Mind Over Money: Add Purpose to Your Plan

By Dayana Yochim

Your doctor tells you that you have 24 hours to live. Reflecting on your life, do you have any regrets? What didn't you get to do? Are you the person you set out to become?

No, this isn't a depressing parlor game; it's a real-life exercise that financial planners assign to their clients. That's right, financial planners — or, more specifically, a subset of practitioners called "life planners."

These men and women are money pros trained to infuse clients' dreams, passions, and purpose into their budgets, investments, and estate plans. It's not some passing industry fad, either. Author Lee Eisenberg devoted a chapter of his best-seller *The Number* to the life-planning movement and to the man who pioneered it, George Kinder, a Certified Financial Planner, author, philosopher, and currently a full-time life-planning trainer.

The Hard Questions

As a full-time advisor, Kinder grew disappointed in the traditional financial-planning process, finding it too blunt of an instrument to use on complex human beings. So he started trying to get to the core of his clients' true motivations by asking hard, thought-provoking, what's-this-life-really-about questions. That became the basis for the life-planning movement. For the past 15 years, Kinder has been teaching like-minded money pros the ropes via the Kinder Institute of Life Planning and in such books as *The Seven Stages of Money Maturity.*

Like traditional financial pros, life planners build a roadmap for clients, with asset-allocation models, estate-planning advice, and tax-cutting strategies. But because the "life" part serves as the foundation of the formal plan, the advice is often very different from what a traditional financial planner would give.

For example, a client says that he dreams about owning an oceanside investment property that he could use for family vacations. A traditional financial planner might show him how working an additional five hours a week for the next 10 years could help him achieve the goal. The life planner digs deeper and discovers that what the client really wants is a closer bond with his six-year-old. The traditional plan would indeed result in a vacation home in a decade, but at the expense of treasured time with his family.

Heart's Core vs. Daily Grind

I know, this all sounds New Age-ish, as if I'm going to suggest using a mood ring to allocate your portfolio. But the truth is, you're not saving for your future just to have a bigger portfolio. Even the goal of "retirement" really doesn't capture what you want to do with the rest of your life. The payoff of the life-planning process is a roadmap that inspires and motivates you. Does your financial plan do that? If it doesn't, then maybe it's time to inject some passion into those pie charts, whether you do this work with a registered life planner (listed at kinderinstitute.com/registeredlp.htm) or on your own.

I recently attended a two-day workshop in which Kinder walked through some key exercises that help clarify goals. Here's one: On a piece of paper, create a three-by-three grid, and label the three columns "Have," "Do," and "Be," representing the things you have, the things you do, and the person you want to be.

Now label the rows "Heart's Core" (what's really meaningful to you), "Ought To" (your workaday financial obligations or expectations), and "Fun To" (here's your chance to get creative).

The meat of this exercise is identifying what's in your heart's core. (If you get stuck, go back to the 24-hours-to-live questions above.) The focus here tends to be on relationships and life pursuits — not things, but experiences involving family, relationships, spirituality, community, and creativity. In real life, though, the majority of people focus their energy and finances on the items in the Ought To row, and those typically don't move you closer to accomplishing your most meaningful goals.

What Money Can Really Do for You

Now that you've identified your goals, contrast them with how you actually spend your time and resources. Is everything going to the Ought Tos? If so, take a look at your financial plan, figure out what's missing, and consider how to transform it into an executable strategy that aligns with your new goals.

For example, automate or outsource some of the tasks in your Ought To row (e.g., sign up for automatic bill pay instead of devoting precious weekend time to paying the household bills). Don't just dream about semi-retirement or a sabbatical; set a date and start laying the groundwork (read "Take a Break From the Binge" in the August 2007 issue for some ideas). Research all the details of that family getaway as if you were going six months from now; look at your current budget and identify areas where you could cut back so you can actually take that trip in six months.

Once you've identified what's really important to you, you'll find it easier to give up items (and expenses) you thought were indispensible. Financial planning then becomes more inspiring than you ever thought it could be.