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Contact Information:  
NANCY STARK  
Director of Public Affairs  
410-357-0614 (phone)

## Study and Personal Experience Show Financial Counseling Has Positive Long-Term Impact on Consumer Well-Being

*Results from research conducted at The Ohio State University shows that clients who receive comprehensive financial counseling and support from NFCC-affiliated nonprofit agencies are more likely to repay debt and gain money management skills and confidence. Client Martha Souder's experience with nonprofit Guidewell Financial Solutions (also known as Consumer Credit Counseling Service of Maryland and Delaware, Inc.) is a perfect example.*

**(BALTIMORE, MD)** - Like many of us, Martha Souder didn't learn much about money management growing up. At age 19, she had already maxed out her first credit card, and when she married a few years later, she and her husband continued to buy things without thinking of the long-term consequences. When her marriage ended in 2002, she found herself \$60,000 in debt - much of it credit card debt. She diligently worked to reduce her credit balances on her own, but could only repay \$10,000 in 10 years. Meanwhile, the interest she owed grew. She says, "As time went on, I realized that if I didn't get help, I would be 100 years old before I paid everything off. After some research I contacted Guidewell Financial Solutions. They gave me advice and an actionable, realistic plan to become debt free."

- **Financial Counseling Helps Clients Manage and Reduce Debt**

Souder's experience at Guidewell Financial exemplifies the results of a recent, groundbreaking independent study on how financial counseling impacts consumer behavior and financial well-being over time. In this academic evaluation, researchers from The Ohio State University compared the behavior of 6,094 clients participating in Sharpen Your Financial Focus®, a financial counseling program developed by the National Foundation for Credit Counseling® (NFCC) - in which Guidewell Financial has actively been participating since 2012, with that of 6,005 similar non-counseled individuals.

The study found that clients who receive financial counseling performed better on a variety of outcomes, reducing their revolving debt by an average of \$6,000 -- \$3,600 more than the comparison group. The Sharpen participants likewise reduced their total debt by almost \$9,000, while the comparison group's total debt actually rose slightly during the same time.

Guidewell Financial's confidential counseling program offers several strategies that make it easier for clients to take control of their personal finances. At the start, the nonprofit's certified counselors help clients take a look at where they stand financially. President and CEO Helene Raynaud says, "This initial assessment is a critical component of our holistic approach, because it provides a springboard for providing a financial reality check and setting up a realistic budget. Our counselors also take the

time to help clients brainstorm ways they can increase income and reduce expenses, so they have more financial resources to utilize while repaying what they owe.”

At the end of the assessment, counselors help clients review available debt repayment options. Some qualify for Guidewell Financial’s debt management program. Under this option, clients make a single payment each month to the agency, which is then distributed to their unsecured creditors. After three months, creditors may reduce clients’ interest or waive their late fees provided they continue to make payments on time and in full.

From a client perspective, how does this all work? Souder says, “When I came in for my session, I had every single credit card statement with me. I sat down with my counselor, and she worked with my accounts for what seemed like hours. When she said, ‘We’re going to fix this,’ I felt enormous relief. Then she printed out my plan. I was still a little apprehensive, but it felt like a weight had been lifted. I could see that if I kept my eye on the goal, I would ultimately be debt free.”

- **Clients Gain Skills and Self Assurance as They Improve Their Credit**

Souder enrolled in the agency’s debt management program in 2012 and will complete her program in June of this year. She says, “Living on cash only has taught me discipline and how to budget and save. I also have a better understanding of why I’m tempted to spend - and how to deal with that. Although the past four years have been challenging, my financial future is the brightest it’s ever been!”

Souder’s renewed optimism and self-confidence parallel the results from an NFCC Sharpen survey: Three months after financial counseling, more than half of the clients surveyed said the program had helped them better manage their money, set financial goals, and improve their financial confidence.

But that’s not all. Analysis of credit report outcomes for a sub-sample of nearly 9,000 Sharpen clients reveals that financial counseling and debt management have a positive impact on participants’ credit scores.

Since reducing her debt, Souder has also seen an improvement in her credit rating. She says, “Being in the program, I’ve learned to honor and respect money. It’s given me a long-term perspective and long-term goals. The money I’m using to pay off credit card balances now will go into savings once I’m debt free. I look forward to buying my own home in 2-3 years.”

Raynaud applauds Souder’s efforts and adds: “We appreciate the NFCC’s Sharpen initiative and the researchers’ work at The Ohio State University. Their results validate what we already know: Effective financial counseling changes people’s lives for the better. Our clients inspire us with their courage, perseverance, and hard work. It is extremely rewarding to watch them learn and grow!”

Guidewell Financial Solutions’ financial counseling and other services are available in-person or by phone. To learn more, visit the agency website at [www.guidewellfs.org](http://www.guidewellfs.org) or call [1-800-642-2227](tel:1-800-642-2227) for an appointment.

## **About Guidewell Financial Solutions**

*Guidewell Financial Solutions (also known as Consumer Credit Counseling Service of Maryland and Delaware, Inc.) is an accredited 501(c)(3) nonprofit agency that helps stabilize communities by creating hope and promoting economic self-sufficiency to individuals and families through financial education and counseling. Maryland License #14-01 / Delaware License #07-01*