

Change the Central Question Guiding the Planning Conversation

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Editor's note: This is the second in a series of three articles. The first article, "Transforming from ROI-Centric Planning to Return on Life Planning," appeared in the May 2017 issue.

IN OUR INTRODUCTORY ARTICLE on Return on Life, or ROL-centric planning in the May issue, we asserted: "If you want to change the dynamics of the financial relationship to a value that is most meaningful, start by changing the central question being answered in that relationship."

The core question driving the advice and planning world has been: "Do you, or will you, have enough money?" Little wonder then that planners spend so much time validating allocations, investments, and returns, thereby creating a never-ending cul-de-sac dynamic where one must constantly justify how they are doing on a relative basis—resulting in a game no one can win.

In the ROL paradigm, the central question is not: "Do you have enough money?" Instead, it is: "Are you getting the best life possible with the money you have?" This question places the emphasis where it belongs: *on behaviors that produce results*. The ROL paradigm places the planner in a seat of true advice when weighing in with wisdom on the financial behaviors and principles that need to be applied to better a client's situation.

We have spent the last year investigating exactly what "getting the best life possible" looks like. What are the chief components of a quality life tied directly to financial decision-making?

Our research brought us to the con-

clusion that 10 aspects of life are tied to financial discretion and prudence, and that these 10 aspects constitute the three categories of what most would agree is a "quality life."

Put simply, these three categories are: (1) a sense of well-being; (2) the sense that you're making progress; and (3) the sense that you have freedom to live life the way you want.

How Do You Measure a "Quality Life"?

Our next challenge after identifying the 10 aspects contributing to a greater return on life was to figure out a way for clients and prospective clients to measure their situation against these 10 aspects. We concluded that people need to measure where they are presently against the ideals they are striving for in the context of return on life. This is how the ROL Index was born.

The ROL Index will help clients answer the question: "Am I getting the best life possible with the money I have?" For each of the 10 contributing aspects, we designed both a financial and a life-oriented question to impact success in each aspect of life. Clients are given the opportunity to assign a numeric value to their perception of progress in each of these areas. Our hope in advancing the ROL paradigm is to remove focus on comparative market measures and place attention and focus on personal progress, which is better for both the client and the planner.

Return on Life Components

In the following description of ROL components, we list the 10 aspects

impacting well-being, progress, and freedom. For each aspect, we have designed questions addressing both the financial and lifestyle contributors to success. Each aspect is articulated in simple, clear language and followed by two key contributing factors. Finally, we offer sample questions (both financial and lifestyle-oriented) for clients to ponder to improve each aspect of their life.

Category One: Well-Being

Aspect 1: Return on Health (I'm taking care of myself.)

I've been able to maintain my health without financial stress.

I regularly confirm the status of my physical health and overall well-being with my doctor(s).

- Do I have adequate health insurance?
- Am I proactively improving my health? Eating right? Regular exercise? Health club membership?
- Do I have a primary care physician?
- Do I get regular exams?

Aspect 2: Return on Relationships (I have healthy relationships with family and friends.)

My relationships have not been adversely affected by money matters.

I can afford to take care of the people I want to help.

- Have I taken steps to educate children/grandchildren on wise money management?
- Have I made loans to family or friends that have introduced tension?
- Are my parents or any other family members in need of financial assistance?

- Do I (we) have transparency in household spending?

**Aspect 3: Return on Residence
(I'm in the place I want to be.)**

I feel my home is the right place for me. I can comfortably afford the place(s) where I live.

- Am I comfortable to stay in this home for the long-term future?
- Are there living options that might be more practical or enjoyable?
- Are the costs of residence easily managed?
- Are we interested in a second home or vacation rental for winter or summer months?

**Aspect 4: Return on Security
(I'm comfortable with my financial situation.)**

I feel secure about my current financial situation.

I feel confident about my financial future.

- Do I (we) feel adequately insured with regard to health, home, and household possessions?
- Would my loved ones be able to maintain their lifestyle if I passed away?
- Am I involved in any investments I have reservations about?
- When is the last time I had my total wealth allocation reviewed?

Category Two: Progress

**Aspect 5: Return on Learning
(I'm happy with my educational investments.)**

I feel I am effectively using my finances toward education.

I am involved in lifelong learning through reading, training, and association with others.

- Have I conducted an analysis on the ROI of colleges for my child(ren)? (if applicable)
- Am I (we/family members) under strain regarding student loans?
- What investments would I like to make regarding my own growth and progress?

- Are there any learning experiences that I've been putting off?

**Aspect 6: Return on Achievement
(I am getting things done.)**

I've been able to fund my needs and pursue my aspirations.

I am pleased with my accomplishments.

- Are there are things I would attempt if I had the funding?
- Do I feel I am at the place I want to be in life at this time?
- Are obstacles holding me back from attempting something new?
- Can I see myself doing what I do for a long time?

**Aspect 7: Return on Leisure
(I am enjoying life.)**

I've been able to fund my hobbies and interests.

I am taking the time to visit the places I like to see, do the things I like to do, and spend time with the people important to me.

- Am I able to comfortably afford the memberships I have?
- Are there trips I want to make in the near future rather than later?
- Are there people far away that I want to visit soon?
- Are there new hobbies or interests that I've been putting off?

Category Three: Freedom

**Aspect 8: Return on Freedom
(I'm doing what I want to do.)**

My money has been used in ways to help me free my time.

I feel freedom in my work, relationships, and how I live my life.

- Have I made purchases that have caused stress in my life?
- Are there investments I'm in that make me uncomfortable?
- Am I feeling the freedom to do what I want in life?
- Do I have the time to attend to things that mean the most to me?

**Aspect 9: Return on Work
(I feel good about the contributions I make.)**

I feel I am compensated well (financially and/or non-financially) for the value I bring.

I get great satisfaction from the work I do.

- Am I being compensated for what I feel I'm worth?
- Do I feel appreciated for what I bring with my efforts?
- Am I consistently energized by the work that I do?
- Do I get positive reinforcement for my efforts?

**Aspect 10: Return on Purpose
(I'm living with meaning.)**

I am living my life "on purpose."

I feel I am able to live and give generously with my time, talents, and/or finances.

- Do I desire to give more of my time and substance?
- Am I perfectly comfortable with the causes I do support?
- Are there charitable aspirations that I have not yet pursued?
- Are there causes I'd like to gain greater exposure to?

Change the central question you are attempting to answer, and the perception of your value will change with it. The ROL Index is a more comprehensive attempt at answering the questions that really matter to clients. ■

Mitch Anthony is the author of *The New Retirementality* (now in its fourth edition), *Your Clients for Life*, and *Your Client's Story*. He is a popular keynote speaker who is widely recognized as a pioneer in financial life planning.

Steve Sanduski, CFP®, is a New York Times best-selling author and podcast host whose firm, *Belay Advisor*, works with individuals and firms to accelerate their growth. Together Anthony and Sanduski co-founded *ROL Advisor*, a company that equips financial advisers to facilitate *Return on Life* conversations with their clients and prospects.