Today's CFP as "Armchair Shrink"

Most experienced financial planners will tell you that dealing the with unique and sometimes conflicting psychological needs of their clients is as demanding a task as preparing and implementing a sound financial plan itself. Predicting how a particular client will behave is even more confounding than trying to predict how the market will behave. What is more common than a living trust that remains unfunded? What is more worrisome than a business owner who won't address the looming issue of succession planning? What is more frustrating than a client sitting on substantial assets but who is immobilized by uncertainty? What is more aggravating than siblings who can't negotiate or compromise for their joint benefit to the detriment of all?

It's tough enough to navigate the waters of wills and trusts, stocks and bonds, pension plans, IRAs, Keoghs and everything else on a CFP's plate without worrying about being an "armchair shrink". But, face facts, **today's financial planner is addressing as many emotional needs as financial needs**. And these needs whether they are overt or covert can produce substantial roadblocks to the financial planning process.

The Financial Planning Practice Standards offer a convenient way of looking at some of these aggravating obstacles. Let's take a quick look at the five steps in the planning process and observe some predictable psychological glitches.

Did you ever get off on the wrong foot with somebody? It's awfully hard to regain one's balance. Who knows what causes it. Using the wrong phrase, bringing up unpleasant history, trying too hard, not trying hard enough; any of these reasons and a host more can impede establishing solid rapport. Step one of the planning process - establishing and defining the client-planner relationship - is a lot like dating and can be just as awkward. But here's one time your mother's advice (and Frasier Crane's) is right on target: a) ask plenty of questions, b) be genuinely interested in the answers, and c) smile. Now you're well on your way to building a foundation for a successful relationship.

Step two in the planning process - gathering client data including goals - sounds easier than it actually is. While many clients are forthright in sharing personal data, others are hesitant. The psychological technique of open-ended questions (ones that can't be answered with a straight yes or no) can help here. Goals may be hazy and need clarification. These situations will require more in-depth conversations. Spouses, children or others may be in conflict over what the goals actually should be. Again, more structured meetings or consultations may be required to move the process forward.

Analyzing and evaluating the client's financial status - step three in the planning process - is pretty straightforward (from a psychological viewpoint) except for one thing. How a CFP professionally assesses a client's financial status and how that client feels about that status may be two entirely different things. A CFP may assess resources and determine that, with prudent management, they will provide for childrens' education and a comfortable retirement. That picture to one client could mean "another 20 years on the corporate treadmill". But another client, with those same resources, sees an amount he never thought it possible to accumulate and is suddenly planning a new life in Tahiti. So it turns out that financial status means two things: the asset vs. liability picture and how the client feels about these facts. Should there be a disconnect here there is a problem. If a CFP finds him or herself here then the psychological work of step two - goal setting - was not accomplished and must be revisited with a strong emphasis on reality testing.

Step four of the planning process - developing and presenting financial planning recommendations and / or alternatives - covers so much psychological ground that an entire textbook chapter could be written on the topic exploring the processes of the both the planner and the client. But one issue we can deal with here concerns presenting information. Psychologists know that people have a preference for receiving data in one of two ways. Those ways are known as "sensing" and "intuiting" and both have strong implications for getting your recommendations heard and accepted. For example "sensors" need to hear real, practical facts. Without them the rest is all "fluff". And "intuitors" need to hear about meanings and possibilities. Without them the rest is all "boring details without a big picture". To more clearly perceive this distinction think of your friends and compare one who sees the clock at "a little before ten" to another who sees it at "nine fifty-four". You deal with each of them somewhat differently and so you must also assess and tailor your psychological approach to your clients as well.

We now enter the psychological swamp of planing step five - implementing the financial planning recommendations. Procrastination, fear of success (self-sabotage), fear of failure (perfectionism) , greed, lack of confidence, over-confidence, lack of self-esteem, confusion, family conflict, passive-aggression, denial and a long list of other dynamics can arise to foil the best efforts of a planner at this stage. Some planners may throw their hands up in frustration or defeat. But the savvy financial planner knows that getting the client to open up about what is really going on in regard to the financial planning process is among their most difficult tasks and must be skillfully handled.

Though most people have a pretty good sense of why they are doing what they are doing at any point in time, some do not. Many people do not have the introspection or analytical capacity to review their own personal processes and see where and why they are ineffective. For some of them this may even be one of the reasons why they sought out a CFP in the first place. So we must not let it be a reason to reject these clients. Using thoughtful communication skills like non-verbal communication, attending behaviors and active and reflective listening techniques can help your clients open up to you about their hopes and fears and how your plan effects them on a personal level. Remember if these obstacles exist they must be addressed or the plan will never come to fruition.

If the previous five steps have been completed then step six - monitoring the financial planning recommendations - is a natural follow-on process. Financial planners that this author has met have a high degree of psychological ownership of the financial plans they have developed for and with their clients. They want to see it implemented, they want to see their clients achieve the goals that they have discussed, agreed to and worked toward - together. There are many reasons that a client chooses a CFP instead of others in the financial services marketplace. Among these reasons are independence, professionalism, constancy and consultative support. These needs are as psychological as they are financial and are conjointly answered by completion of step six of the financial planning process.

Freedom from worry, health provisions for parents, educational plans for children, a feeling of security in an increasingly scary world - these things, as much as the financial plan itself, are what clients are looking for from their financial planners. Most people have psychological baggage about notions of wealth, fear of running out of money, acknowledging reality with a will, distributing assets, selling the business. It is best to realize this, address it where you can and know when to call in back up.

A good plan is for a financial planning group to **have access to a business-oriented psychologist available for consultation** with the planning staff or with clients. Complicated client situations that can make the financial planner's job even harder than it has to be include:

- dealing with chronic procrastination,
- legators stuck on inheritance distribution formulae (equal treatment vs. fair treatment),
- fear of failure (perfectionism) or fear of success (self-sabotage),
- newly rich clients (via inheritance, legal / insurance settlement or lottery),
- addressing planning issues during a health crisis or with a client in grief,
- dot.com boomers or dot.com busters,
- conflicts between executors, trustees, beneficiaries, siblings, in-laws, etc.
- active retirees looking for volunteer, consulting or part-time work,
- family business owners with succession or sale of business issues.

Psychologists are trained to deal with conflict, confusion, denial, disappointment, anger, control, guilt, shame, greed, emotional blackmail, messy divorces, educational planning, trauma, parent / child conflict, health care and a host of other issues. A business-oriented, licensed psychologist, conversant in financial planning issues with experience in mediation, estate work, family business, executive development and active retirement planning can be a useful adjunct to any full-service financial planing team.

Introducing a business psychologist into the financial planning process after a problem has arisen can be awkward. An easy way around this is to introduce this person to your client - as a part of the full team - early in the process. The psychologist can offer the client a couple of take-home, pencil and paper self-assessment tools that can uncover communication styles, decision making processes, lifestyle goals and a ton of other data that can be helpful to both the financial planner and the client. Later, should a roadblock be encountered the planner can "de-pressurize" the situation by explaining how this is not entirely unexpected and the business psychologist team member can be reintroduced to get the process back on track using the up-front assessment data, input from the CFP and coaching, counseling or consultative skills.

Understanding the complex issues that clients bring to the financial planning process is never cut and dried. For the financial planner dealing with submerged issues that can complicate, confound, delay and derail the process may be next to impossible. Having these ideas about how to identify and address these issues and knowing that back up resources are available can be a strong asset for financial planner and client alike.

Author: *Winning Job Interviews* (Career Press, 2009) *Love Your Job! Loving the job you have, finding job you love*. (O'Reilly Media, 1994)

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