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Planning From the Inside Out



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RTD Financial Advisors, Inc.

Exterior Finance



It's about your **money**

Interior Finance



It's about your **life**

Commoditization

- Exterior
 - Tax Planning
 - Estate Planning
 - Investment Advice
 - Insurance
- Interior
 - Wisdom

“Where is the wisdom we have lost in knowledge? Where is the knowledge we have lost in information?”

T.S. Eliot



The Evolving Profession of Financial Life Planningtm

It's More Than Asking About Goals



Problems Created by Advisor

- Assumptions
- Our quantitative (exterior) training
- Ignoring the fact that money is an emotional issue that affects sound decisions



Typical Assumptions

- Estate planning
- Taxes
- Portfolio management
- Retirement
- Charitable giving
- Business planning
- All money decisions are quantitative



Typical Financial Planning Data Gathering:



Lots of exterior data and not
enough **interior** discovery

If Money is an Emotional Issue for Most People:



How can we ignore that if we are to give good advice about money?

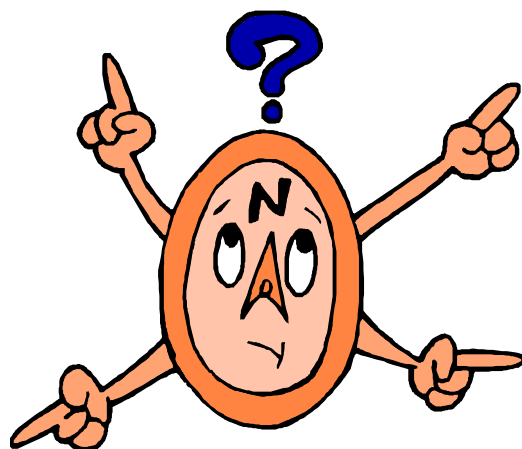
Are We Practicing Psychology?



Why do many clients resist our recommendations in spite of all the evidence we may provide?

- Spending too much
- Hoarding for no good reason
- Not owning enough insurance
- Procrastinating on estate planning
- Refusing to invest in equities

You Can't Solve **Interior** Issues With **Exterior** Solutions



Examples of **Interior** Issues That Affect Decisions About Money:

- The deceptive grandmother
- The 20¢ punishment
- The wealthy neighbor
- The unpaid tuition
- The needy family

Are some financial planners part of the problem or part of the solution?



What Do Doctors Need to Know Before Treating Patients?

- Medical History
- Family History
- Current Symptoms
- Other Treatments



What Financial Planners Need to Know

- Family Money History
- Past Money Experiences
- Present Issues
- Future Concerns
- Current and Expected Transitions



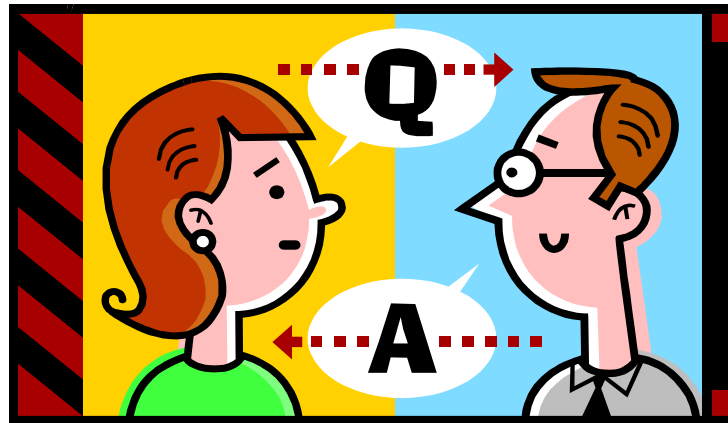
“Values are intangible. Your job is to uncover these values-based emotions so people can see the relationship between making smart financial decisions and fulfilling their life values. It’s more about life than money.”

Bill Bachrach

Where should the dialogue begin?



“It’s not the questions you ask them that matter – it’s the questions they ask you!”



The Financial Life Planning Discovery Process



The Initial Contact

- What *not* to ask
- What do I take to this meeting?
- Initial Questionnaire (one for each spouse):
 - Concerns – Financial and non-financial?
 - History of working with advisors
 - “Financial Life Checkup”
 - What you want to accomplish through financial planning?

Defining True Wealth

- I define success in my working life as:
- I define success in my family life as:
- I define success in my financial life as:
- I define balance in my life as:
- I hope to be remembered someday as:

My Vision of the Future

- How I visualize my life in my 60' s 70' s and 80' s:
- How I plan to change my lifestyle (if at all) if I retire:
- If I intend to retire, what will I miss most about the job I currently have:
- My biggest fears about the future:
- What I most look forward to about the future:
- The top things I would like to accomplish/experience in my lifetime:

Interior Questions

1. Tell me about your family when you were growing up
2. Was money discussed at the dinner table?
3. What messages, direct or indirect, did you receive from you mother regarding money?
4. What messages did you receive from your father?
5. What messages did your grandparents/other family members?

Interior Questions Continued . . .

6. Were there family stories about money?
7. Describe your parents' financial history
8. What financial values and/or discussions with your parents continue to affect you today?
9. What would you like to do differently from your parents regarding money? What would you like to do the same?
10. What financial expectations did your parents and grandparents have of you?

Interior Questions Continued . . .

11. How much control did you have over money you made or received as gifts?
12. What is your first memory about money?
13. What was learned from that experience?
14. Describe a joyful memory about money.
15. Describe a painful memory about money?

Interior Questions Continued . . .

16. Describe your work history.
17. What were some of the best financial decisions you have made in the past?
18. What were some of the financial decisions you have made in the past that you regret?
19. What does money mean to you?
20. What is important about money to you?

Interior Questions Continued . . .

25. What does financial independence mean to you?
26. How do you feel about passing assets to your heirs?
27. Does philanthropy and charitable giving play a role in your life?
28. What would be a desired outcome over the course of these initial meetings?
29. During our review three years from now, what will need to have happened between now and then for you to feel satisfied with your progress?

Three Scenarios



Scenario #1



Imagine that you have all the money you need now and in the future. What will you do with it? How will you live your life? What will you change? Let yourself dream. Don't hold back. Describe a life that is complete and richly yours.

George Kinder, *Seven Stages of Money Maturity*

Scenario #2



You have just come from a visit to the doctor who told you that you have five years to live. The good part is that you won't ever feel sick. The bad part is that you will have no notice of the moment of your death. As you let the emotional impact of the situation sink in, ask yourself these questions: How will you change your life? What will you choose to do in the finite amount of time you have remaining?

George Kinder, *Seven Stages of Money Maturity*

Scenario #3



This time the doctor told you that you have only one day left in your life. The question you have now is not how to spend the hours that remain. Instead, ask yourself what am I feeling? What are my regrets and longings? What dreams will be left unfulfilled? What do I wish I had finished or had been? What do I wish I had done?

George Kinder, *Seven Stages of Money Maturity*

Interior



or

Exterior?



Estate Planning



Portfolio Management



Income Tax Planning



Safe Withdrawal Rates



Educational Funding



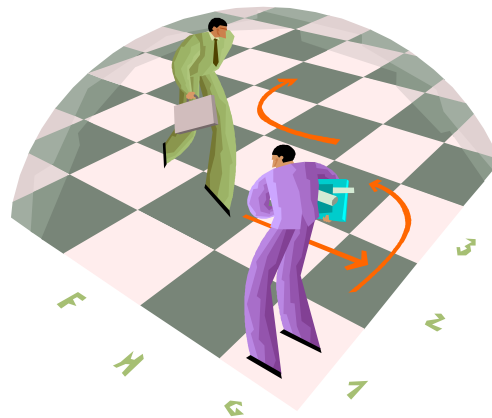
Retirement Planning



Charitable Giving



Business Planning



Accumulating Money



Financial Life Planners:

- Ask the right questions
- Listen carefully to the answers
- Help their clients focus on their real life goals
- Care enough to put their clients' interests first

And they . . .

Improve the Quality of Their Clients' Lives!



“Consciously or unconsciously, every one of us renders some sort of service. If we cultivate the habit of doing this service deliberately, our desire for service will make, not only our own happiness, but that of the world at large.”

Gandhi



Questions?

