



Linking Life Planning & Cash Flow Management

*A More Engaging & Effective
Client Conversation*

Presented By Amy N Mullen, CFP®

Our Roots



Session Overview

1. What is Life Planning & why is it important? Why should I care about discussing cashflow with my clients?
2. What are the common obstacles I might encounter when evolving my client experience?
3. How do I integrate these important conversations? What would the practical process look like?

Advisor as Facilitator

Exploring
Values & Motivations

Creating a
Framework for
Decision Making

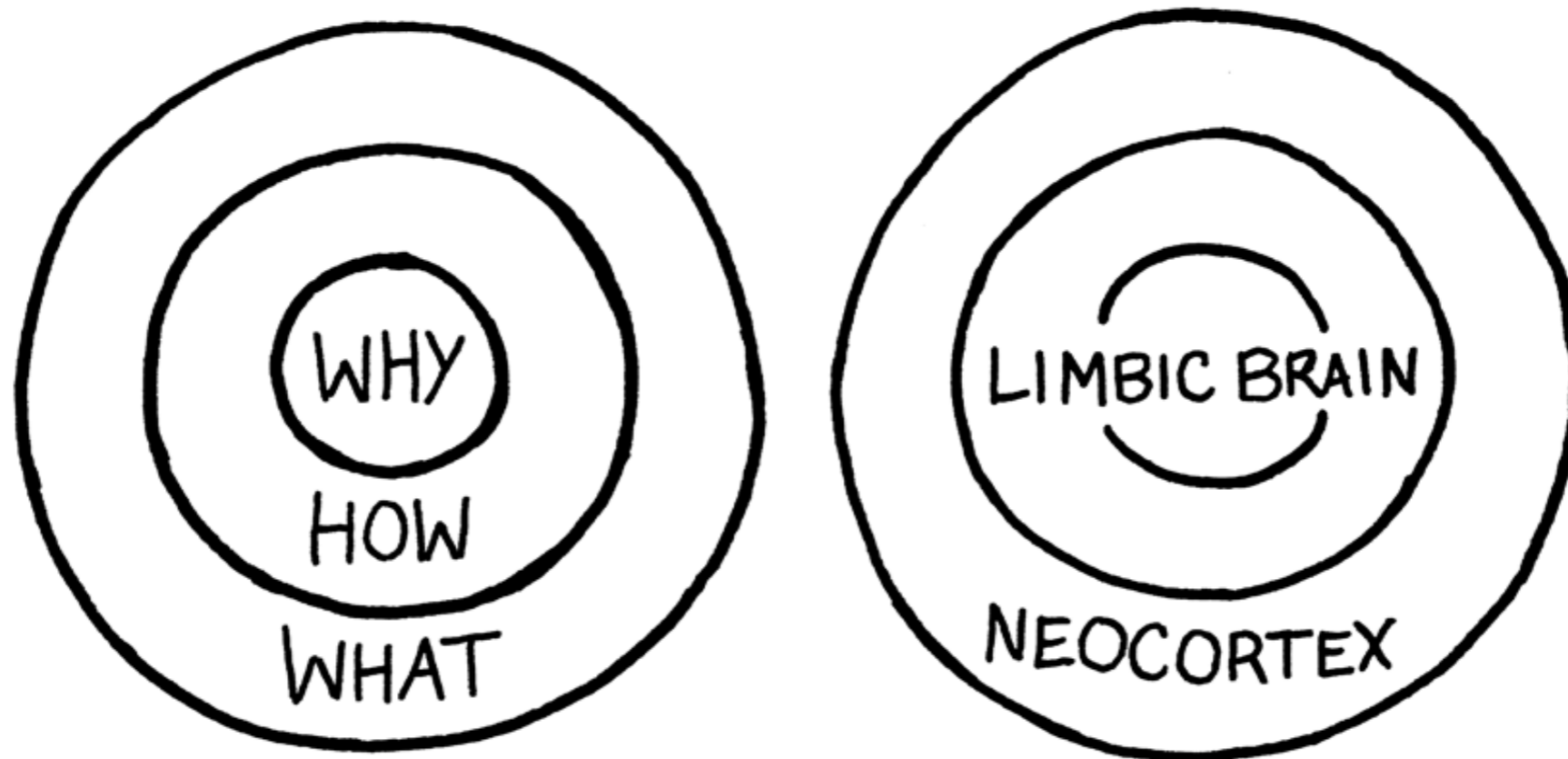
Financial Life Planning

Facilitating a
Goal Setting Process

Start with Why



The Golden Circle + Human Brain



What is Money Quotient?



Research Report



Communication Issues in Life Planning:

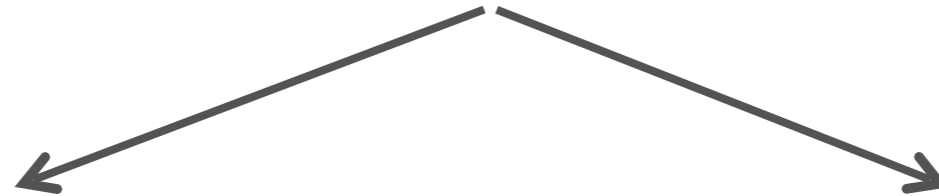
***Defining Key Factors in Developing
Successful Planner-Client Relationships***

Carol Anderson, M.S. & Deanna Sharpe, Ph.D

FPA Press, May 2008

Life Planning Communication

Values Clarification & Goal Setting



Strong Statistical Relationships

- Trust
- Commitment

Strong Statistical Relationships

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

Case for Cash Flow

- A change in cash flow can have a HUGE IMPACT on the success of a financial plan
- Cashflow is the only thing the client can control
- Creating a clear cash flow plan reduces stress....and can save marriages. *when done right
- Spending with intention brings higher levels of life-satisfaction, happiness, & fulfillment.

Part 2

What are the common obstacles I might encounter when evolving my client experience?

- External Obstacles
- Internal Obstacles
- Practical Process Prevails

Rider, Elephant and Path



- **Direct the Rider**
- **Motivate the Elephant**
- **Shape the Path**

Chip Heath & Dan Heath
*Switch: How to Change Things
when Change is Hard*

Concerns the Rider Faces

- Compliance
- Adding more to discuss in meetings
- Needing to lengthen meetings
- More work for both client & planner
- How to charge for additional work
- How to get other planners & staff on board
- How to document & store information
- What do you do with the information
- How to collect accurate information
- Which budgeting system to use
- How to get accounts aggregated
- Will budgeting software keep client information secure
- Compliance approval of third party resource
- How will the information feed into my financial software programs
- How will we continue to track & make adjustments

Concerns the Elephant Faces

- Am I comfortable with navigating my clients' emotions?
- What if my clients' are not interested in doing this?
- What if my clients' are uncomfortable with this?
- This could bring up traumatic or painful memories
- Can I handle difficult conversations?
- I'm not trained to be a therapist.
- I'm not prepared to offer solutions for non-financial issues.
- What if my clients don't want to track their spending?
- This could bring up conflict between spouses.
- Budgeting is an uncomfortable and messy conversation
- My clients have more money than they can spend so they don't need to budget

Shaping the Path

- Create a practical process to follow
- Have staff experience and discuss resources
- Develop an implementation plan
- Create client meeting agendas
- Establish workflows
- Create introductions for resources
- Compose scripts & create template e-mails
- Integrate with CRM system
- Experience life planning for yourself
- Test with favorite clients/ask for feedback
- Form a study group
- Engage in community of FLPers
- Read books
- Take communication workshops
- Practice, practice, practice

Part 3

How do I integrate these important conversations? What would the practical process look like?

- Financial Life Planning Process
- Key entry points into a cash flow conversation
- A new way to look at cash flow

Advisor as Facilitator

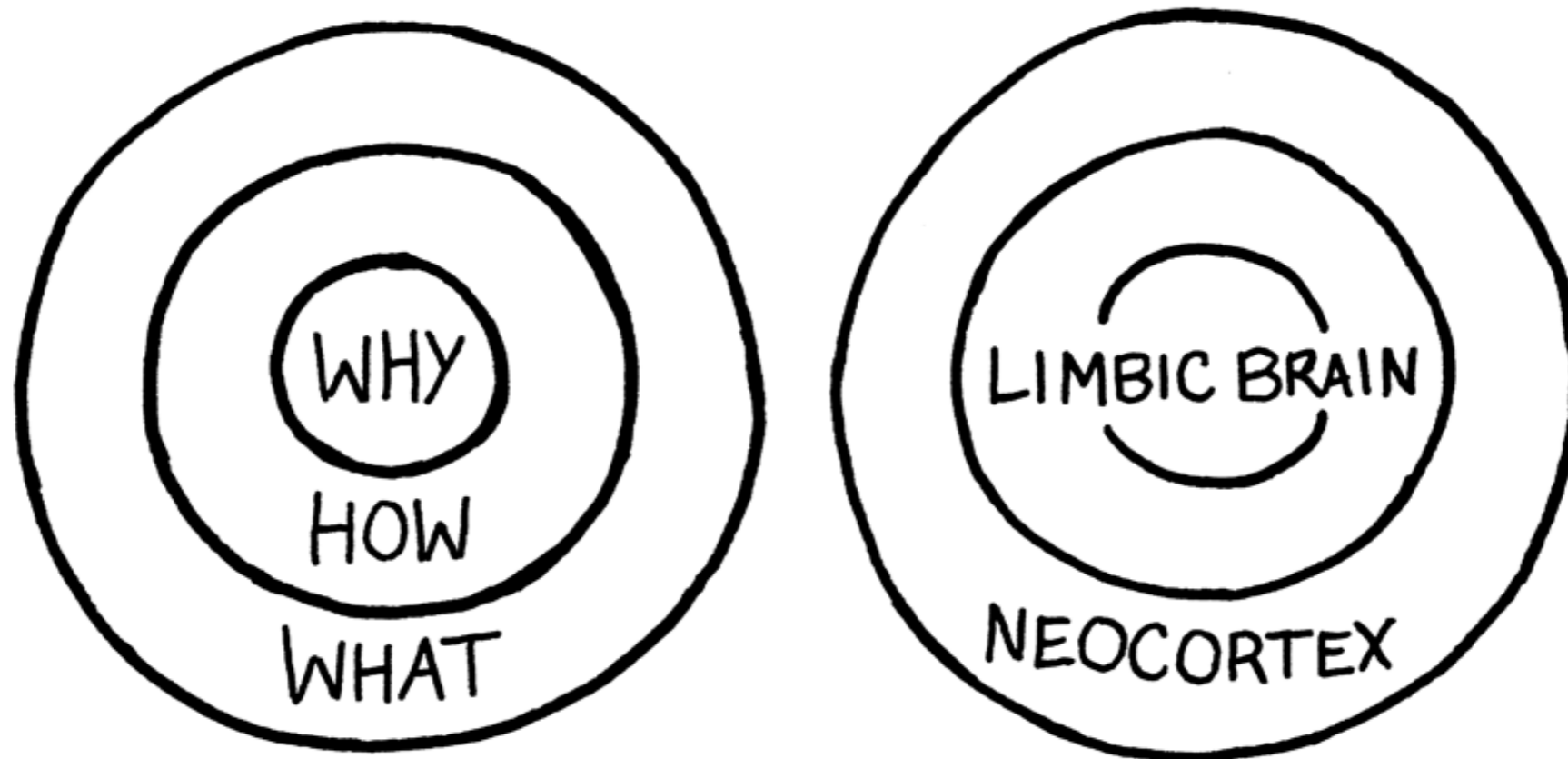
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The Golden Circle + Human Brain





INDUSTRY/PROFESSION ASSUMPTIONS

PROSPECT STAGE

Service Centered	Client Centered
Collection of financial data	Collect information about concerns, life events
Advisor provide preliminary diagnosis; talk first & 90% of time	Client talks first & for 75% of meeting
Sell on services, plan, and success of the firm	Sell on depth of discovery & process for designing life
Values come from reports & monitoring	Value comes from customized analysis & proactive planning
Feels like cookie cutter solutions; lack of motivation	Feels like personalized service; high motivation to take action
Compensation comes after much work done; front heavy	Compensation comes before any work is done




INDUSTRY/PROFESSION ASSUMPTIONS

ON-BOARDING NEW CLIENT

Service Centered	Client Centered
Sign paperwork; transfer accounts immediately for AUM	Sign engagement agreement; pays fee for financial planning
Long list of financial statements to gather and provide	In-depth qualitative discovery begins; couple is engaged
Client struggles with compiling all documents; advisor frustrated	Client collects financial information in stages
No additional qualitative discovery; goals collected in GA	Accounts not transferred until strategy linked personal goals
Implementation meetings focused on specific service area	Executive summary of plan linked to goals & vision
Details of analysis & educate client on financial topic	In-depth discovery of retirement & legacy vision later

3 Key Entry Points...

1. Levels of Satisfaction



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"/>
8.	...with my current investment choices.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.	...that I am on track to build a sufficient retirement nest egg.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.	...with the level of employee benefits I receive.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3 Key Entry Points...

2. Life Transitions



BRINGING MONEY + LIFE INTO FOCUS™

Life Transition Survey

Client Name _____

Date _____

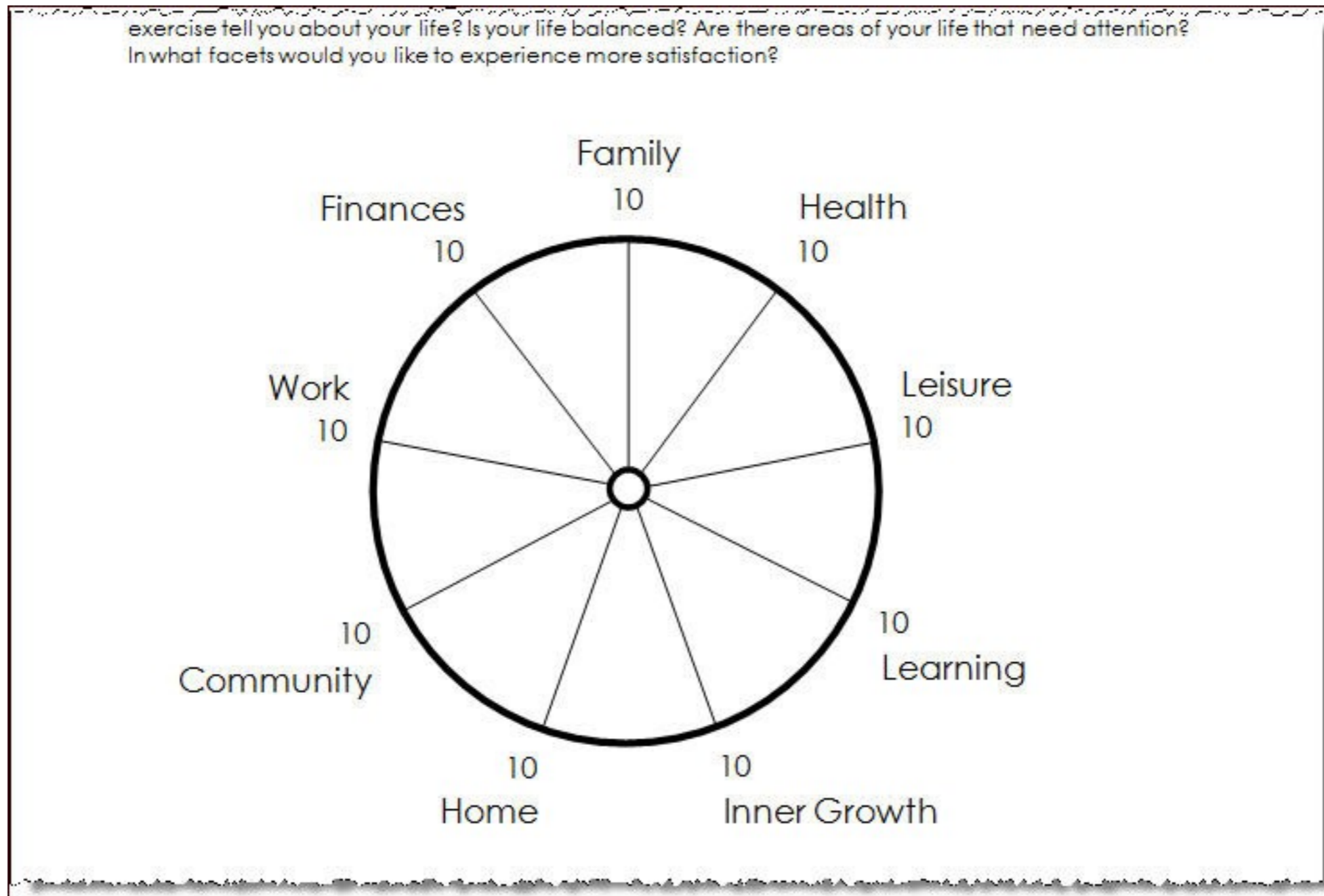
Directions: In each section, select the transitions that you are currently experiencing and those you are likely to experience in the future. In addition, check transitions in the short to mid-term and long-term columns that you either hope to experience or anticipate with concern.

Work Life Transitions

		Currently experiencing	Anticipate short to mid-term	Anticipate long-term
1.	Change in career path	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	New job	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	Promotion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Job loss	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Job restructure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	Education / retraining	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	Sell or close business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3 Key Entry Points...

3. Goal Setting



A Guided Process

Exploring
Values & Motivations

Creating a
Framework for
Decision Making

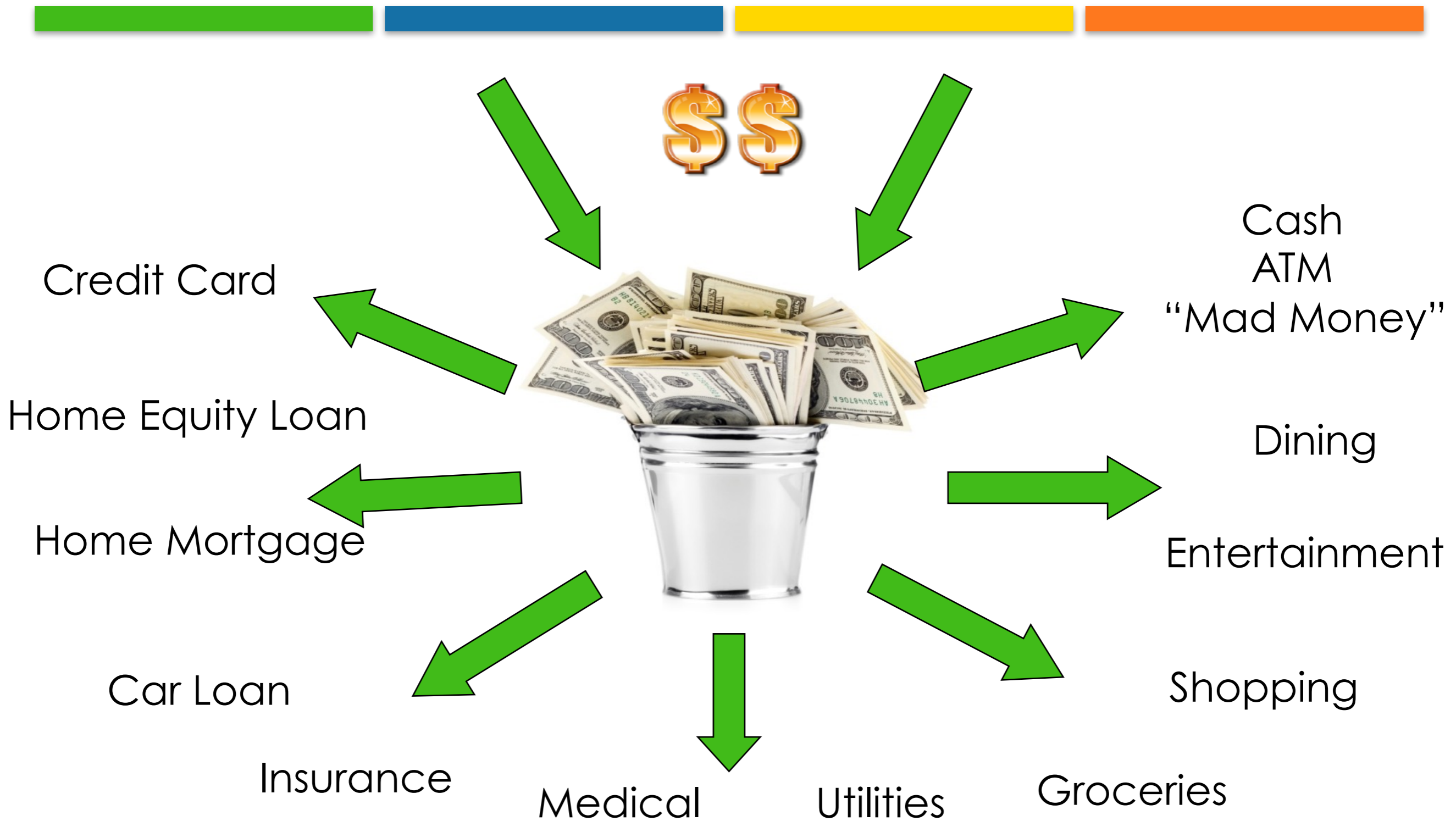
Financial Planning

Facilitating a
Goal Setting Process

What is the difference between Budgeting & Cash Flow?

Budgeting System	Cash Flow Management
Looks Back	Looks Forward
What went wrong?	What do we want now?
Correcting Mistakes	Working toward goals
Restrictions/Constricting	Choices/Freedom
Constant tracking	Automatic

How Most Households Manage Money:



Three “Buckets” of Money

An Easier, More Effective Approach



What Goes in the Buckets?



Static Bucket™ - 30 Day Money: what you will spend on a monthly basis to cover your fixed expenses and financial commitments.



Control Bucket™ - 7 Day Money: what you will spend in a week to cover your variable expenses.



Dynamic Bucket™ - Future Money: what you save to fund your needs and wants.

Your Three Buckets of Money



Static Bucket™



Past
Commitments

Control Bucket™



Present
Choices

Dynamic Bucket™



Future
Needs & Wants

New Perspective on Money



First Step Summary



Your "First Step" Cash Flow...



Income to
your
household



Fixed
expenses for
your
household



Weekly
lifestyle and
personal
expenses



Debit Or Cash

Monthly
savings for
future
expenses



Savings Accounts

What's in it for the Planner?



- Customized for each client's lifestyle
- Stops over spending
- Eliminates credit card abuse
- Promotes saving for future purchases
- Creates a framework for daily decision making
- Based on accurate and reliable numbers
- Facilitates success of the financial plan

What's in it for the Client?



Peace of mind

- Bills paid automatically
- Savings transferred automatically

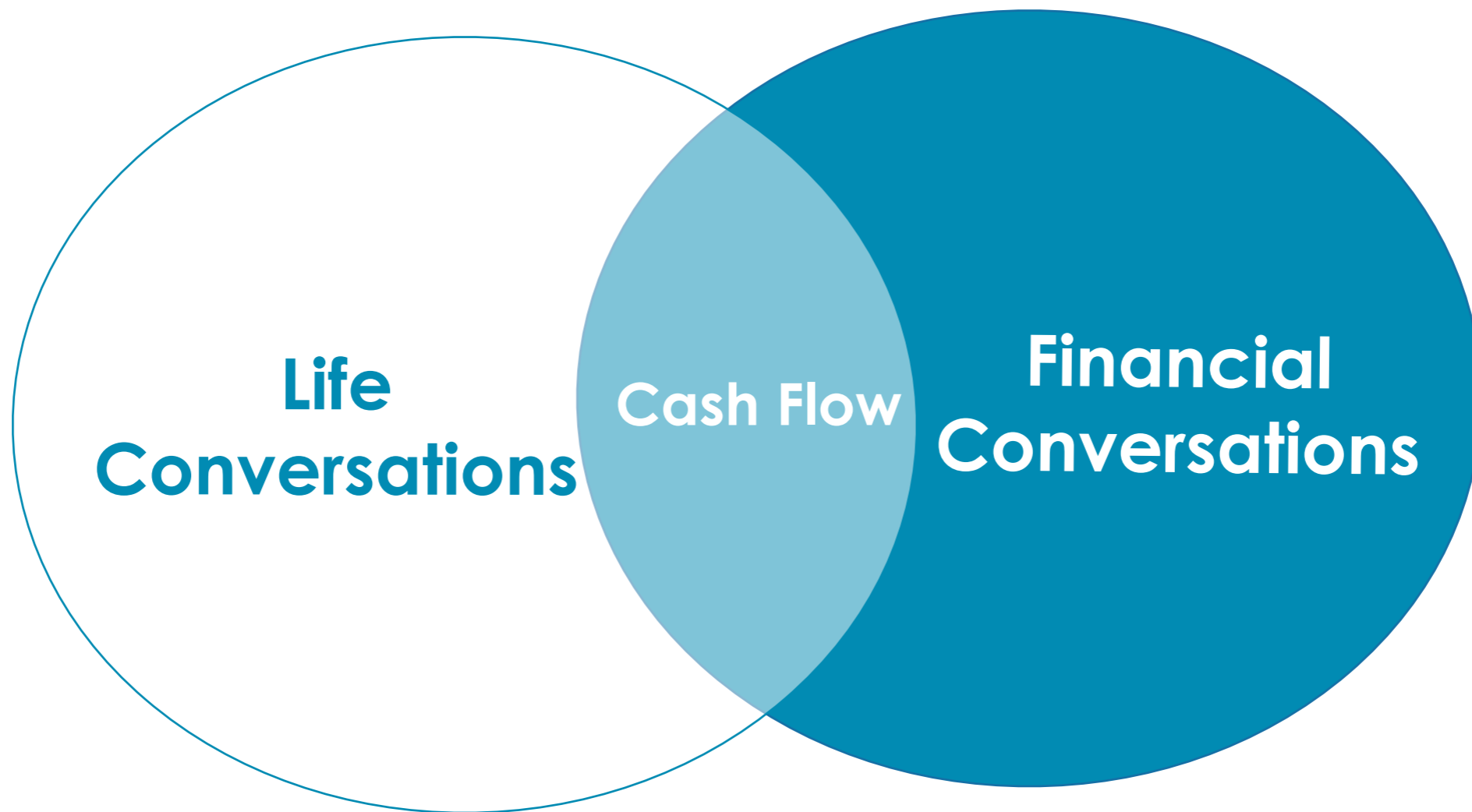
Sense of Freedom

- Freedom to spend weekly money
- No advisor judgment

Excitement and Motivation

- Sit back and watch Dynamic Accounts grow

Linking the Conversations



Financial Life Planning

“We can choose to become never-satisfied janitors of our possessions, or we can use our money in ways that improve our worlds and, as a bonus, supply us with genuine and lasting well-being.”

Sonja Lyubomirsky
The How of Happiness

Questions & Answers



Amy N Mullen, CFP®

www.MoneyQuotient.com