

Feature Article / February 2008

Visionary

The spiritual father of life planning assesses how far the profession has come, and how far it still has to go

By James Greene

“...we are on the brink of a revolution in the financial planning industry. This sea change is being led by a successful financial planner who happens to be a Buddhist teacher, and a former president of the ICFP who has taken a hankering to a mythical Islamic folk hero. If they have their way, financial planning in the future will not only foster a client’s economic well-being, but also will help that client to be more fulfilled, happier, and a better citizen in the world of tomorrow.”

It’s usually the case that only those predictions that come true are resurrected by their makers, and thus it is in this case. The words above appeared in the November 1999 cover story of Investment Advisor that explored the genesis and personality of life planning, a nascent movement at the time which began, most agree, with a presentation given in 1994 by Dick Wagner (the former ICFP president), and George Kinder (the Buddhist teacher). The approach has grown since then, but has it achieved critical mass? Has it become the default approach of today’s financial planner? What does this movement have to say about the future of the profession?

To answer those questions, we went back to Mr. Kinder, who waxed eloquent in a wide-ranging interview conducted in late December 2007.

Has the profession caught up to you now? Would you agree that the planning conversation starts at a different place than it used to?

Certainly among financial planners the conversation has changed dramatically over the past 10 years. Without question, the life planning movement has made that happen. That’s a pretty incredible, wonderful thing.

There are some larger, intriguing questions. If you look at surveys of professions and how consumers view them, you still have the whole financial services industry tarred with the same brush, and it’s not a pretty one. The stereotype of the financial advisor is not a great one, even though in surveys the consumer says, quite interestingly, “Well, they’re all terrible, except mine is very good.”



George D. Kinder, CFP®, RLP®

I don't know if that's similar to Oscar Wilde's observation about a second marriage being the triumph of optimism over experience, but something is going on there.

Personally—and this is where there's still a lot to grow—I think we're going to hold a [significant] position. We're headed toward a profession that carries tremendous integrity and weight in depth of purpose, of meaningfulness, of profundity in someone's life. The only other places where we've used those terms historically have been with priests and rabbis and ministers, in the spiritual world.

I think we are taking the lead in something which has broad historical implications. If we're in a secular world, what is the profession that would shepherd families and individuals into their most meaningful path? You could still argue for the spiritual figures, for counselors or therapists of various types [to take that role]. It strikes me as the only profession that can do it—because it is the only one that has the command of money and the gravitas that surrounds money, to be able to influence consumers—is the financial planning profession.

What are the forces at work right now in the profession?

There's technology...which has, to use a term popular a few years ago, commoditized a tremendous amount of what we do.

A second trend has been the one toward professionalization, and the CFP has, wonder of wonders, done a huge amount there. Historically, you could argue that the 1973-74 recession and the Rust Belt produced the CFP designation, because there was so much disenchantment with the way money was working. And then the terrible recession of the '80s and the attendant hot-sales techniques of limited partnerships and tax shelters helped produce the fee-only movement. The life planning movement took off with the challenges of the Internet bubble collapse and the period of deep reflection that followed 9/11.

What we're discovering with the life planning movement is that before you can do the financial plan you have to do the life plan. You have to know who the person really is and what they really want, and that requires a certain set of skills. That's where the profession hasn't quite caught up.

A lot of what the profession has produced have been questionnaires and little exercises of various kinds, which are great. But if you're talking about your life, would you go to your best friend and expect him to give you a questionnaire to help you in the process? You don't expect a questionnaire from a spiritual figure. You don't expect it from a therapist or a counselor, you don't expect it from your best friend.

So it's an interactive process where the one helping direct the process needs certain skills they may not have received while preparing to take the CFP exam or getting that degree in financial planning. Is that accurate?



The Three Questions

The signature exercises that Kinder's Institute of Life Planning conducts at its workshops to help an individual discover what's most important to them start with asking themselves the three questions, that go more or less like this:

1. Assume you've got all the money you need. What would you do with it? How would you live?
2. You see your doctor who diagnoses a rare illness in which you'll be just fine for five years and then you will suddenly, painlessly, die. How will you live those five years?
3. You see your doctor and he says you only have 24 hours to live. What did you miss? Who did you not get to be? What did you not get to do?

It's very much accurate. The profession started with a sales orientation, and so it's been dominated by sales, though we have had this long movement toward fees. As the consumer gets more sophisticated—and they are, quite noticeably—they don't want to be sold something, they want to be helped. We can go to the model of the doctor and the pharmacist. The pharmacist sells the drug; the doctor can prescribe them but shouldn't be getting cuts of the sale.

There is one sale that remains when we get to the depths of life planning. It occurs when you've done the discovery work with the client, and you've done it extremely well so you know what reaches into the heart of meaning for them. The sale is the promise of delivery, selling them on their own life—that you can help them make that happen, in a much more efficient way, in much shorter order than they'd ever imagine. It's a pretty profound thing.

Because you have to convince them that it's possible?



Here's an example. Three or four years ago, I gave one of my 100-person preferences to the FPA. After doing the three questions (see sidebar), I asked everybody in the audience to raise their hands if they were now living the life of their dreams revealed in that last question. Here we have 100 of the brightest people in the profession, all of whom had an inclination to life planning because [otherwise] they wouldn't be spending two days dedicated to this. Of that audience of 100, four people raised their hands. It made me realize two things. One is the power of what I call in my book (*The Seven Stages of Money Maturity*) the "innocent messages," the power of those "should's" or self-judgments about how to behave, or how I have to educate the kids, or my wife won't let me, all the money excuses that we use not to do what is most important, from the deepest place inside us, to accomplish, to be. The second was how essential it is to have a mentor, a coach. We call it a life planner, it's not even a friend because a friend doesn't have the gravitas or authority to push one (or the objectivity). The money person is the ideal person, a money person who has a depth, and who lives their own life plan. Virtually all of us need someone who's a bit outside our world, and can push us a little bit, who really knows the money piece, and who takes the time and has the skills to know what we care about more than anything in our lives.

When you put those two together, you've got something extraordinarily powerful: the mix of money skills and knowing what will free the spirit inside the person. When you talk about the future of the profession, that's it. What's going to feed the consumer more than anything else? It's that delivery of that last layer of freedom. That is what uniquely the financial life planner, with good training, can deliver.



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