INSIDE INFORMATION
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CLIENT TRANSITION PLANNING

***Synopsis**: Most of the reasons why clients come to your door involve stressful changes in their money situations--and their lives. Here's how you can help them with more than just their money.*

***Takeaways**: The tools include a decision-free zone, a rich conversation about communication preferences, and a way to connect a client's emotional desires with the technical aspects of a plan.*

Every year, when the trade magazines come out with their "most influential" listings, they always leave out George Kinder, Carol Anderson and Mitch Anthony--the people who are doing truly influential and hugely important work: making the financial planning service relevant to clients' lives. But I think today's most interesting thinker on the topic, the person who provides the most cutting-edge training, is Susan Bradley of the Sudden Money Institute.

The name is misleading. Sudden Money is not (as a lot of advisors seem to believe) about working with lottery winners. Sudden Money training helps advisors do a better job of helping people successfully navigate significant shifts in their financial lives--transitions from a familiar life to something new and unknown.

Like what? Like selling a business, receiving an inheritance or signing a professional sports contract. Like losing a spouse, any significant career change, a legal or insurance settlement, losing a lot of money--and, of course, retirement.

In other words, any and all of the trigger events that bring people to your door.

"The number you often hear is that 70% of people who hire financial advisors do it because of a major life event," says Bradley. "I personally think that's an underestimate, but we do know that 100% of clients will go through these transitions at various stages of their lives. And typically," Bradley adds: "it's how they handle these decision points that determines their financial future."

One of the core beliefs of the Sudden Money Institute is that when money changes, a person's life changes--and vice versa. Another: change tends to be very stressful, which means that clients will be experiencing a lot of mental distraction as they try to make some of the most important decisions of their lives.

"These stress responses show up in the neurology, physiology and sociology of the client," Bradley explains. "You see a measurable drop in cognitive functioning. There is an experience of overwhelm that shows up in behavior and communication."

To understand the kind of shocked state that a client might be in as a result of a big money change, Bradley invites you to remember a time when you were late for an

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important appointment, trying to get out the door, but people are asking you a lot of questions, trying to get your attention and get you to make decisions where the alternatives are not clear. "Suddenly," says Bradley, "you can't find your keys. They may be where they are supposed to be, but you can't quite find them. These are flashes of cognitive disorder or disconnect. People in transition are triggered over and over again in this stress response when they're trying to manage change."

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This, in turn, can result in less-than-optimal processing of the great plan you've created for them. "Their attention span is shortened," says Bradley. "They have poor follow-through, and are inconsistent in their behavior: one minute they don't want to take risks; the next they want to invest for growth. This complicates their ability to make good decisions, and the advisor's ability to create a good financial plan and lead them through it. Advisors keep repeating their great advice, but it isn't getting through."

I think the basic point here is something that everybody who is reading this should stop and reflect on. The typical client who comes in to see you, as the result of a change in his or her financial circumstances, may very well be in a state of at least mild shock, and not totally in his or her right mind. Many advisors will be wary of a client who is behaving somewhat erratically, or become frustrated by their difficult oddities. You may be inclined to offer a nicely-crafted spreadsheet instead of a lifeline back towards sanity, which is what the client really needs.

Sudden Money-trained advisors don't see these as difficult people. They see them as people who are, in Bradley's phrase, stuck trying to cross the street in the middle of a lot of traffic. "We know how to help them carefully, and at their own pace, move through and get to the other side," she says.

Notice that this is different from what we normally think of as life planning. "A traditional life planner will sit the client who is in this kind of shock down in the office," says Bradley, "and she will ask: what are your goals, and what do you want to accomplish, and what is going on in your life? What we are saying is: if they come in with a transition and there is trauma associated with it, the place to start is the transition and the trauma."

So what do you do about this? How do you help people navigate through this transition period of uncertainty?

The Sudden Money Institute has created a set of tools, more than can be reported here, that make it easier for a client to function rationally under conditions of stress. Let's start with the decision-free zone. "We push aside whatever doesn't need to be done right now, and make an agreement not to make any decisions on those things for six months or a year," Bradley explains.

For somebody who has come into a windfall, that provides a convenient answer to the life insurance salesperson who is calling persistently, or to the brother-in-law who needs a loan to start his new golf coaching business. The client and advisor narrow their attention down to a much smaller list of things that absolutely must be handled now, and the entire engagement is focused only on those things, with the distractions pushed aside.

Interestingly, this decision-free concept not only helps clients eliminate confusion; it also tends to expose the people who are more interested in attaching like a leech to the new money than they are in the best interests of the client. If the insurance agent calls persistently after being told about the decision-free year, the client has an easy way of seeing that the agenda is not about her.

It also helps the advisor. "Advisors, typically, can sum up all the factors in these situations pretty quickly," says Bradley. "They can do the analysis and say, you have this much money, it is in these kinds of assets, you are this old, you have this kind of charitable intent, okay, I've got it; let me tell you what to do." This immediately overwhelms clients with a lot of information that they can't process and may not even hear.

The decision-free zone helps expose the people who are more interested in a client's new money than the client herself.

"If you don't have this decision-free prioritization," says Bradley, "you have a client who is hearing a lot of white noise, and an advisor who is frustrated that the client is not taking his great advice, or calling back, or following through." By focusing on a few issues, the advisor can start to make visible progress and restore functional lines of communication.

Other tools? Sudden Money advisors and their clients, sometimes in the first meeting, will go through a communication preference exercise to help them understand how their clients like to communicate around money in a professional setting. This is NOT whether they want to communicate by email or phone; the 17 items on the list include things like: *"Remember my need for control." "Give me bullet points and outlines." "Please give me options." "Remember my need for time to process." "Use logic, summaries and key points." "Slow down the pace of communication." "Use graphics and verbal communication." Invest time in building the relationship."*

Interestingly, the discussion about the client's choices will be far more informative than the choices themselves. Bradley tells the story of a woman who boldly circled the "need for control" option. Bradley asked what she meant by this. Control the meeting? The agenda? The nature of the advice?

"She explained something very different from what I was imagining she meant by 'control,'" says Bradley. "Her parents had died, and she saw herself as a mess with money because of some past incidents. She is self-supporting but hadn't saved much, and is absolutely petrified that she is going to blow the money from the inheritance."

The woman had already experienced several disastrous meetings with the parents' financial advisor and lawyer. "She sits in the meeting, and is wondering if they know she is a mess with money," says Bradley. "Her mind is preoccupied with what it would be like to be a bag lady, so much that she doesn't hear or understand a word the professional advisors are saying to her. She would nod her head and be polite, and leave the meeting with no idea what just went on. They would call her for a decision and she wouldn't call back because she didn't know what to say."

This is what the client meant by being out of control. To give her back a sense of control, Bradley created a protocol where she would send the client an email the day before any meeting, summarizing the two points that would be made during the meeting--and no meeting would include more than two planning issues or last more than 45 minutes; otherwise the client would get mentally exhausted. "The email would also include the first and last names of everyone she will be in the meeting with, and a reminder of what to bring. That," says Bradley, "is her meaning of being in control. It makes her feel capable and competent."

Another example came up with a client couple. Bradley went through the exercise and discovered that the husband wanted to get straight to the bottom line; he hated the socializing part of the advisor relationship that his wife enjoyed. "A 15 minute meeting, 20 minutes max, suits him," says Bradley. "He just wants to come in, tell me what I'm supposed to be thinking about, what you think I'm supposed to do, I'll make a decision, get me out of there. She loves to know about the children, the grandchildren, and share restaurants and that kind of stuff. It was her inheritance that created the money, so she was always taking the lead.

"The meetings always started with a lot of chit-chat, and he was ready to kill himself," adds Bradley. "When it finally got around to the time when we were making decisions, he was angry, frustrated, stressed-out and looked like he was ready to explode."

Without training, the advisor might conclude that the husband had a big problem with his wife receiving an inheritance. But Bradley resolved the problem by setting aside the first 15 minutes of every meeting to getting straight to the bottom line. Then the husband had permission to leave, and the wife would hang out and socialize.

Do you have time for one more tool? Before complex plans are formulated or implemented, Sudden Money advisors will go through a "purpose, method, outcome" exercise that is designed to connect clients with the emotional "why" of their decisions.

As an example, consider the not-unusual case of a small business owner and son who somehow don't seem to be interested in the fancy estate plan that a team of advisors has created for them. "These people have illiquid assets and assets that are hard to value," says Bradley. "There are other heirs to be taken care of, and a big life insurance policy is involved."

The estate planning and insurance professionals have proudly presented the father and son with 10 pages of bullet points about multiple trusts, life insurance and dramatically lower estate taxes. "The estate document basically explains why and how and because," says Bradley. "The father is not reading it, the son is not really paying attention, and the advisors are going over it again and again and again. The father would say, 'I'm not dead yet. There's still time.'"

When a Sudden Money advisor took the father and son through a purpose-method-outcome conversation, he quickly learned that the business owner's real goals had never been uncovered. "He really wanted his money to benefit his heirs for generations," says Bradley. "He wanted the great grandchildren he would never meet to go to school and have families without the kind of worry he experienced--and that was a far bigger motivator than avoiding estate tax. If you create a plan without an emotional connection," she adds, "you shouldn't be surprised that clients are not really committed to it."

Each of these tools support Sudden Money's four core competencies. The communication preferences tool is part of the "trust" competency, helping clients feel heard and understood. The decision-free zone facilitates what Bradley calls the "calm mind" competency, which makes it easier for clients to make rational decisions. The purpose-method-outcome tool facilitates the competency of "emotional connection."

The fourth--"confidence"--core competency is facilitated by very clear messaging that addresses the kinesthetic, auditory and visual learning styles--which, Bradley believes, all of us have in combination. The Institute has also created elaborate one-page summary sheets which distill a financial plan down to a single set of graphics with, sometimes, a flow chart. "Advisors have a tendency to create these complicated documents, where they seem to feel obligated to put everything they know down on paper," says Bradley. "We may have five or ten pages of projections and explanations, but the first page is the one-page overview. If that overview is right," she says, "then people are going to get it."

Some advisors seem to feel obligated to put everything they know down on the client reports and recommendations.

There really isn't enough room in this newsletter to discuss in detail the "giving and sharing" tool (thinking through financial gifts and bequests); the "family care policy" (about sharing money within the family, what the expectations would be, how to ask and when); the "stewardship policy for families;" the "checklist for uncertainty;" or the dozens of other interesting contraptions in the Sudden Money toolkit. There is a "What If" workbook that helps people reinvent themselves from their previous life and consciously invent their new normalcy after the transition. There is an "anything but not everything" exercise that allows clients to prioritize their goals.

But here's the most interesting part: Sudden Money was founded in 2000, is celebrating its 12 birthday, and is still deep in obscurity for much of the profession. At the moment there are only 65 people in the program.

Money is not the issue. The program costs $467 a month, which includes the two-day core training with Bradley, private coaching, group coaching, a study group system and eight webcasts a year with faculty member Courtney Pullen (who spoke at the 2012 Retreat) and faculty member Moira Somers (who keynoted at the same meeting). There are programs that can be used with local centers of influence, and help with practice management and marketing.

A subset of these advisors will also go through an intense five-day retreat with Pullen and Bradley, called Inward Bound, which Bradley describes as a focus not on doing, but on being. "Those that go through Inward Bound are then invited to go on to what we call the Mastery Track, which goes in deeper," she adds. A Sudden Money Master's Guild is in the conceptual stages.

Bradley is working on democratizing the program and making some of the material more accessible to a broader range of advisors. She's creating an online study course on the four primary tools, for advisors who aren't interested in completing the full training program. These advisors will also get access to the Sudden Money website's resource center.

How important is all this? Bradley argues, persuasively, that the transition story is THE story of the planning/advisory profession. "Transitions drive your business," she says. "They are the reasons advisors are hired and fired. They are the most important events in your clients' lives."

And, of course, the world is moving more quickly with each passing year, increasing the pace of change, transition and unfamiliarity. Clients will go through more of these transitions in the future, and they will be spaced more closely. Advisors may be the only professionals that people can turn to as they navigate their most stressful transitions, and most of those advisors, alas, are devoting most of their attention to the numbers and assets.

Sudden Money is the planning profession's answer to questions that stress-addled clients today have no idea how to articulate. "You can't get rid of change," says Bradley. "And you can't get rid of your bioreaction stress response to it. But you can learn how to manage it so you don't make a serious mistake. Our tools," she adds, "help advisors keep their clients safe."