The Changing Role of the Financial Planner Part 1: From Financial Analytics to Coaching and Life Planning

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Executive Summary

- This report is the first in a two-part study of the emerging role of coaching in financial planning. This first paper reports the results of our survey, which support the thesis that financial acumen is necessary for financial planning, but not sufficient. Implications for training and professional development are extensively discussed in Part 2.
- An online survey was sent to 38,810 members of the Financial Planning Association and CFP Board mailing list participants, to determine the non-financial coaching and life planning activities of financial planners.
- The primary research question for this study concerns the changing role of the financial planner and the major implications of that change for the financial planner of today and tomorrow.
- A total of 1,374 planners completed the entire survey, though 2,006 completed some portion of the survey.
- Approximately 25 percent of the respondents' contact with clients is devoted to non-financial issues. About 74 percent of planners estimate that the amount of time they are spending on these issues has increased over the last five years.
- Most respondents believe that their non-financial coaching and counseling makes them better planners and helps their clients, but are less certain that these activities increase business.
- Planners help clients with critical issues that reflect human drama and frailties: religion and spirituality, death, family dysfunction, illness, divorce, and depression.
- Most respondents have at least some training to equip them to help clients with non-financial issues, but 40 percent have had no training or professional development in this area.

Our research into the emerging role of the financial planner as life coach is presented in two separate reports. This first report focuses on the descriptive results of a large scale Web-based survey, and provides empirical data clarifying the scope, trends, and coaching-related practices of financial planners. The second report, which will be published in the September issue of the *Journal* (Sussman and Dubofsky, 2009), is an extension of the descriptive summary and focuses on the implications of our empirical results for financial planners. This first report thus sets the stage for the second report. As a set, the reports answer the following overarching question: How is the role of the financial planner changing and what are the major implications of that change for the financial planner of today and tomorrow?

A description of the profession known as "personal financial adviser," can be found by visiting the U.S. Department of Labor Occupational Outlook Handbook Web page (www.bls.gov/oco/ocos259.htm). It reveals a 2,000+ word description of the nature of the work, training, and qualifications for this occupation. The results of the survey we conducted suggest that the Department of Labor's description accounts for only 75 percent of the actual work financial advisers perform for their clients. The other 25 percent of the work involves dealing with non-financial issues—human drama and frailties.

Acknowledgement: *We could not have conducted this survey without the assistance of Rebecca King of the Financial Planning Association and Asha Williams of Certified Financial Planner Board of Standards. Rachel Candelora provided valuable research assistance. We also thank the participants in our focus group.*

In dealing with these personal, non-financial issues, financial planners forge bonds with their clients that we may characterize as special and endearing. There are precious few interpersonal bonds worthy of this label. Examples include parent and child, minister and parishioner, teacher and student, physician and patient. We posit that the relationship between financial planner and client is also worthy of the label.

Discussing personal financial assets, personal life goals, and articulating plans for achieving those goals relies on trust, candor, and a client's willingness to be open and potentially vulnerable. These characteristics are the essence of special and endearing relationships. "People who would not dream of seeking out a therapist, counselor, or clergyman for emotional support may find themselves emotionally overcome or vulnerable when talking with a planner about a pending divorce, planning for death, or in the aftermath of losing a loved one, caring for a special needs family member, or leaving a legacy" (Kinder and Galvan, 2006, p. 197). Thus, financial planners, whether they planned for it or not, may become personal coaches and counselors for their clients.

Moreover, given the demographic trends of retiring baby boomers, the wealth they are likely to inherit from parents or distribute to children, and decisions regarding Social Security benefits (Congressional Budget Office, 2003), financial planners are in a growth industry. The Department of Labor forecasts that it will be the sixth-fastest growing occupation between 2006 and 2016, with the number of personal financial advisers rising from 176,000 to 248,000 during this period (see www.bls.gov/oco/ocos259.htm#projections_data and www.bls.gov/oco/oco2003.htm). The demand for qualified financial planning also reflects the American worker's increased exposure to financial uncertainty, a result of the corporate world's transition from offering defined benefit pension plans to defined contribution plans. Retiring baby boomers are thus discovering that managing a retirement account is difficult at best and gut wrenching at worst.

Purpose

Given the potential of the planner-client engagement to be executed on an emotional minefield (Kahn, 2001), it is not surprising that a body of literature focusing on the planner as coach and counselor has emerged. This literature speaks to the need and importance of the non-financial coaching and counseling role of financial planners (Kahler, 2005; Warner, 2006; Wagner, 2000; O'Neill, 1991; Matson, 2003), and the skills required of this new role (Christiansen and DeVaney, 1998; Collier, 2004; Miller and Koesten, 2008). Two dominant themes emerge from this literature. First, financial acumen is necessary for financial planning but may not be *sufficient*. "The most effective financial planning will combine the cognitive talents of the traditional financial planner with the emotional skills of a counselor" (Kahler, 2005, p.62). Secondly, financial planners must seek out professional development opportunities to increase their coaching and life planning skills.

The literature supporting these two themes, however, is primarily anecdotal and prescriptive. Thus, we have case studies highlighting the emergence and importance of this new financial planning role, personal accounts of specific issues raised in life planning sessions (for example, succession planning, blended families, clients and/or family members with Alzheimer's), and advice on how planners should execute that role. But this literature fails to provide an empirically based, comprehensive view of the underlying dynamics and scope of the role. The purpose of this study is to provide that view and fill that void.

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Research Questions

Because the study is exploratory in nature we pose research questions rather than test theoretically grounded hypotheses. Specifically, this study was designed to empirically answer the research question posed above: How is the role of the financial planner changing, and what are the major implications of that change for the financial planner of today and tomorrow?

This major question suggested five corollary questions:

RQ1: Planners' Perceptions of the Coaching Role. To what extent do financial planners perceive their role as encompassing coaching and counseling? Do planners see this role as increasing or decreasing in importance?

RQ2: The Issues. What are the most common personal, non-financial issues financial planners confront in their engagements with clients?

RQ3: Perceived Value of the Coaching Role. Do planners perceive the coaching role as important for them, their clients, and their business?

RQ4: Coaching and Counseling Critical Incidents and Behaviors. What are the critical incidents reflecting the non-financial coaching/counseling role of financial planners? What behaviors do financial planners engage in as part of their coaching and counseling?

RQ5: Training and Preparation. Of what type and how extensive is the training financial planners have received in life planning and coaching?

Table 1: Respondent, CFP Certificant, and FPA Membership Demographics

	This Study	CFP Certificants	FPA Membership
Gender			
Male	79.6%	76.5%	75.0%
Female	20.4%	23.3%	25.0%
Age			
< 30	3.2%	3.0%	2.0%
31–40	17.9%	20.4%	12.0%
41–50	27.3%	28.0%	26.0%
51–60	35.3%	30.2%	35.0%
> 60	16.4%	17.3%	25.0%
Education			
High school	0.8%		
Some college	8.6%		
College degree	43.7%	60.3%*	70%***
Advanced degree	46.9%	34.7%**	33%***
Professional Designations			
CFP	97.6%	100%[1]	67.0%
RIA	41.7%	---	64.6%[2]
ChFC	15.6%	10.8%	9.7%
CLU	13.3%	10.1%	9.2%
CPA	6.9%	12.9%	11.0%
PFS	3.1%	3.0%	3.7%
J.D.	2.3%	4.2%	2.9%
CFA	1.5%	2.4%	2.1%
Assets Under Management[3]			
< $20 million	25.0%		
< $25 million			38.0%
$20–50 million	28.0%		
$25–50 million			18.0%
$51–100 million	22.0%		13.0%
$101–250 million	17.0%		9.0%
> $250 million	8.0%		4.0%
Don't manage assets			17.5%

* Associate's and bachelor's degrees
** Master's, Ph.D., and Juris Doctor degrees
*** FPA members could select both; therefore, the sum exceeds 100%.
[1] 100% are CFP certificants. 70% are CFP practitioners.
[2] Includes dually-registered advisers
[3] Information from CFP Board not available

Continued on page 52

Method and Sample

Our survey was e-mailed to 38,810 financial planners. CFP Board sent it to 22,810 registered CERTIFIED FINANCIAL PLANNER™ certificants who were self-identified practitioners and who previously never notified CFP Board that they wanted to opt out of e-mail communication. The Financial Planning Association sent the survey to an additional 16,000 members who accept e-mail and research-related communications. CFP Board and FPA collaborated so that a respondent should not have received a request to participate in the survey from both organizations. The e-mail directed recipients to an online survey.

A total of 2,006 financial planners logged on to the survey, representing a 5.2 percent response rate. The introduction to the survey explicitly assured anonymity and confidentiality and provided the following rationale:

> We have partnered with Certified Financial Planner Board of Standards and the Financial Planning Association to conduct a survey of your perceptions of the changing role of financial planners. This questionnaire probes the nature and frequency of personal, non-financial problems and issues raised during planning sessions. Both anecdotal data and published reports highlight the importance of the coaching and counseling aspects within a financial planning engagement. We define coaching and counseling as using your non-financial skills, ability, and knowledge to help your clients achieve personal fulfillment and their life goals.

Of the 2,006 surveys started, 1,374 were completed, representing a 68.5 percent completion rate. Because the survey probed highly sensitive information, we correctly anticipated that some respondents might skip or disregard some questions. In order to obtain the highest response rate possible, respondents were urged but not required to answer every question. A question could be skipped without automatically terminating the questionnaire. We thus recorded responses from complete and incomplete surveys. In general, the number of responses declined as respondents went deeper into the survey. The number of responses to any one question ranged between 1,087 and 1,517. For dichotomous questions, within this range of responses, the sampling error ranges from ±2.52 to ±2.97 at the 95 percent confidence level.

Table 1 provides demographic characteristics of our respondents and compares them to the population demographics of CFP certificants and FPA members.[1] Comparison data address the issue of nonresponse bias. This comparison suggests reasonable comparability of sample characteristics to population characteristics. Moreover, it is important to note that 30 percent of CFP certificants and many FPA members are not CFP practitioners, so that some demographic differences between our respondents (all of whom stated that they supply financial planning services directly to individuals and families) and the other two groups are expected.

Eighty percent of our respondents are male, and 20 percent female. In terms of race, 94 percent are white. The largest age group is 51–60 (35 percent), followed by 41–50 (27 percent). Ninety-one percent of the respondents have either an undergraduate or graduate degree. All but 11 percent of the respondents have more than five years of experience working as a financial planner.

Almost 98 percent of our respondents are CERTIFIED FINANCIAL PLANNER (CFP) practitioners. Many of them hold other professional designations or titles as well, such as Registered Investment Adviser (RIA, 41.7 percent), Chartered Financial Consultant (ChFC, 15.6 percent), and Chartered Life Underwriter (CLU, 13.3 percent).

Almost 88 percent of our respondents have more than 30 clients. The value of assets under advisement was clustered in the categories of "less than $20 million," "$20–$50 million," and "$51–$100 million," with 25 percent, 28 percent, and 22 percent representation, respectively. In addition, 17 percent of respondents manage portfolios of $101–$250 million, and another 8 percent manage more than $250 million.

Respondents are compensated in a variety of ways; the two compensation methods most frequently mentioned were "percent of assets" and "commission," cited by 69 percent and 64 percent of our respondents, respectively.

> "We have partnered with Certified Financial Planner Board of Standards and the Financial Planning Association to conduct a survey of your perceptions of the changing role of financial planners."

Table 1 (continued): Respondent, CFP Certificant, and FPA Membership Demographics

Compensation Methods	This Study	FPA Membership
Percent of assets	68.7%	66.2%
Commission	63.9%	63%
Fixed fee	31.1%	24.8%
Hourly	27.5%	17.5%
Annual or retainer	21.5%	14.7%
Salary	14.2%	9%
Other	3.2%	0%

Number of Clients	This Study
1–10	3.8%
11–20	3.9%
21–30	4.8%
> 30	87.6%

Number of Years As a Financial Planner			
This Study		FPA Membership	
≤ 5	10.6%	0–4	27%
6–10	24.8%	5–9	9%
11–20	32.8%	10–14	13%
> 20	31.8%	> 15	49%

Note: Information from CFP Board not available.

Results

Perceptions of the Non-financial Coaching Role. Because some financial planners do not have direct contact with clients and because some planners may view their role as "purely" financial planning, we posed an introductory question designed to clearly dichotomize the sample into those who coach and counsel and those who do not: "In your role as a financial planner, do you ever engage in non-financial coaching and counseling?" Of the 1,726 planners who answered the question, 1,540 (89 percent) answered yes and 186 (11 percent) answered no. All subsequent results that we report come from those who answered yes.

Of those who answered yes, 74 percent believe that during the past five years, they have increased their coaching and counseling involvement with their clients; and 26 percent believe that the frequency of dealing with non-financial issues has decreased. Respondents estimate that 75 percent of their time is spent dealing with financial planning (monetary) issues, and that 25 percent of their time is spent on non-financial issues.[2]

We asked our respondents whether they are engaged in non-financial coaching activities because their clients demanded these services or because they supply these services as part of their business strategy. Sixty-six percent respond to their clients' requests, while 34 percent supply these services as part of their business strategy.

The Issues. At the end of our survey, respondents had the opportunity to provide any other information they thought was relevant to our study. One comment stood out: "… when someone trusts you enough to open up about finances, usually they will open up about other more personal issues." The following results explicate this sentiment.

We asked our respondents whether they had dealt with 17 personal and sensitive issues their clients might experience, issues concerning a client's work, family, and a wide range of emotional, physical, and mental problems. The list of 17 issues was developed through two sources: (1) a summary of the anecdotal literature discussed earlier, and (2) a summary of a focus group conducted with six financial planners, convened to help design the questionnaire.

We probed these 17 issues in two ways: assessing the percentage of clients who raised each issue, and assessing which three issues took up most of the planners' time. Figure 1 summarizes the answers to the first question. Depending upon the specific issue, the number of responses ranges from 1,266 to 1,307. Figure 1 shows that, given that a financial planner has engaged in non-financial coaching and counseling, personal life goals were discussed with 64 percent of the planner's clients on average. Other prominent issues deal with a client's physical health (52 percent of clients) and a client's job, career, or profession (50 percent of clients). All other issues involve less than 50 percent of a financial planner's clients.

When asked which three non-financial issues take up the *most* time, 81 percent of the respondents cited a client's personal life goals; 66 percent cited a client's job, career, or profession; and 44 percent included a client's physical health, thus validating responses to the first question. The fourth most frequently stated issue, death of someone close, was selected by 19 percent of the financial planners as one of the three most time-consuming issues.

Only two issues received distinctly different rankings in terms of the percentage of clients who raise the issue versus the time spent dealing with the issue. The first is a client's legal problems, other than those dealing with estate, tax, and/or divorce. While it ranked eleventh in terms of the number of clients who raise these issues to their financial planners (21.3 percent of clients), it ranked fifth in terms of the number of financial planners who said it was among the top three most time-consuming issues (17 percent of financial planners). The second issue is a client's marital problems. When considering the number of clients who raise this issue to financial planners, it ranked sixth (23 percent of clients). But in terms of time spent, it ranked thirteenth (only 4 percent of all financial planners said that the issue was in their top three most time-consuming issues).

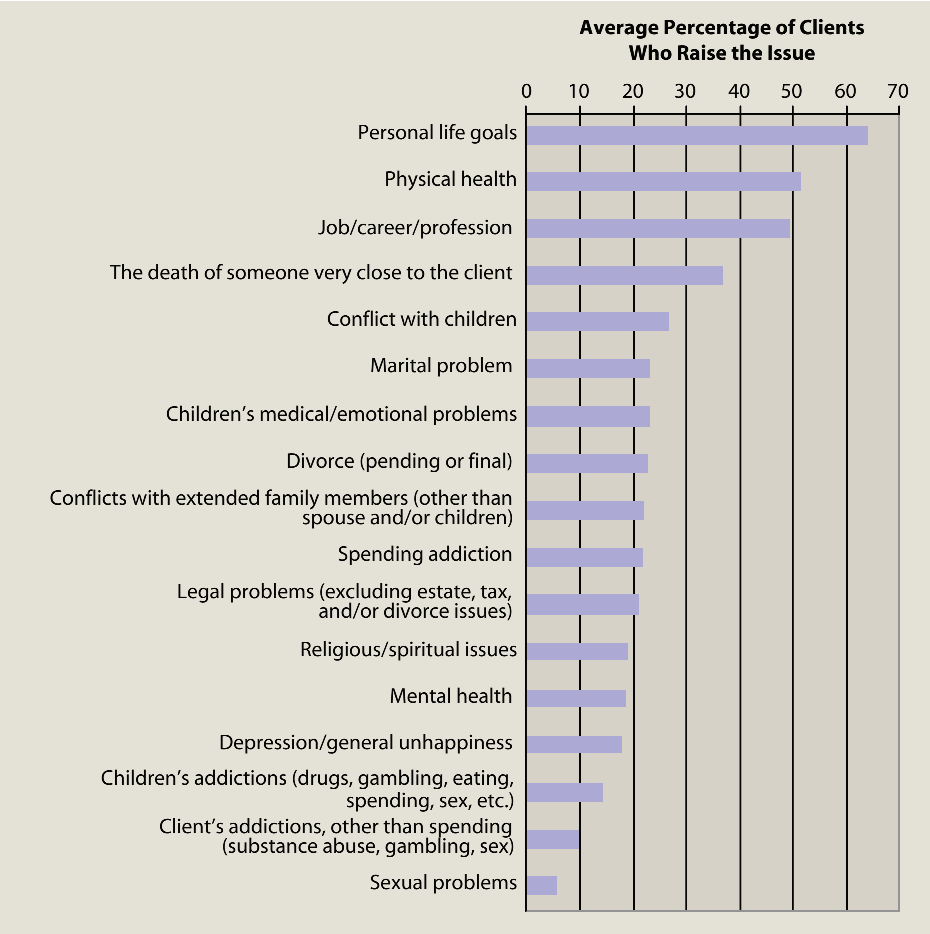
Even beyond the most prominently cited issues, we were struck by the numbers of respondents who have dealt with the issues at the bottom of Figure 1. The fact that 10–20 percent of clients talk about addictions, divorce, mental health, depression, and spirituality underscores the reality that financial planners provide their services on an emotional minefield.

Perceived Value of Coaching. Our respondents generally believe that their non-financial coaching and counseling helps their clients, lets them be better financial planners, and, perhaps to a lesser extent, helps their businesses. Table 2 (on page 54) presents the responses to a set of four questions that deal with the possible benefits of non-financial coaching.

The first two questions address client outcomes. Less than 3 percent of financial planners disagreed or strongly disagreed with statements that their clients' families communicated better with each other and that their clients seem to be living and enjoying a life closer to their core values. In contrast, almost 60 percent of financial planners agreed or strongly agreed with those statements.

The last two questions in the set solicited perceptions of personal performance and business potential. Almost 90 percent of respondents agreed or strongly agreed that their ability to be a good financial planner is enhanced or improved because they discuss non-financial issues with their clients. Perhaps surprising, however, are the respondents' answers to the fourth question. Almost 13 percent do not believe that their business has increased because of their non-financial counseling, while 39 percent believe business has increased because of their non-financial counseling. Thus, while financial planners strongly believe they are doing a better job because of their non-financial coaching,

Figure 1: Non-financial Issues that Clients Raise with Financial Planners



they are less certain that it has a positive effect on the bottom line.

Critical Incidents and Planners' Behaviors. This research question has two parts. The first posed several critical incidents financial planners might experience in servicing a client's needs. A critical incident prototypically reflects significant events and processes, from the respondents' perspective. The second part presented a series of specific coaching and counseling behaviors financial planners may engage in when dealing with a client's personal problems.

The critical incidents, drawn from the literature discussed earlier and from our focus group of financial planners, reflected significant examples of coaching and counseling events, processes, and actions planners are likely to experience. The incidents included the pronoun "you," putting the financial planner into the event, and was followed by a description of the incident.

We assessed the critical incidents by posing a dichotomous question, asking simply whether the planner had or had not experienced the incident. Table 3 (on page 55) ranks the incidents by the percentage of yes answers. Seventy-four percent of the planners have experienced a session in which a client became emotionally distraught. The emotional bond between planner and client is illustrated by the second most prevalent incident: 58 percent of our respondents have been told a secret by a client, dealing with a non-financial issue, that no other person knows.

Religion and spirituality have been the focus of considerable discussion in the financial planning world. Our data confirm their importance: 49 percent of respondents

Table 2: Has Non-financial Coaching Been of Value for Clients and/or Planners?

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total Responses
Because of my discussion of sensitive, personal non-financial issues with my clients there is more effective communication between husband and wife, parents and children, or others who may be significant in my clients' lives.	9 (1%)	24 (2%)	418 (37%)	562 (50%)	110 (10%)	1,123
Because of my discussion of sensitive, personal non-financial issues with my clients they seem to be living a life closer to their core values, and enjoying what is most important to them.	5 (0%)	23 (2%)	468 (42%)	543 (49%)	80 (7%)	1,119
Because of my discussion of sensitive, personal non-financial issues with my clients my ability to do a good job at financial planning is enhanced or improved.	5 (0%)	8 (1%)	104 (9%)	694 (62%)	300 (27%)	1,111
Because of my non-financial counseling my business has increased.	29 (3%)	113 (10%)	549 (49%)	344 (31%)	84 (8%)	1,119

have offered to pray for a client, and 36 percent said that a client has asked the financial planner to pray with them. Twenty-two percent of our respondents have tried to bring a client closer to God or to the client's spiritual core values.[3]

Clients' marriage and other family problems are issues for many financial planners. Forty-eight percent of our respondents have mediated marital discord. Another 44 percent have mediated problems between a client and his or her children. Client problems with extended family members were experienced by 29 percent of respondents. Clients have asked 34 percent of planners whether they should or should not get divorced, and another 12 percent of planners have been asked whether or not their client should have children.

We were astonished at the array of human frailties emerging in the client-planner relationship. Our respondents have faced client issues including suicide, 10 percent; therapy, 7 percent–9 percent; and drugs, 3 percent–5 percent. Twenty-six percent of respondents have had to reschedule a session because of a client's emotional distress.

The intensity of the bond between financial planner and client is illustrated by our finding that 21 percent of respondents have had a client who established a trust and listed the financial planner as either the sole or co-executor of the trust. Other stakeholders recognize this intense bond. Thirty-three percent of our respondents have been lobbied by an organization for philanthropic donations, and 26 percent were lobbied to include an organization in a client's will. Thirty-two percent have been lobbied by a member of a client's family to get special consideration. These critical incidents expose the financial planner to complex ethical issues and dilemmas, and to the risk that he or she might reveal confidential information about the client.

As noted above, we also asked several questions related to non-financial coaching and counseling behaviors planners might engage in during the course of their client engagement. Figure 2 (on page 56) presents the results.

Ninety percent of our respondents explicitly state that any information disclosed by the client will be held in strictest confidence. Twelve percent of financial planners always try to establish rapport by sharing their own sensitive personal information, in order to make their clients more comfortable discussing their own problems. Another 55 percent sometimes engage in this practice.

Thirty-eight percent of our respondents always help their clients understand how a financial plan may be affected by psychological issues, such as security, fear, status, or self esteem. Only 17 percent of respondents include information about life planning and/or personal coaching services in their promotional and marketing materials. Twenty-eight percent make it a point to discuss their role as a coach or counselor in life planning during their initial contact with prospective clients. We find these percentages reflective of the prominent role that non-financial planning has assumed in the financial planning profession. We also found it interesting that even with this prominent role, only 1.8 percent of our respondents report that their firm has hired a therapist or family counselor in the past five years.

Because the issues and incidents presented in Figure 1 and Table 3 could create personal and administrative costs for the planner, we probed another behavior: the decision to no longer serve a client and terminate the relationship. Seventy-one percent of respondents report that they have essentially "fired" a client. Demanding too much time and attention was most frequently cited (by 65 percent of respondents) for a financial planner terminating the relationship. But, in support of the idea that non-financial issues and incidents create dissonance in the planner-client relationship, 40 percent of respondents said they fired a client because the client's values or lifestyle made the financial planner uncomfortable. This finding underscores the personal and administrative costs incurred when financial planners engage in non-financial coaching and counseling.

Training and Preparation. This research question deals with the training that financial planners may have received to properly deal with non-financial issues. We have documented that financial planners face a wide array of human problems that are usually handled by psychologists, psychiatrists, family therapists, and/or members of the clergy. A priori, we hypothesized that courses and training in therapy, social work, psychology, or counseling should help a financial planner deal with these issues. However 40 percent of our respondents have had no coursework or training related to any kind of non-financial coaching or counseling. Thirty-nine percent have had one or more college courses in therapy, social work, psychology, or counseling; 6 percent have an undergraduate degree in one of these areas; and 3 percent have a related graduate degree. Thirty-two percent have taken professional development seminars or workshops.

Finally, perhaps one's own personal experiences with a professional counselor or life planning coach may help a financial planner do a better job handling his/her clients' non-financial problems. Thirty-nine percent of our respondents have themselves received psychological counseling from a professional counselor; 35 percent

Table 3: Rank Order of Coaching/Counseling Critical Incidents Faced by Financial Planners

	Incident	Yes	No	Responses
1	During a planning session a client became emotionally distraught (e.g., started crying, trembling, sobbing, or became violent).	973 (74.4%)	334	1,307
2	You were told a secret by your client (other than relevant financial facts), who said that you are the only person who knows this.	732 (57.6%)	539	1,271
3	You offered to pray for your client.	630 (49.4%)	645	1,275
4	You served as a mediator between a husband and wife because of their marital discord.	620 (47.5%)	686	1,306
5	You served as a mediator between a client and his/her children.	574 (44.0%)	731	1,305
6	Your client asked you to pray with him/her.	461 (36.4%)	807	1,268
7	Your client designated you as the person to contact in the event of an emergency.	446 (34.2%)	859	1,305
8	Your client asked you whether he/she should or should not get divorced.	430 (33.8%)	842	1,272
9	You were asked by an organization to lobby your client for philanthropic donations.	421 (33.0%)	853	1,274
10	You were asked by a client's family member to lobby the client on behalf of that family member (e.g., a child asked you to approach his/her parent [your client] for special consideration).	406 (32.0%)	864	1,270
11	You served as a mediator between a client and extended family member(s) (other than spouse and/or children).	374 (28.7%)	928	1,302
12	You were asked by an organization to lobby your client to include that organization as a beneficiary in a will.	335 (26.4%)	932	1,267
13	Either you or a client requested that a planning session be rescheduled because the client's emotional distress prevented continuation of that session.	334 (25.6%)	972	1,306
14	You tried bringing a client closer to God (or to his/her spiritual "core values").	273 (21.5%)	996	1,269
15	Your client established a trust and listed you as either the sole or co-executor of the trust.	268 (21.2%)	998	1,266
16	Your client asked you whether he/she should or should not have children.	150 (11.8%)	1,118	1,268
17	You learned that a client was thinking of suicide.	129 (10.1%)	1,143	1,272
18	You were involved in an intervention to get a client into therapy.	110 (8.5%)	1,191	1,301
19	You were involved in an intervention to get a client's family member into therapy.	90 (6.9%)	1,212	1,302
20	You were involved in an intervention to get a client's family member into drug treatment.	58 (4.5%)	1,243	1,301
21	You were involved in an intervention to get a client into drug treatment.	41 (3.1%)	1,261	1,302

Figure 2: **Financial Planners' Behaviors Associated with Non-financial Coaching/Counseling**

1. Do you explicitly state that any information the client chooses to disclose will be held in the strictest confidence?

Answer		Responses	%
Yes		1,057	90%
No		120	10%
Total		1,177	100%

2. Do you try to establish rapport by sharing sensitive, personal information about *your* health, family, or history to make the client more comfortable discussing his or her problems?

Answer		Responses	%
Always		138	12%
Sometimes		639	55%
Rarely		318	27%
Never		72	6%
Total		1,167	100%

3. Do you try to help your clients understand how their financial plans may be affected by psychological issues related to the role money plays in their lives (e.g., security, fear, status, self esteem)?

Answer		Responses	%
Always		443	38%
Sometimes		600	52%
Rarely		101	9%
Never		15	1%
Total		1,159	100%

4. Do your promotion and marketing materials include information about life planning and/or personal coaching services you provide?

Answer		Responses	%
Yes		198	17%
No		954	83%
Total		1,152	100%

5. During your initial contact with a prospective client do you make it a point to discuss your role as a coach and/or counselor in life planning?

Answer		Responses	%
Yes		323	28%
No		820	72%
Total		1,143	100%

have received some other form of counseling or therapy from a professional counselor; and 22 percent have received coaching from a life planning coach. Of those who have been trained in life planning and coaching, 65 percent said it was important or very important, 27 percent said it was somewhat important, and only 8 percent said it was not important.

Discussion

All survey research is based on samples, and all conclusions based on those samples are subject to questions related to validity and reliability. Our results are also subject to those questions. Nevertheless, the relatively large sample (1,374), comparability of sample characteristics to population characteristics, and our exploratory purpose lead us not to a definitive conclusion, but to valuable and provocative conclusions.

Spreadsheets, optimization algorithms, Monte Carlo simulations, economic forecasts, and actuarial tables have been and will continue to be necessary tools for financial planners. But our study underscores and empirically supports the thesis highlighted in our introduction: financial acumen is necessary for financial planning but not *sufficient*. Our study also underscores the need for a new set of tools.

In the words of two of our respondents:

> When people pour out their life's financial history to you, their goals, their aspirations, it is very difficult for them not to pour out non-financial information ... and when they provide you the non-financial information they expect non-financial advice. To most people it is hard to separate the two. I am often asked, 'How can you know my goals, if you do not know me?'

> Money is really the last taboo. More people will speak to their friends (and pastors) about their sex life than their money. Who can admit to friends that they've racked up $103,000 in credit

card bills? Or who can stand up in church (or at the water cooler at work) and ask for help in how to allocate their $4 million estate among their children?

> "While the need for coaching is increasing and while the bond between planner and client creates the foundation for discussing those issues, the ability of planners to provide that coaching is problematic at best."

It would have to be a very wealthy parish/employee group to embrace that kind of discussion. As a result, a financial planner is one of the few people that clients can speak to about such sensitive topics. They often seem eager to share tough decisions and issues.

Divorce, family strife, suicide, drugs, mental health, religion and spirituality, illness, and death—this reads like a list of issues that would and should be managed by a member of the clergy, social worker, psychologist, or physician. Our research reveals that financial planners often face these issues. Knowledge about investments and insurance will not solve these problems. Possessing advanced degrees in accounting, taxation, finance, or investments will serve planners well, but will not be sufficient. To the extent that financial planning is designed to help a client meet personal life goals, coaching and life planning skills will become requisite skills for financial planners.

Herein lies the rub. While the need for coaching is increasing and while the bond between planner and client creates the foundation for discussing those issues, the ability of planners to provide that coaching is problematic at best. Almost half of our sample, 40 percent, had no coursework or training of any kind related to non-financial coaching or counseling. Spreadsheets and forecasting, yes, therapy intervention strategies and counseling, no. Our results indicate that financial planners need to listen to what their clients are saying, accurately infer what clients want to say but are afraid to articulate, and be able to respond appropriately. The second article in this two-part series (to be published in the September *Journal*) elaborates and expands on the specific strategies for acquiring the coaching skills implicitly and explicitly required by today's and tomorrow's clients.

Endnotes

1. Data for CFP certificants are from www.cfp.net/media/profile.asp. Data for FPA members were provided by FPA.
2. We recognize and stress that ambiguity exists between the meaning of "financial" and "non-financial" issues. Certainly, many non-financial coaching and counseling activities have important financial ramifications.
3. All of the percentages we are presenting imply that the incident happened at least once for the respondent.

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