



ANAHEIM  
2009

The Annual Conference of the Financial Planning Community

<b>TRACK:</b>	<b>FINANCIAL PLANNING ESSENTIALS</b>
<b>SESSION: 979052</b>	<b>DEVELOPING A CLIENT-CENTERED FINANCIAL LIFE PLANNING PRACTICE</b>
	TUESDAY, OCTOBER 13, 2009
	8:45 AM -10:15 AM
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Roy Diliberto is Chairman and Chief Executive Officer of RTD Financial Advisors, Inc. A graduate of Temple University, Diliberto has received his Chartered Financial Consultant designation from the American College, and his Certified Financial Planner designation from the College for Financial Planning.

Mr. Diliberto has been quoted in many national and local publications including The Wall Street Journal, The New York Times, Philadelphia Magazine, The Philadelphia Inquirer, USA Today, The Boston Globe, The Washington Post, and The LA Times . He is one of only 29 people named by both Money and Worth magazines as one of the 200 best Financial Advisors in America and was chosen as one of "The 150 Best Financial Planners for Doctors" by Medical Economics. Barrons recently named him one of the 100 best independent financial advisors in America. Investment Advisor Magazine identified him as "One of the 25 Most Influential People in the Financial Planning Profession", and Financial Planning Magazine recently named him to the "Movers and Shakers" hall of fame. He has appeared on national television programs such as "The NBC Nightly News", "CNN Moneytalk", "Fox on Money", "Up to the Minute" on CBS and "Business Center" on CNBC. He has also been featured on ABCNEWS.COM and CNNFN.

Active in professional and civic associations, Mr. Diliberto has served as National Chairman of the Financial Planning Association. He was on the Advisory Boards of Schwab Institutional and TD Waterhouse. He is a member of the Temple University Planned Giving Advisory Council and the Temple Owl Club Board of Directors. Roy is the author of a book for financial planners, titled Financial Planning - The Next Step: A Practical Approach to Merging Your Clients' Money With Their Lives. He also writes a bimonthly column on Financial Life Planning for Financial Advisor Magazine and is a frequent speaker at national meetings for financial advisors.

**Developing a Client-Centered Financial Life Planning Practice**

**Roy T Diliberto, CFP®  
RTD Financial Advisors, Inc**

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“The rational mind is a faithful servant; the intuitive mind a sacred gift. The paradox of modern life is that we have begun to worship the servant and defile the Devine.”

Albert Einstein

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**Exterior Finance**

It's about your money

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## Interior Finance

It's about your life

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## Commoditization

- Exterior
  - Tax Planning
  - Estate Planning
  - Investment Advice
  - Insurance
- Interior
  - Wisdom

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“Where is the wisdom we have lost in knowledge? Where is the knowledge we have lost in information?”

T.S. Eliot

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**Money Managers vs. Financial Planners**

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**The Evolving Profession of  
Financial Life Planning**

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**It's More Than Asking About  
Goals**

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The Financial Life Planning Process is not about our ideas as much as it is about the life of our client and how our ideas might fit that life.

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**Problems Created by Advisors**

- Assumptions
- Our quantitative (exterior) training
- Ignoring the fact that money is an emotional issue that affects sound decisions

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**Typical Assumptions**

- Estate planning
- Taxes
- Portfolio management
- Retirement
- Charitable giving
- Business planning
- All money decisions are quantitative

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**Typical Financial Planning Data Gathering:**

Lots of exterior data and not enough interior discovery

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**If Money is an Emotional Issue for Most People:**

How can we ignore that if we are to give good advice about money?

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**Are We Practicing Psychology?**

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Why do many clients resist our recommendations in spite of all the evidence we may provide?

- Spending too much
- Hoarding for no good reason
- Not owning enough insurance
- Procrastinating on estate planning
- Refusing to invest in equities

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**You Can't Solve Interior Issues  
With Exterior Solutions**

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**Are financial planners part of the  
problem or part of the solution?**

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**Examples of Interior Issues That Affect Decisions About Money:**

- The deceptive grandmother
- The 20¢ punishment
- The wealthy neighbor
- The unpaid tuition
- The needy family

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**What Do Doctors Need to Know Before Treating Patients?**

- Medical History
- Family History
- Current Symptoms
- Other Treatments

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**What Financial Planners Need to Know**

- Family Money History
- Past Money Experiences
- Money Attitudes
- Present Issues
- Future Concerns
- Current and Expected Transitions

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**Where should the dialogue begin?**

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**“It’s not the questions you ask them that matter – it’s the questions they ask you!”**

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**The Interior Discovery Process**

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**The Initial Contact**

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**Defining True Wealth**

- I define success in my working life as:
- I define success in my family life as:
- I define success in my financial life as:
- I define balance in my life as:
- I hope to be remembered someday as:

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**My Vision of the Future**

- The top things I would like to accomplish in my lifetime:
- What I most look forward to about the future:
- My biggest fears about the future:
- How I visualize my life in my 60's, 70's and 80's:
- The ideal age at which I would like to become financially independent:

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## **Life Transitions**

- Work/Career
- Family
- Financial
- Charitable/Legacy

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## **Interview Questions**

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## **Interior Questions**

1. Tell me about your family when you were growing up
2. Was money discussed at the dinner table?
3. What messages, direct or indirect, did you receive from you mother regarding money?
4. What messages did you receive from your father?
5. What messages did your grandparents/other family members?

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## Questions Continued

6. Were there family stories about money?
7. Describe your parents' financial history
8. What financial values and/or discussions with your parents continue to affect you today?
9. What would you like to do differently from your parents regarding money? What would you like to do the same?
10. What financial expectations did your parents and grandparents have of you?

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## Questions Continued

11. How much control did you have over money you made or received as gifts?
12. What is your first memory about money?
13. What was learned from that experience?
14. Describe a joyful memory about money.
15. Describe a painful memory about money?

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## Questions Continued

16. Describe your work history.
17. What were some of the best financial decisions you have made in the past?
18. What were some of the financial decisions you have made in the past that you regret?
19. What does money mean to you?
20. What is important about money to you?

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## Questions Continued

21. What does financial independence mean to you?
22. How do you feel about passing assets to your heirs?
23. Does philanthropy and charitable giving play a role in your life?
24. What would be a desired outcome over the course of these initial meetings?
25. During our review three years from now, what will need to have happened between now and then for you to feel satisfied with your progress?

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## Three Scenarios

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## Scenario #1

Imagine that you have all the money you need now and in the future. What will you do with it? How will you live your life? What will you change? Let yourself dream. Don't hold back. Describe a life that is complete and richly yours.

George Kinder, *Seven Stages of Money Maturity*

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## Scenario #2

You have just come from a visit to the doctor who told you that you have five years to live. The good part is that you won't ever feel sick. The bad part is that you will have no notice of the moment of your death. As you let the emotional impact of the situation sink in, ask yourself these questions: How will you change your life? What will you choose to do in the finite amount of time you have remaining?

George Kinder, *Seven Stages of Money Maturity*

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## Scenario #3

This time the doctor told you that you have only one day left in your life. The question you have now is not how to spend the hours that remain. Instead, ask yourself what am I feeling? What are my regrets and longings? What dreams will be left unfulfilled? What do I wish I had finished or had been? What do I wish I had done?

George Kinder, *Seven Stages of Money Maturity*

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## Financial Life Planning Process

1. Values, History and Attitudes
2. Discovering, Prioritizing & Clarifying Goals (Open-ended)
3. Investment Education & Preliminary Portfolio Allocation Selection
4. Preliminary Projections and Scenarios
5. Final Plan and Recommendations
6. Annual Renewal Process

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**Organizing a Financial  
Life Planning Practice**

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**Question to Ask Yourself**

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Are you building a  
business or a book of  
business?

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## **Marketing**

Meet Ralph Busco

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## **The Value of Advice:**

A Fee Structure for Financial Life  
Planners

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## **Choices**

- Hourly Fees
- Asset Management Fees
- % of Net Worth
- Flat Retainers

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**Our Fee Structure**

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- Advantages of Flat Fees**
- Reduces conflicts of interest (both perceived and real)
  - The emphasis is on the advice you give, not the investments you manage or the time you spend
  - People will more readily give you their assets to manage, since there are no additional fees
  - Administrative simplicity

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**Organizing Your Firm**

Silo or Ensemble

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**Professional Practice or Sales Organization**

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**Silo**

- Compensation based on what each individual or team does
- Clients are “owned” by senior team member or each planner
- Each team responsible for planning, investments, marketing, service, etc.
- Good for sales organization

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**Ensemble**

- The firm is the team
- Specialists deal with all clients in their areas of expertise
- Clients assigned to senior planners (relationship managers) based on best fit
- Compensation based on what the firm does
- Good for professional practice

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**Studies show that ensemble firms are the most profitable**

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**Positions in an Ensemble Firm**

- Director of Financial Planning
- Director of Investments
- Director of New Business Development
- Senior Planners (Relationship Managers)
- Chief Executive Officer
- Chief Operating Officer
- Director of Administration

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**Committees**

- Investment
- Finance
- Compliance
- Financial Planning
- Qualified Plans
- Marketing

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**Establishing Career Paths**

The key to growth

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**Some Basics**

- Employees want to do well
- While it may not be possible to motivate people, we can certainly de-motivate them
- Compensation is not that important unless it is not enough
- Select people who share your values
- Select people who like people
- Create a successful environment

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**Eisenhower's Definition of Leadership**

“The art of getting someone else to do something you want done because he wants to do it.”

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**Non-Monetary Rewards**

- Treat people with dignity
- Praise publicly
- Educate on the value of financial planning
- Create a “family” atmosphere

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**Compensating Professionals and Staff**

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**Compensation Philosophy**

- Compensation needs to be fair and competitive
- Everyone in the firm is rewarded based on the success of the entire firm
- Professionals are given the opportunity to become shareholders

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**Elements of Compensation**

- Base salary
- Incentive compensation
- Subjective bonuses
- Share of profit

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**Advantages of Multiple Shareholders**

- We each have a market for our shares in the event of retirement, disability, or death
- None of us is as smart as all of us
- Good people do not leave the firm to establish their own practices
- Key duties are shared by all owners and are not left for one person to accomplish
- The incentive to grow the firm is intense
- Recruiting quality associates is enhanced

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**Conclusions**

- You are building a business not a book of business
- Get paid for your most value resource: Advice
- Your staff is your most important asset (Andrew Carnegie)
- Compensate your people for growth
- Share the wealth

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“As sought after decision makers and opinion leaders, you are in a very unique position in a new helping profession that’s all about optimizing human lives”

Jim Cecil

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**Financial Life Planners:**

- Ask the right questions
- Listen carefully to the answers
- Help their clients focus on their real life goals
- Care enough to put their clients’ interests first
- And they...

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**Improve the Quality of Their Clients’ Lives!**

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“Consciously or unconsciously, every one of us renders some sort of service. If we cultivate the habit of doing this service deliberately, our desire for service will make, not only our own happiness, but that of the world at large.”

Gandhi

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Questions?

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