

Mirror, Mirror on the Wall: The Psychology of Financial Planning (Part 3)



By Carol Yip

How often do you, as a financial planner, have this burning desire to help your client even if you know, this client doesn't have money to pay for your time, services and advice?

Are you willing to sit down with this client for two hours, doing absolutely nothing (not giving advice or recommending financial products), but listening to this person, telling you about his/her life issues and frustrations about money and people, and in the process blaming everyone except himself/herself?

I'll do it. I like listening to my clients' (and prospective clients') problems, and often I do it for free. Why? Because financial planning is a 'helping' profession, and I accept my clients in "all kinds of financial shapes and sizes." I take them as they come, and I open up to them – to allow them a channel to freely express themselves, and I listen to them. This way, I create a relationship of trust and mutual respect with them, and the technicality of the planning process will be addressed accordingly and simply.

The fact of life is it is extremely complex. There are so many real issues like relationships, family, marriage, health, career or business (the list goes on) in a person's life that can impact his/her money results, choices and decisions that the six-step financial planning process is not focusing on. As a financial planner, you have to ask yourself this: are you willing to help your clients to confront and manage their life issues, and empower them to find answers/solutions to these

non-financial related areas? The reason: financial issues are more often than not tied to these psycho-socio factors, and your ability or more importantly, willingness to genuinely help your clients to deal with these issues will set you apart from the rest in the industry.

"Thank you so much for listening and sharing. Yes, I think I found the answer and I know what to do."

she is ready to take ownership of his/her situation to act and plan his/her life, and knows how financial planning will help him/her to *live* life.

The focus of this article is to stimulate your thinking about your life's purpose, values, beliefs, principles, experiences and the influence you have as a financial planner. It is also about the possible impact of your practice on your clients' life, and the effect of your clients on you, as well as the conflicts that may

arise if you and your client have differences in opinions, values and objectives in the financial planning process.



Gleaning from my own experience, I will have to concede that there are many factors and situations that are beyond my control in the planning process. It is important for me that my client knows how to handle and manage the various situations

that he/she is in so that he/she will not create a bigger financial mess. With or without a financial plan, the client first needs to take ownership of his/her situations and be solely responsible for his/her financial matters. Of course, with a financial plan, the client would be guided to realise his/ her financial dreams.

Our task, as financial planners, is not only to approve or disapprove of our clients' life and financial purposes, values and principles or their belief system, but to also help them explore and clarify their values and beliefs in order that they may be empowered to solve their financial issues. This way, they will also see the need for financial planning. Otherwise, what will happen is they will only have head knowledge of what you tell them, but unable to appreciate the need to put it into practice.

On the other hand, we, as financial planners, will have to be honest and open about our views, collaborate with clients in setting goals that fit their specific life needs, and then step aside and allow them instead the freedom to exercise autonomy as well as face the consequences.

There may be situations where financial issues are too deeply rooted and may be very difficult to solve if you and I, as financial planners, are not prepared to get "our hands dirty" to help our clients. So ask yourself honestly: are you prepared to walk this path to help your clients? Remember, each of them is different, and each one comes with his/her unique set of problems and issues.

That's why it is even more important that the financial plan is what the client believes in and will help him/her live his/ her life purpose. If the plan does not work, the client needs to know how to navigate out of it.

Knowing Your Place in the Financial Planning Business

Just like any other profession, do you have the passion and interest to want to become a financial planner? It is also a career that is the amalgamation of different skills – people as well as technical. It is a 'helping' profession and one must really have the knack for it.

Some of us become financial planners as we evolved in our careers. To some, it is the result of an earlier career crisis. But to do well as a professional in this industry, I suspect it you have got to want it as if it is a dream profession to be in. Then you have a better chance of doing it well for both you and your clients.



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So, to be or not to be a financial planner? It is a soul-searching question, isn't it? Is there an altruism in this profession? Is there a higher purpose or calling to be a financial planner?

Below are a few simple self-reflective questions to ponder. Hopefully, you can find enlightening answers to your current status as a financial planner:

- Why am I a financial planner?
- What inspires me to be a financial planner?
- What are my intentions as a financial planner?
- How can I be a financial planner that will inspire my clients?
- What do I need to do to create the trust with my clients?

I believe the answers should come from within as a person, before the professional and ethical requirements of a financial planner are taken into consideration, and it should also not be influenced by the views of others.

After you have those questions truthfully answered, do they inspire you? Did you feel a chill of excitement running through your spine? With the answers, are you inspired

and have confidence to be the financial planner you think you can be? Are you trustworthy enough for your clients? Do you have their interests first at heart?

As you can see, there is a serious need to clarify your personal values, beliefs, principles, and roles before becoming a financial planner. Your worldview is obviously very different from those of your clients. Their needs are also very different. So in order to serve your clients more meaningfully, you must be able to see beyond the fees and commissions to be made out of them. You must see them as individuals with unique needs. And assisting them to resolve their psycho-socio issues will often lead to a more consequential financial planning experience.

Clarifying Your Personal Values and Professional Ethics

What is the life value system (life values are important beliefs and principles that create a person's behaviours) that you and I would require to effectively practise this profession?

Because your life values will significantly affect your work with your clients, it is incumbent on you to clarify your assumptions, core beliefs, values, and the ways in which they will affect the financial planning process with your clients.

Your life value system influences every facet of your financial planning practice including your assessment strategies when you construct the financial plan, your views of setting goals for clients, your advice and suggestions to the clients when you analyse the client's financial information/situation, the financial topics explored during your discussion with client, and the evaluation of the outcomes when you monitor and review the implementation of your client's financial plan.

You and I have a professional, moral, ethical and legal responsibility – or a combination of any or all of these responsibilities towards our clients. At the same time, we have to be aware of how our personal values, beliefs and principles, or the lack of it, affect our work and make sure we do not influence our clients negatively, or worse, cause them financial losses.

Financial planning, as I see it, is about being able to blend your personal values, beliefs, principles, together with professional ethics and requirements to enhance the financial planning process without abusing the 'power' that you have (when the client reveals personal financial and non-financial information to you) and exploiting the client's vulnerability (because he expects you to help him find answers and solutions in the financial planning process). As stated earlier, it's about putting the clients' interest first.

I do believe from time to time, you and I will face difficulties in working with our clients because of the differences in our views of personal values, beliefs and principles, our professional requirements, and how they can affect the goals of financial planning, the strategies and solutions we propose to our clients. Hence, here are some questions that you can keep in mind if such a situation arises:

- What is my position on this issue, personally and/or professionally?
- Where did I develop my views, personally and/or professionally?
- Are my personal values, beliefs and principles open to change?
- Am I open to being challenged by my clients?
- Do I feel so deeply committed to some of my values, beliefs and principles, and professional ethics that I might want my clients to accept them?
- When would I disclose my personal values, beliefs and principles, and professional ethics to my clients? Why?
- How can I professionally communicate my values, beliefs and principles, and professional ethics without imposing them in my clients?
- Do my actions reveal that I respect my clients' views, beliefs and principles?
- How are my own values, beliefs and principles, and professional ethics reflected in the manner in which I help my clients set their goals in the financial planning process?
- Do my advice and suggestions meet the clients' needs and purposes, or are they only fulfilling my personal purpose, objective and self-interest?



At the end of the day, as professional financial planners, we want to be able to sleep soundly at night, knowing that our clients are also having a good night's sleep.

That is why it is important for us to be honest with ourselves that our relationship with our clients is built based on a strong foundation of meaningful and important personal values, beliefs and principles.

It takes honesty and courage to recognise how our psycho-socio make-up affect the way we carry ourselves as professional financial planners, and

it takes wisdom to determine when we are not able to work effectively with our clients due to the clash of views, values and beliefs.

Therefore, ongoing introspection, discussion and consultation with our peers or colleagues are necessary to determine how to make optimal use of our expertise for the financial planning relationship we have with our clients.

So the most important thing to do is to get in front of the mirror and have a good at ourselves – to better understand ourselves – to better serve our clients. **4E**

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