FinCap

Working with Financial Mentors: What You Need to Know

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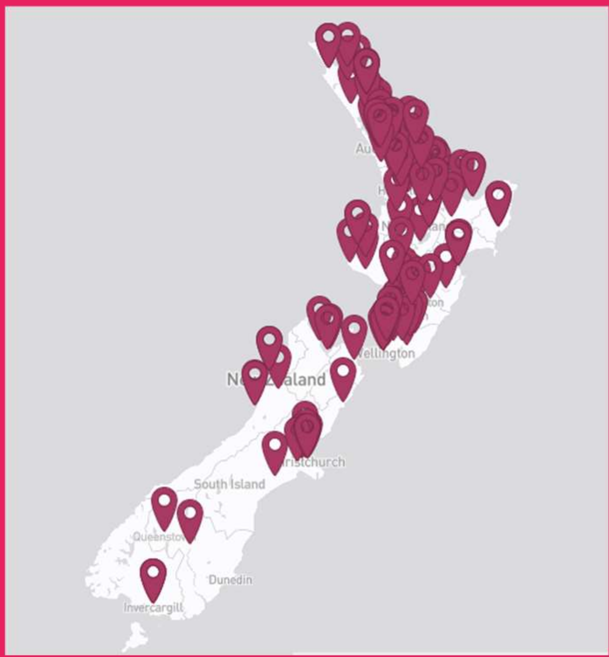
South Island
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- Financial mentors build rapport so they are trusted with the whole story. There are often many issues, not just the loan repayments to juggle.
- Demand for financial mentoring is greater than supply in many regions. Financial mentors are very frustrated by hold ups when trying to communicate or request information.
- It can take weeks to work out what sustainable payments going forward look like.
- MoneyTalks is the best starting point for referral.

Financial mentors (FMs) build rapport and trust.
This means the client is more likely to engage and share sensitive financial information, as well as other related issues.
Examples of other issues may include mental health, relationship breakdown, family harm, health concerns, employment issues, disputes, gambling, and other addictions—many of which require referrals that can take time. Food support is often arranged.

Reassuring the client that seeking FM assistance was a good call.
Check what they want to achieve—often it's about resolving the immediate crisis rather than building long-term financial capability.
Get agreement on working together and clarify who will gather what information.

Optimism bias might be detected.
People are often very stressed when bills are in arrears. They may agree to repayments they think they can afford, but in reality cannot.
Gathering information to clearly understand the borrower’s financial position can take hours or even weeks. This includes contacting government departments, banks, lenders, utilities, and other creditors to obtain up-to-date statements.
In gathering these statements, some financial mentors will request affordability and suitability checks and other records to get a fuller picture before moving to the next step. Mentors have organised a standard, reasonably formal letter to clearly request the

information—this may be received by you.

Outlining all the options for the borrower to achieve their aim based on their current position.
This includes budgeting and plans for adjusting spending.
Often, mentors will offer to work on the borrower’s behalf with creditors.
Entitlements at WINZ and IRD are often corrected.
KiwiSaver hardship applications and insolvency are last resorts but are often needed.
All of these involve time-consuming contacts and negotiations while someone is experiencing hardship.

Contacting creditors further.
Training on this is a win-win—both creditors and clients benefit from a sustainable way forward.
Where there are concerns around hardship and affordability, mentors may be quick to commence a complaint while the client is engaged and confident in pursuing the issue.
FMs may also try to navigate an arrangement along the lines of Chapter 12 in the Responsible Lending Code.
The aim is to be professional but firm—the FM is there to advocate with or for the borrower, and this is their role.

MoneyTalks

0800 345 123

Your free financial helpline

MoneyTalks is the best place to start with a referral.
This should be for all financial issues that cross over with the financial difficulty impacting your business.
First, look at what you can offer to give someone breathing space—reducing pressure while they take up financial mentoring.
Please do not refer under an ultimatum to see a financial mentor within days and return with a payment offer. This puts unreasonable pressure on financial mentors to work beyond their hours.