

*Financial Planning profession has been fast evolving and in the current times for a holistic engagement with clients it may be important for Financial Planners to move beyond just number crunching and delivering goal based Financial Planning services alone, as this may restrict them to deliver a plan only for monetary aspects of the clients' lives. In this context Prashant Kapoor, Assistant Editor, Financial Planning Journal interacted with George Kinder, CFP®, RLP®, a leading author and the founder of Kinder Institute of Life planning, on various aspects of Life planning. Excerpts:*



**George Kinder, CFP®, RLP®**  
 Founder  
 Kinder Institute of Life planning

**FPJ:** *What according to your experience is the role of money in our lives?*

**George Kinder:** There is a famous saying that The Beatles made that “Money can’t buy Love”, but in fact what we find is that the money is integrated in every aspect of our lives. For example money has an impact on our capacity, for instance, for our spiritual practice, spiritual growth, for strength and health of our relationship with our families, with our ability to be creative, for being able to give back to the community. So, I think that we underestimate money when we think it’s just about the material aspect of our lives, and perhaps we overestimate money when we think that it’s everything in our lives. Infact money is a great facilitator for all the things that we value and care about the most.

**FPJ:** *Can you please give us a sense of the genesis of your methodology for Life Planning?*

**George Kinder:** I started the practice of Life Planning when I started my Financial Planning practice in the early 1980s, which is after I started my Tax Practice, probably in 1974. I started doing Financial Planning in a very rudimentary way, I suspect this was at the end of 1970s and in the early 1980s, and it was simply the way that I thought made the most sense to do Financial Planning, which in other words meant that Life Planning is an essential aspect of Financial Planning. I never thought that it wasn’t anything very different from what I do as a Life Planner from what a normal financial planner would do, but I wasn’t very connected with the community. So, it was simply the way I practised, I did it because it felt like the right thing to place the clients’ interest first, to get to

know the client profoundly before beginning the financial analysis. It also came as naturally as I was a student of Literature, Philosophy, Psychology, World Religion etc. So without doubt it was influenced by these academic areas. But more than anything else, it came out as what seemed to be a natural value system that if you are working with the client around money then the first thing you have to do is to know about their lives.

**FPJ:** *You have often stated that Life Planning differs from Financial Planning in terms of the “Listening Skills” and the “Clients First” approach in Life Planning. How different is this from Financial Planning, wherein the financial planners also take their clients through a six step comprehensive*

*Financial Planning process, which requires them to listen to their clients effectively to understand the needs?*

**George Kinder:** I never thought that there was any difference between Life Planning and Financial Planning. So, I always assume that Life Planning is simply the conversation that you need to make before you can actually do the financial plan. I have always thought of them being totally integrated with each other. What came as a terrific surprise to me, when I gave my first set of talks in the early 1990s to the broader Financial Planning community, that everyone was surprised and very moved, some were also disturbed by the fact that I paid so much attention to the clients and particularly to their goals. I think that there was in general a great buzz of excitement as I came out to introduce this approach, which to me was just basically Financial Planning done Right. I think that the basic difference between Life Planning, as I understand it, and Financial Planning, as per the CFP Board or as Financial Planning Standards Board understands it is that Life Planning should have comprehensive conversations and should not be practiced only with data gathering questionnaires or computer programs, but with real, authentic and genuine relationships. It’s astonishing to me that while we study Financial Planning through all the six modules, there is nowhere a mention of it in the textbook that the client may be upset, sad, disturbed or anxious in circumstances like divorce, death of closed ones etc. There is a real lack in the study of Financial Planning of who the client actually is, and that may be a disservice both to the client as well as to the Financial Planning. The main point is that we need to learn to have extraordinary relationship with our clients, so that reveal to us what they absolutely care about the most without any ambiguity, so that these things can be delivered through the financial plan.

**FPJ:** *You often mention the three essential relationship skills for life planning; can you explain it please?*

**George Kinder:** Usually, I state that there are three related skills, and one of them overlaps the other two. We need Strong Listening skills, we need Emphatic skills and we also need Inspirational skills. In the Life Planning methodology that we teach, we virtually give over the first meeting to client only, so virtually all of that meeting is only to client talking and there is very little advisor talking, and we also teach on the kind of questioning so that it ends up being an listening experience for the advisor, with the questions only being Open ended questions. We never ask questions like, What do you want to do with that retirement? What do you want to do with your assets? etc. which are very narrow questions. We want to know what is profoundly important to them, it can be something they aspire to or something they are deeply concerned about. The minute the products/services are discussed with them, they are bound to assume that it's an advisor's meeting. The second skill is empathy because the client may have some anxiety, fear around money or something tragic may have happened in their lives. It's very important that we be able to empathize. So the crux is to follow the client feelings. The third area is most important of it all, i.e. most of us hold ourselves back from what we profoundly or secretly want to be. Life Planning delivers that, and through series of questions and by engaged conversation through which advisor discovers what is most important to the clients, along with their excitement/enthusiasm/optimism/emotions around it. These are done with emotional skills rather than with some kind of interview methodology alone.

**FPJ:** *Given that Life Planning helps clients identify their real goals in life through psychological analysis, in your view, how does Life Planning differ from Psychotherapy, Spiritual Counseling etc?*

**George Kinder:** I think that this is a huge mistake and a misinterpretation that the Financial Planning community has about Life Planning. Because Life Planning requires advisors to listen to their clients effectively and insists that advisors have an emotional acumen or understanding so that they can really be there for their client, most people may assume that we are practising Psychotherapy, which is untrue; we are just being good human beings and listening effectively to our clients. It has nothing to do with the Psychological analysis, Psycho Therapy or Spiritual Counseling. That's it; there are some overlaps in the Life Planning skill sets, like giving financial advice or just like being an attorney etc. The main difference in Life Planning is that there are series of structured interviews in which we

“ I think that we underestimate money when we think it's just about the material aspect of our lives, and perhaps we overestimate money when we think that it's everything in our lives.”

are aiming to discover what client cares about most, and we aim to do that by the end of the second meeting. This is very different from Psycho Therapy, Spritual counseling etc. where meetings might go on forever. Life Planning is a targeted approach to discover what clients care about the most.

**FPJ:** *At present, various different resources and tools are available for financial planners to understand the methods of Life Planning. Do you think the standardization of approach is required in this area?*

**George Kinder:** I think it's critical. That's not to say that there won't be many versions or may approaches around that standardization. One of the reasons that we have a designation i.e. Registered Life Planner or RLP is because we believe it's critical that there be standards that a client understands would be held to when they meet with a Financial Life Planner. The other reason that it's important is not merely because of standards that a consumer can expect, but it's also important as the Financial Planning industry matures. One of the things that we have seen is that we have grown from a simple cottage industry, where most people practiced on their own with individual practices, to places where large institutions are implementing Financial Planning. Clearly as we go beyond, one needs a scalable model that works throughout the organization. So, I think that standardization of approach is extremely important, and there might be variations from company to company and from person to person, as every individual is different.

**FPJ:** *At times when various regulators world over are seeking to regulate the financial advisory profession and distinguish “Sales” and “Advice” functions, with appropriate regulations, in the interest of the consumers, do you think that any regulations are required in the area of Life Planning as well?*

**George Kinder:** Currently Life Planners are practising in over 23 countries and in 6 continents. Right now what we have seen is that Life Planning has been left out the Regulations and there is a good reason to that. As long as Life Planners are not selling products, the regulators don't have and probably shouldn't have any interest in what Life Planners are doing. I think that once the Life Planners move to a product orientation that is when the regulatory apparatus comes into play, as it's one of the things that we are most concerned about i.e. when the consumers' interests are not central to the sale of a product.

**FPJ:** *In your view, can Life Planning approach be used by financial planners at all times for all their clients? Are there any limitations to the Life Planning approach?*

**George Kinder:** There are limitations to any approach, but one has to think about what Life Planning is and what it does. The essence of it is that it delivers freedom into peoples' lives. What we do in Life Planning is that we identify what clients want more than anything else in the world, what is the closest to their hearts. We ask profound questions to get there, so it's not just the materialistic answers that the clients give, but it's about what they care about the most and usually that involves their families, their spiritual values, their creativity, their desire to give back to their community and something about the sense of place. With respect to the limitations, I think that time is an essential element and if we are having a financial conversation with the clients, the foundation of that conversation should be Life Planning and delivering freedom into the clients' lives.

**FPJ:** *In your book you have mentioned the 7 stages of money maturity; how does it help the client?*

**George Kinder:** The 7 Stages of money maturity was a book I had written for the consumers, my advisor oriented book was titled *Lighting the Torch*, which describes the process that I think of as Life Planning. The 7 stages of money maturity is not really the process of Life Planning; it's more a philosophy and psychology of money and it has been very popular. This book sold about 40,000 copies and has been translated into 6 languages. This book has an integration of Psychology and money, and spirit and money. I took some of this work from the great Indian continent. I took it from the teachings of some of the great Hindu teachers, some Buddhist teachers etc. The 7 Stages of money maturity is meant to help the clients and not be a methodology of Life Planning. It is to give us an understanding of the place of money in our lives, and how we get trapped in anxiety and worry, as well as giving us some practical advice in terms of investments and how to work with money, how to stimulate more vigor and excitement into our lives and finally to deliver us to a place where we could have more generosity and can take visionary action in our communities. I think that in all of the ways, it's beneficial for the consumers as well as the societies that we live in.

**FPJ:** *Give us some examples how the Kinder Life Planning process helps advisors uncover purpose and passion, and how that is translated into a financial plan that clients can take action on?*

**George Kinder:** The process of Life Planning, as I understand it and as is mentioned in my book titled *Lighting the Torch* highlights the 5 phase or the 5 stage relationship with the clients. Those 5 Phases have an acronym called EVOKE i.e. Exploration, Vision, Obstacle, Knowledge and Execution. The Life Planning clients' require going through each of the 5 phases. In the first phase i.e. the Exploration we just listen to the clients and discover what they want the most in their lives. In the second meeting i.e. the Vision meeting when the bond of trust with the clients has already been formed, we introduce 3 Questions that are most famous. The first question being that "If you had all the money you need for all of your life, how would you live your life?" The second question being "If you had only 5-10 years to live, what would change and how would you live your life then?" and the third question being the most reflective question of all i.e. "You have just discovered that you have only 24 hours left to live and reflecting on all the things that you have done and all the things you wanted to do, what did you miss? Who did you not get to be? What did you not get to do?"

It is in the delivery of these series of questions and few other goal exercises, that we articulate along with the client what is most profound, or exciting, or what is missing or urgent that the clients realize and want to accomplish in their lives. Then we devote the financial plan towards that. It is usually revealed in the third question which is the least materialistic of

“The main difference in Life Planning is that there are series of structured interviews in which we are aiming to discover what client cares about most, and we aim to do that by the end of the second meeting.”

all, and not so much in the first question which is the most materialistic question. There is an art to delivering this moment what we call *Lighting the torch* that once we articulate this the clients get energized

and the next phase i.e. solving the Obstacles becomes very easy. We do it together with them, by their doing it, and keeping the Vision alive for them. By the time we get to the Knowledge phase, the financial plan is very easy to unravel and design because we know what we are aiming for the clients. The final phase Execution is essentially signing the documents with clients. So that's what makes it so valuable for the clients. It is also viable for the advisors because this means that the clients sign on much more quickly, more easily to the financial plan with higher asset under management. The difference is that the clients see you as a trusted advisor and an advisor for lifetime.



Stand out in Crowd

Be a CERTIFIED FINANCIAL PLANNER™

CFP<sup>CM</sup>