

Communicating with Clients

What REALLY Matters

Advisor Products

October 2, 2009

Investing Your Time & Energy

“In the same way that a good Wall Street investment appreciates in value, you want your investments of time and energy to offer high yields. They should make you feel good—happy, satisfied, energized, or relaxed. If you’re lucky, they may even help you make money.”

Marc Eisenson, Gerri Detweiler, & Nancy Castleman
Invest in Yourself: Six Secrets to a Rich Life

Objectives

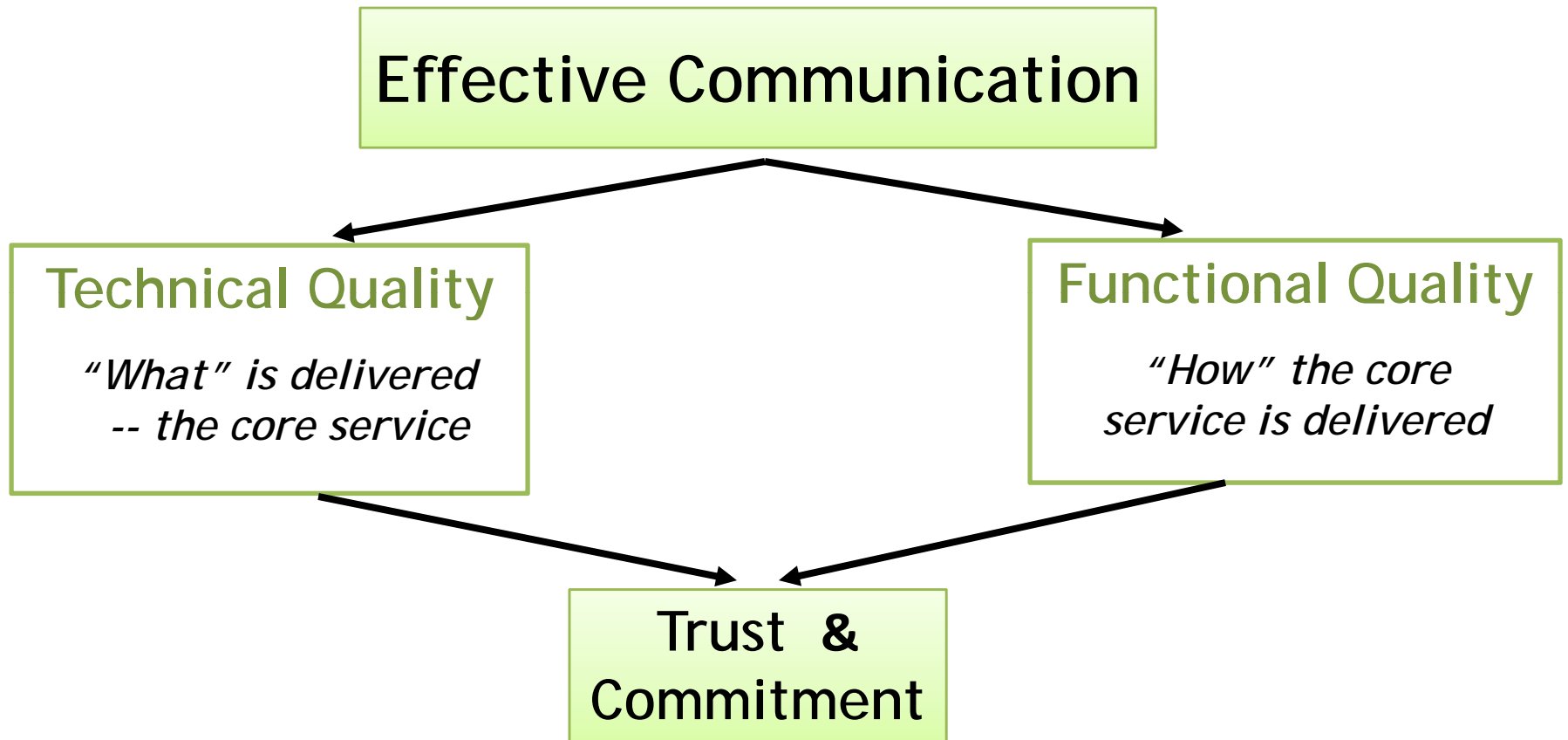
- ❖ Review what research tells us about effective client communication
- ❖ Explore the role of a Life Planning approach
- ❖ Discuss how to design communication based on how clients think and behave
- ❖ Establish the connection between LP and the 6-Step Financial Planning Process

Research on Effective Client Communication

Background

- ❖ Life Planning Consortium
 - Carol Anderson, Susan Galvan, Deanna Sharpe, Martin Siesta, & Andrea White
- ❖ Submitted a proposal to CFP Board
- ❖ FPA co-sponsored the project
- ❖ Designed the study and conducted two surveys

Previous Research



Adapted from "The Impact of Communication Effectiveness and Service Quality on Relationship Commitment in Consumer, Professional Services," *The Journal of Services Marketing*, Vol. 1, No. 2, 1999.

Working Definition

“Practical Applications of Life and Retirement Planning to Financial Planning”

*White Paper reporting results of
Nov. 14, 2000 meeting
www.nefe.org*

“Experts Examine Emerging Concept of Life Planning”

*Journal of Financial Planning
June, 2001*

Life planning is a process of...

- ❖ helping people focus on the true values and motivations in their lives;

*“Experts Examine Emerging Concept of Life Planning”
Journal of Financial Planning, June 2001*

Life planning is a process of...

- ❖ determining the goals and objectives they have as they see their lives develop; and,

"Experts Examine Emerging Concept of Life Planning"
Journal of Financial Planning, June 2001

Life planning is a process of...

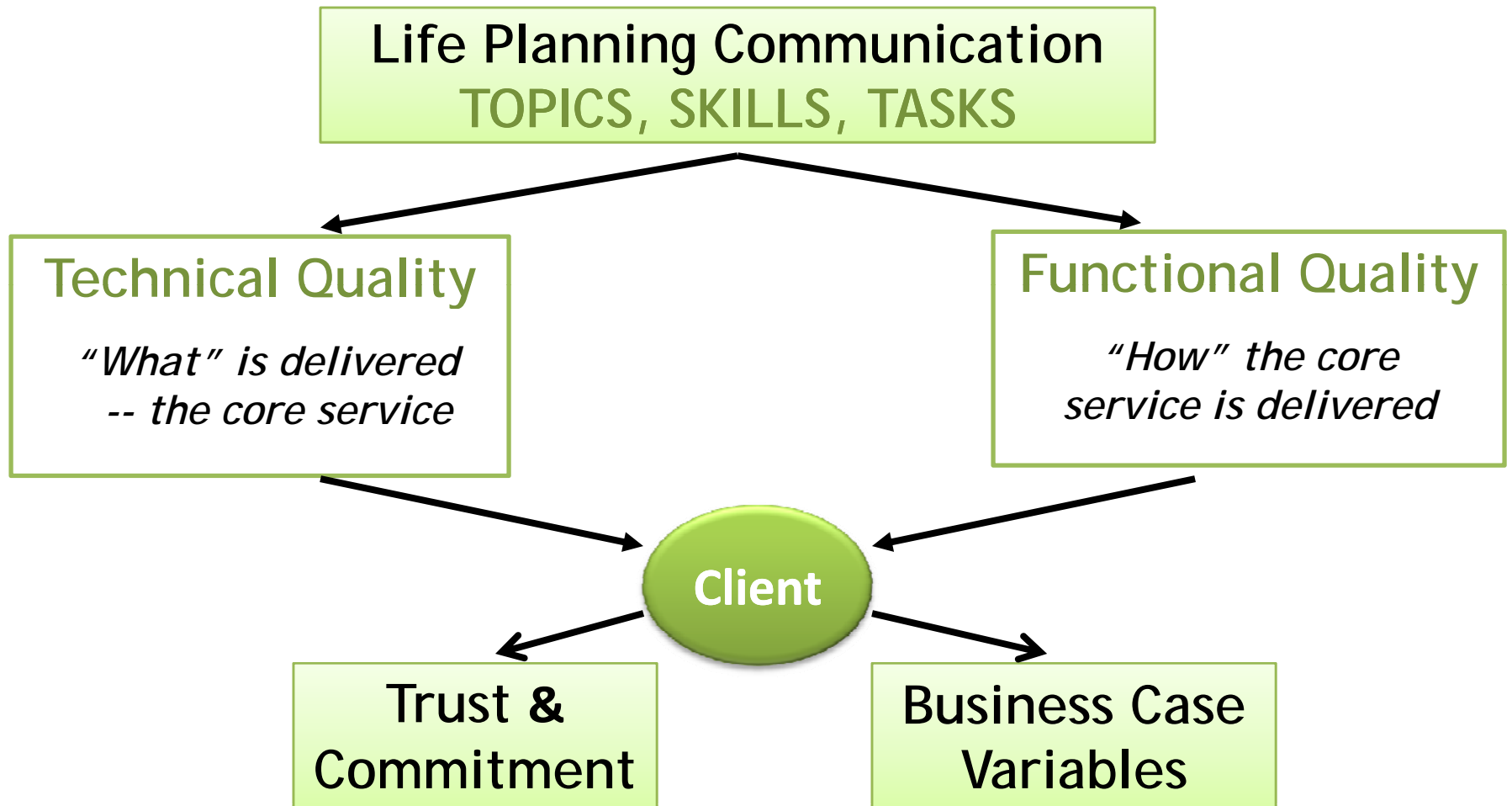
- ❖ using these values, motivations, goals, and objectives to guide the planning process and provide a framework for making choices and decisions in life that have financial and non-financial consequences.

"Experts Examine Emerging Concept of Life Planning"
Journal of Financial Planning, June 2001

Key Elements of Life Planning

- ❖ Communication on non-financial topics
- ❖ Exploration of values & priorities
- ❖ Identification of meaningful goals & objectives
- ❖ Creation of a life-centered foundation for the financial plan
- ❖ Development of a values-based framework for making financial & life decisions

Current Research



Life Planning Communication Topics, Skills, Tasks



Strong Statistical Relationships

Strong Statistical Relationships

- ❖ Trust
- ❖ Commitment

- ❖ Retention
- ❖ Satisfaction
- ❖ Cooperation
- ❖ Openness/Financial
- ❖ Openness/Personal
- ❖ Referrals

Research Report

Communication Issues in Life Planning:

Defining Key Factors in Developing Successful Planner-Client Relationships

FPA Press, May 2008

Communication Tasks

- ❖ I use a systematic process for helping my clients clarify their values and priorities (59%)
- ❖ I use a goal setting process to help my clients establish meaningful personal and financial goals and objectives (59%)

The Power of Process

- ❖ A method or system for achieving a result
- ❖ *“The most innovative and independent advisors will transform their practices into ‘unique processes’ in which they are able to charge for their wisdom—and for the commodities.”*

Dan Sullivan ~ www.strategiccoach.com

Financial Satisfaction Survey

Putting Money
in the Context of Life™

Financial Satisfaction Survey

Client Name _____

Date _____

Directions: The statements below will help you to think about and assess how satisfied you are with many aspects of your financial life. Select and record your level of satisfaction for each statement.

I am satisfied...

	Not Satisfied		Moderately Satisfied		Very Satisfied
	1	2	3	4	5
1 ...with my ability to meet my financial obligations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 ...with the income my current job or career provides me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 ...with my spending habits.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 ...with the level of debt I carry.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 ...with the "extras" that I am able to buy for myself and/or loved ones.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 ...with the level and quality of insurance protection I currently have.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 ...with the amount of money that I save and invest on a regular basis.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Personal Insights about Life Balance

Putting **Money**
in the **Context** of **Life**™

Personal Insights about Life Balance

Client Name _____

Date _____

Directions: Gain insight into your current priorities, interests, needs, concerns, and frustrations by completing the following sentences. This information will be important to you as you assess your life balance and plan for your future. Complete the sentences quickly, filling in the blank with the first word or words that come to mind.

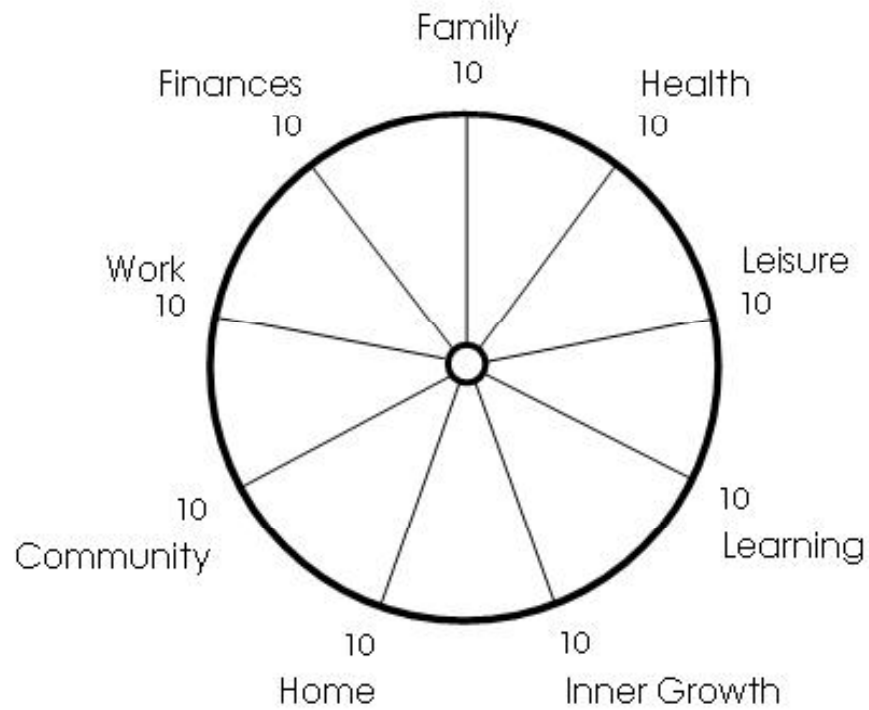
If I had more time, I would...

I am the happiest when...

The responsibility I would most like to give up is...

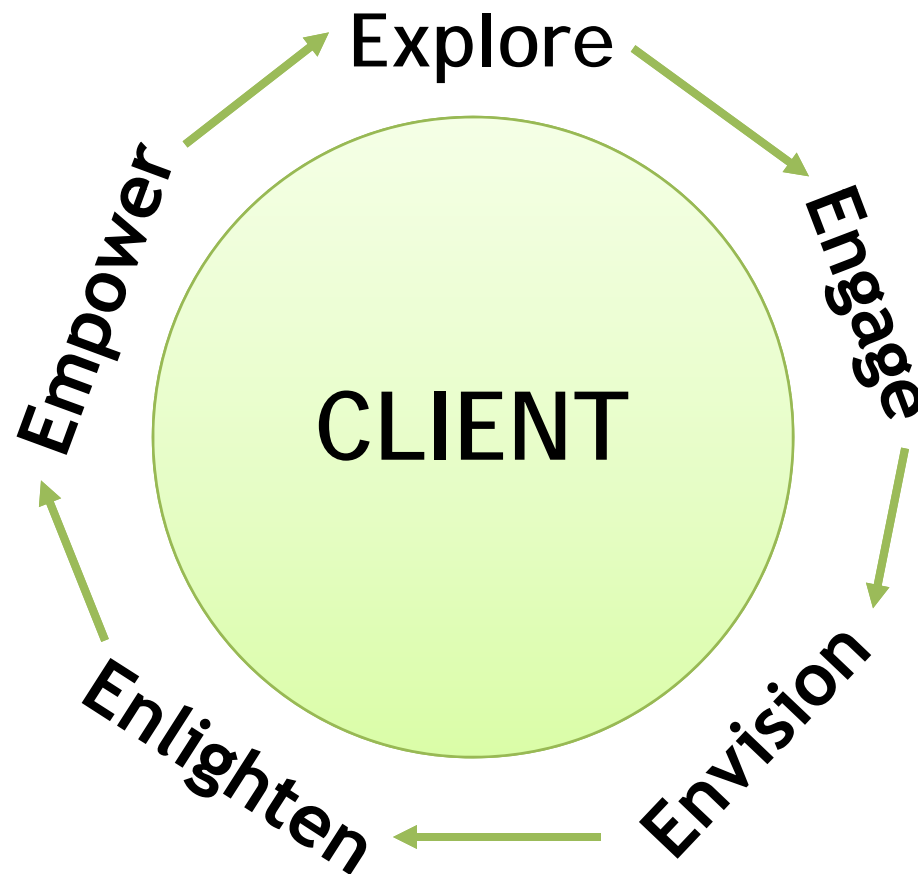
Wheel of Life

Step #3—Is your life wheel round or does it show flat spots? Is it deflated or is it full? What does this exercise tell you about your life? Is your life balanced? Are there areas of your life that need attention? In what facets would you like to experience more satisfaction?



M.Q. 5-E Model

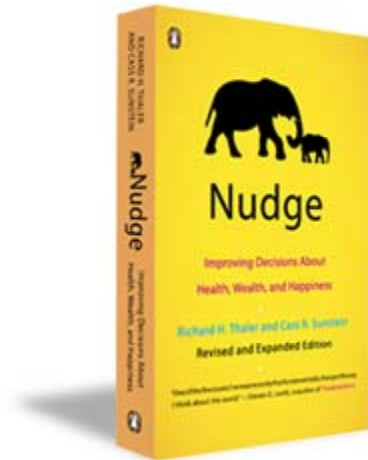
Financial Life Planning Communication Dynamic



virtuous cycle

1. One good thing leads to another
2. A situation in which improvement in one element leads to improvement in another element, which then leads to further improvement in the original element, and so on

The Power of a Nudge

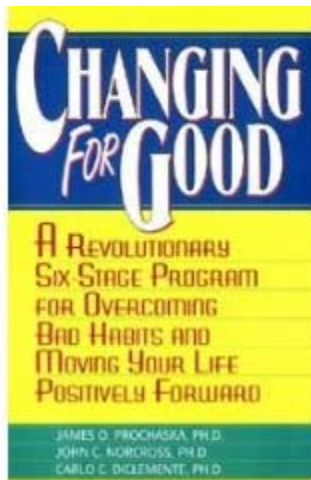


Nudge

*Improving Decisions about
Health, Wealth, and Happiness*

Richard Thaler & Cass Sunstein

Change is a Process



Changing for Good *Moving Your Life Positively Forward*

James Prochaska,
John Norcross, & Carlo DiClemente

Linking Life Planning & Financial Planning

M.Q. 5-E LP Process

EXPLORE

ENGAGE

ENVISION

ENLIGHTEN

EMPOWER

6-Step FP Process

1. Establish & define client-planner relationship

2. Gather client data & establish goals

3. Analyze & evaluate the client's financial status

4. Develop & present the financial plan

5. Implement the financial plan

6. Monitor the financial plan

Step 2: Gather Client Data

Practice Standards:

- 200-1 Determining a Client's Personal and Financial Goals, Needs, and Priorities
- 200-2 Obtaining Quantitative Information and Documents

CFP Board of Standards
Financial Planning Practice Standards

Practice Standard 200-1

“The financial planning practitioner and the client shall mutually define the client’s personal and financial goals, needs, and priorities that are relevant to the scope of the engagement before any recommendation is made and/or implemented.”

CFP Board of Standards
Financial Planning Practice Standards

HOW

“In order to arrive at such a definition, the practitioner will need to explore the client’s values, attitudes, expectations, and time horizons as they affect the client’s goals, needs, and priorities.”

CFP Board of Standards
Financial Planning Practice Standards

WHY

“Personal values and attitudes shape the client’s goals and objectives and the priority placed on them.

...these goals and objectives must be consistent with the client’s values and attitudes in order for the client to make the commitment necessary to accomplish them.”

CFP Board of Standards
Financial Planning Practice Standards

WHAT

“Goals and objectives provide focus, purpose, vision, and direction for the financial planning process.”

“ This Practice Standard reinforces the practice of putting the client’s interest first...”

CFP Board of Standards
Financial Planning Practice Standards

WHO

“ The role of the practitioner is to facilitate the goal-setting process in order to clarify, with the client, goals and objectives. ”

CFP Board of Standards
Financial Planning Practice Standards

In Conclusion.....

Living Life on Purpose

“When you have a dream and a plan working together in the construction of a life chapter, you have a ‘mission,’ a circumscribed purpose that defines your use of time and space for the duration of this particular life chapter. People with a mission know where they want to go.”

Frederic M. Hudson
Mastering the Art of Self-Renewal

“The Value of Planning”

“You help people identify what is important in their lives, and prioritize their goals.”

“...a gift that is priceless.”

Bob Veres
Inside Information, 7/04