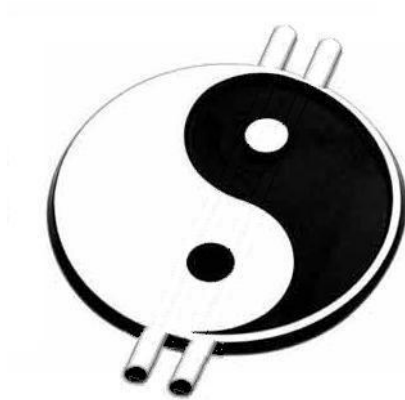


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*Integrative Adviser*



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*Volume 1, Number 4*

*December 2008*

# *The Integrative Adviser*

## *The Association for Integrative Financial and Life Planning*

*Volume 1, Number 4*

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The Association's primary purpose is to help bridge the gap between financial and life planning specialists, by supporting the development of methods and tools to further integrate them, and by supporting the establishment of viable ways for individual practitioners to work together. *The Integrative Adviser* advances this goal by providing education and publicity concerning holistic planning and advice concepts to our primary constituencies: the financial industry (financial companies and advisers), the life planning movement (individual practitioners and organizations that support them), other supporting organizations (such as employers and voluntary associations), and the broader community (including journalists, academics, and the general public).

We encourage people with diverse interests and views to contribute articles to *The Integrative Adviser*. If you have an idea or a manuscript to submit, contact the General Editor.

General Editor ..... Charles S. Yanikoski ([csy@StillRiverRetire.com](mailto:csy@StillRiverRetire.com))

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# *Understanding Your Clients Financial DNA: Help Your Clients Change How They Feel About Money*

by Julie Murphy Casserly, CLU, ChFC, CFP®

Not long after I started my firm in 1995, I discovered something that was never taught to us in business school. It's the notion that every person has their own unique and personal relationship with money. As financial planners and teachers, this is an important piece of information to remember because it can help us understand how our clients' emotions are responsible for how they make money, how they keep it, or conversely, how they accumulate debt, which as we know is often the case.

I've made it my mission, and have built a successful practice, on delving into the emotion and psychology behind my clients' monetary issues. I've found that by digging deep and really understanding my clients, I am able to put them on a financial path that is right for them, and only them.

Recently, I've found that this method is resonating even more with my clients. With all the news about our economy being in a recession, housing foreclosures, credit card debt, unemployment, we as financial planners and teachers see our clients in a "paralyzed mode." While some of this fear is reality-based, some is an over-reaction as their emotions take over.

My new book, *The Emotion Behind Money: Building Wealth From the Inside Out*, includes 22 specific exercises that you can walk through with your clients to stop them from acting like victims of circumstance, help them change their negative emotions about money and put them on a financial roadmap that they feel good about.

The first few exercises in my book will help your clients face their current reality financially, personally and professionally and identify what isn't ideal and what makes up their "Inner Wealth." The interesting thing is that when economic times are tough, there's a great opportunity to help clients decide what they really, truly want. Do they love their job or hate it? Are they uncomfortable with the level of risk they're taking in their investments? Would they like to spend more time with family, but financial debt commitments keep them in a job that doesn't feed their soul? Help them pick one. Once they decide on a focus, help them reevaluate their personal mission and vision.

Next, you need to help them prioritize. Take a close look at the cash coming in and going out. Write it down in two columns. Whether their income is \$40,000 or \$500,000 per year, help them choose the expenses most important to the personal mission they just identified and see what can be eliminated.

After walking through these initial exercises, I've found that many of my clients feel trapped because they have pigeonholed themselves into a lifestyle that is not serving their everyday needs and wants. Plus, it puts their real hopes and dreams even farther out of reach. In my book, I refer to the fact that our clients each have two sets of numbers: financial and emotional numbers. My experience has taught me that we need to help our clients balance between both of them for long-term success in building

and keeping wealth. These are the times to go back to the basics!

Another important aspect of keeping clients on their personal financial mission is to help them identify the "Crabs in their Bucket." I've dedicated a whole chapter to this in my book, it's that important! As clients begin to listen to their "Inner Wealth," they may find that certain people who enabled them in their current financial reality may not be their best pals once they choose to change their financial patterns. Other "crabs" or obstacles are time, money, debt levels, interest rates, or even the individual person themselves!

Encourage clients to put a list of their "crabs" on paper and write down how they choose to respond to it, such as, "I

will not fall into my previous spending habits, I know what's right for me." The more they say this, the more they will believe it and continue following their new financial mission.

This is just a sampling of the many exercises you can implement with your clients to understand their emotions behind money and how these thoughts are influencing their financial situations. I truly believe that where there's a will there's a way, that success in this business comes from understanding and caring about our clients' passions and dreams and that the Law of Attraction truly works. It sure has for me...and I started with nothing. Every step I recommend to my clients, I have taken myself!

Julie Murphy Casserly, CLU, ChFC, CFP®, is a 14-year veteran of the financial services industry and author of the new book, *The Emotion Behind Money: Building Wealth from the Inside Out*. Julie has declared it her mission to "financially heal America" by helping people understand their emotions behind money, and how these attitudes affect how they earn, spend and save – or, conversely, accumulate debt.

It is her belief system, and practice, to delve into the emotion and psychology behind her clients' monetary issues, spending patterns and behavior. Only by digging deep and really understanding her clients does she feel she can lead them on the right path.

A Chicago-based entrepreneur, Julie founded JMC Wealth in 2000 and now works with more than 2,500 clients worldwide on all aspects of their financial portfolios, including investment asset allocation and risk management, insurance needs, retirement planning, business planning, college planning and estate planning. She considers understanding each client's personal life strategy, goals, and dreams to be the key that enables her to create truly personalized financial plans.

A graduate of the University of Illinois - Urbana/Champaign, Julie earned an MBA from The University of Notre Dame.

Her book can be ordered on [www.amazon.com](http://www.amazon.com) or [www.emotionbehindmoney.com](http://www.emotionbehindmoney.com).

# *A Conceptual Scheme for Integrative Financial and Life Planning*

by C.S. Yanikoski

We are not going to have integrative financial and life planning until we devise a conceptual scheme in which both kinds of planning, and the outcomes of both kinds of planning, fit together comfortably.

This scheme has to be comprehensive, because the outcomes are intended to be comprehensive. But it also needs to be layered, because planning processes have layers, and because people have layers. Furthermore, both the processes and the content need to be integrated – and not just the advisory process, but the thought process, whether it is the client or the advisor doing the thinking. And by “integrated” I mean not just having parallel processes for different subject matters, but having intertwining processes where everything takes into account everything else.

Undoubtedly, more than one such scheme can be developed. But so far, none at all exist, as far as I am aware. This paper is an attempt to break through whatever blockade has been impeding us, and to set up a first attempt at a truly comprehensive, integrated planning scheme – not as the final answer, but as the beginning of a plausible answer, and as an inducement for others to improve on it, or to come up with novel alternatives of their own.

## **The three-legged planning stool**

No, it is not Social Security, pensions, and personal savings. We're after

something much more fundamental than that.

A life plan (or career plan, personal development plan, plan about one's future intimate relationships, or any other kind of personal plan) and a financial plan will fit together only if everything springs from something deeper. If you are building a house, you cannot have the plumber and the electrician working independently – both must be guided by the architect's overall plan. Nor does a good architect start with plumbing ideas and electrical ideas, and design a house around them. Instead, the architect starts with more global concepts, with preferences, and with facts, and creates from there. This is what we must do as well.

In integrative planning, what are our most fundamental starting points? I propose that there are three:

- Metaphysical stance
- Personality
- Circumstances

The first two of these may seem a little vague and unmanageable, while the third could look obvious and almost trivial. None of these perceptions would be correct.

## **Leg 1: Metaphysical stance**

This is the conceptual foundation of everything, but nonetheless, I mean it in a very practical way. Metaphysics is not about the stupid questions of phi-

osophy and theology (“can God create a rock so big that he can’t move it?”) but about the essential ones, such as:

- Why am I here? What is life fundamentally about?
- Is death the end of me, or a new beginning?
- Is there a God whose will needs to be obeyed and who has revealed that will to us?
- What does it mean to live a “good life”?
- Am I my brother’s keeper?

What we are doing here is taking the increasingly popular perception that life planning and even financial planning should be built upon our sense of purpose and meaning in life, and kicking it up a notch or two. I say kicking it up, because we are not talking now about the kind of purpose and meaning that gives you a reason to get up in the morning. That is really a question of mid-level goals and personal motivation, and it is not one of the three legs of our stool. Rather, we are asking about meaning at a deeper level: what do we believe that life, in its essence, is about?

Ideally, there would be firm answers to these metaphysical questions that anyone could discover, or that an adviser could convey to a client. Presumably true answers really do exist, but that doesn’t mean we know what they are, that we can agree on them, that we can transfer such understanding from one person to another, or that most people even want to think much about these ancient issues. But none of this matters. What does matter is that our planning is congruent with whatever beliefs and attitudes the client happens to possess.

I say “attitudes” and not just “beliefs,” because even when people do not think about these questions, their practical decisions in life still imply some sort of stance toward them. Other people do have explicit beliefs – often beliefs they were taught in their youth – but their lives do not reflect their stated opinions. Probably a majority of people fall into one of these two groups. Again, ideally, the adviser could help the client fill the absence of clearly articulated beliefs, or resolve the conflict between what people say they believe and what they actually believe. And again, that is probably asking too much of most advisers. But all the adviser really needs to do is to perceive the underlying beliefs and attitudes, and build on that. Not that this is simple, but it ought to be possible – and perhaps not even very difficult, if the right kind of processes are developed.

## **Leg 2: Personality**

If we were all perfectly rational creatures, everything would flow from our metaphysical stance. We would establish our most fundamental beliefs, and base our practical goals on those, and create our plans from those goals. But we are not perfectly rational.

Practical goals do not flow directly from our metaphysical stance because we all have personalities that provide contour to the landscape and divert the flow in other directions. This is probably a good thing, but whether it is or not, it’s the reality we have to deal with. And if, as advisers, we fail to deal with it, then at best we are giving good advice that is probably not going to be followed, or in most cases, we are not actually giving good advice at all, because it is not suited to the real person receiving it.

I am not entirely sure how many areas of personality are relevant here, but the following spring to mind:

- **Deep characteristics:** is the client fearful or confident, self-centered or altruistic, emotionally needy or independent, tuned in to others and self-aware or oblivious, grasping or generous, controlling and closed or receptive and open? What issues is the client obsessed with, what issues is s/he unaware of or unable or unwilling to deal with? Is s/he trustworthy – or manipulative, superficial, or deluded in her/his perceptions and communications? How does the client react when under stress? Is s/he capable of happiness, or even contentment?
- **Attitudes:** how does the client feel (both superficially, and more deeply) about love, money, leisure, spirituality, health, friendship? How does the client define “success” in professional, financial, and personal terms? What makes him/her happy, angry, nervous, hopeful, passionate, repulsed?
- **Decision making and implementation style:** is the client decisive or indecisive, rational or intuitive, a dreamer or a doer, willful or cooperative, organized or casual, blinkered in his/her thinking or alert to adverse contingencies? Does s/he think carefully or superficially about things? Does s/he follow through or drop the ball, procrastinate or get things done?

Although most planners do not have organized ways of exploring or dealing with such matters, almost all planners can immediately think of cases where a plan could not be developed, or if developed, could not be carried out,

because of problems in these areas. You probably know, or have dealt professionally with, people like these:

- Client A, who has harbored anger against his father for years, evaluates everything in terms of what the old man did, and is determined to do it differently – even if that proves detrimental to himself.
- Client B, who believes devoutly that “the Lord will provide,” but applies this confidence selectively and mainly to validate her failure to plan for those future contingencies whose contemplation is unpleasant to her.
- Client C, who considers himself rational and decisive, but can never bring himself to follow through on the plans that have been agreed on.
- Client D, whose deepest faith seems to be in Murphy’s Law, and who sometimes can muster the energy to fight it, but in the end usually gives in to a fatalistic failure to attend to matters, thus increasing the likelihood that what can go wrong will go wrong.

Frustrating as such situations can be, scholars and practitioners have already developed instruments to get at many, if not all, of the underlying psychological issues. Some have even begun to bring these methods into the realm of financial planning.

A recent and, I think, very helpful contribution in this regard is by Eric Sundstrom and Randy and Michael Burnham (*My Next Phase: The Personality-Based Guide to Your Best Retirement*, from Springboard Press, 2007; they also have a company and website called My Next Phase). Although their approach to retirement, like most people’s, is pretty much a one-legged

stool, it has the merit of being one of the legs that is generally ignored. Their approach is to break down the client's personality profile along seven scales:

- Social: outgoing vs. contemplative
- Stress: responsive vs. resilient
- Activity: independent vs. interdependent
- Information: practical vs. visionary
- Outlook: optimistic vs. cautious
- Decision: analytic vs. empathetic
- Planning: structured vs. flexible

I highly recommend that you read this book, to learn more of the details. The authors provide simple but plausible questionnaires that can locate a person along each of these dimensions. They also discuss how these affect not just the planning process, as you might guess, but also the content of plans.

For now, though, my point is that personality issues, however one attacks them, form a fundamental support for integrative planning. Without taking them into account in a constructive way, planning will usually be either a partial or a total failure.

### **Leg 3: Circumstances**

By circumstances, I mean to include all the obvious factors, both environmental (the economy, the workplace, the client's family, etc.) and personal (finances, health, relationships, career, etc.). Legs 1 and 2 deal with what we believe and how we are, but Leg 3 deals with the outer realities that shape our problems and our opportunities. There are only two points I want to make about those realities here:

First, and most obviously, our analysis of them needs to be inclusive in detail and scope. In integrative planning, we need to collect, organize, and somehow process a lot more information than we do in traditional forms of planning and counseling.

Second, we need to dig deep, sometimes. Psychologists have been showing us for the past century or so that what people do on the outside is linked to experiences in their distant past. In more recent years, both psychologists and financial people have illustrated how people's attitudes toward money (and financial plans) are deeply tied to emotional issues, to their personality characteristics, and to the way they grew up.<sup>1</sup> Think of yourself, or of someone else you know intimately, and you will probably realize that there are certain things about yourself that only someone who knew you well might know, but anyone who didn't know those things would not really understand you at all.

Perhaps it's some trauma that you experienced; perhaps it's a set of beliefs that were pounded into you in childhood that you can't entirely escape even though your head now rejects them; perhaps it is a business lesson you learned because of a failure (or improbable success) earlier in your career; perhaps it is a set of perceptions and attitudes you come by naturally because you were raised in a family of artists (or engineers, or farmers, or what-have-you); perhaps it is a bitter first marriage you have

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<sup>1</sup> If you haven't happened upon any of these works yet, you might start with the classics (Jacob Needleman's *Money and the Meaning of Life*, or George Kinder's *Seven Stages of Money Maturity*), or with something more recent, like Julie Murphy Caserly's *The Emotion Behind the Money*.

never been able to shake off; perhaps it is a child who has been a disappointment (or worse) and whom you never talk about but also can never forget. Realities like these are facts, too, just as your 401(k) balance is a fact, and successful planning cannot occur until all the key facts are in.

### **Understanding vs. Therapy**

You may be thinking: this sounds fine, but dealing with metaphysical mysteries, personality issues, and private biographical turning points requires a combination of guru and depth psychologist, not an ordinary or even a very skilled planner. This would be right, if the purpose was to resolve all of these issues. But that is not the purpose.

The purpose of the integrative planner is to *understand* all of these issues, because all three legs of this stool are needed to position you to grasp the context for planning. If you are competent or lucky enough to assist the client in rectifying deep problems in one of these three areas, then kudos to you – that’s a bonus. But when you wear your planning hat, your real mission is simply to know what these issues are, so that in helping your client chart a course, you are actually aware of where the currents run and the hidden reefs lie.

If you fail to understand any of these issues, there is an excellent chance that your plan will fail: that you will come up with a poor plan, that the plan will not be carried out, or that it will be dropped as soon as you are out of the picture. And this is so whether your main focus is financial planning or life planning.

### **What sits on the stool?**

I suggest that there are four layers of planning that rest upon this three-legged stool:

- Purposes
- Goals
- Plans
- Implementation steps

We should be getting onto more familiar ground here, so I will elaborate less about these layers.

### **Purposes**

As mentioned above, this use of the terms “purpose” and “meaning” should be distinguished from their metaphysical use. To ask about the meaning and purpose of existence in general is quite different from asking about the meaning and purpose of a particular person’s life. Neither substitutes for the other.

The first of the four layers that rests upon the three-legged stool involves the latter of these two. Given the client’s own metaphysical stance, personality, and life circumstances, what meaning and purpose does the client see in his or her own life as it is lived, or as s/he would like it to change?

Once these questions have been raised – as they have in numerous books and articles for decades now, and increasing so in recent years – their importance is manifest, and barely needs to be argued.<sup>2</sup> Clearly, life plans and financial plans ought to reflect one’s most dearly held values

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<sup>2</sup> However, just to be contrarian, I do hope to write an article next year expressing reservations about how this applies in the second half of life, and especially in the last decade or two of life.

and intentions. And if the client does not already know what those are, and cannot already articulate them clearly, the integrative adviser's job is to help the client clarify or even discover or create them, as needed.

I also want to emphasize, however, that doing so without resting this effort on the three-legged stool is often going to be wasted time.

Let me illustrate this with an example in my own life. Some years ago, while approaching age 50, I began thinking about my own retirement and resolved that I would like to spend a significant amount of time in face-to-face charitable activity – working in a soup kitchen, for example. This would satisfy a deeply held value, inculcated from childhood, that we are all in it together, and that from those to whom much has been given, much is expected. I also genuinely like seeing people made happy, and I enjoy dealing with people one-on-one. But in more recent years, I have become aware of another element of my personality: I come from a family that carries an autistic gene (my son is plainly autistic, but other members of my family – including myself – also display some of the characteristics in milder form). I am not, in fact, either comfortable or skilled in dealing with groups of people for long stretches, and in retrospect, I recognized that some of the most unpleasant days of my life occurred when I volunteered to do just the sort of face-to-face charitable work that I was thinking would be a principal activity of my retirement. My kind, charitable, philanthropic side is still there, but now I realize I need other ways of doing good that do not involve frequent, large-scale contact with the beneficiaries of my efforts. Learning this

changes the whole plan.

The more we know about the client's metaphysical stance, personality, and circumstances, the more we can compare what they say would give meaning and purpose to their lives against the underlying truth of who they really are, and what might really work for them. At the least, we can raise more of the right questions.

### **Goals, Plans, and Implementation**

The next three layers that rest on top of Purposes are sufficiently commonplace not to require much elaboration here. Goals should flow from Purposes, Plans from Goals, and Implementation from Plans. Still, there are a few points worth making.

First, each of these layers of planning needs to be performed on top of the platform that the three-legged stool provides. If any of these violates the client's metaphysical stance, runs counter to his or her personality, or ignores the client's actual circumstances, failure will ensue.

Second, and as one more practical consideration and constraint, if there is a spouse, a life partner, or other people in the household or family around whom plans need to be made, this same range of issues ideally should be taken into account for them, too.

Third, this is where financial planning in its more traditional aspects gets integrated with life planning. Not that it gets imported as some kind of side-issue. On the contrary, metaphysical stance, personality, and circumstances are just as fundamental to financial decisions as they are to any other kind of decision. Furthermore, feelings about money and other financial-related topics (security, charity, life-

style, home, legacies, health, etc.) necessarily figure prominently in the analysis of “personality”; and financial realities probably will form the most voluminous category of “circumstances”. The subsequent identification of financial purposes, the setting of financial goals, the adoption of financial plans, and the implementation of those plans should then flow naturally, and in an integrated fashion, along with the development of life plans, career plans, health plans, and other non-financial purposes, goals, and plans, whatever we choose to call them.

Fourth, implementation is the acid test of good planning. Those of us involved in creating plans, whether directly or indirectly, often lament the failure of people to follow through on the very wise advice we have provided. Yes, that is the clients’ failure, but it is our failure just as much so, often more so. A brilliant plan that is not designed and presented in a way that makes the client eager to implement it is not brilliant at all. It is just as great a failure as a poor plan. By building on the three-legged stool, we should finally be in position to understand the factors that inhibit implementation of plans, and to design plans that take the client’s deeper beliefs, attitudes, motivations, and inhibitions into account.

### **An order of pie in the sky, please**

Are we asking for too much here? Well, if we believe that integrative financial and life planning is needed, we are already thinking in ambitious terms. None of us should be expecting an easy way to make such planning a reality.

Although the My Next Phase franchise

covers only a portion of the necessary ground, and although others might want to cover this same ground in different ways, still, those authors have demonstrated that psychological concepts can be applied in a practical way even to financial planning processes. Expanding that achievement to cover the entire ground that I am describing in the present article will require an intense effort taking quite a few years.

But I, for one, not only believe that this can be done, I intend to work on it myself (at least for people of retirement age, or close to it, which is my own area of specialization). And since my own professional skill is software development, I will probably develop this model as software. This has both disadvantages and advantages. Software lacks intuition, insight, and the human touch. But it also can keep many more facts “in mind” at the same time than we humans can. The idea is not to make software a substitute for human skill, but to make it a tool that skilled people can use – and that even unskilled ones can derive some benefit from.

There is also no reason that the same thinking that goes into software could not go into other tools: classroom materials, planner/coach training, and the like.

There is plenty of room for others to be involved – perhaps including you. But whoever chooses to be involved, and whatever methods are used, it should be possible to have integrative planning tools available in five years that are an order of magnitude more powerful and effective than anything available today.

Chuck Yanikoski is founder and president of Still River Retirement Planning Software, Inc. He has been thinking about how to create suitable financial software for retirees since 1991, when he was in charge of retirement marketing for New England Mutual Life. Still River offers through its RetirementWorks, Inc. subsidiary a consumer version of its system for retirees, which it provides direct to the public and through employers and other intermediaries. For more information on it, go to:

<http://www.RetirementWorks2.com>, or contact Chuck at [csy@StillRiverRetire.com](mailto:csy@StillRiverRetire.com).

A number of his essays on retirement planning are posted on the website: <http://www.StillRiverRetire.com>, while others have appeared in MarketWatch *Retirement Weekly*, the *National Underwriter Income Planning eNewsletter*, *Annuity Association News*, *DSG Dimensions*, *The Integrative Adviser*, and *Aging Well* (forthcoming). He has also spoken on retirement planning before the National Tax Sheltered Accounts Association and the New England Employee Benefits Council.

# *The Trusted Advisor Paradox—Part II*

by Kristin Wehner Keffeler

## **From Commodity to Cornerstone**

Part I of the “Trusted Advisor Paradox”<sup>1</sup> made the case that not any ol’ sap (even a smart, well-intentioned one) can ascend to the honored role of becoming his or her clients’ trusted advisor. Trusted advisors are not just top-notch technicians (whose services, deserved or not, are often seen as a commodity by their clients), they are top-notch technicians whose unparalleled support, advice and insight is sought after and highly valued by their clients

***Trusted advisors have an unwavering ability to focus concentrated attention on their clients — despite their own “to do” lists, life demands, and internal train-station of zooming thoughts — and this focused concentration is a differentiating cornerstone of their practice.***

## **The Link between Health and Client Trust**

Sounds pretty simple, eh? Client first, you second. So, what’s the paradox? Physical fatigue, lack of mental clarity, stress exhaustion, and fractured focus diminish your ability to connect with clients. Without an ability to connect deeply and authentically with your clients, you miss the opportunity to bring greater value to the table than your technical expertise, and you lose the capacity to build an enduring and irreplaceable relationship with them.

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<sup>1</sup> *The Integrative Adviser* 1(3):7-8 (October 2008)

***Bottom line: your ability to focus concentrated attention on your client is significantly diminished, if not destroyed, when you don’t honor your health as a foundational asset of your business.***

## **Put Yourself First... Then Get Out of the Way**

By putting yourself first — meaning that your performance-enhancing self-care practices are ritually a priority in your schedule — you will reduce the attention that your own body and mind demand, and increase your ability to focus solely on your client.

## **Four Cornerstone Practices for Every Trusted Advisor**

- 1. A Quiet Mind.** Your ability to focus intently and deeply is critical in a culture that touts multi-tasking and 24-hour accessibility as markers of success. “Uni-tasking” may feel initially uncomfortable and your darting thoughts may seem impossible to tame, but, just like building the strength of your bicep, regular practice will build your single-minded concentration. *Try dedicating five minutes before every client meeting to clearing your mental debris and consciously creating space for what will emerge when you and your client put your thinking heads together.*
- 2. Consistent and Even Energy.** Not only what you eat, but when you eat matters. Think you will be able to hear the story beneath the

story your client is telling you if you have indigestion or if you are losing focus as your blood sugar drops and your stomach rumbles because it's been seven hours since you last ate?

**3. Regular Exercise.** Not only does regular exercise improve physical stamina and mental clarity, essential elements of maintaining energy and focus during client meetings, but it builds confidence — yours and your clients'. You not only begin to feel more comfortable in your own skin, but your comfort communicates to your cli-

ent a level of self-respect that is both contagious and confidence-inspiring.

**4. Don't Fight Fatigue.** In a "do more" culture, many high-achievers choose to prioritize almost everything over sleep. Figure out what your natural sleep quotient for high-performance is, and stick to it. Lack of sleep cannot be hidden — your clients see your glassy eyes and stifled yawn and your tired mind offers little space for innovative and creative thinking.

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Kinetic Enterprise's focus of client support is driven by the formula: Restored Energy + Rejuvenated Inspiration = Increased Impact. Kristin specializes in partnering with financial services professionals to increase their ability to impact and connect with clients by utilizing their health as a professional asset.

Go to <http://www.kineticenterprise.com> to sign up for a free subscription to "Fueling the Fire," Kinetic Enterprises's free bi-weekly eZine.

## Research Notes

Please contribute to this column by sending us notices or links for research related to aging, advising, demographics, financial decision-making, retiree attitudes or lifestyles, death and dying, or any of the numerous other topics of broad interest to financial and life planners.

### Planning and Advising

"Advising Seniors about Their Money: Who Is Qualified – and Who Is Not?" This is the question asked and answered before the U.S. Senate Special Committee on Aging in hearings held September 5, 2007. The complete testimony is now available on the internet at:

[http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=110\\_senate\\_hearings&ocid=f:40538.wais.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=110_senate_hearings&ocid=f:40538.wais.pdf)

Michael M. Pompian, in a follow-up to a 2005 article, outlines how financial planning clients can be classified as Passive Preservers, Friendly Followers, Independent Individualists, and Active Accumulators, in his article: "Using Behavioral Investor Types to Build Better Relationships with Your Clients" (*Journal of Financial Planning*, October, 2008).

David M. Cordell and Thomas P. Langdon argue in "Academic Research That Is Relevant to Financial Service Professionals," in the latest issue of *The Journal of Financial Service Professionals*, that advisors should be paying attention to academic research that relates to their field. But if you are reading this, you probably already appreciate that.

Carol V. O'Shaughnessy reports on the status and future of the "Aging Services Network" – i.e., the many federal, state,

and local agencies as well as tens of thousands of private service organizations. Her report for the U.S. Administration on Aging is available in full at: [http://www.aoa.gov/PRESS/main\\_news/news/2008/Policy\\_Report\\_on\\_the\\_Aging\\_Network\\_2008.pdf](http://www.aoa.gov/PRESS/main_news/news/2008/Policy_Report_on_the_Aging_Network_2008.pdf)

The entire current issue (Vol. 18, No. 3) of the *Public Policy & Aging Report* is devoted to discussion of the "Aging Network." For more information, go to the National Academy on an Aging Society website, specifically:

[http://www.agingsociety.org/agingsociety/publications/public\\_policy/previous.html#current](http://www.agingsociety.org/agingsociety/publications/public_policy/previous.html#current)

### Psychology and Neuroscience

Joseph M. Casciani writes about "Redirecting Resistance" in the Fall 2008 issue of *Aging Well*. Although he does so specifically in the context of resistance among the elderly to medical plans they perceive as being imposed on them by doctors and/or family, his observations and recommendations mostly could be applied with equal benefit to other forms of planning and the resistance that it encounters.

Rafael Di Tella and Robert MacCulloch have produced a study confirming that, at least in more affluent nations, increased wealth does not bring increased levels of happiness, at least not after an adjustment period that may last as long as five years. An abstract of their study, "Happiness Adaptation to Income

beyond 'Basic Needs'," released as Working Paper #14539 for the National Bureau of Economic Research, can be found at:

<http://papers.nber.org/papers/w14539>

John F. Helliwell, in his paper, "Life Satisfaction and Quality of Development," #14507 of the same series, shows how the Gallup World Poll data can "permit a much broader view of the quality and consequences of development than other common measures." See the abstract at:

<http://papers.nber.org/papers/w14507>

Patricia Smith Churchland discusses how "In the last two decades, neuroscience has profoundly transformed how we understand learning, decision making, self, and social attachment. Consequently, traditional philosophical questions about mind and morality have been steered in new directions." Her article, "The Impact of Neuroscience on Philosophy," appeared in the November 6 issue of *Neuron*. For more information, see:

[http://www.cell.com/neuron/abstract/S0896-6273\(08\)00896-9](http://www.cell.com/neuron/abstract/S0896-6273(08)00896-9)

### *Sociology and Demographics*

The MetLife Mature Market Institute has initiated a three-phase project with their report "Boomers: The Next 20 Years, Ecologies of Risk", and the supplementary "Boomer Map" with backup demographic data. They can be found in full at these two locations, respectively:

<http://www.metlife.com/FileAssets/MMI/MMISudiesEcologies.pdf>

<http://www.metlife.com/FileAssets/MMI/MMISudiesBoomers20yrs.pdf>

Tay K. McNamara compares time use differences by age, gender, and work-

ing status (retired vs. working), in "Time Use Across the Life Course," Issue Brief #18 (November 2008) for the Sloan Center on Aging & Work. The complete text can be found at:

[http://agingandwork.bc.edu/documents/IB18\\_TimeUse\\_2008-11-20.pdf](http://agingandwork.bc.edu/documents/IB18_TimeUse_2008-11-20.pdf)

Also for the Sloan Center, Jacquelyn B. James *et al* present results from a study of older workers at a major retail chain. "The CitiSales Study of Older Workers: Employee Engagement, Job Quality, Health, and Well-being", November 2008. The full text is at:

[http://agingandwork.bc.edu/documents/RH05\\_Citisales\\_2008-11-13b.pdf](http://agingandwork.bc.edu/documents/RH05_Citisales_2008-11-13b.pdf)

Austin Nichols investigates "Trends in Income Inequality, Volatility, and Mobility Risk," finding increases in income inequality both before and after taxes. The full report, published November 4, is available on the Urban Institute website at:

<http://www.urban.org/publications/411799.html>

### *Investment and Personal Finances*

The U.S. House Committee on Education and Labor held hearings in October on "The Impact of the Financial Crisis on Workers' Retirement Security." Transcripts and the archived webcast can be found at:

<http://edlabor.house.gov/hearings/fc-2008-10-07.shtml>

John E. Grable of Kansas State University offers an answer to the question of how risk tolerance, risk capacity, and time horizon can be integrated to create a diversified investment portfolio. His article, "RiskCAT: A Framework for Identifying Maximum Risk Thresholds in Personal Portfolios" appears in the Oc-

tober *Journal of Financial Planning*.

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A study by Emma Aguila, Orazio P. Atanasio, and Costas Meghir for the Rand Corporation disputes the previous common wisdom that consumption drops at retirement. This is true for food expenditures, which previous studies have tracked, but not for non-durable goods purchases overall. "Changes in Consumption at Retirement" is available in full at: [http://www.rand.org/pubs/working\\_papers/2008/RAND\\_WR621.pdf](http://www.rand.org/pubs/working_papers/2008/RAND_WR621.pdf)

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Janemarie Mulvey and Patrick Purcell of the Congressional Research Service, noting that consumers do not value annuities at their actual price, have joined the ranks of analysts trying to figure out how much retirees can withdraw each year from their nesteggs. In "Converting Retirement Savings into Income: Annuities and Periodic Withdrawals," they suggest an initial withdrawal of 5.0% for a 65-year-old man, and 4.5% for a 65-year-old woman. But these give only 95% assurance of solvency to age 95. Find the complete report at: <http://benefitslink.com/articles/guests/CRS-retirement-income-12-01-2008.pdf>

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James A. Shambo develops the idea that, in planning for individuals, future expenses should be based on the "consumption function," not the Consumer Price Index. He points out that upwardly mobile young clients may experience expense growth 300bp above the CPI. His article, "The Hedonic Pleasure Index™: An Enhanced Model for Spending Inflation," appearing in November 2008 issue of the *Journal of Financial Planning*, offers a simple tool for estimating this effect.

A recent study by the Investment Company Institute analyzes recent data and trends in what people are doing with their defined contribution plan balances when they retire. The full text of "Defined Contribution Plan Distribution Choices at Retirement" is located at: [http://www.ici.org/statements/res/rpt\\_08\\_dcdd.pdf](http://www.ici.org/statements/res/rpt_08_dcdd.pdf)

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Raymond H. Maurer *et al* analyze "Optimal Life-Cycle Strategies in the Presence of Interest Rate and Inflation Risk." They confirm that common life cycle investment strategies are fundamentally sound, but highlight the critical importance of accurately determining the investor's risk tolerance. An abstract of their paper, prepared for the Pension Research Council, can be found at: <http://www.pensionresearchcouncil.org/publications/document.php?file=406>

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For the Employee Benefit Research Institute (EBRI) report on "Employment-Based Retirement Plan Participation: Geographic Differences and Trends, 2007", go to: [http://www.ebri.org/pdf/briefspdf/EBRI\\_IB\\_10-2008.pdf](http://www.ebri.org/pdf/briefspdf/EBRI_IB_10-2008.pdf)

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The Transamerica Center for Retirement Studies has published "Retirement Outlook and Policy Priorities," a survey of family financial priorities. The report is available at: <http://www.transamericacenter.org/resources/TRS%20Report%2010-08-08.pdf>

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Barbara Butrica presents "Three Considerations for Children's Savings Accounts," emphasizing design issues that will enhance the positive impact of such accounts. Her paper, released November 13 by the Urban Institute, is avail-

able in full on their website, at:  
<http://www.urban.org/publications/411792.html>

### *Work and Retirement*

"Tapping Encore Talent," a report on a survey jointly sponsored by the MetLife Foundation and Civic Ventures says that not-for-profit employers found that those with the most experience in hiring older/retired workers were the most positive about the practice, but those without such experience expressed concerns. The full study can be found at:  
[http://www.civicventures.org/publications/surveys/employerssurvey08/employsurvey\\_fl\\_n\\_web\\_oct9.pdf](http://www.civicventures.org/publications/surveys/employerssurvey08/employsurvey_fl_n_web_oct9.pdf)

In a special section on Retirement in the *New York Times* for October 23, 2008, Steven Greenhouse contributes an article on "Working Longer as Jobs Contract."

Alicia H. Munnell *et al* discuss a proposed new tier of retirement accounts to supplement Social Security. They analyze the risk elements, and find that a defined contribution approach, even with target date funds and full annuitization at retirement, produces highly variable results. The full text of their paper, "How Much Risk Is Acceptable," is available at the Boston College Center for Retirement Research website:  
[http://crr.bc.edu/images/stories/ib\\_8-20.pdf](http://crr.bc.edu/images/stories/ib_8-20.pdf)

Tracy A. Falba *et al* write about "Work Expectations, Realizations, and Depression in Older Workers," working paper #14435 for the National Bureau of Economic Research. Higher levels of depression are found in those who find themselves working beyond their expected retirement age, and those invol-

untarily retired before their expected age. The abstract is to be found at:  
<http://papers.nber.org/papers/w14435>

Leora Friedberg, Wei Sun, and Anthony Webb have found that job interference with leisure activities tends to motivate people to retire, while job interference with household chores does not have the same effect, and job interference with basic functions like eating, sleeping, and grooming tends to motivate people to find other jobs, but not to retire. See "What Effect Do Time Constraints Have on the Age of Retirement," produced for the Boston College Center for Retirement Research, at:  
[http://crr.bc.edu/images/stories/Working\\_Papers/2008-17.pdf](http://crr.bc.edu/images/stories/Working_Papers/2008-17.pdf)

Gaobo Pang *et al* measure what we all know intuitively: that the presence of wealth in the form of pensions, housing equity, and health insurance promotes earlier retirement, while continued good earning prospects delay it. An abstract of their paper for the Pension Research Council, "The Retirement Decision: Current Influences on the Timing of Retirement among Older Workers," is to be found at:  
<http://www.pensionresearchcouncil.org/publications/document.php?file=409>

### *Health, Medicine, and Elder Care*

In the Fall issue of *Aging Well*, Cheryl Phillips discusses "Cultural Sensitivity: A Wellness Program Necessity." She emphasizes that in order to provide health and wellness in a truly person-centered way, we must take into account "language and literacy, dietary customs, family and community structure, and an individual's cultural and personal views on health, wellness, and illness.

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The National Center for Health Statistics is now providing online access to data. To quote its own description, "Health Data Interactive presents tables with national health statistics for infants, children, adolescents, adults, and older adults. Tables can be customized by age, gender, race/ethnicity, and geographic location to explore different trends and patterns." The address is: <http://www.cdc.gov/nchs/hdi.htm>

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Lori A. Stiegel and Ellen M. Klem have authored a research report for AARP on "Power of Attorney Abuse: What States Can Do About It." In addition to describing the problem, it discusses how the new Uniform Power of Attorney Act addresses it. The complete report can be found at: [http://www.aarp.org/research/legal/legalrights/2008\\_17\\_poa.html](http://www.aarp.org/research/legal/legalrights/2008_17_poa.html)

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The U.S. Food & Drug Administration has created a new web page with drug safety information for patients and health care professionals: <http://www.fda.gov/cder/drugSafety.htm>

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Bradley J. Wilcox *et al* report on "Secrets of Healthy Aging and Longevity From Exceptional Survivors Around the Globe: Lessons From Octogenarians to Supercentenarians" in the December issue of the *Journal of Gerontology / Biological Sciences* [no abstract available online].

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For the Employee Benefit Research Institute (EBRI) "Findings From the 2008 EBRI Consumer Engagement in Health Care Survey", see: [http://www.ebri.org/pdf/briefspdf/EBRI\\_IB\\_11-20081.pdf](http://www.ebri.org/pdf/briefspdf/EBRI_IB_11-20081.pdf)

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The 2008 edition of the MetLife Mature Market Institute annual report on nursing home and assisted living costs is available at: <http://www.metlife.com/FileAssets/MMI/MMISudies2008NHALCosts.pdf>

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Ari N. Hauser updates the annual report on family caregiving in the U.S. ("Valuing the Invaluable: The Economic Value of Family Caregiving, 2008 Update"). About 52 million Americans provided family care at some point during 2007, it is estimated. For details, click on: [http://www.aarp.org/research/housing-mobility/caregiving/i13\\_caregiving.html](http://www.aarp.org/research/housing-mobility/caregiving/i13_caregiving.html)

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Teresa A. Keenan reports for AARP that about one in five people say that their health has been adversely affected by the current economic downturn. You can find a complete copy of "Impact of the Economy on Health Behaviors" at: [http://www.aarp.org/research/health/carefinancing/healthcosts\\_08.html](http://www.aarp.org/research/health/carefinancing/healthcosts_08.html)

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Dawn E. Alley *et al* present a special report on "A Research Agenda: The Changing Relationship between Body Weight and Health in Aging" in the December issue of the *Journal of Gerontology / Biological Sciences* [no abstract available online].

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John Mullahy and Stephanie A. Robert study the various determinants of people's decisions to allocate time to exercise. They find, for example, that more educated people tend to sleep less but spend more time in both work and exercise. An abstract of their study, National Bureau of Economic Research working paper #14513, "No Time To Lose? Time Constraints and Physical Activity" is located at:

<http://papers.nber.org/papers/w14513>

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Amber A. Mather *et al* discuss "Associations Between Body Weight and Personality Disorders in a Nationally Representative Sample" in the November/December 2008 issue of *Psychosomatic Medicine* (Vol. 70, No. 9).

### *Family and Social Networks*

Jean Koppen reports on a recent survey of adults aged 55-75 by the Opinion Research Corporation, commissioned by AARP. The findings are mostly consistent with past studies, but do suggest a generally positive effect of retirement on marriages – with greater satisfaction when both spouses are retired, and less when only one is retired. Other aspects of retirement are also covered. For a full version of "Retired Spouses: A National Survey of Adults 55-75", go to: [http://www.aarp.org/research/work/retirement/retired\\_spouses.html](http://www.aarp.org/research/work/retirement/retired_spouses.html)

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J.H. Fowler and N.A. Christakis use results from the Framingham Heart Study to demonstrate that "a key stimulus to human happiness is exposure to the happiness of others." Their article, "Dynamic Spread of Happiness in a Large Social Network" from the December 4 issue of *BMJ* can be found at: [http://www.bmj.com/cgi/content/full/337/dec04\\_2/a2338](http://www.bmj.com/cgi/content/full/337/dec04_2/a2338)

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Emily Balcetis *et al* find that "individualists" do not know themselves as well as "collectivists" do, and do not predict as well how they will react in certain social/financial situations. Their study, "Do Collectivists Know Themselves Better than Individualists? Cross-cultural Studies of the Holier than Thou Phenomenon," is published in the December

*Journal of Personality and Social Psychology*.

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Bruce Western and Deirdre Bloome report on "Inequality among American Families with Children, 1975 to 2005" in the December 2008 issue of the *American Sociological Review*. They find that changes in education attainment and family structure are the primary causes of a two-thirds increase in income inequality among American families with children over this 30-year period.

### *Spirituality, Purpose, and Meaning*

Gretchen Anderson reports for AARP on "Miracles, Divine Healings, and Angels: Beliefs Among U.S. Adults 45+", finding that large majorities of older Americans do believe in these phenomena. In fact, 37% claim to have witnessed a miracle, and 11% to have seen an angel. For the full report, go to: [http://www.aarp.org/research/family/lifestyles/miracles\\_08.html](http://www.aarp.org/research/family/lifestyles/miracles_08.html)

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Daniela Jopp, Christoph Rott, and Frank Oswald have found that health is by far the primary predictor of how strongly people value life. But interestingly, among the very old, health is no longer as strong a determinant, and social factors have more impact than for younger age groups. The abstract of their article, "Valuation of Life in Old and Very Old Age: The Role of Sociodemographic, Social, and Health Resources for Positive Adaptation" from the October issue of *The Gerontologist*, is to be found at: <http://gerontologist.gerontologyjournals.org/cgi/content/abstract/48/5/646>

Matt Bradshaw *et al* write on "Prayer, God Imagery, and Symptoms of Psychopathology" in the December issue of the *Journal for the Scientific Study of Religion*. They find that religious people who pray frequently but conceive of God as remote or unloving are more likely than average to suffer from psychological pathology, but that people who pray and conceive of God as near and loving are less likely than average to experience psychopathologies. For an abstract, see:

<http://www3.interscience.wiley.com/journal/121501467/abstract>

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In the same issue, Scott Schieman investigates "The Education-Contingent Association between Religiosity and Health: The Differential Effects of Self-Esteem and the Sense of Mastery." He reports that the well-established correlation between religiosity/attendance and lower levels of depression, anxiety, alcohol use, and ill health is stronger among those with less education, and he investigates some of the factors that contribute to this pattern.

<http://www3.interscience.wiley.com/journal/121501469/abstract>

### *End of Life Issues*

Anita Bercovitz *et al* present their report on "End-of-Life Care in Nursing Homes: 2004 National Nursing Home Survey" for the U.S. National Center for Health Statistics, at:

<http://www.cdc.gov/nchs/data/nhsr/nhsr009.pdf>

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Alexia M. Torke *et al* argue that the use of "substituted judgment" where advance directives have not been provided is "insurmountably flawed" and that alternatives (of which they suggest two) should be considered. An abstract of

their paper, "Substituted Judgment: The Limitations of Autonomy in Surrogate Decision Making," from the September issue of the *Journal of General Internal Medicine*, is located at:

<http://www.springerlink.com/content/m732r10050300047/?p=0e390451d64247feb2dd28382851974b&pi=36>