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Entrepreneur

What Do You Really Want to Do With Your Money?

A new class of financial planners is helping entrepreneurs realize their goals now while still planning for the future.

By Dinah Eng | April 13, 2010

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Most people go to financial planners for advice on how to manage investments and save for retirement, but a new trend in money management is challenging investors to take a more holistic view of their money.

A new specialty called financial life planning encourages investors to explore personal values and take a life-centered approach to financial planning by allocating resources not only for the future, but for present-day life goals, as well.

Getting small-business owners, whose lives often revolve around work, to examine what gives their lives meaning is not always easy, say financial life planners who are trained to help clients explore what they really want to do with their money.

"We ask questions to look into what people are really planning for--in retirement and today," says Justin Krane, president of Krane Financial Solutions in Los Angeles. "Most small-business owners' net worth is invested in their business, so we need to get them to look at diversifying their assets."

The kinds of questions Krane asks his clients include:

- When are you happiest?
- What would you do if you had all the money in the world?
- If you had five to 10 years to live, and you didn't know when you were going to die, what would you want to do with your life?
- What is the responsibility you'd most like to give up?

"The answers tell me what's important to the client and what they value," Krane says. "Until you know where you want to go, I can't help you get there. Financial life planning is all about how to make your life better with your money."

Mark Turczynski, president of Midwest Engineering Consultants in Moline, Ill., owns an engineering practice with 12 employees. He's working with a financial life planner on transitioning into retirement while taking care of his son's college education.

"When we sit down with our planner, he talks about what we want to do and when. Then we look at the numbers," Turczynski says. "Before, I just thought all I wanted was to make the most money out of my investments. I didn't know over what period, or what the money would be for."



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Turczynski and his wife enjoy attending "TPC Cafes," financial life planning group discussions hosted by their planner, Marty Kurtz, founder of The Planning Center in Moline.

"All of us talk about our lives, what's important to us, and what we're doing," Turczynski says. "Even if you're frustrated about the economy, you're not the only one who feels that way. One older man in the group had an issue about figuring out what he wanted to do when he retired, and that made me think about what I want. I'm now working on this bucket of things that appeal to me, and how I'll pay for them."

Kurtz brings together eight to 15 clients for conversations that focus on questions like: How do you feel money influences your life? How do you talk to your children about money? How is the media impacting your life in the panic of this economy?

"We're integrating what we see in our heads and hearts with the reality of inventory, banking and profits," Kurtz says. "Do you share the profits with your employees, do you buy a yacht, or do you put it back into your business? Those are not financial decisions. They're decisions of the mind and heart, made as a reflection of what we value. Money is not a destination. It's a vehicle to get to a destination."

While there's no specific certification process to become a financial life planner, many Certified Financial Planners have trained with MoneyQuotient, a nonprofit organization in Poulsbo, Wash., that develops financial life planning tools and offers training to planners.

Carol Anderson, who launched MoneyQuotient in 2001, says financial well-being requires practical knowledge about finance and an awareness of the emotional attitudes that drive financial decisions.

"The Great Recession has been a huge wake-up call to Americans to re-examine their values," Anderson says. "Small-business owners tend to put in many more hours than employees do, so they're not as likely to take the time to maintain a balanced life. It's good to examine where you are annually, so that there will be no regrets at the end of the day when the business is sold."

Michael Kay, president of Financial Focus in Livingston, N.J., says everyone has a money biography that influences their financial decisions, and it's important to understand what motivates financial behaviors in order to change them, if needed.

"If I'm working with someone who grew up during the Depression, they don't spend a dime because the Depression is in their DNA," Kay says. "Or they spend every dime because once they have money, they're never going to feel that way again. If you have someone who can't keep a dollar in their pocket, what are the chances that any financial plan will work unless they change their behavior?"

Kay notes that small-business owners are extraordinarily comfortable with risks taken in business, but risk-taking outside work is usually more difficult because giving up control is hard for them. Having conversations that get at the heart of what money means to someone is key to successful financial planning, he adds.

One small-business owner came to Kay because he was extremely controlling with money, and his wife was getting frustrated with the behavior.

"After we went through the money biography exercise, he sat there dumbfounded," Kay says. "He said he never realized he was so closed up about money because it represented so much pain and conflict in his family while growing up. He started to cry, and she started to cry."

After that breakthrough, the couple decided to have money conversations in a relaxed setting, and to help each other achieve goals with a written financial plan.

Joan Sharp, a Certified Financial Planner with Life Strategies LLC in Wilmington, Del., says money means different things to different people, and some people may not want to talk about their spending habits.

"For my first meeting with clients, I say 'Don't bring any numbers or financial statements,'" Sharp says. "I talk to them first about their goals, and what makes them feel like they're making progress in life. Some people don't want to talk about what they're currently spending because they're afraid they might have to change. I ask clients 'If you could spend your money anywhere, where are the top three places you'd spend it, and where are you spending it now?'"

Some people might say it's important to work out at a gym every day or get coffee at Starbucks, she notes.

"If I, as a planner, say you can't do that, they're going to shut down and won't save," Sharp says. "So you have to make people's priorities part of the overhead to honor what's important to the client."

For Carol Gausz, president of Blue Heron Associates Inc. in Wilmington, making financial decisions to meet present-day values, as well as future goals, makes great sense.

"As I got clear about my goals, it was pre-recession, and I was able to generate the income I wanted," says Gausz. "I was able to do a home renovation and not compromise my retirement or my daughter's college education fund.

"The recession helped me to look at money as a more precious resource. In the last three or four months, the sales cycle has slowed down for me. But I went into the recession with a cushion that's enabled me to sleep at night. So even though sales have slowed, I'm not anxious."