

# The Efficacy of Life Planning Communication Tasks in Developing Successful Planner-Client Relationships

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Recently, the financial planning profession has emphasized the importance of actively engaging clients in a more holistic exploration of their financial lives using an approach known variously as life planning, financial life planning, and interior finance. This model of service delivery uses a collaborative, client-centered approach to communication that integrates a client's values-based life goals with their financial goals.

In light of the growing importance of the qualitative aspects of developing long-term client relationships, we felt it was important to explore the efficacy of the life planning approach as a means of addressing this need. Although anecdotal evidence exists, there is a lack of scientific research to verify its benefits. Furthermore, in order to identify best practices, the financial planning profession recognizes the importance of learning more about how various aspects of communication can contribute to the development of client trust and commitment as well as

## Executive Summary

- This article is an excerpt from *Research: Communication Issues in Life Planning: Defining Key Factors in Developing Successful Planner-Client Relationships*, a white paper recently published by FPA Press. The study is based on a survey of financial planners and their clients.
- The research identified five communication tasks representative of a life planning approach that are directly related to higher levels of client trust and commitment in financial planning relationships.
- Results also demonstrated statistically significant correlations with other important outcomes of planner-client relationships including client satisfaction, retention, and referrals. For example, clients who strongly agreed versus agreed with the statement "My financial

planner used a systematic process to help me clarify my values and priorities" were 3.2 time more likely to strongly agree that they have no interest in transferring to a different planner.

- Similar results were found for three other communication tasks: defining the scope of the engagement, identifying meaningful personal and financial goals, and explaining how financial advice aligns with client values and goals.
- Results were more mixed, however, regarding specific topics of qualitative data gathering. For example, client responses indicated a strong link between trust and commitment and a planner's efforts to learn about cultural expectations, personality types, and family history. In contrast, planner responses indicated that they do not recognize the value of exploring these areas.

other important outcomes of successful financial planning relationships.

This research project was designed and conducted in collaboration with fellow members of the Life Planning Consortium.<sup>1</sup> In addition, the Financial Planning Association co-sponsored the study and Certified Financial Planner Board of Standards Inc. provided funding. The full report was recently published by FPA Press as a white paper, *Research: Com-*

*munication Issues in Life Planning: Defining Key Factors in Developing Successful Planner-Client Relationships*. This article was adapted from the white paper and focuses on identifying communication tasks that enhance the financial planning process and strengthen planner-client relationships.

The word "task" is defined as "a function to be performed, an objective." Therefore, in the context of this research project, we consider a communication task to be one

that requires effective communication in order to implement and complete the financial planning process. In short, we regard a communication task as “communication in action,” and the place where the art and science of financial planning meet.

### CFP Board Practice Standards as Guidelines

In designing this portion of our research, we relied heavily on the professional guidelines developed by Certified Financial Planner Board of Standards Inc. (CFP Board) “for the ultimate benefit of consumers of financial planning services.”<sup>2</sup> In “Financial Planning Practice Standards,” the authors wrote, “A Practice Standard establishes the level of professional practice that is expected of CFP Board designees engaged in financial planning.” From this document, we selected three practice standards that describe specific communication tasks and which we used as a framework for our inquiry.

**1. Practice Standard 100-1: Defining Scope of Engagement.** The financial planning practitioner and the client shall mutually define the scope of the engagement before any financial planning service is provided.

The rationale given for this standard is that “mutually defining the scope of the engagement serves to establish realistic expectations for the client and practitioner.” The authors also noted that this practice will provide a framework for the financial planning process and enhance the potential for positive results.

The profession benefits when clients are satisfied. This is more likely to happen when clients have expectations of the process, which are both realistic and clear, before services are provided.

**2. Practice Standard 200-1: Determining a Client’s Personal and Financial Goals, Needs, and Priorities.** The financial planning practitioner and the client shall mutually define the client’s personal and financial goals, needs and priorities that are

relevant to the scope of the engagement before any recommendation is made and/or implemented.

CFP Board established two practice standards for Step 2 of the financial planning process, “gather client data.” Practice Standard 200-1, quoted above, addresses inquiry into the more qualitative aspects of a client’s life. In contrast, Practice Standard 200-2 addresses the need to “obtain sufficient quantitative information and documents about a client relevant to the scope of the engagement.”

For the purposes of our study, we chose to focus on the lesser known Practice Standard 200-1 because it is more subjective in nature and because it is closely aligned with aspects of the life planning approach to delivering financial services and developing planner-client relationships.

In explaining Practice Standard 200-1, CFP Board identifies more than one communication task that it requires. For example, CFP Board specifies that in order to mutually define the client’s personal and financial goals, needs, and priorities, the practitioner must also explore the client’s values, attitudes, expectations, and time horizons. The reason? “Personal values and attitudes shape the client’s goals and objectives and the priority placed on them.”

In addition, CFP Board states that the role of the practitioner “is to facilitate the goal-setting process in order to clarify, with the client, goals and objectives.” The reason? “Goals and objectives provide focus, purpose, vision, and direction for the financial planning process.”

**3. Practice Standard 400-3: Presenting the Financial Planning Recommendation(s).** The financial planning practitioner shall communicate the recommendation(s) in a manner and to an extent reasonably necessary to assist the client in making an informed decision.

CFP Board specifies that, when

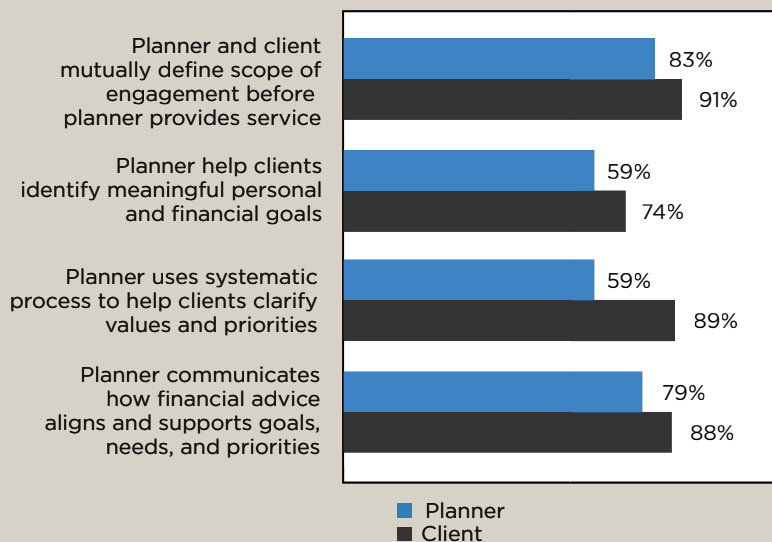
presenting a recommendation, “the practitioner shall make a reasonable effort to assist the client in understanding the client’s current situation, the recommendation itself, and its impact on the ability to meet the client’s goals, needs, and priorities.” As a result, according to CFP Board, consumers are better served because strategies and recommendations are clearly communicated to specifically meet each client’s individual financial planning goals, needs, and priorities. In addition, this practice increases the likelihood that a client will accept the recommendations and act upon them. This, in turn, will contribute to client satisfaction.

### Five Financial Planning Communication Tasks

The primary objective of our research was to identify specific elements of communication that engender trust and commitment in planner-client relationships. One of the areas we examined was the various communication tasks that planners undertake in completing the six-step financial planning process. In particular, we examined the following five financial planning communication tasks that we felt were also representative of a client-centered, life planning approach to service delivery:

1. Planner and client mutually define scope of engagement before provision of financial planning services
2. Planner helps client identify meaningful personal and financial goals and objectives
3. Planner uses a systematic process to help client clarify values and priorities
4. Planner makes effort to explore and learn about the client’s cultural expectations/biases, personality type/traits, money attitudes/beliefs, and family history/values
5. Planner explains how financial advice aligns with and supports client values, goals, needs, and priorities

In addition to assessing the statistical relationship of these communication tasks to client trust and client commitment, we

**Figure 1: Standards of Practice: Communication Tasks**

also explored their effect on six other important outcomes of successful planner-client relationships:

1. Client retention
2. Client satisfaction with planner-client relationship
3. Client cooperation with financial planning recommendations
4. Client openness in disclosing financial information
5. Client openness in disclosing personal information
6. Client referrals

We developed survey items based on the practice standards discussed earlier. In this section, we present the responses of both

planners and clients regarding the fulfillment of the five financial planning communication tasks. We also present the results of analyses that allow us to identify statistically significant variable relationships and to compare and contrast the perspectives of financial planners with those of financial planning clients.

#### Define the Scope of the Engagement: Planner and client mutually define scope of engagement before provision of financial planning services

**Opinions of planners and clients.** Eighty-three percent of planners indicated that

they either agreed or strongly agreed with the statement “Before providing any financial planning service, I make sure that the client and I have mutually defined and agreed upon the scope of the engagement.” Interestingly, a higher percent of clients (91 percent) expressed agreement or strong agreement with the matching statement in the client survey (see Figure 1).

**Relationship with client trust and commitment.** With one very slight exception, statistically significant correlations were found between both planner and client responses and the scales that measured levels of client trust and commitment (see Table 1). The exception was the statistical relationship between client responses regarding mutually defining the scope of the engagement and the scale measuring client trust, which was slightly above the threshold established for this study ( $p = .0502$  versus  $p < .05$ ).

Nonetheless, these results indicate, from the perspectives of both planners and clients, that a direct and positive relationship exists between higher levels of fulfilling the communication task “mutually defining scope of engagement” and higher levels of client trust and commitment.

**Relationship with other important outcomes.** Statistically significant correlations were also found between client and planner responses regarding mutually defining scope of engagement and higher levels of all six selected indicators of successful planner-client relationships:

**Table 1: Statistically Significant Correlations between Communication Tasks and Client Trust and Commitment**

Element of Communication	Planner and client mutually define scope of engagement before planner provides service		Planner helps clients identify meaningful personal and financial goals		Planner uses systematic process to help clients clarify values and priorities		Planner communicates how financial advice aligns and supports client's values, goals, and priorities	
	Planner	Client	Planner	Client	Planner	Client	Planner	Client
Outcome								
Trust Scale	$p < .001$	$.0502$	$p < .001$	$.0652$	$p < .01$	$p < .05$	$p < .001$	$p < .001$
Commitment Scale	$p < .001$	$p < .001$	$p < .001$	$p < .001$	$p < .001$	$p < .001$	$p < .001$	$p < .001$
&—Nearly significant at the 0.05 level	In statistics, a result is called <b>statistically significant</b> if it is unlikely to have occurred by chance. Therefore, the p values ( $p < .05$ , $p < .01$ , and $p < .001$ ) are <b>probabilities</b> and refer to <b>levels of significance</b> . These mean that the chances of obtaining the measured associations due to sampling error are less than 5 in 100, 1 in 100, and 1 in 1,000, respectively.							

(1) client retention; (2) satisfaction with planner-client relationship; (3) cooperation with financial planning recommendations; (4) openness in disclosing financial information; (5) openness to sharing personal goals, needs, and priorities; and (6) recommending planner to others (see Table 2).

In addition, cross-tabulation analyses of client responses revealed notable examples of the direct and positive relationship between this communication task (mutually defining the scope of the engagement) and five important outcomes of planner-client relationships. Clients who strongly agreed versus agreed with the statement “Before providing any financial planning service, my financial planner and I mutually defined and agreed upon the scope of the work/project he or she would complete for me” were

1. Over 1.8 times more likely to strongly agree that they have no interest in transferring to a different planner (client retention)
2. Nearly 5.2 times more likely to strongly agree that they fully cooperate with their planners by following

through on all financial planning recommendations (client cooperation)

3. Over 2.2 times more likely to strongly agree they feel completely open to disclosing financial information to their individual financial planners (client’s financial openness)
4. Nearly 3.2 times more likely to strongly agree that they are open to sharing personal goals, needs, and priorities with their individual financial planners (client’s personal openness)
5. Three times more likely to strongly agree that they frequently recommend their individual financial planners to others (client referrals)

### Gather Qualitative Data: Planners help clients identify meaningful personal and financial goals and objectives

**Opinions of planners and clients.** Fifty-nine percent of planners indicated that they either agreed or strongly agreed with the statement “I use a goal-setting process with my clients to help them identify meaningful personal and financial goals and objectives.” The complementary state-

ment in the client survey was less specific by not including the phrase “goal-setting process.” This may account for the fact that a higher percentage of clients (74 percent) indicated agreement or strong agreement with this statement on the client survey: “My financial adviser helped me to identify meaningful personal and financial goals and objectives” (see Figure 1).

**Relationship with client trust and commitment.** Statistically significant correlations were found between both planner and client responses and the scales that measured levels of client trust and commitment (see Table 1). There was one exception: The statistical relationship between client responses about helping client(s) identify meaningful personal and financial goals and objectives and the scale measuring client trust was slightly above the threshold established for this study ( $p = .0652$  versus  $p < .05$ ). Nonetheless, these results indicate, from the perspectives of both planners and clients, that a direct and positive relationship exists between higher levels of fulfilling the communication task, “helping client(s) identify meaningful personal and

**Table 2: Statistically Significant Correlations between Communication Tasks and Important Outcomes of Planner-Client Relationships**

Element of Communication	Planner and client mutually define scope of engagement before planner provides service		Planner helps clients identify meaningful personal and financial goals		Planner uses systematic process to help clients clarify values and priorities		Planner communicates how financial advice aligns and supports client’s values, goals, and priorities	
	Planner	Client	Planner	Client	Planner	Client	Planner	Client
Outcome Retention	$p < .001$	$p < .001$	$p < .001$	$p < .001$	$p < .001$	$p < .001$	$p < .001$	$p < .001$
Satisfaction w/ Relationships	$p < .001$	$p < .01$	$p < .001$	$p < .001$	$p < .05$	$p < .001$	$p < .001$	$p < .001$
Cooperation w/ Recommendations	$p < .001$	$p < .001$	$p < .001$	$p < .001$	$p < .01$	$p < .01$	$p < .001$	$p < .001$
Openness—Financial	$p < .001$	$p < .001$	$p < .001$	$p < .001$	$p < .001$	$p < .05$	$p < .001$	$p < .001$
Openness—Personal	$p < .001$	$p < .001$	$p < .001$	$p < .001$	$p < .001$	$p < .001$	$p < .001$	$p < .001$
Referrals	$p < .001$	$p < .001$	$p < .01$	$p < .001$	$p < .01$	$p < .01$	$p < .001$	$p < .001$
NS—Not significant at the 0.05 level &—Nearly significant at the 0.05 level	In statistics, a result is called <b>statistically significant</b> if it is unlikely to have occurred by chance. Therefore, the $p$ values ( $p < .05$ , $p < .01$ , and $p < .001$ ) are <b>probabilities</b> and refer to <b>levels of significance</b> . These mean that the chances of obtaining the measured associations due to sampling error are less than 5 in 100, 1 in 100, and 1 in 1,000, respectively.							

financial goals and objectives,” and higher levels of client trust and commitment.

**Relationship with other important outcomes.** Statistically significant correlations were also found between client and planner responses regarding helping client(s) identify meaningful personal and financial goals and objectives and higher levels of all six selected indicators of successful planner-client relationships listed earlier (see Table 2).

In addition, cross-tabulation analyses of client responses revealed notable examples of the direct and positive relationship between this communication task (planner helps client to identify meaningful personal and financial goals and objectives) and other desired outcomes of planner-client relationships. Clients who strongly agreed versus agreed with the statement “My financial adviser helped me to identify meaningful personal and financial goals” were

1. Nearly 1.8 times more likely to strongly agree that they fully cooperate with their planners by following through on all financial planning recommendations (client cooperation)
2. Nearly 1.8 times more likely to strongly agree that they frequently recommend their individual financial planners to others (client referrals)

#### **Gather Qualitative Data: Planner uses a systematic process to help clients clarify values and priorities**

**Opinions of planners and clients.** Fifty-nine percent of planners indicated that they either agreed or strongly agreed with the statement “I use a systematic process (set of worksheets, series of questions, etc.) to help my clients clarify their values and priorities.” Surprisingly, a much higher percent of clients (89 percent) expressed agreement or strong agreement with the matching statement in the client survey (see Figure 1).

**Relationship with client trust and commitment.** Statistically significant correlations were found between both planner and client responses and the scales that

measured levels of client trust and commitment. This finding indicates, from the perspective of both planners and clients, that a direct and positive relationship exists between higher levels of this communication task (using a systematic process to help clients clarify values and priorities) and higher levels of client trust and commitment (see Table 1).

**Relationship with other important outcomes.** Statistically significant correlations were also found between client and planner responses regarding using a systematic process to help clients clarify values and priorities and higher levels of all six selected indicators of successful planner-client relationships: (1) client retention; (2) satisfaction with the planner-client relationship; (3) cooperation with financial planning recommendations; (4) openness in disclosing financial information; (5) openness to sharing personal goals, needs, and priorities; and (6) recommending planner to others (see Table 2).

In addition, cross-tabulation analyses of client responses revealed notable examples of the direct and positive relationship of this communication task (using a systematic process to help clients clarify values and priorities) and other important outcomes of planner-client relationships. Clients who strongly agreed versus agreed with the statement “My financial planner used a systematic process (set of worksheets, series of questions, etc.) to help me clarify my values and priorities” were

1. Nearly 3.2 times more likely to strongly agree that they have no interest in transferring to a different planner (client retention)
2. Over 1.8 times more likely to indicate being very satisfied with the relationship they have with their individual financial planners (client satisfaction)
3. Nearly 4.2 times more likely to strongly agree that they fully cooperate with their planners by following through on all financial planning recommendations (client cooperation)
4. Over 2.1 times more likely to strongly agree they feel completely open to dis-

closing financial information to their individual financial planners (client openness/financial)

5. Nearly 3.2 times more likely to strongly agree that they are open to sharing personal goals, needs, and priorities with their individual financial planners (client openness/personal)
6. Over 2.5 times more likely to strongly agree that they frequently recommend their individual financial planners to others (client referrals)

#### **Explores Values and Attitudes, Expectations, and Time Horizons:**

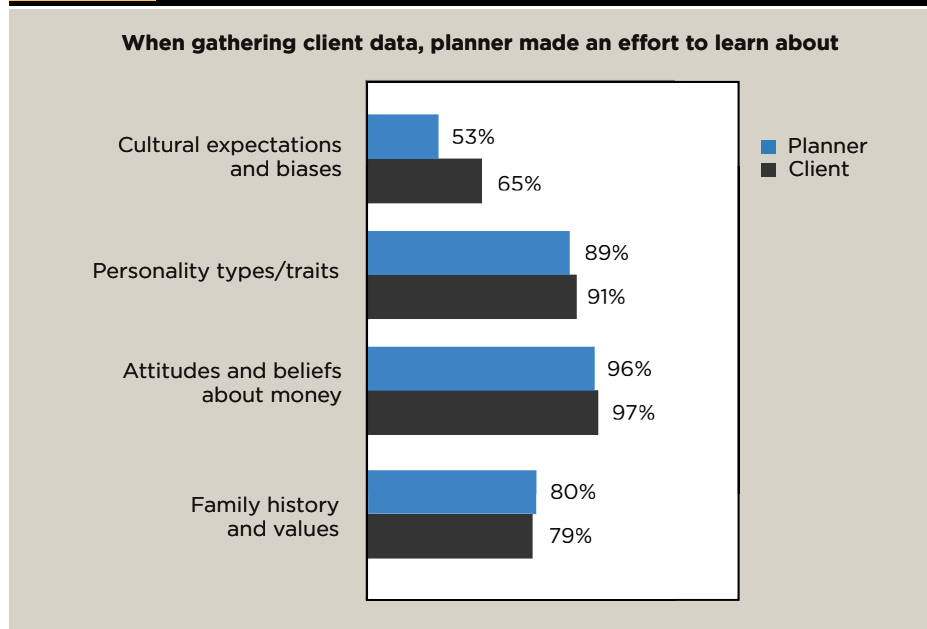
**Planner makes effort to learn about (1) cultural expectations/biases, (2) personality type/traits, (3) money attitudes/beliefs, and (4) family history/values**

**Opinions of planners and clients.** Of the planner responses, 53 percent of financial planners reported that, when gathering client data, they make every effort to learn about cultural expectations or bias. Interestingly, much higher percentages of planner respondents reported making an effort to learn about personality type/traits (89 percent), attitudes and beliefs about money (96 percent), and family history and values (80 percent) (see Figure 2).

Client responses to matching survey statements showed similar results: 65 percent of clients reported that, when gathering data about them, their planners made an effort to learn about cultural expectations and bias. In addition, much higher percentages of client respondents reported that their planners made an effort to learn about personality type/traits (91 percent), attitudes and beliefs about money (97 percent), and family history and values (79 percent). Figure 2 illustrates these responses.

**Relationship with client trust and commitment.** In the planner responses, no statistically significant correlations were found between the scales that measured client trust and commitment and planners’ responses regarding gathering data about (1) cultural expectations or



**Figure 2: Percent Who Responded “Yes”**

biases, (2) personality type/traits, (3) attitudes and beliefs about money, and (4) family history/values (see Table 3).

Regarding client responses, no statistically significant correlations were found between the scale that measured client trust and client responses regarding planners gathering data about (1) cultural expectations or biases and (2) attitudes and beliefs about money. But statistically significant correlations were found between the scale that measured client trust and planners gathering data about (1) personality type/traits and (2) family history/values. These findings indicate, from the perspec-

tive of clients only, that a direct and positive relationship exists between gathering data about (1) personality type/traits and (2) family history/value and higher levels of client trust. Table 3 summarizes these findings.

No statistically significant correlations were found between the scale that measured client commitment and client responses regarding planners gathering data about attitudes and beliefs about money. But statistically significant correlations were found between the scale that measured client commitment and gathering data about (1) cultural expectations or

biases, (2) personality type/traits, and (3) family history/values. These findings indicate, from the perspective of clients only, that a direct and positive relationship exists between gathering data about (1) cultural expectations or biases, (2) personality type/traits, and (3) family history/values and higher levels of client commitment.

**Relationship with other important outcomes.** A statistically significant correlation was found between planner responses regarding gathering data about cultural expectations and biases and higher levels of one indicator of successful planner-client relationships: recommending a planner to others (see Table 4).

A statistically significant correlation was found between planner responses regarding gathering data about personality type/traits and higher levels of one indicator of successful planner-client relationships: openness to sharing personal goals, needs, and priorities.

Statistically significant correlations were found between planner responses regarding gathering data about attitudes and beliefs about money and higher levels of two indicators of successful planner-client relationships: (1) recommending a planner to others and (2) openness to sharing personal goals, needs, and priorities.

Statistically significant correlations were found between planner responses regarding gathering data about family history and values and higher levels of two indicators of successful planner-client relationships:

**Table 3: Statistically Significant Correlations between Qualitative Data Gathering and Client Trust and Commitment**

Planner made effort to learn about	Cultural expectations and biases		Personality types/traits		Attitudes and beliefs about money		Family history and values	
	Planner	Client	Planner	Client	Planner	Client	Planner	Client
Outcome								
Trust scale	NS	NS	NS	$p < .01$	NS	NS	NS	$p < .05$
Commitment scale	NS	$p < .001$	NS	$p < .001$	NS	NS	NS	$p < .05$
NS—Not significant at the 0.05 level	In statistics, a result is called <b>statistically significant</b> if it is unlikely to have occurred by chance. Therefore, the $p$ values ( $p < .05$ , $p < .01$ , and $p < .001$ ) are <b>probabilities</b> and refer to <b>levels of significance</b> . These mean that the chances of obtaining the measured associations due to sampling error are less than 5 in 100, 1 in 100, and 1 in 1,000, respectively.							

**Table 4: Statistically Significant Correlations between Qualitative Data Gathering and Important Outcomes of Planner-Client Relationships**

Planner made effort to learn about	Cultural expectations and biases		Personality types/traits		Attitudes and beliefs about money		Family history and values	
Outcome	Planner	Client	Planner	Client	Planner	Client	Planner	Client
Retention	NS	$p < .05$	NS	$p < .01$	NS	NS	&.0575	&.0674
Satisfaction w/Relationship	NS	$p < .05$	NS	$p < .001$	NS	NS	NS	$p < .05$
Cooperation w/Recommendations	NS	NS	NS	$p < .01$	NS	NS	NS	NS
Openness—Financial	NS	NS	NS	$p < .01$	NS	NS	NS	NS
Openness—Personal	NS	$p < .05$	$p < .05$	$p < .01$	$p < .05$	NS	$p < .001$	$p < .001$
Referrals	$p < .01$	NS	NS	NS	$p < .05$	NS	$p < .05$	NS
NS—Not Significant at the 0.05 level &—Nearly significant at the 0.05 level	In statistics, a result is called <b>statistically significant</b> if it is unlikely to have occurred by chance. Therefore, the $p$ values ( $p < .05$ , $p < .01$ , and $p < .001$ ) are <b>probabilities</b> and refer to <b>levels of significance</b> . These mean that the chances of obtaining the measured associations due to sampling error are less than 5 in 100, 1 in 100, and 1 in 1,000, respectively.							

(1) recommending a planner to others and (2) openness to sharing personal goals, needs, and priorities.

A statistically significant correlation was found between client responses regarding planner gathering data about cultural expectations and biases and higher levels of three indicators of successful planner-client relationships: (1) client retention; (2) satisfaction with planner-client relationship; and (3) openness to sharing personal goals, needs, and priorities (see Table 4).

Statistically significant correlations were found between client responses regarding planner gathering data about personality type/traits and higher levels of five of the six selected indicators of successful planner-client relationships: (1) client retention; (2) satisfaction with planner-client relationship; (3) cooperation with financial planning recommendations; (4) openness in disclosing financial information; and (5) openness to sharing personal goals, needs, and priorities.

No statistical correlations were found between client responses regarding planners gathering data about attitudes and beliefs about money and any of the six selected indicators of successful planner-client relationships.

Statistically significant correlations were found between client responses regarding planners gathering data about family history and values and higher levels of two indicators of successful planner-client relationships: (1) satisfaction with the planner-client relationship and (2) openness to sharing personal goals, needs, and priorities.

### **Present Financial Planning Recommendations: Planner explained how financial advice aligns with and supports client values, goals, needs, and priorities**

**Opinions of planners and clients.** Seventy-nine percent of planners indicated that they either agreed or strongly agreed with the statement “I make a point of communicating to my clients how my recommendations are aligned with and support their personal and financial goals, needs, and priorities.” In addition, 88 percent of clients expressed agreement or strong agreement with the matching statement in the client survey (see Figure 1).

**Relationship with client trust and commitment.** Statistically significant correlations were found between both planner and client responses and the scales that

measured levels of client trust and commitment. This finding indicates, from the perspective of both planners and clients, that a direct and positive relationship exists between higher levels of this task of communication (planner explains how financial advice aligns with and supports client values, goals, needs, and priorities) and higher levels of client trust and commitment (see Table 1).

**Relationship with other important outcomes.** Statistically significant correlations were found between client and planner responses regarding “Planner explains how financial advice aligns with and supports client values, goals, needs, and priorities” and higher levels of all six selected indicators of successful planner-client relationships (see Table 2).

In addition, cross-tabulation analyses of client responses revealed notable examples of the direct and positive relationship of this communication task (planner explains how financial advice aligns with and supports client values, goals, needs, and priorities) and important outcomes of planner-client relationships. Clients who strongly agreed versus agreed with the statement “My financial planner explained to me how his or her

financial planning recommendations align with and support my personal and financial goals, needs, and priorities” were

1. Over 2.6 times more likely to strongly agree that they have no interest in transferring to a different planner (client retention)
2. Over 3.4 times more likely to strongly agree that they fully cooperate with their planners by following through on all financial planning recommendations (client cooperation)
3. Over 2.1 times more likely to strongly agree they feel completely open to disclosing financial information to their individual financial planners (client’s financial openness)
4. Over 3.2 times more likely to strongly agree that they are open to sharing personal goals, needs, and priorities with their individual financial planners (client’s personal openness)
5. Over 3.6 times more likely to strongly agree that they frequently recommend their individual financial planners to others (client referrals)

### Planner Versus Client Viewpoints

A review of Figure 1 reveals that higher percentages of clients perceived their planners to be fulfilling these communication tasks than did the planners themselves. One reason could be that the client sample was the result of invitations from planner participants and not a random selection by our research team. It is likely, then, that planners who did agree to invite 10 to 15 clients to participate in this study would send the invitation to a selection of their favorite clients.

We must also point out that in the planner survey, respondents were asked questions with regard to their group of clients as a whole. Therefore, the planners’ responses had to be more generalized. In contrast, client responses were specific to one person, their individual financial planner. But with that said, Figure 2, which summarizes areas of data gathering and exploration, indicated very

little discrepancy between planner and client responses.

### Influence of Communication Tasks: Client trust and commitment

Both planner and client responses demonstrated statistically significant and very nearly significant correlations between the following communication tasks and measures of client trust and commitment (see Table 1):

1. Planner and client mutually define scope of engagement before provision of financial planning services
2. Planner helps client identify meaningful personal and financial goals and objectives
3. Planner uses a systematic process to help client clarify values and priorities
4. Planner explains how financial advice aligns with and supports client values, goals, needs, and priorities

Results were more mixed when looking at the relationships between trust and commitment and the four specified areas of qualitative exploration and data gathering (see Table 3). In fact, planner responses revealed no statistically significant relationships between these variables and client trust and commitment.

In contrast, client responses indicated a statistically significant relationship between cultural expectations/biases and client commitment. In addition, client responses revealed statistically significant relationships between personality types/traits, and family history/values and both measures of client trust and commitment. These findings indicate that planners don’t recognize the value of exploration in these areas. It should be noted

that clients evidently view this type of inquiry as an attempt to get to know and understand the client in a deeper and more personal way. And it makes sense that purposeful inquiry in these areas will provide insight into what shapes the client’s frame of reference and influences his or her values, attitudes, expectations, and time horizons.

**Other important outcomes.** With one exception, both planner and client responses also demonstrated statistically significant relationships between the same four communication tasks previously listed

“The primary objective of our research was to identify specific elements of communication that engender trust and commitment in planner-client relationships.”

and six indicators of successful planner-client relationships (see Table 2):

1. Client retention
2. Client satisfaction with planner-client relationship
3. Client cooperation with financial planning recommendations
4. Client openness in disclosing financial information
5. Client openness in disclosing personal information
6. Client referrals

Again, results were more mixed when looking at relationships between the indicators listed above and the four specified areas of qualitative exploration and data gathering. A review of Table 4 reveals very few significant relationships between planner responses and the areas of qualitative exploration and data gathering.



The results indicate several more significant relationships between client responses and areas of qualitative exploration and data gathering. In particular, client responses regarding personality types/traits demonstrated significant relationships with five of the six indicators of successful planner-client relationships. It is also interesting to note that client responses regarding attitudes and beliefs about money demonstrated no significant relationships with those indicators.

## Conclusions

In "Financial Planning Practice Standards," the authors wrote that the intentions of the practice standards are to

1. Assure the practice of financial planning by CERTIFIED FINANCIAL PLANNER™ professionals is based on established norms of practice
2. Advance professionalism in financial planning

3. Enhance the value of the financial planning

Overall, our findings give strong support for the value of the specific financial planning communication tasks identified in these standards. Survey items based on these variables demonstrated positive correlations in developing client trust and commitment as well as promoting other important outcomes of successful client relationships (client retention, satisfaction, cooperation, financial openness, personal openness, and referrals). In addition, viewing life planning within the context of these communication tasks supports the opinion of those who do not see this approach as going beyond the bounds of traditional financial planning. Instead, it can be argued that life planning is inherent in the six-step financial planning process and in alignment with the Financial Planning Practice Standards developed by CFP Board. We also believe that putting more emphasis on the com-

munication tasks examined in this portion of our study will move a planner-client relationship and a financial planning practice from good to great.



## Endnotes

1. Members of the Life Planning Consortium, in alphabetical order, are Carol Anderson, M.S., president, Money Quotient; Susan Galvan, M.A., president, Galvanic Communications; Deanna L. Sharpe, Ph.D., CFP®, associate professor, Personal Financial Planning Department, University of Missouri-Columbia; Martin Siesta, MSFS, CFP®, ChFC, senior financial planner, Compass Wealth Management LLC; Andrea White, M.B.A., MCC, president, Financial Conversations®.
2. Certified Financial Planner Board of Standards Inc. (2003). "Financial Planning Practice Standards."



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