



**NAPFA Consumer
Education Foundation**
Promoting Consumer Financial Education

Michael's Story



When he joined the Army at 18 years old, Michael Villagran thought he knew how the future was going to play out. Three years later, however, while he was serving overseas, he stepped on an IED and severely damaged his right leg. At that moment, his entire life changed. Returning home to recover, he attempted limb salvage for four years before eventually undergoing amputation.

Throughout this time, Michael really struggled. He had three young daughters from a previous marriage who he wanted to provide for, but since he was unable to work and only received income through his monthly VA benefits, he faced significant financial stress. Eventually, Michael moved back in with his parents. When his ex-wife heard about the Building Homes for Heroes program, a partner of FFP grantee NAPFA, she knew it could be the helping hand that Michael desperately needed and applied for a gifted house on his behalf.

When Michael was gifted his Building Homes for Heroes house about two and half years ago, his situation began to turn around. Not only did his family now have a place to live, but his income from his VA benefits went further. Then, Building Homes for Heroes paired him with a pro bono Certified Financial Planner™ professional, Rodney, to provide the advice and guidance needed to keep up with the house-related expenses and to plan for his future. Going into his first session with Rodney, Michael had no idea what to expect, but quickly realized the power of planning.

Over the course of their sessions, Rodney advised Michael how to best manage his finances – something he had never learned before. “In the army, they don’t teach you about personal finance,” he said, “nor in high school!” Together, Rodney and Michael reviewed his finances, looked at his spending habits and where he could save money, and figured out how to manage his income. Since Michael’s VA benefits are a set monthly amount, he has limited cashflow with which to pay bills, cover living expenses, and also save. In addition, at the beginning of the engagement, Michael was in a considerable amount of debt. Rodney helped him incorporate debt repayment into his budgeting.

Today, Michael is doing great. Thanks to his pro bono sessions with Rodney, he has learned how to manage his cashflow, afford the upkeep expenses on his house, provide for his kids' needs, and save for the future – and he's now almost completely debt-free. He says, "Honestly it's been a humongous relief; now that my finances are in order, it's been tremendous; I feel a big weight off my shoulders... I am a single father of three; to be able to have my finances in order and not have to worry, that is the biggest thing."

He has also found a purpose in being an example to others. In addition to making the 2020 USA Paralympic Skeleton team, Michael has gotten involved with the Building Homes for Heroes organization, where he works as an ambassador to other veterans joining the program, encouraging them and ensuring that they attend their sessions with a pro bono financial planner. Working with fellow veterans to explain the benefits of pro bono financial planning, his encouragement is particularly effective and impactful. "Especially as a veteran talking to other veterans, there is a level of trust there... [I encourage them to] take advantage of the help; let go and let people help you."

Karin's Story



Karin McKarahan, MBA, CFP®, has been in the financial planning industry for over 20 years. After volunteering her services pro bono through her church for several years, she began looking for a more consistent way to give back. Five years ago, Karin learned about NAPFA Foundation's partnership with Building Homes for Heroes, a nonprofit that gifts homes to veterans who were injured while serving, and she embraced the opportunity to give back and help the brave service-members become more financially stable.

The role of a pro bono financial planner with Building Homes for Heroes is to help the veterans develop a financial plan to keep them in their homes, ensuring they are prepared for the financial responsibilities of homeownership and can afford taxes, insurance, maintenance, and utilities. The engagements are typically monthly or bimonthly meetings over the course of two years, occurring both in person and virtually. No engagement is exactly like another — over the course of her different pro bono engagements, Karin has found that it's important to be open minded, patient and willing to meet each hero wherever they are in their financial journey.

Karin's first engagement was working with a hero who was in his forties. He had five kids, a good job working for the government, and was working on getting his master's degree. Financially, he was quite savvy, and most of their engagement involved questions related to college and retirement planning. Many of Karin's most recent engagements, however, have been with heroes who are younger and not sophisticated about money. Karin normally starts by helping them get a grip on spending, budgeting, and debt issues, as those issues must be addressed if the veteran is to successfully afford their home over time.

If the hero is open and willing, Karin also takes a more holistic approach, such as finding "the why" behind their spending habits or their difficulty in paying down their debt; however, she has learned to be patient, not to probe too much, and to let them take the lead. "Sometimes it is hard to get them to open up. [I have to remember to] be very patient, be kind, empathize, and remember that you're there to help, not to interrogate. Let them take the lead on how much they want to share."

Karin encourages other planners who work with veterans to also remember that these are not your typical clients. "Be prepared to adjust the way you work," she explains "Adapt to the veteran's comfort level. Set aside what you've learned about financial planning and just keep it simple. Building that trust is super important. For example, instead of sending virtual documents for them to fill out, if appropriate call them and fill in the document yourself, as it can be overwhelming for them."

