

A Life Worth Planning

Advisers who help people plan a life rather than just a portfolio find the work rewarding and their clients loyal

Mary Rowland



Planning Group in Falls Church, Va.; and Harv Ames, president of Ames Planning Associates in Peterborough, N.H.—are members of the Nazrudin Project, a group formed by George Kinder and Dick Wagner in the mid-1990s to bring a fresh perspective to financial planning. Kinder is an adviser in Littleton, Mass.; Wagner is founder of WorthLiving, an advisory firm in Denver. To many people, the words *Nazrudin* and *life planning* are virtually synonymous. All three panelists have also been through Kinder's workshop, based on his book *The Seven Stages of Money Maturity: Understanding the Spirit and Value of Money in Your Life* (Delacorte), and are bona fide mem-

SEEM TO BE SPENDING A GOOD DEAL OF time these days admitting I've been wrong. In February I wrote a column for the MSN Money Website, confessing that I'd made a mistake buying individual stocks. Riding Enron down convinced me that there are too many ways a little guy can be duped. Several advisers who had long argued with me over this issue came up to me to gloat at the TD Waterhouse conference in Orlando, Fla., at the end of February. That's okay. I deserved it.

But before I finished eating humble pie for Enron, I had to take another slice for losing my way on the life-planning controversy, too. I had started off as an enthusiastic supporter of advisers who tried to go beyond number crunching and help clients make sense of how money fit into their lives. But I backed off when I saw planners using it as a marketing ploy, or crossing the line into psychotherapy, or expecting clients to adhere to the adviser's notion of political correctness. When I read part of an online conversation in which one adviser said that clients who didn't want to bare their souls deserved to work with a broker, I thought things had gone too far.

So when TD Waterhouse asked me to moderate a life-planning panel at its conference, I was hoping to get panelists with a mix of viewpoints. What I got was three planners who embrace the concept of life planning even though they hate the term. All three—Roy Diliberto, chairman of RTD Financial Advisors in Philadelphia; Elissa Buie, founder of Financial

members of the life-planning community.

If there was going to be any controversy, it would be up to me to inject it. But these advisers' stories were so compelling that I toppled in short order. Buie talked about her own dramatic experience in going through Kinder's workshop: it forced her to face that she had married the wrong man—a fine man but not a soul mate. They subsequently divorced. She also described the work she did with a consultant to sort out the clients with whom she was most effective. They turned out to be the ones she knew best. And Ames told the story of the client who entrusted him with the love letters she'd written to each of her five children, so that he could distribute them after her death. "I wouldn't trust them to anyone else," the client said.

But what do advisers like these do with the clients who're



what he wants from it. “Intuitively, your clients will see the wisdom in developing a plan to use their money to make a life rather than using their lives to make money,” Anthony writes. Diliberto liked Anthony’s use of the term *financial life planner* so much that he decided on the spot to adopt it.

Anthony makes the argument for life planning that many have been waiting for. He says, rightly I think, that it’s the relationship with the client that will determine the future of your planning practice, just as Buie learned from working with her consultant. Each of your clients, Anthony says, has a “problem space” inside his head that’s full of things he doesn’t want to deal with as well as a “dream space” that contains ideas of what he might be if only he knew how to achieve it. The financial adviser can address both of these “spaces.”

Anthony makes it clear that he’s not talking about therapy or divorce counseling but rather about helping each client draw a map for his life. One of Anthony’s illustrations helps put the process in perspective and separate it from the therapy-tinged approach many advisers fear: a builder who’d been hired to do some work on a deck asked the owner what her plans were for developing

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not inclined to open up? Diliberto’s response was clear: advise them to go elsewhere. It’s no different, he says, from a client who wants to invest in individual stocks when the adviser buys only mutual funds. It’s not a good fit. Each planner has only so much time, and it’s most satisfying to spend it where he can do the most good.

It’s just as well that I opted not to play the devil’s advocate, because what the audience wanted to talk about was not the controversy over life planning but how to get started doing it. To assist in that, Diliberto referred to a new book that gives some answers. *Your Clients for Life: The Definitive Guide to Becoming a Successful Financial Life Planner* (Dearborn Trade Publishing) by Mitch Anthony presents a strong case for delving into a client’s life to determine

her backyard. The woman said she had a few ideas but simply couldn’t decide how to proceed. So the builder asked about her design ideas, and as she talked, he sketched them out. Before long he’d made a plan for the entire backyard.

I suspect many of us are like this woman. We have dreams for our lives—and maybe even our backyards—that are buried somewhere because we never have the time to focus on them or because we think they’re unrealistic or unaffordable. I know I do. And I’ve often found myself in conversation with advisers who turned me in a different direction simply by asking a few questions or making some simple observations. I don’t know that you need to be a planner to do this kind of mining. I’m a reporter, and I think that I’m sufficiently attuned to people to uncover some dreams without

too much digging. But I wouldn't be able to show them how to use their resources to make them come true. That's the key. That's what puts advisers in such a vital position.

And that's what Anthony addresses in his book. One chapter offers questions designed to help the adviser understand the effects of money in a client's life. They include background questions, such as what was the role money played in the client's childhood. Also listed are questions such as, What is the most important thing that your money gives you today? What would you do differently if you had the money? What will you miss most about your job when you retire? What are your biggest fears about retirement?

My hunch is that many advisers already do a good deal of financial life planning, even some who say they're opposed to it, because not many of these questions will be new to them. And certainly all of us could learn something from going over the questions once again, even if we simply ask them of ourselves. But the questions are especially useful for new clients who come in because they're in the midst of a painful life transition. Perhaps something happened that they didn't expect. Or they were counting on something that fell through, like a new job or promotion or simply a comfortable life.

It's not clear how life planning would fit into the strategies at various types of advisory firms. Because it's labor intensive, most advisers who use it agree that it begs for a new fee structure. But I think all planners must decide what they'll make of it. Acceptable responses will vary, but "nothing" is not one of them. We're seeing investment management become a commodity. Web services provide 401(k) advice. But the ability to recognize what a client wants is not a commodity. It comes from knowing the person—perhaps on occasion even better than he knows himself. Diliberto, for example, had a client who decided to sell his business. At the final stage, when he and the client were sitting at the table with the buyer and the lawyers, Diliberto saw that his client didn't want to sell the company. He loved the business, but he disliked the administrative work. Diliberto proposed that the client cancel the sale and hire an administrator, which would free his client to make deals. Provide planning like that—no matter what name you give it—and you've surely got a client for life.

Mary Rowland is the author of Best Practices for Financial Advisors (Bloomberg Press). She speaks regularly to financial advisers about practice-management issues.