

It's more than the money —*it's your life*

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As the Financial Planning profession has developed over the past two decades it has evolved to include Life Planning as well.

Traditional financial planning is all about math and money and has a technical, objective side. Financial Life Planning® is different from traditional financial planning in that the focus extends beyond just your portfolio; it also is about who you are and what is important to you . . . it encompasses a subjective, personal side. Financial life planning is a comprehensive process that puts the client's interests first and focuses on increasing one's sense of financial well-being along with

their life satisfaction. Through a defined process clients clarify their values, priorities, circumstances, and aspirations in order to develop their unique version of the "rich life." So, in addition to the traditional discussion of assets and net worth, financial life planning seeks to raise clients' awareness and understanding of their habits, attitudes, and experiences that inform decision making – it asks: "What will bring meaning and purpose to your financial life?" Thus, today's effective financial planner must be an adept life planner as well.

The financial life planning process begins by exploring the critical components that contribute to one's financial well-being. It seeks to understand the client's personal satisfaction levels around such topics as spending habits, savings, income, investments, debt, taxes, insurances, estate

planning, charitable giving, financial knowledge, financial organization, one's ability to communicate about financial matters, and one's emotional response around money issues. During the process clients' values become evident and the planner begins to gain a sense of what matters to them and how they view their world.

"Satisfaction" is as much an emotional issue as a practical one and is unique to the individual. Satisfaction levels are greatly influenced by one's attitudes and beliefs. One person may feel gratified and "wealthy" with an income of \$100,000 while another person may feel disillusioned and deprived with this same amount of income. Alternatively, one person may be perfectly comfortable with a particular level of debt while another would be worried and anxious bearing this same amount. Often clients may be unsure of the source of their feelings around a particular topic – why they think or respond as they do. Raising clients' awareness of their levels of satisfaction around these issues is the first step in reviewing, organizing and improving their financial lives.

It is often said that change is the only constant in our lives. Exploring any transitions a client may be experiencing, whether it relates to work, family, finances, or giving, is the next step. Is there a pending change such as retirement, inheritance, a family member in need of care or support, the sale of a home, a medical issue, or a desire to develop an estate plan? Further inquiry into a particular transition helps bring clarity to the subject and creates an opportunity for greater control over the given situation. It is important to understand one's motivation or response to a particular transition, and to acknowledge any expectations and hopes, fears or concerns.

All transitions have a common element in that they require a client to change and adjust in the move from one situation to another – it is a psychological process. We can't stop change, but how we respond to change can have a profound effect on the decisions we make and the qual-

The five stages of the Financial Life Planning® process as developed by Carol Anderson of Money Quotient®

EXPLORE:

- Get Acquainted
- Learn about Your Needs, Concerns, and Aspirations
- Provide Information/Describe Process
- Determine Fit and Establish Relationship

ENGAGE:

- Gain Awareness Regarding Your Unique Frame of Reference
- Listen to Your Perspective
- Identify Your True Values
- Clarify Your Priorities

ENVISION:

- Guide You in Creating a Vision of Your Ideal Life
- Help You to Define and Prioritize Your Personal and Financial Goals
- Establish Guidelines for Developing a Financial Plan that Aligns with Your Values and Priorities

ENLIGHTEN:

- Summarize and Clarify Insights and Knowledge about Your Values, Priorities, Concerns, Transitions, Goals, and Objectives
- Demonstrate How the Financial Solutions Proposed Support Your Life Vision and Goals

EMPOWER:

- Monitor Progress and Help Maintain Focus on Your Personal and Financial Goals
- Review Your Life Goals Periodically to Ensure Your Financial Plan Continues to Support Your Life Vision
- Address New Issues, Transitions, and Concerns

ity of life we experience. Overcoming challenges and taking advantage of opportunities are key elements of making successful transitions throughout life's journeys. And because nearly all of life's transitions have a financial tether, it is important to have a strategy that increases clients' confidence and feelings of financial security.

Goal-setting is a crucial component of any solid planning work. Goals give us targets – something to aim for. They give life direction. Many people are reluctant to set goals because of prior unsuccessful experiences or because they feel intimidated by the goal-setting process. However, goal-setting is an effective way of picturing what we want to achieve – an envisioning of our future. Goals provide a framework for future decision-making. Goals often begin as a “wish” – for yourself, your family, for your community and so on. When we wish – or dream big – we step beyond our present reality and gain awareness of opportunities, resources, solutions we may never have thought possible. Goals must be meaningful, though, and reflect what clients want personally – and not something they think they “need to” or “should” achieve. Meaningful goals, at any age, give one a sense of purpose. They stimulate our personal growth and development and provide a positive expectancy of the future.

Once goals are established, the planner's job is to help draw a line between each goal and its financial costs. Greater financial satisfaction can be achieved for clients when they understand the direct link between their financial planning activity and their life goals. They may be more motivated to develop or maintain financial security in order to achieve their goals.

The type of financial planning described above may be new to the reader, as the traditional relationship with one's financial planner is often limited to managing investments and arranging for income. In my experience, a financial

life planning relationship that works best has at its core a foundation of trust and good ole' chemistry. Clients simply must be comfortable working with their advisor at this level. They need someone who is approachable and with whom they can share intimate details of their financial and personal lives. The planner they want to work with is not someone who is selling something just to generate a commission. They need someone who will help them plan to get through the next stages of their lives. MSM

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