

New Model Adviser[®]

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A design for life

George Kinder sees financial planning from a holistic point of view. It is not simply about arranging one's financial affairs but 'life planning'. Now one of the US's leading financial planning coaches and theorists, he explains to Mark Battersby his philosophy and how he found inspiration from the poetry of William Blake.

A contemporary of Al Gore at Harvard University and a father at 59 of two three-year-old daughters, George Kinder these days spends much of his working time coaching other financial advisers. As president and founder of The Kinder Institute of Life Planning, Massachusetts, he is currently in the UK giving seminars on his particular style of emotionally charged financial planning.

The poet

He has been a practicing financial planner and tax adviser for nearly 30 years though now he only has one or two financial planning clients. A big clue as to why Kinder has got so deeply into the psychology of advising clients lies in his passion for the arts. One of Kinder's great loves is literature and he says although Shakespeare has been a huge influence on his life, 'the man who has perhaps been the greatest influence is William Blake'.

Everyone knows some of the words in the hymn *Jerusalem* which is actually part of his poem *Milton* but Kinder highlights the book by Blake called *Jerusalem*, a 100 page epic illustrated poem which he says is one of the most challenging works in literature and also one of the most rewarding.

'It's really about the delivery of freedom into human lives which is what I think that life planning is all about. What I'm interested in doing is uncovering layers of freedom that have not yet been uncovered and using financial planning skills to deliver that freedom. That is really the essence of life planning.'

Can he quote any particular verse to illustrate that? 'Gosh I wish there was. That would be great. My short-term memory is not as good it used to be!' he laughs.

He has however read extracts from the new book he has published this year, his third to date, called *A Song for Hana & the Spirit of Lehoula* at a talk in London with The Blake Society, invited as part of the 250th anniversary celebration of Blake's birth.

This book has nothing to do with financial planning at all and, 'more influenced by William Blake than anything else. It's more part of my life plan that I wanted to do, it's a book that's trying to save the Hawaiian culture and Hawaiian lands from development because the developers have really taken over the islands and at the same time it's a love story. It's a very accessible poem and filled with photographs that I took.'

He spends part of his time in Hawaii but he is also drawn to the UK, and this year he is spending a little over two months here. Having picked up on the big debate surrounding the FSA's retail distribution review he says in the States they have wrestled with similar issues.

A man of ideas

Kinder always operated on a fee-only basis with clients who had a 'fairly middle income orientation.' Right now though he is working on a blue collar model for life planning that involves groups of people and he says it is modelled along the lines of 'Alcoholics Anonymous'.

'We are going to beta test it in September in Massachusetts and launch it in the winter and we're hoping that it's something that can spread like wildfire, where people essentially life plan each other and then call in experts to do the financial piece of it. We're just finishing the design of it right now so it is very exciting.'

Essentially, there are 12 meetings and 12 people and in the centre of the group are two registered life planners, usually CFP qualified

and trained as life planners through all of the Kinder Institute's programmes, he explains.

'The 12 people that come in are generally either middle class or working class, they either feel they can't afford a financial adviser or they are so angry at financial advisers from things they have read that they don't trust them and they are just not willing to go there no matter what.'

They pair up and each person becomes each other's life planner, 'for what we think of as the soft skills, for the process of discovery, of what is it that the person is passionate about underneath.'

For example, do they want to write the great British novel, to heal a relationship, do they want to, 'live with greater authenticity or with more spirit in their lives'. They then structure how it is to happen.

The life planners at this point bring in whatever is responsible in terms of financial information and call on, 'outside services, consumer credit organisations and professors of asset allocation to come in and present very simple models'.

There is no selling and the registered CFP and life planner will not be permitted to have a pecuniary relationship with any of the people within the group. 'So they could refer them to appropriate national organisations to find financial advisers, to give them the methodology to find the best but they could not take them on as clients themselves.'

The net result is, 'they will be able to go out and buy a simple set of index funds of passive kinds of investments and they will know the simple pensions that are available. They will understand savings and compounding of money, credit and the dangers of debt'.

Kinder enthuses: 'So it's really bringing them alive around money and understanding it as a tool to deliver their own sense of freedom, their own sense of vitality in their lives. That's fundamentally what comes out of all our programmes, a tremendous vitality in every adviser who goes through them and in every client who becomes life planned because we are delivering a layer of freedom that has never been spotted before.'

From Hill-Billy country to Ivy League university

This blue collar initiative links back to Kinder's roots. He grew up in southern Ohio on the West Virginia border which he describes as very rural and also coal mining country. 'Some people call it Hill-Billy country and a very poor area of the country. But it was wonderful, people were the salt-of-the-earth, really fine people.'

However his parents were educated and there were lots of books and classical music in their home. His father was a country rural attorney and his mother was the housewife raising four boys, of whom Kinder was the second oldest.

Up to the age of 14 Kinder went to a local government supported 'grade' school and he says it was a really wonderful upbringing with fields all around the house in a tiny little town. 'I just loved being there in the country and the spirit of freedom that I felt as a child and as an adolescent, in the fields and just roaming across the country.'

But his aspirational parents had plans for Kinder and they sent him off to a private independent boarding school on the east coast of America, Exeter Academy, noted for being one of the very best prep schools in the US.

'No one else in the area had probably heard of a private school, what we call a prep school. Two of my brothers also went to that school,' he recalls.



George Kinder says:

- 1** Life planning involves the marriage of meaning and money. Do you know what means the most to your clients, to yourself, to your spouse? Be a model in your own life for its accomplishment!
- 2** Do not even attempt to do life planning until you are living your own life plan. Your clients will see right through you.
- 3** Ask a client 'the three questions' and you will discover that their financial life plan will focus on 1) Family, 2) Spirit, and/or 3) Creativity. Even the most profound and personal goals require time and money to deliver, but if you can deliver on them, everything else in a financial plan will fall easily into place.
- 4** The most efficient way to do financial planning is life planning, because only in life planning do you know exactly what the client most deeply desires and you know how to deliver it. As Elvis said, 'your aim is true.'
- 5** Aside from our professional financial planning skills, the most important skill sets for an adviser are listening skills, empathic skills, and the ability to inspire. All of them are trainable.

CV: George Kinder

Age

59

Education

1966–1971 Harvard University

Career

2003 – present: Kinder Institute of Life Planning, President (and founder in 1999)

1991 – 2002: Kinder Financial, President

1984 – 1991: Partner, Kinder, Pinney and Scofield

1975 – 1984: President, Kinder & Co

Awards

2006: Winner of the first-ever 'Heart of Financial Planning Distinguished Service Award' from the 30,000-member Financial Planning Association for work as an 'innovator and influencer' in the profession.

2000: Portfolio Management Award (by *Investment Advisor Magazine*, a large circulation magazine for financial advisers in the US) given to those who have 'contributed significantly to the art and science of portfolio management.'

2002: Listed by *Mutual Funds* magazine as one of the 'Top 100 Planners' in the US.

2003 and 2005: Named by *Investment Advisor* magazine as 'one of the 25 most influential people in financial services in America'.

2005: Named as one of the six 'most influential' financial planners in America, based on a poll of their readership by *Financial Planning* magazine.

Financial Planning magazine also named him to their 2005 'Hall of Fame'. Kinder was one of only three financial planners whose name appeared next to John Bogle, Alan Greenspan, Burton Malkiel, Charles Schwab and Suze Orman.

Appearances

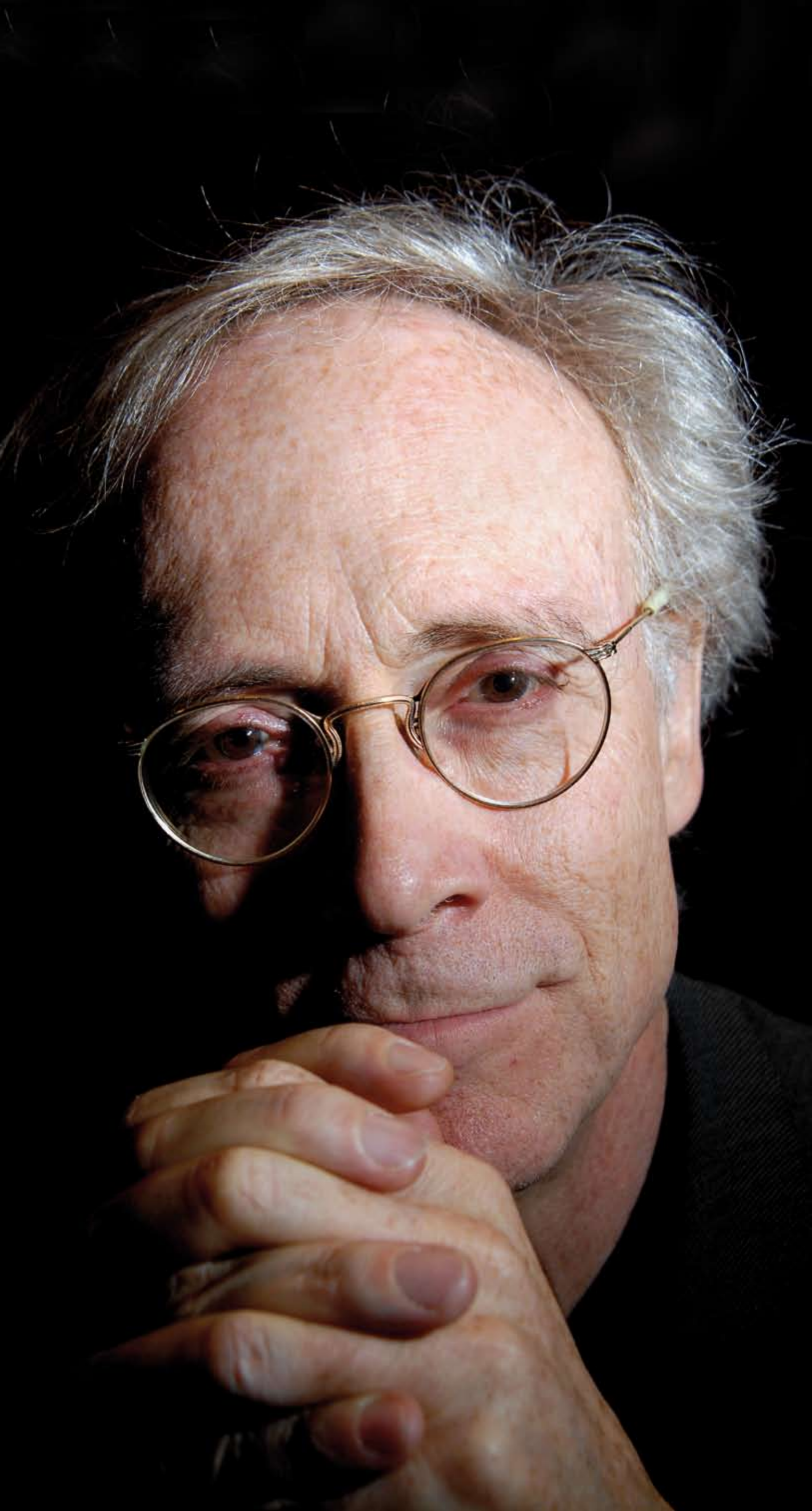
- Radio and television programmes across the US, including *Sound Money with Kai Ryssdal*.

- Profiled in the *Boston Globe*, *Time*, *Business Week*, *MSN MoneyCentral*, *New York Magazine*, the *LA Times* and more. Investment strategies featured in *The Wall Street Journal*, *The New York Times*, *Newsweek*, *Fortune Magazine*, and other national publications.

- Speaker at national conferences including Charles Schwab & Co., the International Association of Financial Planners, the Social Investment Forum, the Institute of Certified Financial Planners, the National Association of Personal Financial Advisors and The Financial Planning Association. Keynote presenter at Fidelity sponsored 6-City United Kingdom tour in 2005.

Interests/Hobbies

Poet, artist, photographer. Environmental sculptures and ink washes have been shown at Harvard.



When he got to Exeter Academy it was a much harder environment. 'I did not realise how poor my education had been so it was a very competitive, very challenging environment to be in. At the same time I was thrilled to be there because at this point it was such a different experience to be amongst both teachers and young men who had grown up with more culture around them, more privilege than I had and so it was a tremendous learning and cultural environment.'

He excelled in sports and he was exceptionally good at mathematics, but Kinder also had that passion for literature from an early age.

He only applied to Harvard and Princeton and getting accepted by both of them came as no surprise though it was a thrill. 'I think there was a part of me was expecting that I would excel, I don't know where that came from.'

On the other hand, Kinder was a little scared going to Harvard for the reason that he had never been in a big city before. 'Down here in London you would hardly think of Cambridge, Massachusetts, as being a big city but it's really integrated in Boston and so for me it was a huge shift.'

This was the swinging sixties and Kinder soon found his feet. 'I did everything that Al Gore did and worse probably. I was a contemporary. I know some stories about him I will not share! I have great respect and affection for him. I think what he is doing now is wonderful.'

Harvard sounds like a dream networking place but Kinder says his connections came much more from Exeter Academy. When he was there, Exeter got 25% of its students into Harvard and the rest went to such august establishments as Yale, Princeton, and Stamford.

'So it was in a way even more potent and connected than Harvard in a more formative time. One of my friends, possibly the most famous one, was a congressman for many years and then was head of the Salvation Army.' Other friends include very well known playwrights, sculptors, doctors, researchers and professors.

Kinder chose to minor in economics and major in English literature even though maths was his strongest subject. 'I was terrible at English really. There was this kind of macho competitive side of me that I could do English literature as well as anybody and I loved stories and writing.'

'One of the things that was true about me and perhaps still is, is that I would take on things that were particularly difficult for me and challenge myself to master them so I would always go to the opposite of where I felt naturally inclined to go in order to experience something different.'

Meditation and tax

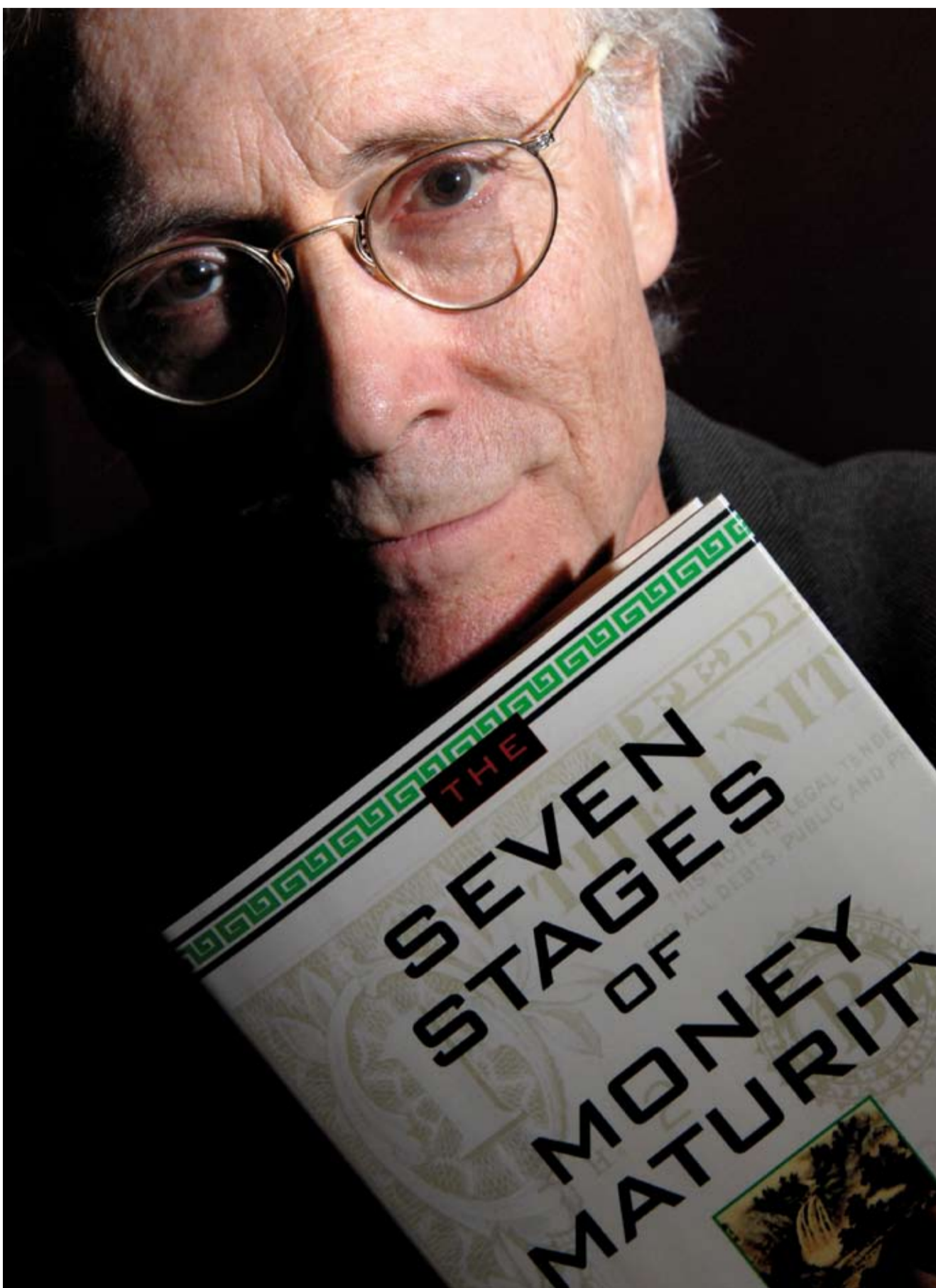
After four years of study, he was good enough to get accepted at Harvard's graduate school in English literature but he chose to reject that route. Instead, Kinder took two years off and did a tremendous amount of writing, painting and meditation work out in the fields of Massachusetts, based in the town where he now lives, Littleton.

'So I had two years where I went to my own graduate school. What I wanted to do was to take on some of the poets like William Blake and religious figures of the world, take on their courses of study and so this was a period of internal work primarily.'

He says this was much better than formalised graduate school where the study revolves around texts and images and ideas that have already been formulated.

'One of the things that I say in some of my seminars is that the world is inside out, meaning that in any endeavour that we do in the world the most important thing is first of all coming inside as deeply as we can, figuring out what our integrity or authenticity is in relation to the task that we are about to take on and then move out from that into the world to have whatever impact and effect we can have.' He is a tremendous believer in taking sabbaticals or time out for this reason.

He reflects that, 'what is extraordinary is that in life planning is we discover that it's not the kids education, it's not retirement and it's not the second home that is what



Seven Stages of Money Maturity: George Kinder's best-known book encapsulates much of the philosophy on life and financial planning

drives a person. It's much more internal stuff, it's much more about the actual dynamics within the family or their own authenticity in the way they are conducting themselves in the world or it's about their creativity and those places tend to be the places where people really want to achieve something.' This is about encouraging and inspiring people to go for what they really want rather than what the financial adviser says they should go for.

Though his instinct was to do what he loved and the money would follow, the reality was no one would pay for his meditations or his poetry, and he embarked on an intensive accounting exam because he knew he was good at figures.

Sure enough, he won the bronze medal on the Certified Public Accountant (CPA) exam which means he was placed third out of all the people who sat it and he promptly set up his first firm, Kinder & Co, a tax practice.

The plan was to work part-time doing taxes focused around the year end of 15 April and for the rest of the year to have free to do the writing and painting that he wanted to do. After a while though his reputation grew and found himself working longer and longer hours building a successful tax practice.

Even in those early days, what he was interested in was in getting to know his clients well enough to find deductions that nobody else could find in their lives.

'So my clients were really quite pleased, I was constantly amending their old returns and getting them a bunch of money back, they were delighted.'

He built up his client bank in the first place through a clever bit of guerrilla marketing.

'I advertised that I was bronze medal winner of the CPA which was completely legal. Very clever, too clever. But it brought in lots of clients and I put leaflets on cars all

through Cambridge and I got professors, professionals and entrepreneurs from all over.'

Many important professors of Harvard and MIT came through his office and over time he built up a bank of around 1,000 tax clients who he slowly moved a good portion of over to financial planning.

Doing financial planning differently

That shift to financial planning came in the early eighties when Kinder joined with a couple of others to create a financial planning practice.

The particular trigger was a series of products that were called limited partnerships which had huge upfront commissions and lots of embedded fees. 'You were buying something that was probably worth 70% of what you were paying for it and so clients would come in to me and they would say gosh you have these financial skills what should I do? I said I really don't know, I'm not a financial adviser, I'm a tax person and they would go off and get really terrible advice.'

This was a classic misselling scenario with sales people selling inappropriate products at huge cost to the clients. 'Frankly what happened was I got ticked off. They were my clients I cared about them and I was very upset at what they had fallen into. People were sold what they called tax shelters and yet they weren't in brackets that justified being in a tax shelter at all.'

So he then delved into the study of financial planning and over a period of three or four years he got his certified financial planner designation and he began doing financial planning for his clients. 'Right from the beginning I was doing it differently from how traditional financial advisers were doing it,' he recalls.

He devised his famous three questions and started asking them in 1983. He says clients would shake their heads and say, 'my broker never asked me this, other financial advisers never asked me this, this is what I should have been asked. So I created a pretty passionate community based around the work that I was doing.'

He explains the three questions. The first one is 'if you had all the money that you needed what would you do with your life?'. He says you then really reflect on that and spend some time with it.

The second question is a bit more sobering: 'If you suddenly discovered you only had five to 10 years to live what would you do? How would you live your life? What would be different?' Kinder explains there is usually a narrowing and deepening of the range of responses. 'They become more profound, more meaningful and sometimes more relationship based.'

The third question is different from the others in the sense that it is not about what would you do: 'You only have 24 hours to left to live, you suddenly discover that, and the question isn't what would you do but what did you miss? If you reflect on it, who did you not get to be?'

A growing national profile

Returning to his career, the three partners in the financial planning practice disagreed about investment methodology so they split up. Kinder now had his own firm and he began to appear on the national scene, speaking at conferences about some of his ideas about the human side of money.

Out of that speaking came a think-tank he co founded in 1995 called the Nazrudin Project which he describes as a very wild web-based group of financial advisers that really wrestled in its early days with questions of human and spiritual aspects of money and personal finance.

It was out of that Nazrudin group that Kinder began to form his ideas that became the seven stages of money maturity and the title of his best-known book: *The Seven Stages of Money Maturity: Understanding the Spirit and Value of Money in Your Life*.

'Those seven stages became a philosophical as well as functional place that financial advisers could begin to

interview clients and understand clients in a different way,' Kinder recalls.

As far as his own clients were concerned he sold his business in 2000 to a small national firm of certified financial planners called Abacus Wealth Management which is based in Philadelphia with offices in California and Boston.

The two principals there were two of his very first students in the seven stages of money maturity work so they are very familiar with a life planning practice. He says he is very pleased with how it has evolved there.

Training guru

The main work that Kinder does now is training (he has 15 trainers and over 1,000 clients), giving speeches and interviews and writing books. On the latter he published his second book in 2006 called *Lighting the Torch* which he says is really the textbook for a life planning practice, if an adviser wants to shift from a commission to a fee-based orientation. 'It's an excellent model of what you do in each interview as you work with a client toward a life plan,' he comments.

'Primarily what I'm interested in doing is every time I train a financial adviser it means a 100 people (assuming they have 100 clients) are suddenly going to be influenced and get an experience of life planning and hopefully have delivered for them a layer of freedom that has not been delivered so far.'

'you can't be
a life planner
unless you
are living
a life plan'

His training courses last two days or five days and for the latter what is called a mentorship where financial advisers life plan each other.

The first one is a two-day training based on the 'seven stages of maturity' where they get introduced to life planning. Kinder explains, 'you learn three skill sets. One of them is listening skills, just the ability to be quiet and listen to your client, the second is empathy and that skill set is there because the client coming into the office is nervous, they are anxious, but also if they are passionate about doing something and they have never been able to do it there are all kinds of emotions that come up. The third skill set is inspiration.'

The aim is to uncover what the client finds most profoundly urgent to accomplish and then, 'what we do as an adviser is we light the torch, meaning, "yes you can do that and I'm going to make sure you do it in very short order".'

The second workshop is a five-day residential training course where 12 advisers come together and they pair up and they life plan each other.

'The educational experience is a phenomenal one because one of the ways you learn is by someone doing it on you. You learn to challenge yourself to live your own dreams and one of the things we say is you can't be a life planner unless you are living a life plan.'

There are also up to five teachers present who help to explain what works and what does not. The interview process that the advisers go through is also in five stages

which Kinder says equips them to do a full life planning interview with clients and, 'deliver what their life is'.

An emotional moment

Kinder gives an example of a financial adviser who went through the five-day programme and was being being life-planned. When asked Kinder's famous question what he would do if he only had 24 hours left to live.

'He gets quite emotional and he says, "you know this really doesn't have anything to do with money, I don't even know why I'm saying this to you but if truth be told I don't have a great relationship with my nine-year-old daughter".'

Kinder continues: 'We let him just be, we don't interfere. A minute or two later he says, "truth be told I don't have a great relationship with my wife either".'

Kinder looks quite emotional himself here as he further explains. 'Clearly the most passionate thing for him was being a great father and he was unable to do that, and then a great husband.'

'We allow him to feel the sorrow and when he settled down I turned to him and said, "let me just ask you a question, if I were able to deliver to you 15 to 20 hours a week that you don't have right now would you be able to take that time and really use it to address your relationship with your daughter and maybe your wife too and would that cure the problem?"'

'And this guy changed from someone who was in deep sorrow and despair, his body opened up he had a light shining through him, a big grin comes across his face and he said, "absolutely that would be incredible".'

That is what happens in life planning, Kinder enthuses. 'Now then the question comes, how do you do it and of course he gets very excited, I've lit the torch but at first it is just a flickering little flame and then he asks how are you going to do that. And I said leave it up to me but we are going to make it happen. I would like you to go home and think about how you might do it because you are going to come up with more solutions than I am. He knows his life better than me.'

Kinder ended up with a game-plan to reduce his hours down to 40 a week from a heady 55 to 60 hours, by the adviser talking to his boss.

'He was still terrified to talk to the boss because he thought he would get fired so we structured a back-up which was that he will work for himself, an entrepreneur, so he was able to go in and have a conversation. The boss said fine, we would hate to lose you.'

One year later he cut a third of his hours, but he only lost 2% in production and his relationship with his daughter and wife was fabulous. 'And that's a fairly typical example, he had so much more vitality that he used it to make up a third of that work.'

Kinder's wife Kathy is a trainer as well with a background as an actress and she has her own company with 70 trainers who are actors and actresses all over the world. She trains senior level executives in leadership skills and she is also currently in the UK with their two daughters, Rachel and London, having a three and a half week holiday in the Cotswolds and London's Marylebone. 'At 59 I have two three year old daughters, it's all consuming and quite wonderful.'

The choice of the name London for one daughter, 'may say something about my love of the United Kingdom,' this father of life planning concludes in truly empathic style.

Next Week...

Carl Lamb, of Norwich based Almary Green Investments, talks about his firm's substantial investment in IT systems and smart, modern offices.

