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# **Intergenerational Wealth Transfer through Financial Empowerment Center Counseling:**

**A Multi-City Legacy Planning Pilot**

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## A Multi-City Legacy Planning Pilot

October 2022

### Acknowledgements

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## Introduction

Across the country, local government leaders understand the connection between residents' financial stability and the financial stability of cities and counties. From the 2008 recession to the COVID-19 pandemic, residents' financial struggles and their impact on a city or county's broader success have become palpably evident to local leaders. Economically stable families are better able to weather economic shocks, contribute to and grow their local economy, and help their children succeed. For this reason, dozens of local leaders across the nation have turned to the Cities for Financial Empowerment Fund's (CFE Fund) Financial Empowerment Center (FEC) initiative, offering their residents one-on-one professional financial counseling as a free public service.

In many localities, because of both historic and current systemic racism and other barriers, Black residents and other residents of color experience worse financial stability than White residents: Black households have an average of one-fifth of the assets of White households.<sup>1</sup> With this in mind, the CFE Fund and four local governments partnered on a novel effort to build Black people's ability to transfer wealth to future generations by integrating estate planning, or "legacy planning," into existing FEC counseling services. This work was carried out in collaboration with Bloomberg Philanthropies' Greenwood Initiative, an ambitious nationwide program that seeks to accelerate intergenerational Black wealth and address systemic underinvestment in Black communities. This brief details key discovery phase findings, pilot design, and lessons learned throughout this new work.

## The Financial Empowerment Center Model

Municipal FECs provide professional, one-on-one financial counseling as a free public service. The model was first launched in New York City in 2008 under then-Mayor Michael R. Bloomberg with private philanthropic support; impact and demand grew until the FEC was baselined into the New York City budget in 2011 as a core City service with a significant investment of public funds. In 2012, based on the success of the model in New York and interest from cities across the country, Bloomberg Philanthropies partnered with the CFE Fund to replicate the FEC model in additional cities. There are now 30 cities and counties across the country that have launched local FEC programs, and over a dozen more



currently working towards launch through the CFE Fund's [FEC Public](#) initiative. To date, FECs across the country have helped more than 142,000 people build \$43 million in savings and reduce more than \$211 million in debt.

Professionally trained FEC counselors help residents, especially those with low to moderate incomes, manage their finances, pay down debt, increase savings, establish and build credit, and access safe and affordable mainstream banking products. FEC counseling is data-driven: the centralized FEC database (FECBOT, or FEC Boost Outcomes Tool) collects over 200 client data points, and impact is measured against specific financial behavior change benchmarks and client outcomes. At the core of the larger FEC model is the integration of counseling into other social services, including eviction and foreclosure prevention, workforce development, prisoner reentry, benefits access, and more.



## Defining Legacy Planning

Legacy planning is more commonly known as “estate planning;” however, the CFE Fund found that this phrase does not resonate in target communities. Some counselors and clients found the term “legacy planning” was more easily understood, helped clients feel more positive about the goals of this work, and encompassed more than just financial assets. For this reason, we use “legacy planning” to describe this work and throughout this brief.

Legacy planning is the process of putting a plan in place for how a person's assets will be passed down to subsequent generations. This might mean what will happen when someone dies, but it also might refer to a plan for managing financial and healthcare decisions if someone becomes disabled. Legacy planning might also include: protecting assets like a house or property, vehicle, banking accounts, jewelry, sentimental and family heirlooms, or even pets; naming who will care for children; or ensuring loved ones can manage funeral arrangements.

## Legacy Planning and the Financial Empowerment Centers: Discovery Phase

In many rich countries, including the United States, the lack of intergenerational wealth transfer is a driving force preventing residents with low incomes from building wealth.<sup>2</sup> For Black families, especially, the lack of intergenerational wealth transfer is significant: Black families are less likely to receive “inheritances, gifts, and other family support” than white families; are less likely to hold retirement accounts; hold less emergency savings; and are less likely to own homes.<sup>3</sup> Nearly 70% of Black people<sup>4</sup> (as compared to just 45% of White people<sup>5</sup>) do not have a will or estate plan. Much of this disparity is due to “structural characteristics of the American economy” and “an inheritance of racism” that has served as a barrier to Black wealth.<sup>6</sup> It is also worth noting that about 66% of Black adults (as compared to 46% of White adults) are unmarried<sup>7</sup>, excluding them from some automatic wealth transfer mechanisms associated with marriage.

In 2021, with support from Bloomberg Philanthropies’ Greenwood Initiative, the CFE Fund began to explore how the FEC counseling model could best support Black residents in building intergenerational wealth through integrating legacy planning into its counseling service array. The CFE Fund began this work with a discovery phase to better understand whether and how legacy planning might fit within the FEC model; to identify client needs around legacy planning, particularly the needs of Black clients; to design a pilot that would test this new integration; and then to conduct that pilot across four municipal partnerships.



As part of the discovery phase, the CFE Fund interviewed field leaders, including wealth transfer experts and Black financial industry leaders. The CFE Fund selected four FEC municipal partners with significant Black populations and/or significant Black wealth transfer concerns to participate in the discovery phase and the eventual pilot:

Detroit, MI; Nashville, TN; Shelby County, TN; and Shreveport, LA. We then commissioned social policy research firm MEF Associates to conduct focus groups with FEC clients and interviews with FEC managers and counselors in each locality. CFE Fund staff also conducted follow-up focus groups and interviews in three of the localities at the end of the pilot.

## Discovery: Key Factors that Influence People's Willingness to Engage in Legacy Planning

As described above, legacy planning may involve passing various assets to survivors or future generations, preparing for future financial and healthcare decisions, ensuring that family members can cover one's funeral costs, and/or naming who will care for children. Given the broad range of legacy planning decisions, these efforts can be relevant at many points in a person's life cycle, such as the birth or adoption of children, purchase of a home or other major asset, becoming a caregiver, losing a partner, gaining (or losing) an inheritance, etc. In focus group discussions, FEC clients recognized that planning should not be left until the last minute, or worse. As one client said,

*"[Legacy planning is for] everybody. Even if you don't have children, making sure that you have things set in place for when you become ill, who will help you finish out what things need to be taken care of before you're no longer here."*

Moreover, the focus groups highlighted that events occurring in other people's lives can inspire FEC clients' interest in legacy planning.

*"My brother died in March and that really kind of stopped my mind, and I want to make sure I have all that in order in terms of a living will and all that."*

*"I just had a cousin who passed from brain aneurysm, she was 33 and going through a divorce. Now we have to deal with the person who caused her a lot of grief to get things done because he's the next of kin. I believe she has a will, but not an official will, just stuff she wrote out. We don't know about her life insurance ... This was a real eye opener. You would think you have more time. ... This thing makes me want to put things in action."*

Both family structure and family dynamics can have a huge influence on the outline and complexity of one's legacy plans. They also may influence one's willingness even to engage in planning. For example, the director of a foreclosure prevention program described devastating situations in which family members had lost wealth because they wouldn't speak to each other to come to an agreement or make a plan before a family member's death.

Given this project's special focus on wealth equity and the Black community, the discovery phase specifically sought information about ways that racial or cultural background may shape people's beliefs and actions around legacy planning. Multiple sources – from academics to credit union leaders to FEC clients – referred to aphorisms such as 'Blacks inherit debt,' 'people of color use whatever wealth they accumulate to take care of their elders, not to pass to their children,' 'estate planning is for rich people,' and 'we have nothing to leave.'

Sources also offered evidence that the Black community may be more likely to transfer wealth during their lifetimes than after death – they may be more likely and willing to think about wealth transfer as something that happens while they are still alive. As a university professor pointed out, wealth is meant to be used, so intergenerational transfers during the giver's lifetime may be seen as equally important as those passed down after death. Echoing that point, FEC clients in the focus groups shared long-term financial goals for transferring wealth during their lifetime.

*"For my financial goals, I want to continue buying houses for all my kids. I have three boys and want them each to have a house."*

## Discovery: Key Barriers to Engaging in Legacy Planning, and the FEC's Role

During the discovery phase, we found that the costs – both monetary and emotional – served as a barrier to engaging in legacy planning activities, but that focus group clients would be open to FEC counselors helping them overcome these barriers. Legal fees for preparing wills and other legacy planning documents can be high, especially in the context of limited budgets of most FEC clients. Furthermore, heirs may face high costs to go through probate (the court process of validating a will). In addition to monetary costs, legacy planning





involves significant time and mental energy. Several legal and finance experts suggested that FEC financial counselors could help clients reduce some of these monetary and psychic costs by helping them see the legacy planning process as a series of small, clear steps; by educating them about transfers outside of probate; and by coaching them to organize their thoughts and documents before meeting with an attorney or taking on related expenses.



Focus group participants confirmed that making progress felt daunting and were enthusiastic about the potential to receive help. Moreover, they were very comfortable with the idea of talking with their FEC counselors about legacy planning.

*"I don't even know where to start. I would need some help on those types of things."*

*"They already know everything else – why not add that to the table. They see my debt, my credit utilization, my spending habits and everything in my credit score. We are having conversations monthly. We are already talking about money and my goals."*

*“We have already explored so much together. There is relationship building and them being able to bring up the topic and make their clients comfortable discussing it. ...The relationship with a counselor is very important for clients to open up and discuss lifelong situations.”*

By the end of the discovery phase, the CFE Fund concluded that people like FEC clients are aware of the importance of legacy planning but lack feasible solutions – and that the FEC initiative could play a critical role in meeting this need.

## Legacy Planning and the Financial Empowerment Centers: Designing the Pilot

The idea behind the FEC Legacy Planning pilot was simple: government-led, professional, one-on-one FEC financial counseling has been established as a trusted messenger for residents with low incomes; legacy planning is foundational to long-term financial stability; and integrating legacy planning into FEC financial counseling might leverage a public service to reduce the racial wealth gap. The six-month pilot aimed to help the CFE Fund understand how to best incorporate legacy planning into the FEC model. Preparation for the pilot consisted of creating robust counselor training; identifying appropriate and relevant counseling activities; enhancing FECBOT to capture legacy planning efforts and impact; and engaging in ongoing feedback loops with FEC staff, counselors, and clients.

### Counselor Training

Rigorous training is a key element of the FEC model; the [FEC Counselor Training Standards](#) delineate the financial content areas, counseling and coaching skills, practice and experiential learning, and socio-economic and cultural context-setting necessary to serve FEC clients. For the Legacy Planning pilot, counselors completed new training on a range of relevant national topics, including the importance of legacy planning; traditional legacy planning tools such as wills and power of attorneys; adding beneficiaries on financial accounts; property and vehicle titles; Medicaid recovery and lookback; life insurance; and financial counseling for grieving clients.

In addition, each FEC municipal partner completed a landscape analysis of local laws, local issues that affect intergenerational wealth transfers (such as local probate practices, state laws around deed transfer, or state Medicaid recovery regulations), resources to support local training needs, and local legal service partners. Each partner also coordinated training on these locality-specific topics, identifying relevant local laws and referral resources. Finally, counselors also received training on the scope of their role during counseling, which included explaining the basics of legacy planning, helping clients prepare for legacy planning conversations and identify next steps, and providing referrals when appropriate and available.

## Counseling Database Enhancements

The CFE Fund's centralized FEC database, FECBOT, collects over 200 client data points to help counselors and clients track counseling progress and demonstrate impact. For this pilot, the CFE Fund enhanced multiple FECBOT functions to allow counselors to track client information and achievements related to legacy planning. First, the CFE Fund created a Legacy Planning Assessment to capture a baseline snapshot of clients' legacy planning status and interest in working on legacy planning. Second, the CFE Fund added 15 new "Counseling Activities"



### Legacy Planning Counseling Activities

#### Banking

- Add beneficiaries to bank account(s)

#### Debt

- Screen for property tax debt

#### Savings

- Save for a goal: save for legacy planning

#### Legacy Planning

- Add beneficiaries to retirement accounts
- Add beneficiaries to insurance policies
- Organize and compile existing legacy planning documents

- Compile necessary documents/information to draft legacy planning tools
- Understand life insurance plans
- Understand other insurance plans (disability, AFLAC, etc.)
- Inventory assets
- Review home title
- Update home title
- Review vehicle title
- Update vehicle title
- Create legacy planning budget

to the database, allowing counselors to track individual client engagement and progress on each activity. The CFE Fund also added a new set of “Next Steps,” smaller action items assigned to clients to complete in-between counseling sessions, to help them make progress towards completing larger Counseling Activity goals. Finally, the CFE Fund created a range of FECBOT reports tracking the interest in and take-up of legacy planning activities to help counselors and managers easily track client progress and impact.

## Feedback Opportunities

The CFE Fund also built several feedback mechanisms into the pilot to allow managers, counselors, and clients to share observations that informed pilot modifications in real time. The CFE Fund held separate discussions with each counseling team to identify common themes and unique challenges across the four pilot locations, and convened group calls with FEC staff from all pilot localities to share counseling strategies, successes, and challenges. The CFE Fund also sent each client a feedback survey, available in both English and Spanish, via text message or email. Modeled on the surveying techniques promoted by [Listen4Good](#), which the CFE Fund uses to collect client feedback for and to inform the broader FEC model, the survey asked clients about how they experienced talking about legacy planning at the FEC.



## Legacy Planning and the Financial Empowerment Centers: What We Learned

Between February and July 2022, counselors at the four pilot FECs completed the Legacy Planning Assessment with nearly every client they served; by the end of the six-month pilot, over 1,100 clients had taken the Assessment. The Assessment captured a baseline of clients’ legacy planning status and interest, including: what assets clients own; whether they have dependents, beneficiaries on their financial accounts, and clear property title; and their interest in



discussing any legacy planning activities with their counselor. Counselors worked with clients to engage in a range of legacy planning activities, and referred clients to local legal services where appropriate.

Overall, feedback from FEC staff and clients was positive and highly encouraging.

## What We Learned: FEC Clients **Need** Legacy Planning Services

An overwhelming majority of FEC clients did not have traditional legacy planning tools:

- Over 90% of clients did not have a will, power of attorney, health care proxy, or trust.
- 72% of clients did not have life insurance.
- 54% of clients did not have beneficiaries named on all their financial and insurance accounts, or did not know if they had named beneficiaries.
- 48% of clients have dependents that would need a plan for care in the client's absence.
- 16% of homeowner clients did not have, or did not know if they had, a clear property title.

As reported by counselors and echoed in post-pilot focus groups, most clients expressed that this topic was new to them and not something they had spoken with anyone else about, including either family or other social service providers.

*“My financial counselor talked to me about legacy planning, which I had not really thought about until now. Although I am not married, or have children, I still need to think that it is important to have life insurance outside of my employer and having all my important papers in one place so my family can find them in the event of my death, which are things that I have worked on since coming to [the FEC].”*

## What We Learned: FEC Clients **Want** Legacy Planning Services

In contrast to the above-cited aphorisms about legacy planning not being part

of their cultural backgrounds, FEC clients were overwhelmingly receptive to discussing legacy planning and to engaging in the effort. Few clients had negative reactions or refused to respond; instead, counselors found that clients across all demographics were excited by this topic, which for most was new information. In fact, the majority of FEC clients who were offered a discussion about legacy planning expressed interest in pursuing it; over two-thirds (67%) said they were interested in discussing a legacy planning topic with their counselor. Additionally, the timing of the pilot may have impacted client



interest in legacy planning services: counselors and clients observed that after the COVID-19 pandemic, planning for the future was top of mind for many.

The success of legacy planning efforts at FECs may also be due to the fact that clients who take the time and effort to sign up for FEC counseling are already interested in, and thinking about, improving their financial situation. Both counselors and clients explained that clients who

proactively sign up for financial counseling may be predisposed to be more interested in, and want to engage in, this topic than the general population.

*“When you see a financial counselor, you already took that step. You’re already talking about credit and becoming financially responsible. This is the other missing piece.”*

During the six-month counseling period, nearly one-third of clients (27%) who completed the Legacy Planning Assessment began working on a related counseling activity. Given that this was a brand-new service touching on sensitive topics, and not the reason that clients had initially sought out FEC services, CFE Fund and FEC staff were encouraged by the high take up of legacy planning efforts – clients actively wanted to engage in this service. The most

common activities clients began working on were:

- Adding beneficiaries to banking accounts;
- Saving for a legacy planning activity (such as a will, burial costs, or life insurance);
- Inventorying assets; and
- Compiling necessary documents or information to draft legacy planning tools.

Supporting the discovery phase findings, legacy planning appealed to clients across the entire life cycle and income spectrum. For example, although legacy planning is traditionally thought to be relevant only for older adults, clients under the age of 50 were just as likely as clients over the age of 50 to begin working on legacy planning activities. Additionally, while legacy planning might commonly (and incorrectly) be thought of as important only for wealthy people, 62% of clients with a household income of under \$25,000 who completed the Legacy Planning Assessment began working on a legacy planning activity, and clients who worked on legacy planning activities were just as likely to be employed as they were to be unemployed. Clients of all ages, income levels, and employment status wanted to engage in legacy planning activities at the FEC.

Clients largely framed their interest in legacy planning in terms of planning for the future and avoiding leaving a burden for their family:

*“I want my things in order so [my children] don’t have to be burdened or deal with what to do next.”*

*“I want to set my next of kin to be comfortable and not have to have some of the setbacks I have had.”*

*“I’m getting closer to being a senior citizen. I want to be making my own choices and don’t want to be a burden to others. That’s one of my biggest fears.”*

Although several FEC clients had recently experienced situations in which their families could not afford to cover funeral costs, few were trying to clean up messy inheritances – for most, the sense of need for legacy planning was about preparing for the future.

## What We Learned: The FEC Model Can Support Legacy Planning

The pilot demonstrated that the FEC model is a strong vehicle to support legacy planning activities. Responses to the client feedback survey provided positive feedback on the counseling process, confirming that the FEC model's emphasis on individualized counseling and robust local training supports the context-specific and sensitive nature of these conversations. An overwhelming majority of clients confirmed that their counselor was an appropriate, trusted messenger to start this conversation:

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**88% of clients said their counselor was sensitive when discussing legacy planning, 97% said their counselor was informed about key issues, and 88% of clients said they would refer family or friends to the FEC for legacy planning.**

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*"She [my counselor] was good at answering the questions I asked and never once judged me."*

This is consistent with past client feedback gathered through Listen4Good about general FEC services – in past feedback rounds, 100% of FEC clients said they were always treated with respect by their counselor, 98% said they were satisfied with FEC services, and 88% said they were “very likely” to recommend FEC counseling to family and friends.

## What We Learned: Small Details in the Counseling Process Make a Big Difference

The pilot provided specific lessons around the counseling process and legacy planning, as well as about counselor training and external referrals.



## Counseling Process:

### How Counselors approach this topic matters and can help manage clients' expectations.

Counselors highlighted the importance of raising the topic of legacy planning in an empathetic, non-judgmental way. They cautioned that some clients may experience feelings of judgment or stress when asked about legacy planning tools they do not have and feel they cannot afford; the conversation can “add 20 pounds of weight to their shoulders,” noted one counselor. Counselors frequently framed legacy planning as a new topic that clients had not been asked to think about before, and that counselors could now help them work through. Counselors underscored the importance of raising the topic of legacy planning without any expectations, for example by signaling to the client that they had no expectation that clients already had any tools or plans in place. Some counselors recommended raising the topic in a positive way: framing the conversation as an exciting new topic to learn about or the next step in their financial journey, rather than framing it around end-of-life issues.



### Counselors must describe and define legacy planning terms carefully.

Counselors chose to use a mix of terminology when describing this topic to clients, including both “estate planning” and “legacy planning,” but both phrases needed to be explained in more detail for clients. Some counselors chose not to use any umbrella term at all, but instead used phrases such as “what you can leave behind to the next generation,” “thinking about how to take care of loved ones if you were to pass away,” and “ensuring you can pass on your legacy to your family.”

This echoed the observations of field leaders during the discovery phase, who cautioned that increasing Black engagement in legacy planning would depend on recruiting trusted messengers and using culturally appropriate messages. They expressed almost universal agreement that “estate planning” is a term to

avoid, using a variety of names in their own programs like “leaving a legacy,” “protect your treasure,” “my home – my deed – my legacy,” “life and health planning,” and “family wealth preservation.”

### **The mere act of going through the Assessment raised awareness about legacy planning.**

There was a general consensus from counselors that simply going through the Legacy Planning Assessment was a valuable experience for clients, even for those who chose not to begin working on related activities right away. Counselors used the Assessment as a segue to begin educating clients on various legacy planning topics, which often prompted clients to ask questions around specific topics like creating a will or adding beneficiaries to accounts. Counselors said the Assessment helps “plant the seed” and sets a foundation “to build upon,” and clients confirmed it was helpful to have their counselor raise the topic even if they chose to not yet pursue it.

### **What We Learned: Legacy Planning is a Long-Term Process**

Counselor and client feedback, as well as client data, highlighted that legacy planning is a long-term conversation. As counselors began to have introductory conversations around legacy planning, clients already were working towards existing, prioritized financial goals relevant to their immediate financial futures, like paying off debt or building credit. They saw legacy planning as a longer-term effort, after their more immediate financial needs were met. During the six-month pilot counseling period, 187 clients started working on the new legacy planning service plan. Most were working actively on related activities at the end of the six-month pilot period; given the long-term nature of this work, few clients (5%) had yet to complete an activity by the close of the short pilot.

Clients, counselors, and field leaders also flagged that many aspects of legacy planning need to happen outside of the counseling session. Sometimes, clients may need to confer with family members about their wishes and plans before making legacy planning decisions, and family dynamics can complicate these conversations. Additionally, some legacy planning activities – such as drafting a valid will or clearing property title – can not be completed by the counselor and required an external referral to legal services. Counselors were better able to help client achieve success with activities that could be fully completed during the counseling session, such as adding beneficiaries to financial accounts, inventorying assets, and compiling necessary information to draft legacy planning tools.

## What We Learned: Local Training and External Referrals Are Critical

In addition to learning about how to shape FEC counseling itself, the CFE Fund also learned valuable lessons during the pilot about the critical importance of identifying resources to provide local counselor training and external referrals.

The CFE Fund provided pilot partners with national legacy planning training, which covered topics ranging from accessing traditional legacy planning tools to financial counseling for grieving clients. However, the laws and requirements around many legacy planning tools are often specific to the state and locality where the client lives. For this reason, it was critical that partners identified local training options to provide additional education on legacy planning topics specific to their local context. That being said, partners found it challenging to coordinate this training – there were few organizations with both the knowledge and capacity to train counselors, and the ability to tailor the training to counselors' needs.

As the discovery phase emphasized that legacy planning costs could be a major barrier, all four pilot FECs noted that there were few local organizations to which they might refer clients that provide free or low-cost legal services and legal guidance; existing organizations also had limited capacity to serve FEC clients. Without the ability to refer clients to external legal services, clients were limited in how much they could achieve without access to trained and licensed lawyers. Ensuring that sufficient local training and legal referral resources exist, and can be connected to FEC services, will be critical to continuing to grow and scale this work.

## Conclusion

The CFE Fund's Legacy Planning pilot, in partnership with four FEC partners, demonstrated that FECs can play a unique role in helping clients, including Black clients, engage in legacy planning – ensuring that clients can achieve their longer-term financial goals and have an opportunity to transfer wealth across generations. By adding legacy planning services to FEC financial counseling, FECs can play an important role in supporting racial wealth equity. Both the pre-pilot discovery phase, as well as the pilot operations across FEC cities, showed that there is a clear need for affordable and accessible legacy

planning services delivered by trusted messengers that can meet clients' needs throughout their lives. Clients need and are interested in legacy planning, and FEC services are a promising vehicle for these efforts.

The CFE Fund will continue to explore how we might scale this vital service across the entire FEC movement, ensuring that hundreds of thousands of residents can access legacy planning and begin to build stronger financial futures for their families.

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## Endnotes

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