

The Psychology of Financial Planning

From the perspective of the financial planner and wealth advisor, the financial planning framework is a logical and systematic approach to helping the client sort out his or her financial affairs. But the client does not always live a well-defined life. In other words, the client does not necessarily have a framework for your easy reference. Therein lies the challenge of planning.

The dynamics of the client's lifestyle depend on his or her family upbringing (including the relationship with parents, siblings and relatives), friends' influences, marital relationship with spouse and children, social (including media influences) and cultural environment in which he or she lives in, professional as well as a host of other personal and business challenges.

Other than the psychological make-up of the client, he or she also has various life roles to play - like son, daughter, father, mother, grandfather, grandmother, sister, brother, friend, spouse, employer and employee. The list goes on. And each life role has its own unique financial obligations and complications. But just how complicated can they get? The simple answer: very complicated.

Each time the client experiences changes in his or her life roles and life cycle, there is a financial impact, for instance, career transitions, business sentiments, migration, parenthood, marriage difficulties, relationship breakups, divorce, death of a spouse, single parenthood, being single (confronting loneliness) and extra-marital affairs. The client may not be able to handle the emotional impact attached to these experiences, and they could affect whatever financial plans that have been drawn up earlier.

The fact of the matter is even if the client is enjoying success in his life, he may have difficulties in his financial plan if he is not disciplined enough to follow through with it. A bad investment, an economic downturn, overspending and greed may negatively affect his financial plan.

There is also something called the generation gap. This gap will have a bearing on the definition of financial planning and the definition of financial success. What is considered successful to a young, upwardly mobile professional or 'yuppie' may differ a great deal from a middle age person. So the question is: will financial planners of a 'different generation' be able to understand the client's definition of financial planning and financial success?

As professional financial planner and wealth advisor when confronted with these challenging issues and concerns, are you going to talk professionally and logically to the client about the impact of these circumstances on his or her financial plan, or listen emphatically to their financial situations or

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concerns and work with them to find answers and solutions to their financial perceptions and expectations?

Learning Objectives

In many ways, the effectiveness of a financial plan may hinge significantly on the interpretation of the definitions from the client's viewpoint. It is a planning and decision-making process that intertwines both financial hard facts of financial products with the client's psychological background and influences. It is important for professional financial planner to understand the application of psychology in the 6-steps financial planning process with the client to provide a holistic approach of value-added advices.

This course will help the participants answer questions of how well and how deep they know the client, by understanding the depth of client's psychological impact towards their thoughts, emotions and behaviors about money and the linkages of it to the client's life.

Proposed Course Outline:

- The missing link of the financial planning process.
- The psychological influences of the client's financial situations.
- The need to have emphatic understanding of the client.
- Learning the techniques of building trusting relationships with the client.

Length of Course: 1 day

Learning Outcomes:

Upon the completion of this course, participants will know:

- a. The importance of emphatic understanding of the client's financial situation which could stems from family background, personal issues, attitude and perceptions, career concerns or other external situations or circumstances.
- b. How to identify the client's emotional and psychological concerns that have impact towards personal finance.
- c. How to help client to understand that the success of financial plan implementation depends on how much the client is willing to work with you to achieve the financial goals and objectives.
- d. How to gain client's trust and confidence to engage with you in the financial planning process.

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Learning Methodology:

- Direct teaching
- Interactive exercises
- Case studies
- Group discussions
- Presentations

Target Audience:

- Dealer's representatives
- Brokers
- Fund Managers
- Financial planners
- Personal Wealth Managers and Unit Trust Managers
- Marketing and sales executives in the financial institutions

Speaker

Ms Carol Yip
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Profile of Speaker

Carol Yip holds a Master's Degree in Business Administration (Majoring in Finance with Distinction) from the University of Hull, UK, a Bachelor's Degree in Economics (Honours) from Monash University in Melbourne, Australia, a Certified Financial Planner (CFP) from the Financial Planning Association of Malaysia.

She is also the President of Monash University Alumni Malaysia and member of the Monash Alumni Advisory Group (MAAG) for Monash University Australia where Dr Alan Finckle, Chancellor of Monash University is the Patron of MAAG.

Carol's experiences in Award Assessment:

- a. She is the appointed judge for Monash University Annual Distinguish Award, which is the highest award to be given to Monash Alumnus who creates significant contributions in his or her career and to the society.
- b. She is one of the appointed assessors for the SME Recognition Award 2009, 2008 and 2007 for SMI Association of Malaysia. She has the experience in the process of assessing the award applications for 12 award categories.

Carol has been recognized for her "Outstanding Career Achievements and Contribution to Society in the Finance and Commerce Sector" by The Malaysian Women's Weekly Great Women of Our Time Award 2008.

She is the author of "**Smart Money User**" and "**Money Rules**" - two books that reveal how your state of mind and beliefs affect how much (or how little) wealth you will have, or retain. Carol also contributes articles to magazines like Good Living Magazine, Her World, Cleo, Female, Women's Weekly, Smart Investor and The Star Business Week and appears on national television including NTV7 and RTM2 and BFM89.9 radio to talk on the topic of Behavioral Finance in Personal Money. She also writes for The Star Newspaper Bizweek - 'My Money' column.



She is also the speaker for many conferences and seminars like Asia Business Forum in Singapore and Hong Kong, Monash University Alumni in Malaysia and Singapore, TEC Asia Centre, Business Network International (BNI) Conference 2007, The Malaysian Secretaries Conference 2007, The Genome Institute of Singapore and Australia Universities International Alumni Conference 2008 in Singapore, The Pinnacle Academy Singapore, 4th Public & Business Financial Expo 2008 Malaysia and Management & Science University Generation Y Conference 2008, and the Attorney General's Chambers Conference 2008, Asia Trader and Investors Convention 2009, KDU Management Development Centre (KMDC),

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Women in Leadership Conference 2009, Eu Yan Sang Education Workshop for Women 2009, Lending and Risk Insurance Conference 2009 Australia.

She also produced a 10-minute movie "Family Money Rules: the spoken and unspoken words about money" that exemplifies the need for all of us to know the importance of how our family and social backgrounds affect the way we see and utilize money in our daily lives. You can watch it at www.AbacusForMoney.com

Carol's mission is to promote **financial literacy** in all levels of society and families by educating them on the necessity of understanding their behaviors and how it affects their money, for better or for worse. She teaches skills that **empower** them to manage their money better through the use of simple and easily-understood tools and techniques. Currently, she is completing her Masters in Counseling with intention of specializing in financial counseling and coaching. This is because Carol has a mission of helping people to unleash their life from financial distress, and live a meaningful and peaceful life instead.

More of Carol's work can be found at her website www.AbacusForMoney.com