

Your Clients' Financial Comfort Zone

By Tracy Piercy, CFP

Financial professionals, whether they are accountants, insurance reps or stock brokers, are used to asking their clients about money – it's how we get the information we need to make an accurate financial plan. But are you getting the whole picture? What are the questions you **aren't** asking? I suspect many of the unasked questions are the delicate ones, where you have to probe your client's attitudes, and determine their comfort zone.

Here are some that I have used in my practice:

- At what point do you relax about money?
- At what point is it not a key factor in most of your daily life?
- Are you more comfortable with money in the bank or with income you know is coming in?
- How much money do you like to see in the bank?
- How much income do you need to stop worrying?

Here are some even more unusual questions:

Are you more comfortable spending items of a smaller value such as \$20 x 5 items or one item at \$100?

- Do you carry cash?
- If so, how much do you like to have in your wallet?
- Do you withdraw what you need or do you have a regular comfortable amount of money you withdraw each time?
- Do you spend as much time thinking of ways to generate income as you do thinking of ways to spend it? Do you know how much you really spend each month?
- Does a certain amount of income register in your mind as being worthy of your time and consideration?
- If so, what is it?
- Is there a point when the income potential just doesn't seem significant?

You can probably think of many more questions to ask on this topic, but do they really matter? The answer is **absolutely**. Because becoming aware of your clients' biases, values and comfort levels will help you to help them plan for today and for the future.

Speaking from my own experience as a working person running a household (not just as a financial advisor), it took a long time before I realized having money in the bank or in an investment didn't really mean as much to me as knowing I had income on a regular basis. I am much more relaxed about financial matters when I can plan around a regular income, rather than having to apportion larger sums less frequently. With this knowledge, I can plan my preferred income structure accordingly. Clients in sales, for instance, with a comfort level like mine would be happier selling more items with a smaller commission than larger items with a bigger paycheque.

For long-term financial planning, many people want to know how much money they will have available to them when they leave work. If the person asking had a profile similar to mine (which is the most common profile, by the way), then even if they achieved their target accumulation figure, they would be extremely uncomfortable with that lump sum of available wealth unless the underlying assets could provide a guaranteed income. People with this profile will also be more stressed watching the value of their savings drop as they withdraw funds for income needs.

Whether they like it or not, it's invaluable for your clients to understand these things so they can make decisions that support their emotions around money. When your clients are aware of their real needs and communicate them to you, their advisor, together you can make decisions and plans that will support them and allow them to have financial control over their destiny while keeping stress at bay.

All because you asked the right questions.

Money expert Tracy Piercy is a Certified Financial Planner, author, and founder of the personal MoneyMinding Makeover System. To learn more about this step by step system and to get the **Free 12 Simple Steps** program visit www.moneyminding.com.

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