

## Add Life to Your Spreadsheet

Most financial planning pros make their clients' asset and liability columns add up and, hopefully, maximize the final tally. But a growing subset of practitioners in the field is offering a more holistic approach to money management, integrating their clients' life goals with their wealth management needs.

They're called financial life planners and they address the qualitative (emotions; personal fulfillment) and quantitative (asset allocation; tax and estate strategies) aspects of money. In other words, they help clients answer in the affirmative: "Do your finances reflect your priorities and passions and get you closer to achieving your ideal life?"

Hiring someone to help you pick the right investments for your IRA and discover your life purpose may not be your cup of herbal tea, but there's wisdom to be gained by reviewing how the pros ply their practice.

I recently met Lisa Kirchenbauer (president of Kirchenbauer Financial Management & Consulting in Arlington, Va). Her calling card spells out two designations — certified financial planner (CFP) and registered life planner (RLP) — the latter of which is held by fewer than 5% of those practicing in the money field.

Kirchenbauer shared with me an anonymous client's file. On the surface, it looked much like what you'd get from a traditional planner (including asset analysis, various financial scenarios, and specific money management advice). Using the "life" filter alongside conventional planning tools, however, often produces a very different plan. "As traditional financial planners, we're taught to solve," Kirchenbauer says, "but on the life planning side, we learn that the client has all the answers and our job is to facilitate." The life-money action steps and recommendations she makes go pretty deep on both financial and emotional levels.

Typical clients include wealthy baby boomers, successful dot-commers, and those seeking guidance on handling a windfall (often from an inheritance or divorce settlement). Her firm's minimum annual retainer is \$5,000, but fees for hands-on money management (0.35% to 0.5% of assets under management) are lower than the industry norm. Don't have five Gs to spare? No problem. Here's some DIY advice on life-money planning.

### Soul Searching/Spending Analysis

Finding out if your finances are aligned with your life begins by briefly answering these three questions: (1) What would you do if you had all the money in the world? (2) What if you had only 10 years left to live? (3) If you knew you were going to die in one year, what would you regret not doing?

This grim exercise helps get to the crux of what really matters. (I'll post some other exercises Kirchenbauer uses on my blog this

month.) "If you're not completely conscious in life, you can't be highly conscious in financial matters," Kirchenbauer says.

Next is a traditional cash flow analysis (like the one you just completed in the quarterly financial review outlined last month) to see how closely your financial picture and life purpose jibe. This inventory makes it easier to identify the things you can change, and may even illustrate that you're closer to your ideals than you realize.

Don't sweat it if you don't see a mirror image. Total alignment is rare for those doing the comparison the first time, Kirchenbauer says. "When you look at your cash flow management, it becomes really obvious where there's a disconnect," she says. She often unearths money decisions that don't reflect a client's top priorities or ones in opposition to their deepest beliefs — for example, someone who says community service is important to them, yet gives little to charity.

### Add a Little Purpose to Your Plan

The real work is transitioning from awareness to action and developing a financial plan that balances the things you *need* to do (pay bills, save for retirement) with what you *want* to do (save the planet, raise financially responsible kids). The goal, says Kirchenbauer, is progress, not perfection.

Incremental changes have a profound effect on clients and establish a momentum for further life-money shifts. Some steps are simple to execute, such as establishing a separate family travel fund, reducing or redirecting one's expenses to put into a "transition fund" (for a sabbatical or ongoing education), or allocating a portion of a portfolio to investments that reflect a client's socially conscious values. Others are more challenging, financially and emotionally. One client had a successful career in the high-tech field but wanted to be a grade-school teacher — a major change that would require her to sell her home and downsize her lifestyle. It took two attempts (after a brief retreat to the comfort of her high-salary job), but she is now doing what she loves as a second-grade teacher.

### The Power of Alignment

The real payoff of money-life alignment is being aware of what's important to you and the psychic and tangible tradeoffs (e.g., smaller holiday spending to afford more frequent vacations). A plan reveals opportunities where you may have thought there were none. "When we get to the heart of what someone really wants to do with their life, they will make the necessary changes to their finances," Kirchenbauer says. You may even find that the answers aren't in the numbers at all. "The most profound discovery for most people," she says, "is that what they truly want has very little to do with money." **dy**