

# FINANCIAL GYM

## Impact Report 2020 - 2021

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# Executive Summary

Never in our lifetimes has it felt so fundamentally important to have emergency savings in the bank and a plan for how to manage debt and expenses.

Closing the year from **March 2020 through March 2021** and compiling this report required significant reflection on the part of our team and our clients. The advent of COVID-19 and the financial repercussions of the lockdown were felt tremendously by our company and particularly by our clients. We are immensely grateful to have been able to continue to build our community through this time, and we have felt a stronger drive to continue our work to build financial fitness and education than ever before.

Our clients experienced obstacles and opportunities that are not representative of other years. Therefore, we determined that the best way to do this report justice was to zoom in on the progress and celebrate the wins of new clients over this span despite the challenges. This report uses aggregate **data from the 307 clients** that have started with the Financial Gym since March 1, 2020 and **completed at least 2 quarter reviews** in order to tell the story of Financial Fitness through COVID-19 and ensure the best quality data.

Over this past year, many of our clients lost their jobs or experienced significant pay cuts. We worked with clients who waited over three months for unemployment income after losing jobs or businesses. Others lost family members and friends and had to learn to mourn from afar. Some had to find ways to move forward on their goals that suddenly seemed out of reach or work multiple jobs despite the limitations of working from home with children, roommates, other family members, and pets.

We have worked with healthcare workers, teachers, mothers, entertainers, restaurant workers, people in the military, and small business owners across the frontlines. To meet the moment, we offered free and discounted memberships to continue to support our clients as they worked to achieve their goals. In this time span alone **we have given away \$146,382 in total value of free memberships** to scholarship participants through programs supporting Black Lives Matter, iFundWomen, GatherFor, and Giving Broadly, as well as free and discounted memberships for current Financial Gym clients who experienced a loss of income due to COVID-19.



Despite the challenges of this past year, we saw many positive changes across the board! Our median client saw a **231% increase in their overall net worth after 6 months**. Trainers working with clients for anywhere from 1 month up to 5 years have found new ways to tackle old habits, focus more intentionally on their goals, and adjust their spending for the better. **Client credit scores had a median increase of 13 points in 6 months**. Many clients were suddenly able to pay extra towards high interest debt and build savings thanks to mortgage and federal student loan forbearance programs as well as increased unemployment income. We found a **44% median decrease in unsecured debt and a 144% median increase in emergency savings, both after only 6 months**.

This report quantifies and illustrates the financial impact that our membership program has on our clients' ability to get financially fit both on paper and in their relationship with money. Survey results from both new and long standing clients captured how our clients' feelings changed with regards to their financial situation. Clients surveyed reported the following:

- **79% reported a decrease in financial anxiety within 1 year**
- **95% reported an increase in confidence around their finances within 1 year**
- **78% reported improvement in their financial knowledge within 1 year**

Our clients represent a wide range of financial backgrounds with one common thread: they see the need for support and a sounding board to move forward financially. Some clients earn as little as \$15,000 per year while others make as much as \$800,000.

We have clients who have 3 children and help out their parents, while others only need to support themselves. Many clients come to us completely debt free, while many others carry over \$30k in credit card debt and \$300K+ in student loans.

We understand that our service may be out of reach for some sectors of the population, that we market primarily to an urban millennial audience, and that our clients self-select into our service. That said, many of our clients have friends and family members (parents, children, siblings, cousins) from across the country that have joined or been gifted memberships by clients and have made significant progress.

We break out our clients into three categories: ***Mobility, Endurance, and Strength***.

*Mobility Training* clients generally start living paycheck to paycheck with significant unsecured debt and minimal savings. This category still showed a **26% median decrease in unsecured debt within 6 months**, despite being on a tighter budget.

Clients on the *Strength Training* plan have an emergency fund from the get-go, have little to no unsecured debt, and are looking to optimize their finances. **Strength training clients had a 32% median increase in total assets in 3 months**.

The *Endurance Training* plan captures the middle portion of the two extremes and need the proper guidance to optimize the financial tools available to them. They experience the most rapid change in emergency savings with a **median change of 114% in 6 months**.



Although this is our first report, all of our client successes have been palpable for years through one-on-one interactions and shared stories. We were able to determine statistical significance in the prediction of client success based on a number of factors, including credit score, total assets, and net worth. We make a particularly strong impact where it matters most by helping clients increase their emergency funds and lower their unsecured debt. Both of those elements combined offer significant financial resiliency in times of change.

**We know that “Financial Gym Magic” is real**, and that our plans, support and advice provide the secret sauce needed to fundamentally change someone’s financial picture. We hope this report shows the power that financial education and community can have regardless of where someone starts, particularly in light of the political, economic and social turmoil of this last year.

I would like to extend my gratitude to our clients for sharing their stories, fears, and successes as well as all of my current and former team members who have helped make this possible. I’d also like to thank Shannon, Caitlin and the rest of the Executive Team for championing this cause despite the many challenges facing the company over the past year.

**-Georgina Muri, Head of Impact & CSR and The Financial Gym Impact Team:  
Hector Lopez, Myriam Robinson & Yash Thaker**



# Our Core Values & Mission

## We believe in...

### **Magic**

in the unlimited possibilities that come to our clients when they focus on their finances.

### **Empathy**

until we walk in someone else's shoes, we don't judge their journey.

### **Our Team**

when we bring our best selves to the Gym, we know we work collectively smarter and not harder.

### **Our Advice**

we're not your daddy or mommy's financial advisor.

### **Gymsplaining**

and its importance in creating financial literacy for this and future generations.

### **Community**

the power that comes from it, and our gyms that create the foundation for it.

### **Inclusivity**

and that through diversity, understanding, engagement, and acceptance we are a stronger community.

Our mission is to provide an affordable financial service that helps all of our clients reach their personal and professional life goals with unbiased and non-judgmental financial education, accountability, coaching, and support.

Every member of the Financial Gym team personifies our core values, and they are a fundamental part of all of our services as well as our hiring practices and performance evaluations.

# Problem Tree

## Effects

- High anxiety, denial, or lack of confidence
- Increased interest or fees
- Misinformation
- Predatory practices
- Income disparity
- Lack of knowledge about salary negotiation
- Misinformation or lack of information about major life decisions
- People living paycheck to paycheck
- Generational poverty
- Wealth inequality
- Cycles of debt

## Core Problem

**The average American is not set up for financial success and doesn't have the support to achieve their personal financial goals**

## Roots

- Lack of financial education in school or at home
- Financial services companies have biases that are often in conflict with a client's best interests
- Financial services companies benefit from jargon, knowledge gaps, and hidden fees
- Societal pressure to over consume
- Lack of government and public policy to protect and educate consumers
- Conversations about money with friends and family is often considered taboo or uncomfortable
- Wealth and income disparity among different demographic groups caused by historical inequities
- Generational wealth is not equally distributed
- Apps and online tools can't replace a personal relationship or an accountability partner
- There's no one size fits all solution — each person's financial situation is different

# Our Solution

## (Theory of Change)

### If we:

- Offer financial literacy education
- Teach clients about best practices and benchmarks for financial fitness
- Design customized financial plans that are relevant to a client's individual situation, needs, and goals
- Coach clients and hold them accountable to their stated goals
- Provide insight into a client's habits, spending and savings
- Support clients to advocate for themselves and their worth

### Then our clients will:

- Improve their relationship with money, create sustainable spending and saving habits, increase their confidence in their financial situation
- Boost their credit scores, increase their emergency savings, and reduce their high interest debt
- Understand their problem areas and start to prioritize their financial wellness and goals
- Break down taboos around talking about money, start to advocate for themselves, and utilize strategies to increase their income
- Achieve milestones like homeownership, paying for higher education, travel, and retirement
- Choose financial products that are the most appropriate for their needs



### Trish

27, CHICAGO, IL

#### Individual Plan

My initial goals were to figure out a budgeting strategy, pay off credit card debt, build up my emergency savings, and save for a yoga teacher training program.

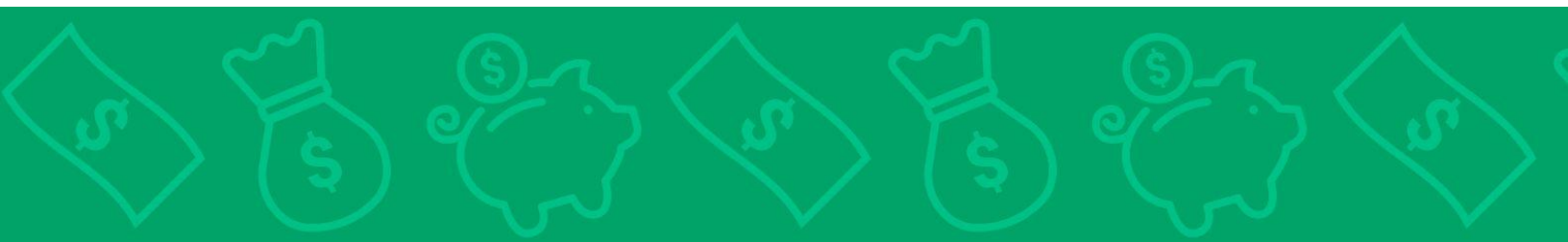
My emergency savings increased by 193% in 6 months. I saved up 1K for a ski trip in March. I saved up 2K for a yoga teacher training program and started in April. I only have one more payment on my credit card before it's completely paid off!!

I feel way more confident about my personal financial situation. I have a peace of mind about it that I've never felt before and it feels good to be actively working towards my goals and having my money work for me!

If I hadn't been working with my trainer I wouldn't feel as confident about my financial situation and wouldn't have known what to shoot for in terms of budgeting and saving. I would not be as financially literate.



# What Do We Measure?



## Inputs

## Activities

## Outputs

## Outcomes

## Impacts

Financial Gym team:  
Leadership,  
Financial Trainers, Tech, Operations, Marketing, Client Success

Financial Gym services including: intake session, personalized plan, plan delivery session, ad hoc check-ins, quarter reviews

# Individuals, Couples and Small Businesses that take advantage of educational resources

Clients achieve goals on their timelines

Increased financial stability and resilience

Education, training and professional development for team

Access to additional Financial Gym programming and education including Wine and Learns, Financial Literacy Month Events, Meetups and Book Club, Podcasts, Blog, Instagram live, etc.

# of Individuals, Couples and Small Business owners who become Financial Gym Clients and receive ongoing services

Clients increase knowledge and confidence about their finances, decrease feelings of anxiety & shame about their finances

Improved access to financial education

Reduced taboos around money

Increased understanding of personal finance and financial services

Funding

Clients increase credit score, income & net worth; Clients decrease unsecured debt & total liabilities

Increase in informed decision making about personal finances based on goals

Increased access to financial services

Reduced income and wealth disparities

# 5 Dimensions of Impact



**What:** Improved financial outcomes, improved attitudes about personal finances, increased knowledge of personal finances



**Who:** Financial Gym Clients - people living across the US from every background, age, gender, race, socioeconomic background



**How Much:** Goal is to achieve change based on individual client timeline to meet goals, Minimum goal of statistically significant aggregate change, change outpacing membership dues, and national averages over the length of client membership (3 months - 5+ years)



**Contribution:** Percent change in client financial indicators offset by percent change in external research across US population, client feedback evaluating trainer contribution



**Impact Risk Mitigation:**

- Creating resilience against national and international economic crisis
- Documenting change in client priorities
- Client success expected to grow The Financial Gym's reach
- Continued trainer training and professional development
- Oversight and evaluation of client plans and client success

We ensure that our work aligns with the UN Sustainable Development Goals, particularly:



1.2, 1.4, 1.5



3.8.2



4.5.1, 4.7



5.1.1, 5.5.2, 5.a



8.1, 8.3, 8.5, 8.10



10.2



**Gabriella**

29, New York, NY

**Individual Plan**

My initial goals were to pay off my student loans in 3 years, learn more about investing, build a travel fund, and be financially able to live alone.

With my trainer's expert advice and support, I paid off my student loans in 6 months, opened up a brokerage account and make monthly contributions, and have an ample travel fund ready when the world is ready for me. I'm also moving into my first ever solo apartment in a luxury building! An NYC dream I never thought was attainable!

My financial confidence has grown tremendously. I used to have one savings account and was never really sure what it was for. Now that I have an emergency fund, a travel fund, a retirement account, and a brokerage account, I know exactly what my money is working towards. It's a lot easier to make progress on your goals when you know where it's going.

# What data do we collect?



- We compile our client's quarterly progress from their reviews in aggregate across the following areas: start date, quarterly dates, emergency savings balance, total taxable investments, total tax advantaged savings, total assets, total liabilities, total unsecured debt, net worth, credit score, net income, annual gross income, and number of cumulative goals achieved
- We survey new clients on their financial attitudes and relationship with their money ahead of their intake session
- We survey current clients on a biannual basis on their financial attitudes and relationship with their money
- We ask clients to share demographic information as part of their Training Zone user profile to get a better understanding how we can best support them. This includes aggregating data on age, race and/or ethnicity, gender identity, education status, marital status, number of dependents, employment status, industry, annual salary, and details about additional income sources
- All information collected is confidential, and all data is used only in aggregate to understand and improve our services without including any personally identifying factors
- All quarterly data information is stored in a secure database

# Why do we collect this data?

The purpose of collecting all of this information is to ensure that we are seeing improvement in client financial success and attitudes around money over time. This informs our internal training practices, tools, and focus when working with clients, new offerings, content, and our membership program. We use this data as part of an ongoing process to consistently improve our client outcomes as well as to share with clients and the public to illustrate the power of focusing on financial fitness.



We value each person's individual journey regardless of gender, race, ethnicity, income, age, class, or any other factor. It is our hope that by gathering this data, we will be able to further improve and optimize financial outcomes for all of our clients. Collecting this information helps us ensure that we are providing our clients with the best service, reducing and eliminating disparities in financial outcomes, and understanding our effectiveness, all with the overarching goal of helping our clients be the most successful they can be on their individual financial journeys.

# What are our clients' goals?

**EDUCATION**



**CAREER CHANGES**



**RETIREMENT SAVINGS**



**FINANCIAL FREEDOM**



**MARRIAGE**



**TRAVEL**



**HOME OWNERSHIP**

**FAMILY PLANNING**

**START A BUSINESS**



**INVESTING**

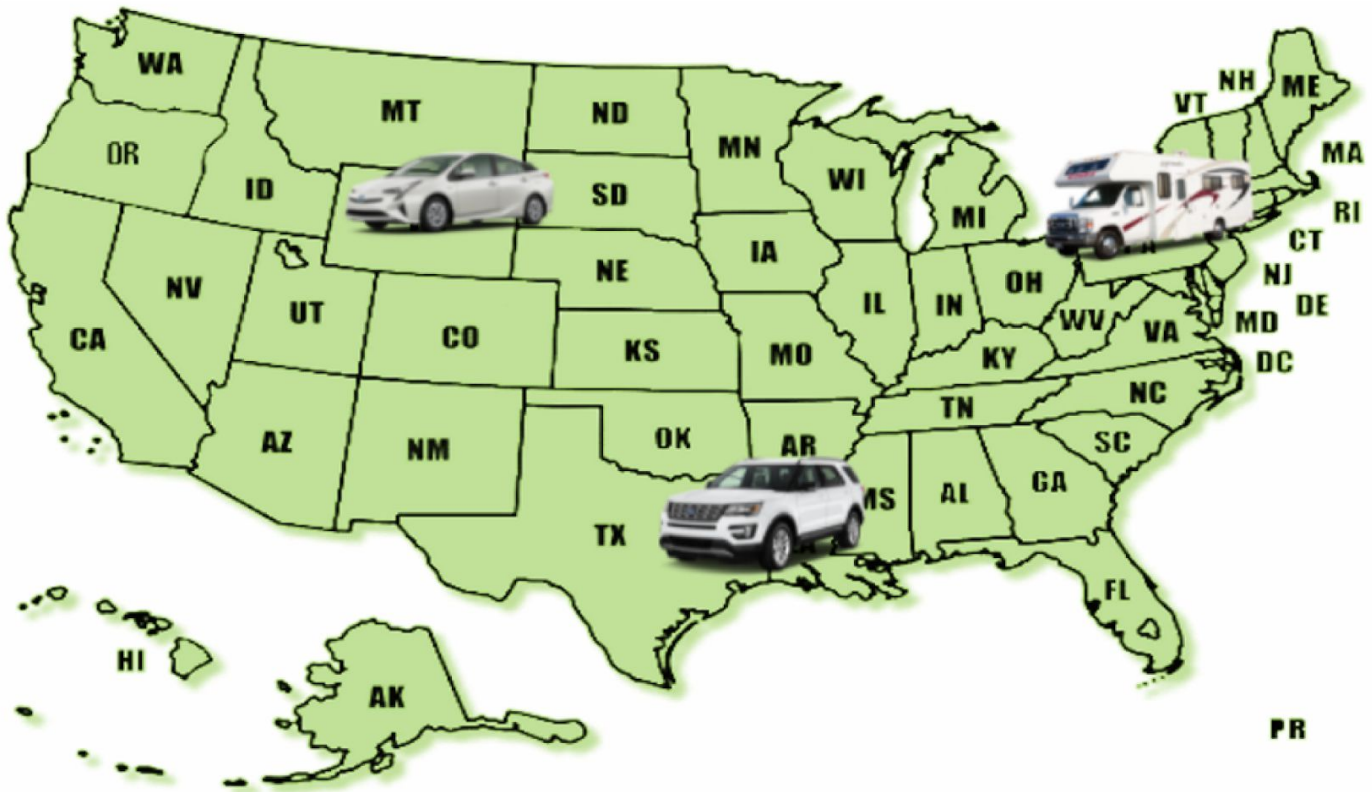
# Statistical Analysis: Goals Achieved

Working with a  
Financial Trainer  
makes it more likely  
that a client will  
achieve their  
financial goals.

Although the cost and scope each client's goals may vary, we can predict that a client will achieve an average of 1 goal for every 4 months of working with a Financial Trainer.

\*Holding plan type, income, couple, emergency savings, credit score, unsecured debt, and net worth constant.

\*\*Our analysis indicates that income and net worth were not a factor in number of overall goals achieved.



# What is a financial roadtrip?

We compare our client's financial journeys to a cross country road trip from New York (where they are when they start as a client) to California (their dream life, or often retirement).

As we plan for our client's financial goals, we keep an eye on the ultimate destination, California, and adjust based on speed and the style of travel that the client is experiencing or determining along the way. Like any great road trip, our clients to plan their destinations or life goals, such as going back to school (Atlanta), starting a business (Topeka), paying off student loans (Missoula) or buying a home (El Paso). We encourage them to ensure that they focus their financial decisions around these goals.

Some clients may want to have a lot of stops along the way, bring other people or possessions on the trip with them, or drive a more expensive car. Others they

may want to be on the fast track to California or feel comfortable driving something more practical. Each person's journey is their own, and they are in the driver's seat of the car, while our Financial Trainers serve as a trusted co-pilot and do their best to encourage particular pit stops, such as achieving an emergency fund target in Philadelphia before hitting Vegas.

Our clients trips are not linear. Their destinations may change and they may be thrown off course by personal or global events outside of their control. Even when clients start veering in the wrong direction, their trainer doesn't get out of the car. When this happens, we encourage them to redirect and revisit their initial plans, to revise their journey, and ensure that they are still working towards their goals.

# Client Progress

**\$2,080 increase in Net Worth**

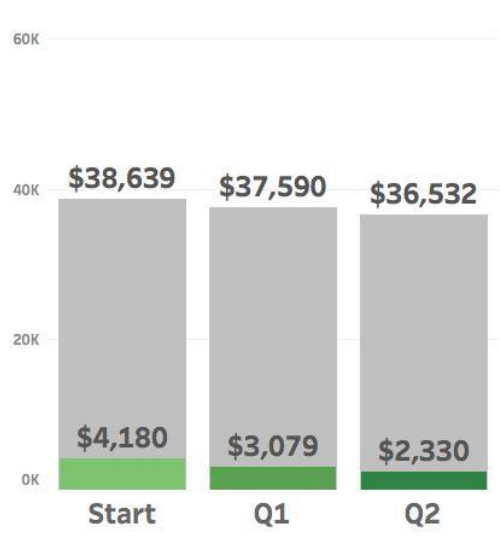
**143% increase in Emergency Savings**

**13 point increase in Credit Score**

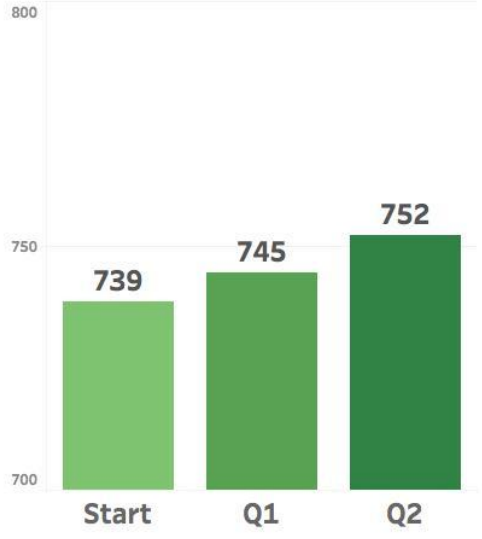
**44% decrease in Unsecured Debt**



**Total Assets +  
Emergency Fund**



**Total Liabilities +  
Unsecured Debt**



**Credit  
Score**

\*All Values Represent the Median Change for All Clients Starting With the Financial Gym Between March 1, 2020 and March 30, 2021 Who Completed At Least Two Quarter Reviews





# Client Progress By Plan Type

We break our financial plans into 3 training categories. Each plan type deals with different challenges, goals, and objectives.

A client's journey can look very different depending on the plan type, and the expected change over time varies from one plan type to another.

For example, mobility plans are expected to see faster change in credit score, but slower change in savings, while those on a strength plan see big increases in assets but slower changes in liabilities or credit score.

The client change by plan type is broken out over the next few pages.



## Jo Individual Plan 27, Detroit, MI

Initially, I joined the Financial Gym to understand if I was on the right track financially, ensure I had enough money for emergencies, continue saving for retirement, as well as begin saving for a home.

I have made so much progress towards my goals. I feel much more secure in my financial situation and literacy than just one year ago.

I had originally thought that this was a bit of an expensive program, but since I have started, I have spent less money every single month than I had before with the cost of the program included. Even further, my trainer gave me confidence and strategy to get a very large raise at my current job. By joining the Financial Gym, my results are compounding at rates I wouldn't have thought possible.

# Three Types of Client Plans

## Mobility Training



Clients on this plan start with some of the following:

- Credit Score under 680
- Less than 1 month of emergency savings
- Not breaking even on expenses
- Saving under 10% of income
- More total consumer debt than total savings
- Debt to income ratio 30%+ (not including mortgage or rent)
- Delinquent debt or debt in collections

## Strength Training



Clients on this plan start with some of the following:

- Credit Score 730+
- Within 6 months of a 3+ month emergency fund
- Contribute aggressively to retirement
- Contribute to other goals without negative impact
- Debt to income ratio under 30%
- No high interest debt (all debt under 6%)
- Able to invest within 6 months
- Able to save 15-20% of gross monthly income

## Endurance Training



Clients on this plan start with some of the following:

- Credit Score 680+
- At least 1 month of expenses in savings
- Can hit 3+ months emergency fund within 1 yr
- Can pay extra on debt
- Can contribute additional to other savings goals
- Debt to income ratio under 30%
- Able to save at least 10% of gross income

# Mobility Training

## Amelia Faux Individual Mobility Plan 29, Austin, TX

Amelia works as an operations associate and loves to travel! Throughout college and her 20s she opened numerous credit cards and said yes to all of the trips and vacation suggestions from her friends and family (plus a new outfit or two for each trip).

Amelia also helps out her parents financially each month, and sometimes also pays for their unexpected costs, like car repair. She also had a bad experience with a roommate and moved into a one bedroom apartment that cost more than she anticipated.

When Amelia started at the Financial Gym, she had \$675 in savings, a credit score of 661 and almost \$14K in high interest credit cards and personal loans.

Amelia's first stop on her road trip is establishing an emergency fund so that she can avoid going further into debt. She's well on her way to achieving that goal, having increased her savings by 300%!

In addition, in the last 6 months she has paid down \$3,700 in high interest credit card debt! She also advocated for a raise, and received an increase of \$500 per month, net, that she can use towards her debt as she drives into Philadelphia!

She's still figuring out how to vacation on a budget (she splurged on a bachelorette in Mexico last month, which set her back a little) and is looking forward to being able to travel hack in the future.

Amelia knows that it will be a long journey to financial independence that will require time and dedication, but she's up for the challenge!



## Luisa & Carlos 39, Los Angeles, CA

## Couples Plan

Our most important goal was to get out of debt. Our second child was on the way and we didn't want to live paycheck to paycheck

We can proudly say that we managed to pay all of our consumer debt off! We owed over \$30k in debt. We paid it off by looking at our finances as a whole, making a budget we could follow, and increasing our income to help accelerate our debt repayment.

My relationship with my finances has definitely changed. I had a lot of anxiety and fear about not being able to pay all the bills or have savings in case of emergency. But now I have confidence with us starting to invest. I have confidence we will have money for retirement. We have really loved our experience. It has changed our perspective towards money. It's changed the way we do things and how we think about it.

# Mobility Training Digits

**\$4,966 increase in Net Worth**      **336% increase in Emergency Savings**      **15 point increase in Credit Score**      **26% decrease in Unsecured Debt**



\*All Values Represent the Median Change for All Clients Starting With the Financial Gym Between March 1, 2020 and March 30, 2021 Who Completed At Least Two Quarter Reviews

# Endurance Training

## Manuel & Dan

33 & 35, New York, NY

## Faux Endurance Training Couple's Plan

Manuel is an architect and Dan works in finance. Both of them have over 10 years of experience and are paid competitively. However, it's not all work! They are avid foodies and adrenaline junkies, always looking to the next great adventure whether it's mountain biking, scuba diving, or hitting the slopes. They regularly pick up new (and expensive) gear along the way.

Both of them worry that they don't have as much saved as their friends or family and aren't in a position to make big financial moves, but it feels hard to discuss without the conversation getting tense.

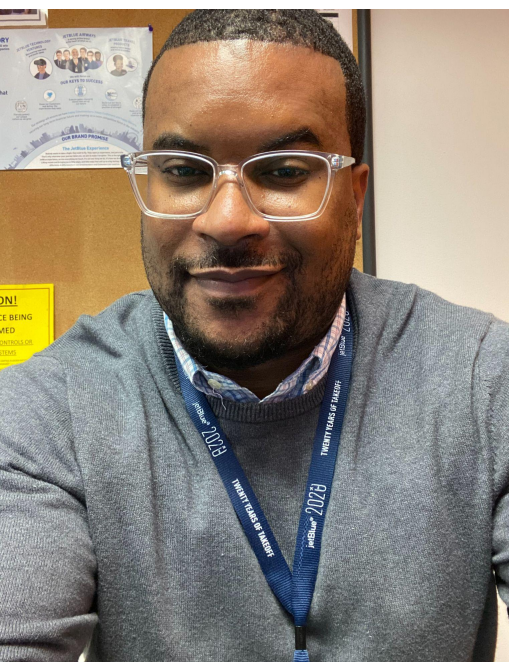
They have a goal of buying and remodeling a home upstate and have their eye on an old firehouse but they don't have enough to cover the downpayment and their ideal renovations.



Like Amelia, Manuel and Dan needed to hit their first stop of establishing an emergency fund (Philadelphia), but they were able to hit it in only a few months!

In addition, in the last 6 months they were able to pay off all of their remaining credit card balances and personal loans and are ready to start investing towards their property purchase.

They have a few years to go to really build up their ideal down payment and renovations, but now they know that every bit counts and are balancing their extreme sports hobby with their savings goal, and ensuring that they are saving first before they spend extra.



## Myron 33, Richmond, VA

## Individual Plan

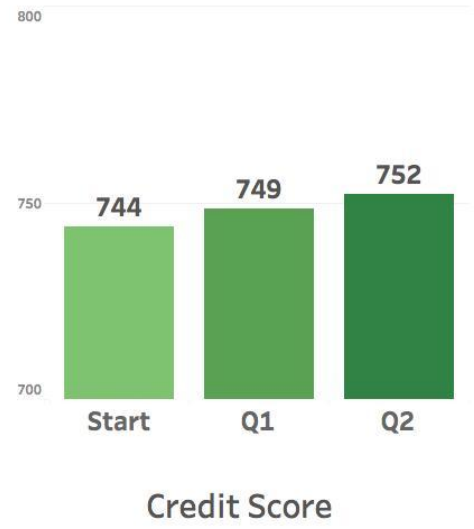
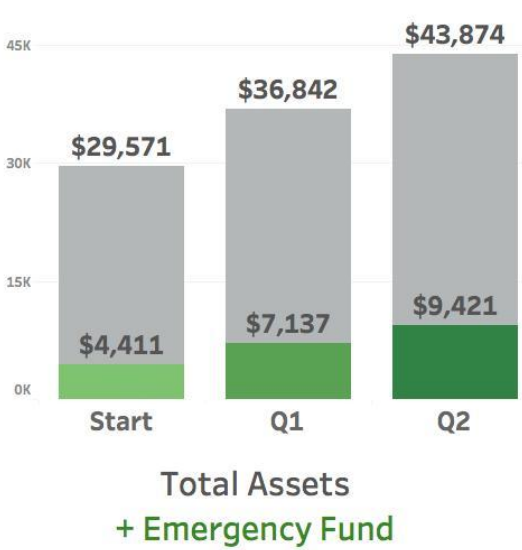
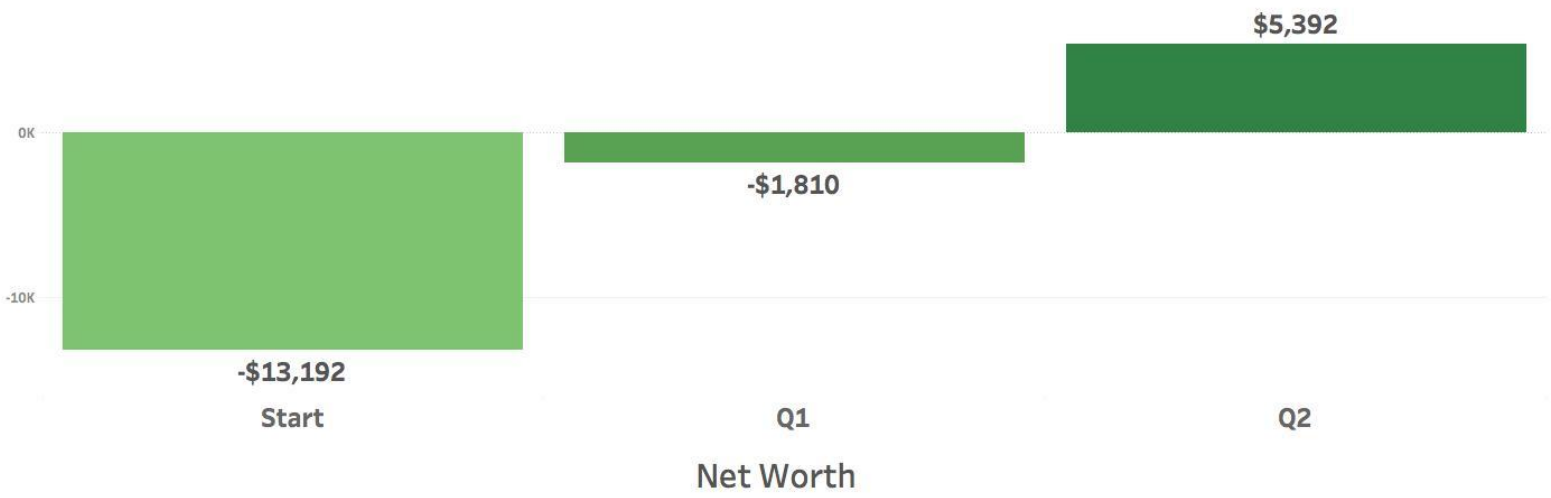
My initial goal when I signed up was to get more information about the stock market and where to put some of my disposable income. I was headed down the wrong path, to say the least. I was quickly taught that there were better choices I could make with my money. One thing I was taught was to create an emergency savings account. A MUCH BETTER INVESTMENT!

Initially, I was making a ton of progress towards building up my emergency savings account, which was a win in itself. I've always struggled to save money due to my tendency to "splurge" and "treat myself" to things. But with the help of my trainer at the Financial Gym, I was able to open a high-yield savings account and save thousands! My credit score has also gone up due to being encouraged to pay off the debts that were affecting my score the most.

The Financial Gym has been one of the best investments I've made in both myself and my future! The principles I've learned from this program will be with me for the rest of my life. And I'm forever grateful for the time spent by both my trainer and the rest of the team to help me find the most "financially fit" version of myself.

# Endurance Training Digits

**\$18,584 increase in Net Worth**      **114% increase in Emergency Savings**      **7% decrease in Unsecured Debt**  
**8 point increase in Credit Score**



\*All Values Represent the Median Change for All Clients Starting With the Financial Gym Between March 1, 2020 and March 30, 2021 Who Completed At Least Two Quarter Reviews

# Strength Training



**Sharon**  
52, Houston, TX

## Faux Strength Training Individual Plan

Sharon is an advertising executive in her early 50's. She's been smart with her investments and retirement savings for a long time, and came to the Financial Gym to ensure that she is appropriately preparing for retirement over the next 5-10 years.

Sharon lives comfortably, but has a goal to downsize from her family home and buy a condo soon. She also wants help cutting back on her expenses to practice for what her income would look like in retirement, and ensure that her investments and retirement contributions are optimized for the longer term. She's working on balancing her own goals with trips to see her family in Seattle every few months, contributing to her grandchildren's college funds, and helping her daughter pay for her student loans. Sharon loves to treat her family and friends with dinners, experiences, and gifts.

Like Amelia, Manuel, and Dan, her first stop was earmarking 6 months of her savings in an emergency fund (Philadelphia).

In addition, in the last 6 months, she's established a travel and gift fund that she contributes to monthly and can use for extras while maintaining her new retirement-friendly budget. This has really worked to help her prioritize her additional spending. She has a plan to help her daughter manage her student loans. She's also started updating and renovating her home to get it ready to sell and is keeping an eye on the condo market in her area.



**Abbey and Henderson**  
30 & 31, Charlotte, NC

## Couple's Plan

Our initial goals were to save for a house, make sure our retirement savings were on track, and create a travel fund. We also wanted to prepare to bring a puppy into our lives.

We brought home a puppy shortly after we started at the gym. Our puppy fund was a lifesaver as our pup had a few illnesses and many vet visits early on. We also just went under contract on a house! We would have never thought we would be able to save for a hefty down payment in just 14 months -- we are so thankful for our trainer and the financial gym! We also continued to contribute to our travel fund during COVID-19 and we just booked a two-week vacation to the South of Italy in August with our travel fund.

We are no longer worried that we aren't putting our money in the right places. It was eye-opening for us to see just how much we could actually save. It's so nice to have a quarterly check-in with our trainer to make sure that we are on track and have someone to hold us accountable.

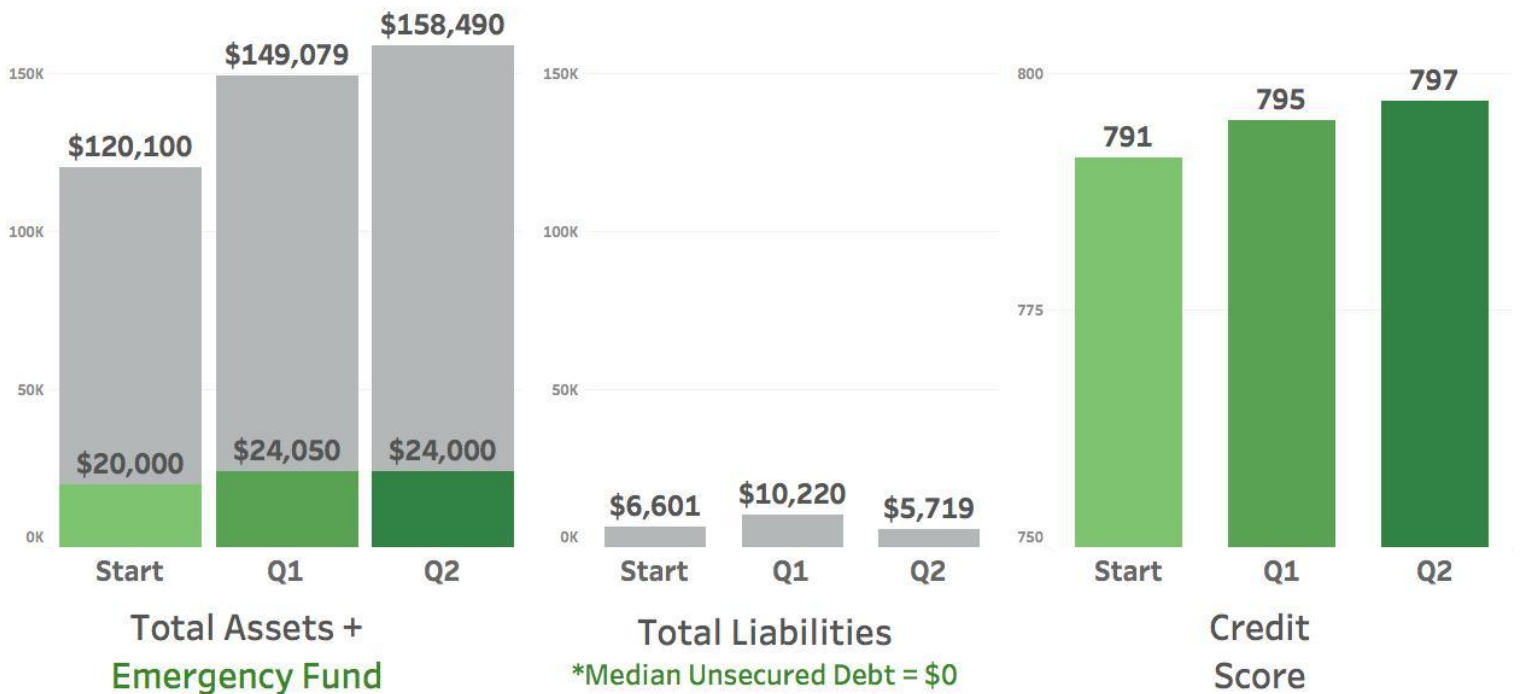
# Strength Training Digits

**50% (\$47,516)  
increase  
in Net Worth**

**6 point increase in  
Credit Score**

**13% decrease in  
Total Liabilities**

**20% increase in  
Emergency Savings**



\*All Values Represent the Median Change for All Clients Starting With the Financial Gym Between March 1, 2020 and March 30, 2021 Who Completed At Least Two Quarter Reviews



**Financial Gym Client  
Change Over Time  
+  
Financial Gym Client  
vs. Average American  
=  
The Stats**



# Financial Gym vs. General Population

We want to show how the median Financial Gym client's savings, credit, debt, and investments compare to the average American and how they change over time

The data sets come from the following sources:

**The Survey of Consumer Finances (SCF)**<sup>1</sup>, a triennial cross-sectional survey of U.S. families. The survey data include information on families' balance sheets, pensions, income, and demographic characteristics for 2019.

Experian released the 11th annual **State of Credit Report**<sup>2</sup>, which provides a comprehensive look at the credit performance of consumers across America by highlighting consumer credit scores and borrowing behaviors for 2020.



The "financially fit" metrics that Financial Gym Trainers work with their clients on include:

- A monthly savings rate of 10-20% of a client's gross income
- 3-6 months of expenses in a cash emergency fund
- A credit score of at least 750
- Credit utilization and debt to income ratios under 35%
- Active contributions to both a taxable investment and tax-advantaged retirement account

<sup>1</sup> Federal Reserve Board - Survey of Consumer Finances (SCF). (2019). Board of Governors of the Federal Reserve System. <https://www.federalreserve.gov/econres/scfindex.htm>

<sup>2</sup> State of Credit 2020: Consumer Credit During COVID-19. (2020, October 19). Experian Insights. [https://www.experian.com/blogs/insights/2020/10/state-credit-2020/#\\_ftn1](https://www.experian.com/blogs/insights/2020/10/state-credit-2020/#_ftn1)

# Emergency Savings

National Median Emergency Savings	New Financial Gym Client Starting Median Emergency Savings	Financial Gym Client Median Emergency Savings After 6 Months Working with a Financial Trainer
<b>\$5,300</b>	<b>\$4,111</b>	<b>\$10,015</b>

The Survey of Consumer Finances defines emergency savings as cash balances in all transaction accounts. Transaction accounts include checking, savings, money market deposit accounts, money market funds, call or cash accounts at brokerages, and prepaid debit cards.

The Financial Gym defines emergency savings as cash that a client designates in a separate savings account outside of their normal cash flow to cover unexpected expenses, such as a layoff, medical emergency, or family crisis. This amount does NOT include 100% of a client's cash, brokerage or savings balances.



## Kaishon

27, Brooklyn, NY

## Individual Plan

My initial goals were to pay off credit card and student loan debt, save an emergency fund, and practice healthy spending habits. I have achieved all of my goals and have full financial freedom due to the wonderful advice of my coach. Working with my trainer allowed me to budget appropriately, rid myself of unnecessary expenses, and keep a consistent pulse on my quarterly spending habits. Automating all of my bills and having an accountability partner allowed me to be strategic with my money.

In my 3 years of working with with my trainer, I've become more financially literate as my career and ultimately, my income has accelerated - in this short period of time, I've been promoted 3 times and increased my annual income by more than \$100,000. Having more money and a healthy financial "home" allowed me to increase my total net worth by \$100,000 and pay off all of my debts which totalled approximately \$30,000. I have full financial freedom, as I am debt free and currently taking a sabbatical to #EatPrayLove.

I have a healthy relationship with my personal finances full of trust and transparency. I know exactly where my money is and how much I have at any given moment, also knowing that I'm a money magnet that attracts large financial gains that help me achieve my goals of luxury living without financial ruin. Prior to joining the Financial Gym, I was negligent in my spending and would spend my money on impulse regardless of what I had in the bank.

# Credit Score

\*Credit scores include scores from all three credit bureaus, and from multiple FICO and Vantage credit scoring models.



Average National Credit Scores	New Financial Gym Client Average Credit Score At First Meeting*	Financial Gym Client Average Credit Score After 6 Months Working with a Financial Trainer*
<b>688</b> EXPERIAN <b>710</b> FICO	<b>718</b>	<b>736</b>

# Unsecured Debt

National Average Unsecured Debt	New Financial Gym Client Average Unsecured Debt First Meeting	Financial Gym Client Average Unsecured Debt After 6 Months Working with a Financial Trainer
<b>\$23,170</b>	<b>\$14,889</b>	<b>\$11,908</b>

The Survey of Consumer Finances defines unsecured debt as credit card debt and other lines of credit not secured by housing. A weighted average was used to more closely compare national data to internal measures.

\*The Financial Gym defines unsecured debt as the total sum of a client's credit card balances, personal loans, payday loans, collections, and tax debt. This explicitly does not include auto loans, 401(k) loans, student loans, mortgages, and home loans or home equity lines of credit.



## Maria and Charlie

33 & 31, New York, NY

## Couple's Plan

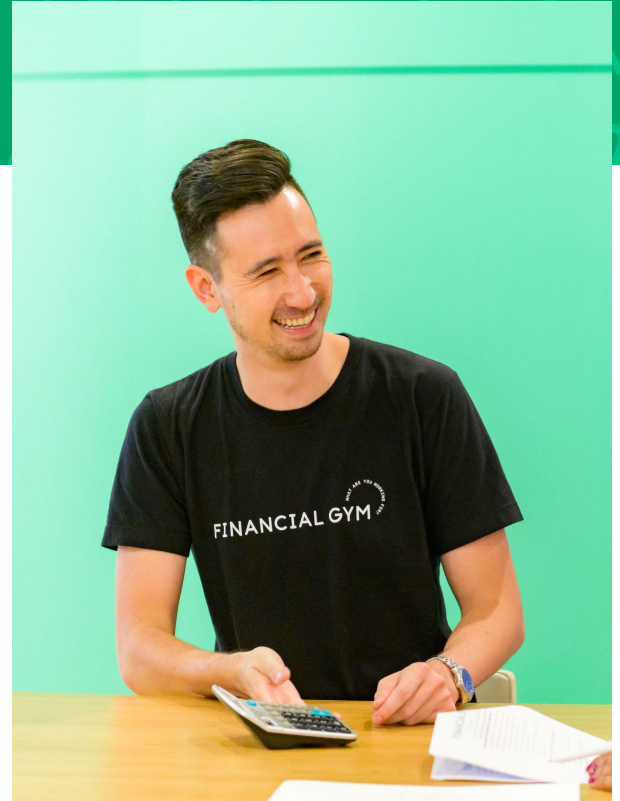
We signed up right after getting married and our first goal was to find a way to combine our individual accounts (and debts) in a way that made sense for both of us. Together, we wanted to pay down Charlie's credit card debt, start saving for emergencies and to eventually start a family, and create a clearer budget that allowed us to each have discretionary funds we could spend without affecting essential items of our lives. This means no throwing shade at how the other person spent their discretionary funds!

We've accomplished all of our short term goals. We either paid off credit card debt or converted it to lower rate loan payments. We also consolidated retirement savings from multiple past employers (hi, we're millennials) so they are easier to manage now. Importantly, we found a good high yield savings account that has transitioned from being solely for emergencies to being a nest egg we can pull from for childcare if we need to. And we had a baby! So now we have adjusted all of our budget to make room for expenses related to the baby and we know exactly where the adjustments need to be made. Going through that adjustment exercise gave us both a lot of peace of mind.

# Total Liabilities

The Survey of Consumer Finances defines total liabilities as all outstanding debt.

\*The Financial Gym defines total liabilities as all debt, including mortgage and other home loans, auto loans, student loans, 401(k) loans, personal debt to family or friends, and all unsecured debt. Large loans such as mortgages and student loans move more slowly over time, and help to explain why there is a smaller reduction compared to unsecured debt. This is particularly true for federal student loans and mortgages in 2020 and 2021 due to the COVID-19 related forbearance for most federal student loans and options granted by lenders to extend mortgage payments to the end of the loan term.



National Median Total Liabilities	New Financial Gym Client Median Total Liabilities At First Meeting	Financial Gym Client Median Total Liabilities Median After 6 Months Working with a Financial Trainer
<b>\$65,000</b>	<b>\$38,639</b>	<b>\$36,532</b>



# Financial Gym Client Attitudes Around Their Personal Financial Situations & Knowledge of Personal Finance Concepts



Many of our clients come to the Financial Gym with a significant amount of shame, anxiety, and uncertainty about their financial situations.

Many of them have never spoken to anyone about their personal financial situation.

Over time, we work to increase their knowledge and confidence levels while decreasing feelings of anxiety or shame.

We encourage them to confront the taboo of discussing money and their finances with friends and family.

# New Client Pre-Survey:

\*Initial client responses are all from new clients since Jan 2021, clients responding to the initial survey have not responded to the follow up survey on attitude change. We had 409 total respondents out of 929 total new clients between Jan 1, 2021 and April 1, 2021. We are therefore not calculating the initial attitudes as baseline data and are instead showing initial responses separately from current client responses.

## I Discuss Personal Finances with Friends and Family:

Never, this is the first time I'm talking to someone about money

15%

Very rarely

53%

Often

24%

All the time!

7%

## My Current Level of Knowledge About Personal Finance is:

None at all

4%

Very limited

52%

I know more than others, but am still learning

40%

I'm an expert

3%



# I feel \_\_\_\_\_ about my personal financial situation:

## Confident / Uncertain

Very uncertain

16%

Neutral

33%

Somewhat confident

45%

Very confident

6%

## Calm / Anxious

Very anxious

44%

Neutral

23%

Somewhat calm

27%

Very calm

6%

## Proud / Ashamed

Very ashamed

12%

Somewhat ashamed

32%

Neutral/Not applicable

29%

Somewhat proud

22%

Very proud

5%



# Current Client Attitudes

We had 470 total responses to the current client survey results shown on the next page. The responses are statistically significant based on current client numbers as of April 1, 2021.

## Becky Individual Plan 43, Indianapolis, IN

I've met all three of [my initial] goals—and many more that I hadn't initially identified. I'm astonished at how far I've come in just seven months.

**Almost immediately after my financially naked session, I started to feel less anxious about my finances. Just seven months later, that anxiety is almost entirely gone.** Now, on most days, I think of personal finance as a fun puzzle to be worked on rather than a scary problem to be avoided. My trainer is so calm and welcoming. Her expertise combined with her belief that I could absolutely learn to better handle my finances made me believe it, too.

My trainer is also super reassuring and supportive. There's zero judgement about any of the financial choices I've made, and that's helped me see that not everything in my financial history was in my control, nor did I make terrible decisions when faced with hard trade-offs. It's not a moral failing that I've experienced some past hardships, that I took out student loans, or that I don't have a high-paying job. At the same time, I'm now learning the skills that will help me be better financially prepared for whatever might happen next in my life, and learning that it's okay to want to be paid better for my professional expertise so that I can accomplish my next financial goals.

# Compared to when I started at the Financial Gym:

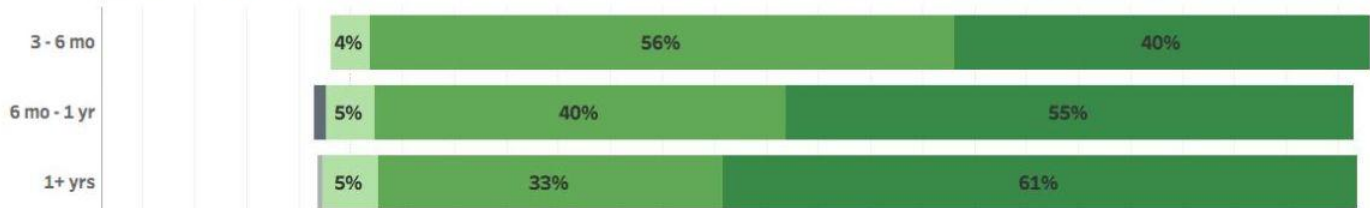
## My knowledge of personal finance concepts and terminology is:

Significantly Less Knowledge   Less Knowledge   About the Same   Increased Knowledge   Significantly Increased Knowledge



## My confidence regarding my financial situation is:

Significantly Less Confident   Less Confident   About the Same   More Confident   Significantly More Confident



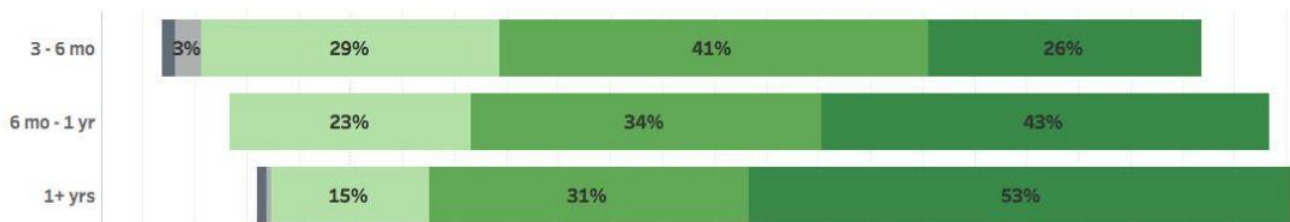
## My anxiety regarding my financial situation is:

Significantly More Anxiety   More Anxiety   About the Same   Less Anxiety   Significantly Less Anxiety



## My shame regarding my financial situation is:

Significantly More Shame   More Shame   About the Same   Less Shame   Significantly Less Shame



## The frequency with which I discuss personal finances with family and friends is:

Significantly Less Frequently   Less Frequently   About the Same   More Often   Significantly More Often



# But don't just take our word for it...

## **Katie**      **Individual Plan**

29, Los Angeles, CA

I had so much shame about my debt. I was so embarrassed that I had let it get that bad. I didn't want to ask my parents for help because I felt like I was an adult and needed to handle my own mistakes rather than asking them to help dig me out of this hole I made for myself.

I was also in a lot of fear when I maxed out my credit cards -- it happened so fast and I really couldn't blame it on one particular thing. It's not like I bought a jet ski or anything -- it was all little things, no big purchases. Over time the interest got so bad and caused me so much anxiety because I didn't know what to do.

Now I feel so much more confident knowing I'm making progress and not digging myself deeper into debt. I am so grateful that I was willing to surrender and ask for help because clearly my best ideas on how to handle this got me \$42K in the hole! I really just wanted a professional to look over my shoulder and tell me what to do or if I was doing anything wrong.



# Statistical Analysis: Emergency Savings

Our clients increase their savings at a greater rate than what they pay for their Financial Gym membership.

## **Emergency Savings:**

For every quarter completed, we see a statistically significant increase in emergency savings of \$1,450.63, holding plan type, credit score, income, goals achieved, couple, dependents, liabilities, unsecured debt, and retirement savings constant.

For every dollar of increased income, we can predict that a client would only contribute an extra \$.06 in emergency savings.

So, if a client starts out with a \$10,000 higher annual salary than another client, we would predict that the individual with the higher income would only set aside \$600 more in emergency savings.

**While having a higher income does help increase emergency savings, we have been able to show clients are more likely to save because they have access to a Financial Trainer regardless of whether they make more money.**

# Statistical Analysis: Assets



We see a statistically significant increase in total assets (holding plan type, credit score, income, goals achieved, couple, dependants, and liabilities constant). For every quarter completed, **we can predict there is a \$14,463.64 increase in total assets.**

Total liabilities was also a predictor of total assets. **For every additional dollar in liabilities, there is a \$0.44 increase in assets.** Part of our work as Trainers is helping our clients to reframe their relationship with debt.

This analysis illustrates that **accessing financing for things that increase in value or lead to a higher income, such as mortgages or student loans, are a normal part of our clients' journey to become financially fit.**

**Our coaching encourages clients to view debt as a tool, while ensuring that their debt-to-income ratio stays manageable and monthly payments will not hamper their other goals.**

Total assets include stocks, bonds, real estate, etc., which appreciate or depreciate based on market fluctuations outside a Trainer's or Client's control.

While we help our clients build wealth by purchasing these assets as appropriate, by making regular contributions to a brokerage account, or raising their workplace retirement account contribution, **the increase over each quarter is also due to the general appreciation of the markets.**

# Statistical Analysis: Credit Score

For every quarter completed, there is a **6.26 point increase** in credit score.

*\*Holding plan type, couple/individual, net worth, income, and unsecured debt constant.*

Unsecured debt was not a statistically significant predictor of credit score. **We can hypothesize that credit utilization (the amount of available credit at any given point in time) impacts credit scores more than overall debt.**

While we help clients pay down unsecured debt, building emergency savings takes priority in the first 6 months of membership, which results in a slower change in credit score.

We also teach clients tips and tricks to improve their credit scores, like increasing their credit limit while maintaining spending at the same level.



**Jessica and Ryan**

**Couple's Plan**

**33 & 35, Woodbridge, NJ**

Our progress has been huge as a result of our trust in and commitment to the financial plan that we were given. Generally speaking, from February 2020 (when our journey began) to this past February 2021 (most recent quarterly review as of this writing) our **total assets have skyrocketed from \$2,405 to \$24,050**. Our total savings has gone from \$285 to \$22,492, liabilities have been paid down over \$7,000, **and our credit scores have gone up a combined 35 points in the past year.**

The Financial Gym is not about hiring someone to fix all your money problems. It's a source for financial literacy and self-improvement. We are learning how to be in control of our own money destiny and educated on the tools we need to be successful. We could not be more grateful.

# Scholarship Programs

Total Value of Free Memberships Offered = \$146,382

## 2020

We offered free memberships to the Black community in the light of the **Black Lives Matter** movement.

- 28 clients: 1 couple and 27 individuals
- 6 months free membership
- 52 Total Meetings with Financial Gym Trainers

**Total dollar value of free membership offered = \$16,938**

## 2020

We partnered with **iFund Women** in 2020 to select 7 female entrepreneurs for a \$2,000 funding grant from iFund Women and free Financial Gym membership

- 7 individual clients
- 6 months free membership
- Scholarship winners were featured on the Martinis and Your Money podcast

**Total dollar value of free membership offered = \$4,158**

## 2020

We offered free membership to current clients who lost work, or had a significant **reduction in income due to COVID-19** for 1-4 months based on need

- 325 clients: 37 couples & 288 individuals
- 1-4 months free membership based on need
- Total months of free membership: 896

**Total dollar value of free membership offered = \$93,804**

## 2021

In partnership with Dana Cowin of **Giving Broadly**, we offered a scholarship in early 2021 to 53 restaurant industry professionals. Giving Broadly highlights products (aka good food) by women entrepreneurs (aka good people) that make our lives more delicious.

- 54 individual clients
- 6 months free membership

**Total dollar value of free membership offered = \$31,482**

\*Membership value per month = \$99 for L2 individuals, \$150 for L2 couples



# Financial Literacy & Gym Magic

## Volunteer Programs

Financial Literacy for Youth Volunteer Program: **Financial Gym Trainers developed and ran a volunteer program to teach young people basic personal finance concepts through interactive workshops in 2020**

- 4 non-profit partners: [Girls Inc.](#), [The Fresh Air Fund](#), [Neighborhood Housing Services of Chicago](#), [My Block](#), [My Hood](#), [My City](#)
- 4 workshops
- 90+ participants aged 12-19

**The Financial Gym partnered with GatherFor to offer their neighbors free financial literacy education, advice, and one-on-one support.** GatherFor organizes and resources teams of neighbors experiencing job, food, or housing insecurity to support each other like a family would.

- One financial literacy event
- 6 individuals have met with trainers to date
- Over 8 hours of individual support given to date

## Gym Magic: The Financial Gym Scholarship Fund

**In January 2018, we created a scholarship fund for clients who have experienced financial success to give to or pay forward some of that success to clients who desperately need it.**

Many of them had lost a job, fell behind on student loan payments, needed to support in-need parents, or had some other financial setback. As clients experience need, **Financial Trainers are able to nominate the client to receive “Gym Magic Funds”** which are immediately given to the client as available.

The donation fund remains open, and all clients or supporters who donate have a puzzle piece from our Gym Magic wall dedicated to them in one of our locations.

- Lifetime gifts to clients in need: \$8,412
- Total Gym Magic Recipients To Date: 40

## We provide ongoing free programming & space to promote financial literacy

- 50+ weekly virtual wine and learns open to all
- 22 free events for financial literacy month April 2020
- Free space for 5+ community events: iFund women, Plutus Voices, The Broad Exchange, Girls Inc.

## Spanish Language Programming

- Are You Financially Fit and Investing 101 webinars translated and offered in Spanish-language
- Financially Naked podcast episode

My financial coach was very nice and helpful. She really listened to ALL of my financial information during our first meeting. By the time we had our second meeting she was prepared with advice and additional info pertaining to all of my accounts. She kept a smile on her face and was not judgmental, which made me very comfortable. Wish our time lasted longer... Thanks again 😊.

- GatherFor Neighbor

# Internal Impact

## Diversity, Equity and Inclusion Team

In 2020, The Financial Gym created a Diversity and Inclusion Team that has worked on numerous initiatives to improve our internal and external practices to make them more inclusive and equitable.

Mission statement: **Before we are anything else, we are to be human beings. As human beings, we have the power of articulate speech and we are called to have a rectitude of conduct which is inclusive of diversity and inclusion in our work culture.**

### DEI Highlights:

- Bi-weekly meetings of 12 member team, including regular collaboration with executive team
- Assisted with onboarding process of new hires and inclusive hiring practices
- Offered education and training to the team, including annual mandatory trainings, film screenings, suggested resources, developing conversations around inclusive language, created affinity groups, and a organized a workshop on power and privilege
- Reviewed and revamped marketing materials, trainer bios, and titles to change terms that were non-inclusive or had negative historical associations
- Established process for team to report microaggressions and concerns relating to DEI

## Our Recruiting Mission

Our hiring goal is to identify the most qualified candidates and place them in an environment where they can perform their best and showcase their expertise within our community. We aim to attract and hire diverse, skilled individuals who can help our clients achieve financial freedom.

## Inclusive Hiring Practices

We have implemented various hiring practices to ensure we get the best candidates across the board. We advertise in various places, diversify our interview process (no candidate gets interviewed by the same individuals), and we ensure we get individuals from various backgrounds (finance, education, entertainment). In addition, we are now including pronouns in our job application and our Careers page has been update to showcase the diversity of our company and encourage individuals from various backgrounds to apply.

## Salary Disparity

Salary disparity is a vital issue among corporations in the United States. Women earn \$.82 on every dollar compared to men of every race. At the Financial Gym, while we pride ourselves in being a women-led company powered by people from all race, gender, class and other identities. All Financial Trainers start at the same salary regardless of experience level or any other factor.

## Benefits: Free Basic Health Plans

We have free basic health coverage for all of our employees, with the option to upgrade to higher plans at affordable cost. Alongside the health plans, we offer free therapy for up to three months, floating holidays, and other wellness perks.

## Mentoring For New Team Members:

All new hires are paired with a volunteer mentor from the team for their first 6 weeks.



# Takeaways & Next Steps



## After reflecting on the data in this report we plan to do the following:

- Workshop results with the broader Financial Gym team to determine focal areas for improvement
- Examine performance based on client type
- Review financial training program to address differences in client outcomes
- Develop KPIs to track and accelerate improvement in client performance over time
- Improve existing trainer education and professional development based on client data
- Measure and evaluate client performance as well as financial performance in reporting
- Create an incentives program to improve client performance
- Create measures that tie trainer evaluation to client performance
- Improve service offerings including additional Spanish language plans and content

We will use our current and future data to build models that can help us better understand the **determinants of financial health** for our clients, and develop new intervention strategies to help clients that are not realizing the same pace of progress towards their financial goals. Getting a better understanding of the impact we have on our clients' financial lives will help us **provide more responsive products and services**.

We intend for these models to **acknowledge the systemic inequities** that exist in the lives of our clients and that have been institutionalized in the fabric of the financial services industry. In keeping with the spirit of inclusion, we want to continue to improve upon the work already established by our DEI team internally and externally. We hope that by shining a light at these inequities and understanding their ramifications, **we can build better tools and strategies to fight them and to counter their effects**.

We want to prove unequivocally that **a personal connection, not an app, is the ultimate differentiator in a person's ability to improve their financial situation**. Our clients recognize that having an accountability partner, trainer, confidant, and friend is the key to making long lasting financial change. **We believe this wholeheartedly, as do our clients... (see next page)**

# If I hadn't been working with my trainer...



...We would still be dragging along all of our debt with the intention of "paying it off someday." We certainly wouldn't have a 20k+ savings account. I (Jessica) would not have been able to confidently and securely quit a super toxic job to look for bigger and better things.

**If I hadn't been working with my trainer, I, without a doubt, would have spent a good amount of my money on new things that wouldn't have helped me in the long run. It's the accountability for me!**

...I would still be in debt, probably more debt that I started with. I also would be making less money each year and not have the financial freedom to take an indefinite sabbatical in between career moves. I would be less fiscally responsible and knowledgeable.

...I wouldn't feel as confident about my financial situation and wouldn't have known what to shoot for in terms of budgeting/saving. I would not be as financially literate.

...We would not have been prepared for the high expenses related to our puppy **and** we would not have bought a house and been financially prepared to do it.

**My trainer created a simple, accessible plan that allowed me to start *doing* right away. That momentum was key—the quick wins allowed me to feel immediately successful. Now, with my finances in better shape, I'm more motivated to go back and learn *why* my plan works the way it does, and adjust my future goals accordingly.**

**If it weren't for my trainer, I would still be scared of investing and wouldn't have taken the steps to educate myself. My entire brokerage account wouldn't exist, I would still be slowly paying off my student loans, and my living situation would be drastically different.**

...Honestly, I think we would have argued more about priorities and it would have been stressful for either of us to feel like the burden of making all these plans and decisions fell on our shoulders more than the other.

...I don't think we would have been able to get here in the timeline we did it. I'm also not sure whether we would have had the confidence to make all of these financial decisions.

...I wouldn't have had the counsel to know where is best to stay focused. When you have money, you want to hoard it, but my trainer made it clear it's important not to scale back your life so much that you resent the process. It's all about habit building, and my trainer taught me that and really encouraged me along the way.

...I would probably still be accumulating debt, or even opened up more credit cards to be able to afford groceries. I would probably still have a lot of fear and anxiety and I wouldn't be able to say **yes** to fun things because I wouldn't be able to afford them. I probably wouldn't have made nearly as much money from freelancing if I wasn't working with my trainer because I was living in such scarcity that I was blocking abundance from flowing into my life.

# Moving Forward

We learned a lot from the process of creating this report, and want to do more in the future.

Here are some areas we're planning to expand on in future reporting:

## **Increase Data Collection and Reporting**

- Expand quarterly data to 1yrs+
- Increase credit score specificity - track credit score models as well as scores
- Show client attitude change over time with a clear baseline
- Capture gross and net income change over time, accounting for freelancers and other variable income
- Report on client progress broken out by demographic identifiers
- Include debt-to-income ratio, credit utilization, and whether a client has general investing and/or retirement accounts
- Automate data collection procedures
- Create system to quantify goals achieved by goal type
- Measure and report on inclusion and other ESG indicators internally and externally

## **Additional Research and External Comparison**

- Research effective methods and procedures to control for external variables such as market fluctuations.
- Compare income with local, state, and national data
- Develop a formula to measure client financial resilience
- Conduct additional research on financial performance of particular population segments

**We can't wait to  
continue the  
journey...**



**Jillian**

24, New Orleans, LA

**Individual Plan**

My experience with The Financial Gym has been amazing. As a recent college graduate in my 20s, my trainer helped me navigate moving to New Orleans, choosing a benefits package at my first full time job, refinancing my student loans, setting up an emergency savings (that I am proud to say I have officially hit 6 months of expenses in), setting up a weekly budget, and also helping me identify my triggers around spending. My trainer has helped me set short term and long term goals for my money and helps me have a positive mindset around how I save and spend money.

I started with The Financial Gym 3 weeks after moving to New Orleans and in all of our meetings my trainer not only asks about how I feel about my budget but also whether I am making friends. My trainer encourages me to push through hard times and branch out to make connections.

Choosing the Financial Gym was one of the best choices I have made!

# APPENDIX



# Methodology: Data Collection and Analysis

## Client Selection Bias

- Clients self-select to become Financial Gym members and therefore our data is limited by selection bias
- We acknowledge that our clients are actively looking for support on their financial goals and feel that they can afford a monthly membership payment for at least 3 months
- This suggests that each client's change over time is related to their own financial knowledge, research, and work in addition to the education and support that they receive and their change over time is not representative of the national averages in comparative data
- We expect that our clients would do better than the national average had they not been working with us

## Data Outliers

- We review and verify all outliers manually to ensure data integrity

## Outliers Reviewed

- Assets: Under \$2,000 over \$1mm
- Emergency savings: Under \$500 over \$60,000
- Investment: Over \$500,000
- Retirement: Over \$800,000
- Total Liabilities: Over \$800,000
- Unsecured debt : Over \$100,000-
- Credit score outlier: Under 400 and over 840
- Entries that exceeded the parameters listed above immediately notified the impact team when pulling data for analysis. This ensured that we responded to outliers in a timely manner and collaborated with trainers to find a resolution or explanation to the imputed data.

## Data Collection

- Data used in this report was collected between March 1, 2020 and April 1, 2021
- This report includes all Financial Gym clients that started anytime between March 1, 2020 and April 1, 2021 and completed one plan session and at least 2 quarter reviews
- Does not include data from any previous clients or current clients that started prior to March 1, 2020
- During their initial intake meeting with a trainer where the client is disclosing all relevant information. Data collected includes: Start date, depository accounts, total taxable investments, total tax advantaged savings, total assets, total liabilities, total unsecured debt, credit score, net income, annual gross income, and number of cumulative goals achieved
- Any updates thereafter are either in a running series of notes or client shareables that a trainer looks to maintain in the respective client file
- Quarterly review meetings allow the trainer to collect any financial information that has changed throughout the course of the initial meeting and subsequent quarterly reviews. Data points collected: Start date, quarterly dates, emergency savings balance, total taxable investments, total tax advantaged savings, total assets, total liabilities, total unsecured debt, net worth, credit score, net income, annual gross income, and number of cumulative goals achieved
- Additionally, client financial data is also pulled from account balances in our Training Zone platform, which links to through a third party, [Plaid](#).
- A survey of new clients captures their financial attitudes and relationship with their money ahead of their intake session. This client pre-survey had 409 total respondents out of 929 total new clients between Jan 1, 2021 and April 1, 2021. These are not meant to capture initial attitudes as baseline data and are instead showing initial responses separately from current client responses.
- An additional survey of current clients on a biannual basis looks to measure their financial attitudes and relationship with their money. Current client attitudes data had 470 total responses that captured a client's knowledge of financial concepts, the feelings around their personal financial situation, and finally how openly they discuss these same financial concepts or their overall finances with friends and family.

## Data Entry

- Data is manually entered by trainers and we expect a small amount of inconsistency and occasional errors in data entry
- Data is pulled from account balances in the Training Zone, which links to bank accounts through a third party system, Plaid
- Missing or unlinked accounts are self reported by clients when accounts don't update or sync to Plaid, or when a client has opted out of using the Training Zone

## Data Cleaning

- We chose to not study or report on change in income in this report due to the 2020/2021 supplemental COVID-19 stimulus, unemployment benefits, and COVID-19 related income loss that created inconsistencies in data collection and made it difficult to draw conclusions

## External Data

- External data presented in this report was from publicly available data sources at the national level. We acknowledge that national data sources have reporting methodologies that can differ based on how they define their variables are defined or how the data is collected.
- For example, [The Survey of Consumer Finances](#), reports their unsecured debt figures differently from how we at the Financial Gym report it. The SCF separates out credit card debt and other unsecured lines of credit as two different entities where internally we treat credit card debt *and* other unsecured lines of credit as one entity.
- We were careful not to draw direct comparison between our internal data and external data sources where appropriate to not draw wrong or misleading conclusions.

## Regression Analysis

- In our analysis, we used quarter completed as a proxy for the effect working with a Trainer has on our clients' key indicators including total assets, emergency fund, goals achieved, and credit score.
  - However, there is potential for our findings to also be the result of the passage of time, since quarter completed is also a measure of time.
- As illustrated by client testimonials, prior to starting as clients at The Financial Gym, many clients report that they were not able to get their finances in order as time passed. If anything, many of them experienced their financial situation getting worse or stagnating over time.
  - Therefore, we feel confident (with a 90% confidence level or above) that the quarters spent working with a Trainer is what made the difference.
- While our statistical models do show that our work with clients helps them improve basic financial fitness markers and achieve their goals, they don't illustrate the entire picture. In future reports, we hope to include other variables, like socioeconomic indicators. We hope this will lead to better fitting models and forecasting for client metrics.



# Statistical Analysis Breakdown

## Emergency fund

Regression equation:

Emergency savings =  $-\$20,711.64 + \$1,450.633(\text{quarter}) + \$7,615(\text{plan type}) + \$24.35(\text{credit score}) + \$0.06(\text{income}) + \$122.10(\text{goals achieved}) + \$3,757(\text{couple}) - \$2,914.66(\text{dependants}) + \$0.00(\text{liabilities}) - \$0.03(\text{unsecured debt}) + \$0.02(\text{retirement savings})$

### MODEL INFO:

Observations: 920

Dependent Variable: emergency\_savings

Type: OLS linear regression

### MODEL FIT:

$F(10,909) = 72.78, p = 0.00$

$R^2 = 0.44$

Adj.  $R^2 = 0.44$

Standard errors: OLS

	Est.	S.E.	t val.	p
(Intercept)	-20711.64	4337.40	-4.78	0.00
quarter	1450.63	510.89	2.84	0.00
plan_type	7615.00	681.53	11.17	0.00
credit_score	24.35	6.37	3.82	0.00
income	0.06	0.01	6.92	0.00
goals_achieved	122.10	231.73	0.53	0.60
couple	3757.08	1351.24	2.78	0.01
dependants	-2914.66	872.24	-3.34	0.00
liabilities	0.00	0.00	1.09	0.28
unsecured_debt	-0.03	0.01	-2.47	0.01
retirement_savings	0.02	0.00	5.94	0.00

# Statistical Analysis Breakdown

## Total Assets

Regression equation:

Total Assets =  $-\$377,214.49 + \$14,463.64(\text{quarter}) + \$54,070.66(\text{plan type}) +$   
 $\$376.64(\text{credit score}) + \$1.20(\text{income}) - \$3,172.14(\text{goals achieved}) - \$4,936.47(\text{couple}) -$   
 $\$38,836.73(\text{dependants}) + \$0.44(\text{liabilities})$

MODEL INFO:

Observations: 920

Dependent Variable: assets

Type: OLS linear regression

MODEL FIT:

$F(8,911) = 59.88, p = 0.00$

$R^2 = 0.34$

Adj.  $R^2 = 0.34$

Standard errors: OLS

	Est.	S.E.	t val.	p
(Intercept)	-377214.49	70553.64	-5.35	0.00
quarter	14463.64	8439.65	1.71	0.09
plan_type	54070.66	11050.99	4.89	0.00
credit_score	376.64	104.55	3.60	0.00
income	1.20	0.13	9.02	0.00
goals_achieved	-3172.14	3820.77	-0.83	0.41
couple	-4936.47	22298.13	-0.22	0.82
dependants	38836.73	14323.80	2.71	0.01
liabilities	0.44	0.05	8.86	0.00

# Statistical Analysis Breakdown

## Goals Achieved

Regression equation:

Total Assets =  $-1.80 + 0.81(\text{quarter}) - 0.20(\text{plan type}) + 0.00(\text{income}) - 0.30(\text{couple}) + 0.00(\text{emergency savings}) + 0.00(\text{credit score}) - 0.00(\text{net worth}) - 0.00(\text{unsecured debt})$

MODEL INFO:

Observations: 920

Dependent Variable: goals\_achieved

Type: OLS linear regression

MODEL FIT:

$F(8,911) = 21.51, p = 0.00$

$R^2 = 0.16$

Adj.  $R^2 = 0.15$

Standard errors: OLS

	Est.	S.E.	t val.	p
(Intercept)	-1.80	0.62	-2.88	0.00
quarter	0.81	0.07	11.80	0.00
plan_type	-0.20	0.10	-1.92	0.05
income	0.00	0.00	0.95	0.34
couple	-0.30	0.19	-1.61	0.11
emergency_savings	0.00	0.00	0.57	0.57
credit_score	0.00	0.00	3.23	0.00
net_worth	-0.00	0.00	-1.02	0.31
unsecured_debt	-0.00	0.00	-1.96	0.05

# Statistical Analysis Breakdown

## Credit Score

Regression equation:

$$\text{Credit score} = 664.36 + 6.26(\text{quarter}) + 49.45(\text{plan type}) + 16.95(\text{couple}) + 0.00(\text{net worth}) + 0.00(\text{income}) - 0.00(\text{unsecured debt})$$

MODEL INFO:

Observations: 920

Dependent Variable: credit\_score

Type: OLS linear regression

MODEL FIT:

F(6,913) = 70.81, p = 0.00

R<sup>2</sup> = 0.32

Adj. R<sup>2</sup> = 0.31

Standard errors: OLS

	Est.	S.E.	t val.	p
(Intercept)	664.36	5.21	127.53	0.00
quarter	6.26	2.48	2.52	0.01
plan_type	49.45	3.18	15.53	0.00
couple	16.95	6.84	2.48	0.01
net_worth	0.00	0.00	2.95	0.00
income	0.00	0.00	2.28	0.02
unsecured_debt	-0.00	0.00	-0.97	0.33