

# **2007 Money Management Outcomes Study: Executive Summary**



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**Report Prepared by Lona Choi-Allum**

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AARP is a nonprofit, nonpartisan membership organization that helps people 50+ have independence, choice and control in ways that are beneficial and affordable to them and society as a whole. We produce *AARP The Magazine*, published bimonthly; *AARP Bulletin*, our monthly newspaper; *AARP Segunda Juventud*, our bimonthly magazine in Spanish and English; *NRTA Live & Learn*, our quarterly newsletter for 50+ educators; and our website, AARP.org. AARP Foundation is an affiliated charity that provides security, protection, and empowerment to older persons in need with support from thousands of volunteers, donors, and sponsors. We have staffed offices in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.

### **Acknowledgements**

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## **Executive Summary**

The AARP Foundation has worked with state and local agencies since 1981 to provide basic money management services to older and disabled persons with limited incomes. To be eligible for assistance, clients must have annual incomes below \$22,214 for a single client or below \$31,433 for a couple.

State agencies serve as statewide coordinators for the program, which entails managing the program at the state level, training staff at local agencies, and assisting local agencies. Local agencies implement the program within their jurisdictions, which includes managing the program locally, training and supervising volunteers, and monitoring volunteer activity and client accounts. While the majority of local agencies that are involved in the program are supervised by state coordinating agencies and have little direct interaction with the AARP Foundation, approximately one-tenth of the involved local agencies are supervised directly by the AARP Foundation.

This summary provides highlights of the key findings from the Money Management Outcomes Study conducted by AARP from October 2005 through September 2006, along with an annotated questionnaire with agency and volunteer responses.

### **Study Objectives**

The purpose of the study was to track the outcomes of the AARP Foundation's Money Management Program. The study was launched in response to participating local and state agency requests for data that illustrate the benefits of the program. The goal was to have available data about the program's benefits that agencies could use to demonstrate the difference that the program has made locally as well as nationally. In addition, the study was designed to answer questions about the extent to which the Money Management Program successfully helps clients manage their money.

A total of 13 states participated in the study.<sup>1</sup> Among these 13 states, 40 out of 106 local money management agencies (38%) completed the necessary forms for data collection.

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<sup>1</sup> At the beginning of the study, local agencies within 22 states were included in the study. However, over the course of one year, several agencies were not able to complete the necessary forms for data collection due to time constraints and other agency responsibilities.

## **New Client Referrals**

Almost eight out of ten of the new clients who entered the Money Management Program during the course of the study (79%) were offered **bill payer assistance** and close to one out of five (19%) were offered **representative payee assistance**.

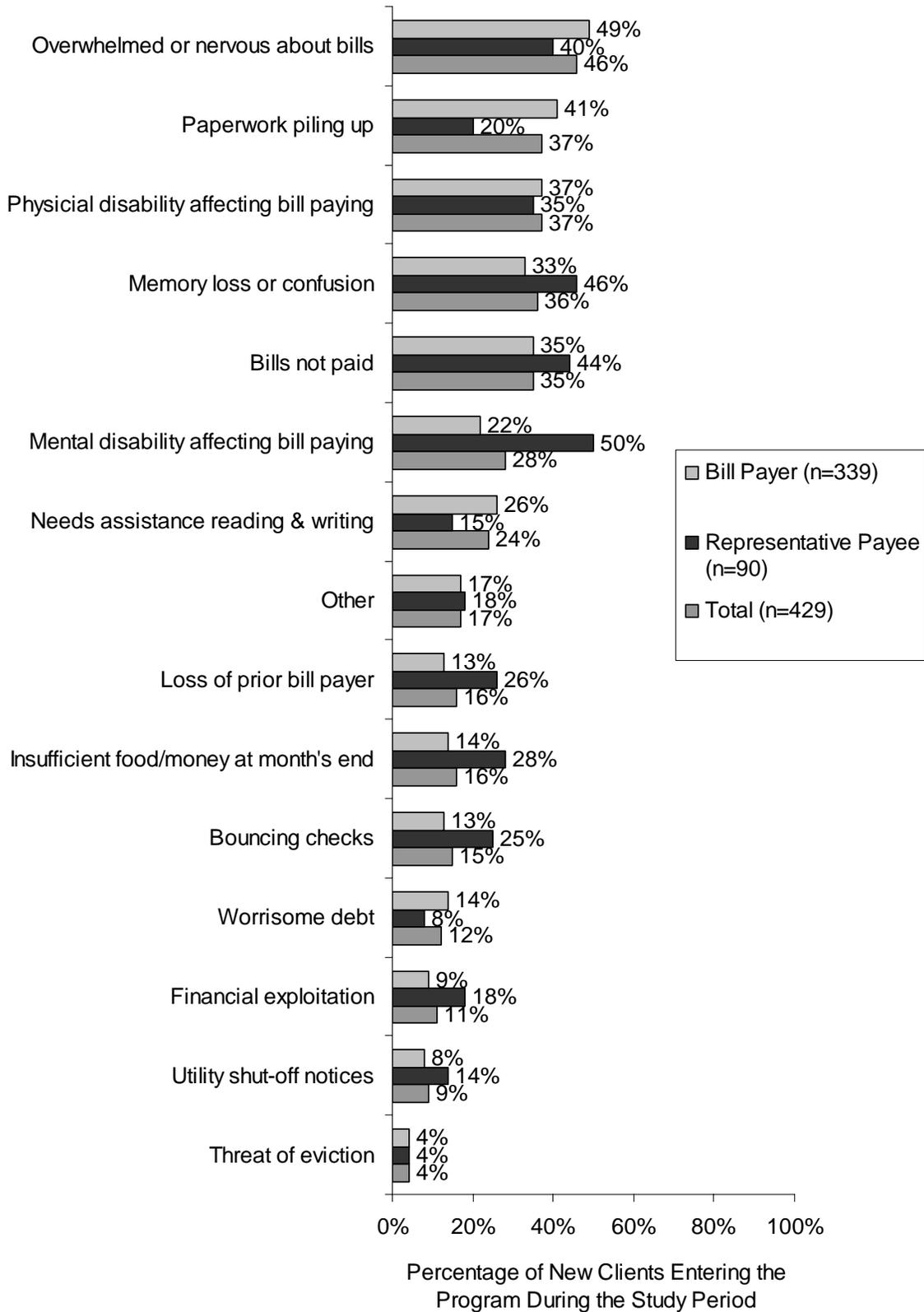
In order to understand why clients needed money management assistance, agencies were asked to document the primary reasons why a client entered the money management program.

- Among **all new clients (bill payer clients and representative payee clients)**, over four out of ten (46%) were overwhelmed or nervous about bills when they entered the program.
- Over one-third of **all new clients** had paperwork piling up (37%), had a physical disability which affected bill paying (37%), had experienced memory loss or confusion (36%), or did not pay their bills on time (35%).

As noted by local coordinators, almost half of bill payer clients (49%) entered the program due to being overwhelmed and nervous about their bills. In addition, many had paperwork piling up (41%), a physical disability affecting bill paying (37%), memory loss or confusion (33%), and/or unpaid bills (35%). Bill payer clients were twice as likely as representative payee clients to have paperwork piling up (41% vs. 20%) listed as a reason for their referral.

Half of representative payee clients (50%) were referred due to a mental disability which affects bill paying. In addition, other reasons for referrals included having memory loss or confusion (46%), being overwhelmed or nervous about bills (40%), or having unpaid bills (44%). Representative payee clients were more than twice as likely as bill payer clients to have a mental disability which affected their bill paying (50% vs. 22%). This is not surprising considering that representative payee clients are unable to write their own checks or manage their own finances. In addition, representative payee clients were twice as likely as bill payer clients to have had insufficient food/money at the end of the month (28% vs. 14%) or to have been exposed to financial exploitation (18% vs. 9%).

## Reasons Why Clients Need Money Management Assistance\*



\*Source: New Client Referral forms. Percentages may not add up to 100 due to multiple responses.

## **Outcomes for New Clients**

Volunteers within each agency were asked to track, on a quarterly basis, a client's money management activities. During the 12-month study period, the majority of new clients were able to pay their bills on time, did not experience any questionable withdrawals or expenses, had all checks clear successfully, and stayed within their income limits.

Examples of program successes are illustrated through the following comments by volunteers:

- *[The client], for the first time in her life, has a checking account. She is no longer using money orders.*
- *Great progress has been made with [the client]. All her bills are organized and up to date. She is able to focus her attention on caring for her husband who is in a nursing home. She is relieved that her finances are no longer a worry.*
- *He has started to feel confident about the money management program and client visits. Because of limited family support, this program is a life support.*
- *[The client] is beginning to track her expenses for the first time in many years. She is beginning to understand how much money she needs for food each month.*

## Successes

According to the New Client Referral Forms, 154 clients were referred because they were not able to pay their bills. Over the course of the study, almost nine out of ten of these 154 clients (89%) paid their bills on time in most months reported. Among the 66 clients who entered into the program because of bounced checks, slightly over nine out of ten clients (92%) did not bounce checks during the study period.

## Challenges

According to reports by volunteers, there were instances where a client was hospitalized, temporarily placed in a nursing home, or sent to a rehab facility. As a result, the volunteer was not able to visit the client, and therefore, some bills were not paid and payments were made late. In addition, some volunteers reported that clients would write checks without the volunteer's knowledge, and the check would later bounce.

## **Volunteer Hours**

On average, over half of money management clients (55%) are receiving about one to two hours of volunteer assistance per month. Almost one quarter of clients (23%) receives between two and four hours per month. Over one out of ten clients (16%) receives more than four hours of volunteer assistance per month.

### **Outcomes for All Clients (New and Existing Clients)**

A total of 40 agencies completed an Agency Monthly Report for each month between October 2005 through September 2006.<sup>2</sup> Each month, agencies were asked to document the number of new bill payer and representative payee clients that entered the money management program from October 2005 through September 2006. In addition, agencies were asked to write down the total number of bill payer and representative payee clients, which includes both existing clients that entered the money management program before October 2005 through September 2006 and new clients who came on board after October 2005 through September 2006.<sup>3</sup>

Three types of agencies participated in the program: 1) agencies who received bill payer clients only, 2) agencies who received representative payee clients only, and 3) agencies who received both bill payer and representative payee clients. One-third of participating agencies (33%) serve bill payer clients only. Almost two-thirds of agencies (65%) serves bill payer and representative payee clients. Only one participating agency provides assistance to representative payee clients only.

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<sup>2</sup> Thirteen of the 40 agencies were unable to produce some, but not all of the twelve agency monthly reports, however, data were still collected among these agencies and recorded as missing in the months that were not reported.

<sup>3</sup> Although participating agencies received instructions on how to complete the Agency Monthly Report Forms, discrepancies were found between the total number of bill payer and representative payee clients on the Agency Monthly Report Form and the Money Management Program's database of records on the total number of bill payer and representative payee clients participating in the money management program. As a result, comparisons could not be made between the Agency Monthly Report Form and existing data from the Money Management Program database.

Over the course of one year, the majority of the 40 agencies said that all of their clients were able to pay their bills on time<sup>4</sup> (68%), did not experience any questionable withdrawals or expenses<sup>5</sup> (76%), and cleared all checks successfully<sup>6</sup> (67%). Less than one-third of agencies had clients who were not able to pay their bills on time, had questionable withdrawals, or wrote bad checks.

Among the 13 participating bill payer only agencies, 10 agencies reported that clients were able to pay their bills on time. Nine agencies reported that their clients did not experience any questionable withdrawals or expenses and all client checks had cleared successfully.

**Client Money Management Activities Among Bill Payer Only Agencies**  
(n=13)\*

	<b>Yes</b>	<b>No</b>
All clients able to pay their bills on time	10	3
No clients experienced any questionable withdrawals or expenses	9	4
All checks written by, or on behalf of clients, cleared successfully	9	4

\* Note small base.

For the representative payee only agency, the agency stated that their clients did not experience any questionable withdrawals or expenses. However, the agency reported that some clients were not able to pay their bills on time and that some client checks did not clear successfully.

Among the 26 agencies that serve both bill payer and representative payee clients, eighteen agencies found that clients were able to pay their bills on time and that all checks written by or on behalf of clients cleared successfully in most of the months during the study period. Twenty agencies reported that their clients did not experience any questionable withdrawals or expenses in most of the months during the study period.

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<sup>4</sup> Bills may not be paid on time for a number of reasons. For example, clients may hide bills from staff and volunteers. Clients may not submit a bill to a volunteer for payment. In some cases, the client may have limited funds to pay bills. Clients may also be unwilling to change their lifestyle and stay within set budgetary guidelines.

<sup>5</sup> Questionable withdrawals or expenses may occur if clients have relatives who constantly ask them for money, which is out of the volunteer's control. The volunteer may only advise or counsel them on how to handle these types of situations. Sometimes a one time expense may occur that was not budgeted. In addition, clients are still able to enter into agreements to buy items without the volunteer's knowledge.

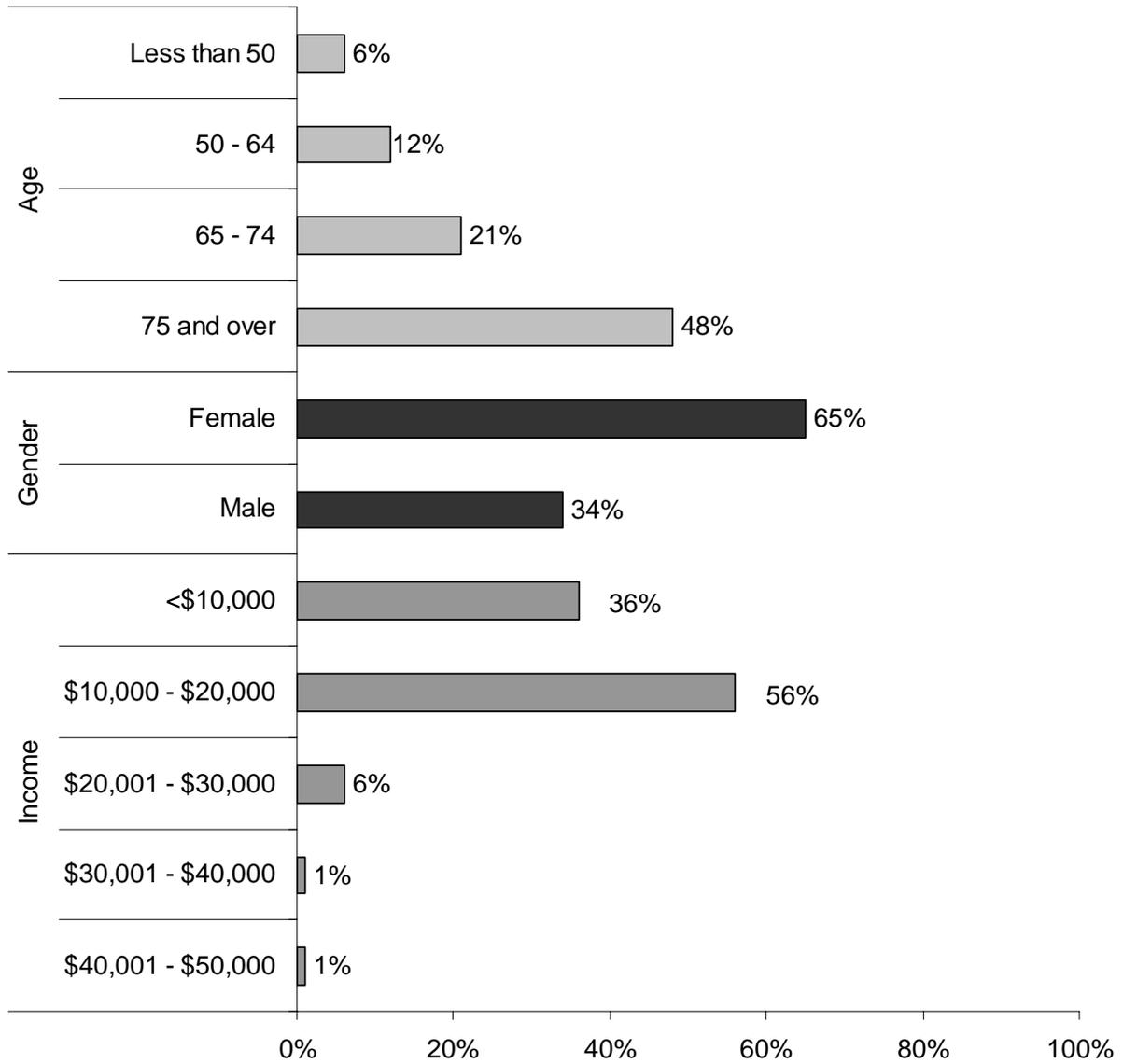
<sup>6</sup> Bounced checks may occur if a client has access to an ATM card that they should not be using. If this happens, clients are given a warning, and if the behavior continues, they are discontinued as a client. In some cases, clients may write checks on their own without the volunteer's knowledge. One situation that has occurred is that rent is due before a client's Social Security check arrives, which results in a bounced check. Clients may share account information with a telemarketer, resulting in an automatic withdrawal from their account. Overdrafts may happen due to human error. However, if this happens more than once, a volunteer could be dismissed from the program.

In each month of the study, the majority of agencies said that none of their clients experienced any questionable withdrawals or expenses. Although the percentage of agencies reporting this varied somewhat from month to month, the nature of the data and the relatively short 12-month duration of the study make it difficult to attribute these small changes to any factors in particular. Overall, the results are encouraging and reflect the program's value.

The AARP Foundation's Money Management Program continues to provide a much needed service to older adults who need assistance with or are no longer able to manage their own finances. With the support of volunteers, most clients were able to pay their bills on time, did not experience any questionable withdrawals or expenses, and had their checks clear successfully. For the new clients that entered the program during the study period, it was clear that the program successfully addressed specific problems that they had experienced. Only a minimal number of clients still experienced some difficulties in managing their finances.

The program clearly shows a positive impact on the lives of the clients – anecdotal feedback collected during the study as well as previous surveys show that they are happier, more trusting, more relaxed, less stressed, and have peace of mind knowing that their bills are getting paid. As a result of the program's money management assistance, many clients are able to continue living at home, have utility services restored, receive services at a discounted rate, have reduced late fees, and have money in their checkbook that they did not have before they entered the program.

## Demographic Profile of New Clients Entering Program During Study Period (n=429)



## METHODOLOGY

Participating local agencies were asked to collect and report data to AARP's National Office from October 2005 through September 2006. Each agency received copies of three forms for data collection: a New Client Referral Form, a New Client Tracking Form, and an Agency Monthly Report Form.<sup>7</sup> Agencies were also given a supply of business reply envelopes so that they could send in the required forms to AARP's National Office at no cost.

A New Client Referral Form, completed by local agency coordinators, was used to collect baseline data on new clients acquired from October 2005 through September 2006. At the end of each month, agencies were asked to submit these forms to AARP's National Office for processing.

A New Client Quarterly Tracking Form, completed by money management program volunteers, was used to provide a status report of client activities, including any success stories or comments on how the money management program benefited the new clients. Volunteers were asked to submit a tracking form at the end of every quarter for each new client acquired from October 2005 through September 2006.

An Agency Monthly Report Form, completed by local agency coordinators, was used to track information on all clients (i.e., new clients acquired since October 2005 and existing clients who have been in the program). Agency coordinators were also asked to share any successes or comments on how the money management program has benefited their clients. This form was completed by local agency coordinators at the end of each month and submitted to AARP by the 15<sup>th</sup> of the following month.

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<sup>7</sup> Data collection presented a challenge since forms were to be collected from both local agency coordinators and volunteers. Local agencies were responsible for informing volunteers to submit the quarterly tracking forms, which were not always sent in a timely manner. Some agencies submitted duplicate forms, while other agencies did not submit all of the client referral forms. Follow-up was needed to make sure all forms were received.



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