form of credit. Lack of a credit score or a low score limits consumer access to affordable credit, such as car loans and credit cards, and may also limit employment and hous-
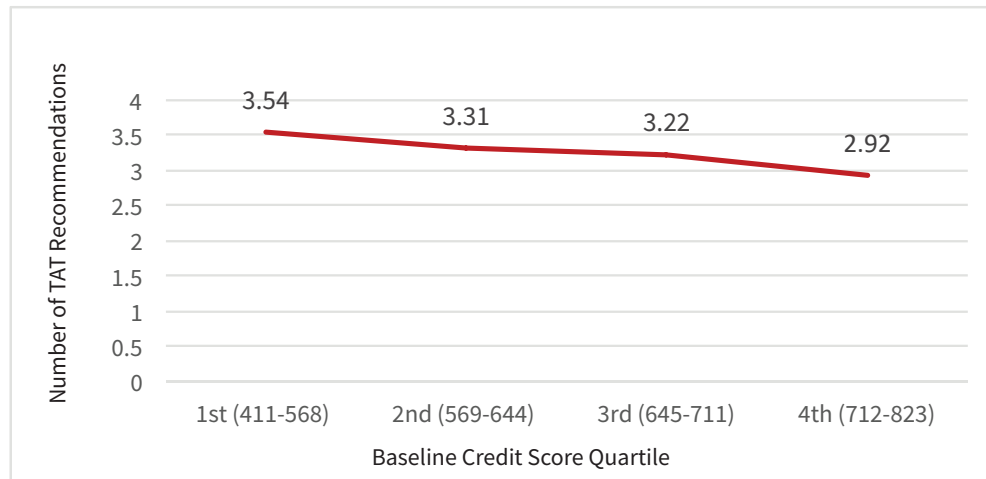
Box 1. Take Action Today Recommendations

Debt: refinance, pay down, manage

Spending: track or organize, gather bills, spend less

Saving: sign up for split deposit, save more

Credit: improve score, establish credit, mail letters to creditors

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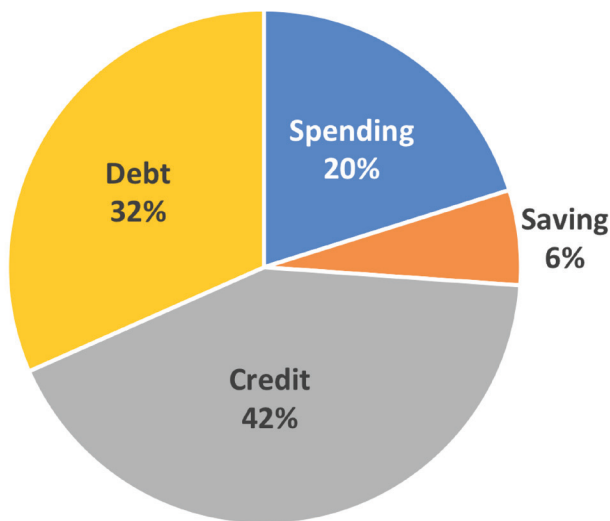Figure 3. TAT Recommendations by Credit Score Quartile

ing opportunities. Thus, improving credit health is an important goal for financial counseling.

Over half of employees (59%) experienced an increase in their credit scores and 15% of those with a subprime credit score (under 660) at baseline achieved a prime score after receiving services. The average change in credit scores was five

Figure 2. TAT Recommendations by Category

points, yet there was considerable variation – from a decrease of 220 points to an increase of 264 points, with a standard deviation of 55 points.

Results of bivariate analyses indicate that various factors help explain statistically significant dif-

ferences in credit outcomes among employees, including the "dosage" of services received, credit characteristics, and demographic characteristics.

- Dosage: Receiving three or more counseling sessions was associated with four of five positive credit outcomes. For example, credit score increases among employees with three or more sessions were 18 and 16 points higher than employees who received just one or two sessions, respectively. Conversely, the number of "Take Action Today" recommendations was associated with only one positive credit outcome while receiving a higher number of text messages was not associated with positive credit outcomes.

- Credit health: Employees with one or more delinquent or collections accounts on their credit reports when they started services were more likely to increase their credit scores and had greater changes in their credit scores, but were less likely to achieve prime credit scores compared to employees without these negative items on their credit reports.

- Demographic characteristics: Employees who were older, Hispanic, spoke a preferred language other than English, had a college education, and owned bank accounts were more likely to become credit scored or achieve a prime credit score than their coun-

terparts. For example, 40% of non-English speakers become credit scored compared to just 24% of English speakers. However, demographic characteristics were generally not associated with other credit outcomes.

The above findings suggest that higher "doses" of the *Trusted Advisor* program (three or more sessions) better help LMI employees improve credit outcomes than just one or two sessions. Employees with adverse items on their credit reports - who have significantly lower baseline credit scores - make more progress, but still have trouble achieving prime credit scores, while employees with certain characteristics, such as having a college education, do better than others.

Multivariate Results

Table 6 presents results from multivariate analysis using regression models, which offer more precise and accurate outcome estimates than reflected in bivariate results described above. That is, we can see whether the same factors from bivariate analyses are associated with credit outcomes, while holding other factors like age and gender constant.

Multivariate results were similar to bivariate results. The number of counseling sessions was positively associated with four out of five credit outcomes. Compared to employees who received just one session, employees who received three or more sessions:

- Had credit score changes that were 16 points higher ($p < .05$);

- Were 11% more likely to achieve a prime score ($p < .05$); and

- Had a reduction in collections accounts that was 0.55 greater ($p < .01$).

In addition, among employees without a baseline credit score, those who received two sessions were 16% more likely to become scored than those who received just one session.

Baseline credit characteristics were strongly associated with credit outcomes. While employees in the first quartile of credit scores (under 569 – the lowest 25% of employees) hadan increase in their credit scores of 40 points, employees with the top 75% of scores had decreases in their scores. That is, employees with the lowest credit scores when they started counseling experienced the greatest positive changes in their scores.

The Influence of "Take Action Today" Recommendations on Credit Outcomes

Multivariate analysis was also conducted for credit outcomes based on the number of "Take Action Today" recommendations and text messages sent to employees. Each additional "Take Action Today" recommendation was associated with:

- A credit score increase of 2.14 points ($p < .05$) and

- A 4% greater likelihood of becoming credit scored ($p < .05$).

Statistically significant differences based on "Take Action Today" recommendations were not found for the change in the number of delinquent or collections accounts, nor the likelihood of achieving a prime credit score. No statistically significant differences in credit outcomes were found based on the number of text messages employees received.

Lastly, we examined credit score changes based on dosage and engagement variables for sub-groups of employees with different baseline credit characteristics – employees with prime vs. subprime credit scores, and employees with and without one or more delinquent or collections accounts. Results of these sub-group analyses are reflected in Table 6.

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Table 6. Credit Score Change: Subgroup Analysis by Baseline Credit Characteristics

	Credit Score		Delinquent Account(s)		Collection Account(s)	
Variable	Subprime	Prime	Yes	No	Yes	No
# of sessions	**12.50**	**-4.42**	**27.29**	**-6.51**	**14.14**	**0.36**
1 session	10.06	-4.74	24.08	-6.96	8.67	0.55
2 sessions	11.12	-1.13	26.18	-4.78	22.69	-3.99
3 or more sessions	30.90*	-8.54	47.20*	-5.67	38.11**	7.00
# of "Take Action Todays" received	**11.96**	**-5.14**	**26.72**	**-7.08**	**13.95**	**-0.42**
0-2	1.49	-6.45	11.66	-10.41	8.43	-6.42
3	11.15	-5.80	27.94*	-7.86	12.35	-0.49
4 or more	20.41**	-1.59	36.83**	-1.85	18.68	8.00*
# of SMS outgoing	**12.50**	**-4.42**	**-6.51**	**-6.51**	**14.14**	**0.36**
1-5	8.98	-6.75	27.23	-9.43	24.62	-4.50
6-15	7.11	-1.79	23.06	-5.55	9.43	0.82
16 or more	20.11	-8.48	32.61	-6.45	16.12	2.93

Note: * $p < .05$; ** $p < .01$.

For credit score changes, clear patterns emerge:

- Employees with worse baseline credit characteristics experience credit score increases much larger than for all employees, while scores drop or rise only slightly for those with better baseline credit characteristics.

- Dosage effects for the number of counseling sessions and TAT recommendations are seen for employees with worse baseline credit characteristics, but not for those with better baseline credit characteristics, with one exception for "Take Action Today" recommendations among employees without collections accounts.

- As for all employees, text messages make no statistically significant difference in credit score changes based on better or worse credit characteristics.

Discussion

In this brief, we present results of an assessment of engagement and financial outcomes among LMI employees who receive in-person financial counseling in the workplace through Neighborhood Trust's Trusted Advisor program. From our findings, we arrive at three broad conclusions.

First, we find that the LMI employees who received workplace financial counseling were well targeted with respect to their financial characteristics and needs. Compared to the general U.S. population, these employees had much worse credit health and thus could benefit from financial counseling.

Second, engagement in financial counseling varied little based on employee characteristics. That is, the number of counseling sessions, "Take Action Today" recommendations, text messages, and web logins were not different based on factors like gender or race. This finding suggests that em-

ployees enjoyed equal access to and engagement in services, though digital engagement varied based on age and language.

Third, employees made progress in improving their credit health. Improvement was seen in all areas of credit health we assessed. Most employees experienced an increase in their credit score, though the average increase in credit scores was modest (five points). Nonetheless, notable progress was made with respect to prime scores and becoming scored. Nearly a fifth of those with subprime scores at baseline crossed the prime score threshold an average of one year later, and there was a 28% reduction in the number of employees without a credit score.

Among employees who became credit scored, 37% had prime scores. Migrating from a subprime to prime score or from being unscored to a prime score means saving significant sums of money in lower interest rates and fees on credit cards and loans. Among employees who already had prime scores, Neighborhood Trust counselors helped employees achieve other financial goals such as saving and reducing debt, though we did not include these outcomes in this study.

Also, employees who received three or more counseling sessions experienced better credit outcomes compared to employees who received just one or two sessions, while employees with the lowest baseline credit scores experienced the largest increases in credit scores. These findings suggest that the Trusted Advisor model is effective in improving credit outcomes, especially for employees with subprime credit scores and various credit file blemishes. In reaching this conclusion, we note that we used a robust set of controls, including for the length of time between baseline and follow-up credit reports, and we observed very few differences among employees based on the number of counseling sessions received.

Receiving three or more sessions appears to be an inflection point for achieving outcomes. Yet, as described at the beginning of the report,

Neighborhood Trust faced various challenges in implementing Trusted Advisor in person through employers. The findings described in this study reflect the "Financial Snapshot" model in which the first counseling session is brief and does not include a comprehensive review of employees' credit reports. However, Neighborhood Trust is now implementing a telecounseling model. Therefore, additional research is needed to examine outcomes under this new model and to examine whether longer sessions are associated with better outcomes.

There are four important limitations to note about this study. First, we are unable to make any causal claims due to the lack of a control or comparison group of employees who did not receive the model. It may be that employees who engaged in three or more sessions were more motivated to improve their credit scores and/or had higher levels of pre-existing financial capability compared to those who received just one or two sessions. Thus, we cannot definitively say that the program improved credit outcomes.

Second, we depended on credit report data to assess financial outcomes; data on other financial outcomes were not available for analysis. Consequently, employees may have experienced other financial outcomes that we were unable to measure such as becoming banked and establishing a savings habit.

Third, credit reports and scores offer an incomplete picture of employees' financial health. Rent, utility, and cell phone payments were not captured in and did not influence credit scores measured in this study. Adverse credit items that continue to drag scores down – despite employees' best efforts - may be more a reflection of economic disadvantage, misfortune (e.g., medical debt), and/or structural inequality than employees' efforts to use credit responsibly.

Fourth, some factors that we were not able to measure may have affected outcomes. For example, we were unable to measure total household

income, household liquid assets, and whether employees had recently experienced income volatility or expense shocks. These factors affect consumers' use of credit.

Neighborhood Trust offers financial counseling targeting groups of employees who can improve their financial health by improving their credit health and addressing other goals. In accessing credit cards and loans, the difference in interest rates and fees between having a subprime and prime credit score is substantial. And helping the unscored enter the financial mainstream means accessing credit that was previously unavailable. This could mean the difference between getting a car loan to access better job opportunities and being consigned to the same low-paying job. We find evidence that Neighborhood Trust helps employees in both respects – moving from subprime to prime, and becoming credit scored. We also find that Neighborhood Trust helps employees with the lowest credit scores make the greatest strides in improving these scores.

Technical Appendix

Stata version 15.1 was used for all data analyses. For models predicting engagement outcomes which were discrete counts of events (e.g., # of text messages sent), negative binomial regression was used when the data were over-dispersed – when the standard deviation was larger than the mean. Otherwise, Poisson regression was used. For credit outcomes, Ordinary Least Squares regression was used for baseline-follow-up differences in credit scores and the number of collections and delinquent accounts. Though the collections and delinquent account change variables represent counts, Poisson and negative binomial distributions do not include negative values, whereas changes in the number of accounts from baseline to follow-up could be negative (i.e., an employee whose number of collection accounts increased).

Linear probability modeling was used for whether employees become credit scored and achieved a prime score. Robust standard errors were used

with all regression models to adjust for non-constant variance in error terms. Each value in the table is the model-predicted outcome using the "margins" post-hoc command. In all multivariate models, listwise deletion was used. This means that observations (employees) were dropped from the analysis if they had missing data on any of the variables in the model (e.g., age, education), which results in reduced sample size.

Statistically significant differences denoted in tables are based on model results relative to the reference value for each categorical indicator. Statistical significance indicates the probability that the difference found was due to chance. For example, a difference that was statistically significant at the $p < .01$ level means there was a less than 1% probability that the difference occurred by chance.

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References & Endnotes

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