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Developing & Maintaining Client Trust & Commitment in a Rapidly Changing Environment

Chapter 4: Communication Topics

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Chapter 4: Communication Topics

I. Introduction

In 2006, members of the Life Planning Consortium developed and conducted the *Survey of Specific Elements of Communication that Affect Trust and Commitment in the Financial Planning Process*. The primary goal of that survey was to identify and statistically validate specific communication topics, tasks, and skills that contribute to building client trust and commitment in the context of a professional financial planning relationship. In particular, this study explored elements of communication associated with a client-centered, "life planning" approach to service delivery. The researchers also examined the influence of selected communication variables on additional indicators of successful client relationships, including retention, satisfaction, cooperation, openness to disclosing personal and financial information, and referrals.

Since the 2006 data collection, a number of national and international economic events have occurred (i.e., 2007 Housing Crisis, 2008 Great Recession, 2020 COVID-19 pandemic), which have severely challenged Americans' sense of economic security and their trust in financial markets. One purpose of this current study is to replicate key aspects of the 2006 survey to compare planner and client perceptions of relationship quality in light of 15 years of unprecedented challenges and tremendous economic uncertainty. The addition of variables to the current study supports a second purpose of providing insight regarding the development of successful client planner relationships in the context of 1) trends that demand virtual meeting technology, 2) the prevalence of client financial anxiety, and 3) current diversity, inclusion, and cultural awareness issues.

This section presents the context and conceptual framework used to explore the efficacy of certain <u>topics</u> of financial planning conversations in developing client trust and commitment and promoting other important outcomes of successful planner/client relationships.

A. Effective Communication and Perception of Service Quality

In the original 2006 study, the research of Sharma and Patterson[1] was particularly helpful in developing the conceptual design. Their work remained useful and relevant for this study as well. Sharma and Patterson found that communication effectiveness was the single most powerful determinant of a client's *perception of service quality,* which, in turn, influenced the client's level of trust in and commitment to their financial planner.

Sharma and Patterson explained there are two fundamental components to the perception of service quality: **technical quality** and **functional quality**. They described technical quality as the "core or promised service in financial planning" and referred, in particular, to the "competency of the adviser in achieving the best return on investment for their client, at acceptable levels of risk, thus assisting the clients to achieve their financial goals."

Functional quality, in contrast, relates to how the core service is delivered. According to Sharma and Patterson, "It is concerned with the courtesy and friendliness shown to the client, making efforts towards understanding his or her circumstances, displaying empathy, giving prompt service, responding to queries and complaints in a responsible, courteous, and timely manner."

B. Growing Importance of Functional Quality Realm

Without argument, the quantitative skills and knowledge that financial planners possess and use to serve their clients are critical to the success of the financial planning engagement. However, the biggest challenge, explained Sharma and Patterson, is that most clients do not possess the technical knowledge or expertise required to intelligently and objectively evaluate the quality of financial advice delivered.

Furthermore, financial planning is a process where the core service (technical performance) unfolds over time. Consequently, the true success of a financial plan can only be realized over the long term and in the context of a long-term planner/client relationship. If a client's focus is on short-term performance, a competitor's promise of higher returns may weaken their commitment to the current planner relationship and undermine the success of the client's financial plan.

Therefore, Sharma and Patterson warned that as the core service becomes commoditized, competition increases and the industry matures, "it is the functional quality dimensions that become increasingly important as a means of creating a sustainable competitive advantage."

In the more than two decades that have passed since making this prediction, the more personal and customized approach to delivering financial advice has become widely recognized as being the most effective way to develop successful client relationships. In a 2010 *Journal of Financial Planning* article, Dubofsky and Sussman observed the following:

> *Proficiency in financial analytics is necessary for financial planning, but for many practitioners, it is not sufficient. In short, financial IQ is necessary, but financial IQ is not enough. Emotional intelligence (EQ) augments and strengthens a planner's financial skills.*[2]

More recently, a Million Dollar Round Table (MDRT) study conducted early in the COVID-19 pandemic indicated that 85% of Americans would be more likely to trust recommendations from financial advisors if they demonstrate emotional intelligence.

> *In a time of historic turmoil, advisors seeking to reassure, reposition or even retain clients must exhibit genuine empathy and compassion.*[3]

In addition, 83% of survey respondents indicated that demonstrating emotional intelligence—not just giving lip service to these capabilities—is key to building quality client-advisor relationships. A majority of the respondents also reported that they would be more likely to trust advice from advisors who:

- Listen to and acknowledge their clients' needs (57%)
- Communicate in easily understood ways (57%)
- Follow through on their word (55%)
- Show that they care about their clients as people (52%)

Similarly, Ryan, Lamas, and Sin wrote in their 2020 *Journal of Financial Planning* article:

> *Rather than focus on outcomes like beating an index or benchmark, advisers can refocus their client's attention to the more personal and fundamental "why" of investing. Doing so highlights the central importance of long-term goals and defines good advice as guidance that helps people reach their goals…*
>
> *…Reframing discussions around goals (versus returns) may be a better way to articulate the value of financial advice, and this recasting may help clients align their expectations with what they should do to succeed.*[4]

Research indicates that individuals experiencing challenges and uncertainty tend to reassess their priorities and focus on what they care about the most. For example, in the wake of the 2007-2009 housing crisis and global recession, 44% of Americans reported that the economic situation had caused them to reevaluate their priorities and place greater importance on their personal life and family. Nearly 40% reported focusing more on healthy living, and 59% indicated they were spending more time thinking about personal life goals.[5]

More recently, an Edward Jones and Age Wave study conducted in June 2021 found that 70% of Americans view the pandemic as a financial wake-up call that caused them to pay more attention to their long-term finances. The same report also noted that a majority of Americans have also become aware that there is a silver lining to the pandemic:

> *76% credit it with causing them to "refocus on what's most important in life." This sentiment held true across age, gender, race/ethnicity, income, and region of the country.*[6]

In times of national and global upheaval and resulting economic uncertainty, the functional quality dimensions of client service become especially valuable. A client-centered, values-based approach is designed to facilitate the value assessment and goal affirmation processes that help keep clients progressing toward their long-term goals through turbulent times. This chapter reports the communication topics identified as significantly related to client trust and commitment and several other business-focused desired outcomes.

C. Quantitative and Qualitative Topics of Communication

Reexamining the specific elements of planner/client communication that had been a primary focus of our 2006 study is an important objective of the current study. Therefore, as in the original study, we categorized topics of planner/client communication as being either *quantitative* or *qualitative*.

Quantitative Topics

Quantitative topics are *technical*. Planner/client conversations based on quantitative topics tend to focus on the planner's ability to *deliver financial information* to the client clearly and effectively.

Qualitative Topics

Qualitative topics are *subjective*. Planner/client conversations based on qualitative topics tend to focus more on the planner's ability to make an emotional connection with the client and to *gather personal information* from the client (via observation and inquiry) that increases the planner's understanding of the client's personal expectations, needs, life circumstances, values, and priorities.

As in our 2006 study, we explored the efficacy of a "life planning" approach as a way of addressing the growing importance of the functional or more qualitative realm of financial planning communications and service delivery. In this context, life planning is viewed as a holistic, client-centered methodology for executing financial planning engagements. Specifically:

> *Life planning is the process of (1) helping people focus on the true values and motivations in their lives, (2) determining the goals and objectives they have as they see their lives develop, and (3) using these values, motivations, goals, and objectives to guide the planning process and provide a framework for making choices and decisions in life that have financial and non-financial implications or consequences.*[7]

II. Variables

This study includes three types of variables: independent, dependent, and mediator. In this phase of the study, the independent variables were two groups of communication topics: quantitative and qualitative. Two key dependent variables were client trust and commitment. Additional dependent variables were client retention, satisfaction, cooperation, openness to disclosing personal and financial information, and referrals. Mediator variables were not considered in the 2006 study but were included in 2021 to evaluate the effects that virtual meeting navigation, client financial anxiety, and diversity, inclusion, and cultural awareness might have on the relationship between communication topics and client trust and commitment as well as other desirable outcomes.

A. Independent Variables

In this phase of the study, the independent variables were quantitative and qualitative communication topics. *To assist the reader, these variables are typically displayed in italics in the text.*

Four statements assessed <u>quantitative</u> communication topics:

1. **Planner communicates recommendations in terms that clients can understand*
2. **Planner explains pros and cons of investments recommended to client*
3. **Planner keeps clients well informed about investment performance regardless of market status*
4. **Planner gives clients as much financial information/education as desired*

**Included in 2006 study and replicated in 2021 study*

Four additional statements assessed qualitative communication topics. These statements were selected to represent a "life planning" approach to service delivery

1. *Client is open to discussing what they value most in life*
2. **Planner's financial recommendations are based on client's personal goals, needs, and priorities*
3. **Planner communicates importance of considering all areas of life when creating a financial plan for client*
4. **Planner contacts client on a regular basis to see what changes in life may affect their financial p*lan

**Included in 2006 study and replicated in 2021 study*

B. Dependent Variables

As in the 2006 study, this study has two groups of dependent (outcome) variables representing characteristics of successful planner/client relationships.

The first group of dependent variables relates to the critical outcomes of Client Trust and Commitment. Scales were used to measure each of these dependent variables:

1. *Client Trust Scale[8]
2. *Client Commitment Scale

**Included in 2006 study and replicated in 2021 study*

The second group of dependent variables featured seven "business case" variables that also represent successful planner/client relationships:

1. Client retention based on better communication
2. Client retention based on higher return
3. *Client satisfaction with planner/client relationship
4. *Client cooperation with financial planning recommendations
5. *Client openness in disclosing financial information
6. *Client openness in disclosing personal information
7. *Client referrals

**Included in 2006 study and replicated in 2021 study*

C. Mediator Variables

An addition to the 2021 study was the consideration of the potential effects of mediator variables. Mediator variables are also known as intervening variables because they can intervene in or influence the relationship between an independent and a dependent variable. Specifically,

> *A **mediator variable** explains the how or why of an (observed) relationship between an independent variable and its dependent variable. In a **mediation model,** the independent variable cannot influence the dependent variable directly, and instead does so by means of a third variable, a "middle-man".*[9]

Mediator variables are discussed in greater detail in Chapter 2. In this study, we considered three categories of mediator variables: virtual meeting navigation, client financial anxiety, and diversity, inclusion, and cultural awareness. Planner and client perspectives were considered, and one category included two measures. Thus, the influence of eight specific mediator variables was evaluated. Measures of the mediator variables are as follows:

1. **Virtual Meeting Navigation** (VM)

    a. Clients: "Level of confidence in navigating virtual meeting platforms"
    b. Planners: "Level of confidence in navigating virtual meeting platforms"

2. **Client Financial Anxiety** (FA)

    a. Clients: "Financial Anxiety Scale"[10]
    b. Planners: "Percentage of clients who experience financial anxiety"

3. **Diversity, Inclusion, and Cultural Awareness**

    Cultural Awareness (CA)

    a. Clients: "Planner recognizes limits that cultural differences can place on client relationships"
    b. Planners: "Planner recognizes limits that cultural differences can place on client "

    Institutional Barriers (IB)

    a. Clients: "Planner is aware of institutional barriers that affect client"
    b. Planners: "Planner is aware of institutional barriers that affect client"

III. Analyses & Findings

Analyses in this section explored the effects of including specific subjects or themes in financial planning conversations and evaluated the efficacy of this inclusion in promoting successful planner/client relationships. Univariate analysis indicated the frequency of client and planner responses. Bivariate analysis (Spearman Correlations) evaluated the direction and significance of the relationship between conversation topics, tasks, skills, and outcome variables of interest. A unique feature of the 2021 study is the use of trivariate analyses (using Structural Equation Modeling) to evaluate the effect of adding a third or mediating variable on the bivariate relationships.

This section presents the responses of both planners and clients regarding four *quantitative* topics and four *qualitative* topics of planner/client communication. We also present the results of analyses that identify statistically significant variable relationships and compare the perspectives of financial planners with financial planning clients. Results of the 2021 study and 2006 study are compared, with comments provided on notable differences. In addition, the effects of adding a third mediating variable to the bivariate relationships are reported.

A. Effective Communication: Quantitative Topics

In this section, the results of univariate, bivariate, and trivariate analyses are presented, which provide insight regarding the value of addressing specific quantitative topics in client communications.

1. Communicating Recommendations in Understandable Terms

Opinions of Planners and Clients *(univariate analyses)*

A majority of planners (84 percent) indicated that they “somewhat agreed” to “strongly agreed” with the statement *I work hard at communicating my recommendations to clients in terms and language that they can understand*. In contrast, 51 percent of clients expressed agreement or strong agreement with the matching statement in the client survey (see Figure 4-1).

Comparison to 2006 results: 96% of planners indicated agreement as compared to 94% of clients.

Significant Relationships with Client Trust and Commitment *(bivariate analyses)*

Statistically significant correlations were found between both planner and client responses and the scales that measured levels of client trust and client commitment. These findings indicate that from the perspectives of both planners and clients, a direct and a positive relationship exists between higher levels of *communicating recommendations in understandable terms* (a quantitative communication topic) and higher levels of client trust and client commitment (see Table 4-1).

Comparison to 2006 results: all planner and client correlations were statistically significant.

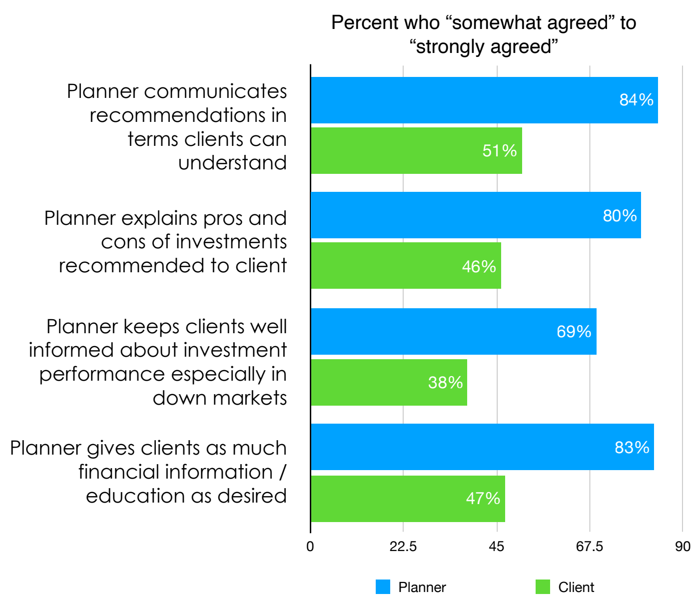
Significant Relationships with Other Important Outcomes *(bivariate analyses)*

Statistically significant correlations were found between client and planner responses regarding *communicating recommendations in understandable terms and language* and higher levels of all seven selected indicators of successful planner/client relationships (see Table 4-2).

Comparison to 2006 results: all planner correlations were statistically significant except for the relationship with “referrals.” All client correlations were statistically significant.

Figure 4-1: Communication Effectiveness - Quantitative

Planner addresses these quantitative topics in client conversations



Mediating Variable Interactions with Client Trust and Commitment *(trivariate analyses)*

Planner Responses: Client Financial Anxiety was the only variable that demonstrated a mediating effect on relationships between *communicating recommendations in understandable terms* and client trust, but not client commitment (see Table 4-1).

No mediating effects were observed for Virtual Meeting Navigation, Cultural Awareness, or Institutional Barriers.

Client Responses: Client Financial Anxiety was the only variable that demonstrated a mediating effect on relationships between *communicating recommendations in understandable terms* and both client trust and client commitment (see Table 4-1).

No mediating effects were observed for Virtual Meeting Navigation, Cultural Awareness, or Institutional Barriers.

Mediating Variable Interactions with Other Important Outcomes *(trivariate analyses)*

Planner Responses: No mediating effects were observed for Virtual Meeting Navigation, Client Financial Anxiety, Cultural Awareness, or Institutional Barriers.

Client Responses: Client Financial Anxiety demonstrated a mediating effect on the relationships between *communicating recommendations in understandable terms* (a quantitative communication topic) and six of the seven "Other Important Outcomes" variables tested: 1) client retention based on communication, 2) client retention based on return, 3) client satisfaction with the planner/client relationship, 4) client cooperation with recommendations, 5) client openness in disclosing financial information, and 6) client openness in sharing personal, needs, and priorities (see Table 4-2).

No mediating effects were observed for Virtual Meeting Navigation, Cultural Awareness, or Institutional Barriers.

2. Explaining Pros and Cons of Recommended Investments

Opinions of Planners and Client *(univariate analyses)*

Eighty percent of planners indicated that they "somewhat agreed" to "strongly agreed" with the statement: *I always explain the pros and cons of the investments that I recommend to a client*. A much lower percentage was reported on the client survey, with 46% percent of respondents somewhat agreeing to strongly agreeing that their financial planners always explain the pros and cons of investments they recommend (see Figure 4-1).

Comparison to 2006 results: 86% of planners indicated agreement as compared to 88% of clients.

Significant Relationships with Client Trust and Commitment *(bivariate analyses)*

Statistically significant correlations were found between planner and client responses and the scales that measured levels of client trust and client commitment. From the perspective of both planners and clients, this finding indicates that a direct and positive relationship exists between higher levels of *explaining the pros and cons of recommended investments* and higher levels of client trust and client commitment (see Table 4-1).

Comparison to 2006 results: all planner and client correlations were statistically significant.

Significant Relationships with Other Important Outcomes *(bivariate analyses)*

***Planner Responses*:** Statistically significant correlations were found for *explaining pros and cons of recommended investments* and higher levels of six of the seven selected indicators of successful planner/client relationships: 1) client retention based on communication, 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 4-2).

Comparison to 2006 results: all planner correlations were statistically significant with the exception of "referrals."

***Client Responses*:** Statistically significant correlations were found for *explaining pros and cons of recommended investments* and higher levels of five of the seven selected indicators of successful planner/client relationships: 1) satisfaction with planner/client relationship, 2) cooperation with financial planning recommendations, 3) openness in disclosing financial information, 4) openness to sharing personal goals, needs, and priorities, and 5) recommending planner to others (see Table 4-2).

Comparison to 2006 results: all planner correlations were statistically significant with the exception of "openness in disclosing personal information."

Mediating Variable Interactions with Client Trust and Commitment *(trivariate analyses)*

***Planner Responses*:** Client Financial Anxiety was the only variable that demonstrated a mediating effect on relationships between *explains pros and cons of recommended investments* and both client trust and client commitment (see Table 4-1).

No mediating effects were observed for Virtual Meeting Navigation, Cultural Awareness, or Institutional Barriers.

***Client Responses*:** Virtual Meeting Navigation and Client Financial Anxiety demonstrated a mediating effect on relationships between *explains pros and cons of recommended investments* and both client trust and client commitment (see Table 4-1).

No mediating effects were observed for Cultural Awareness or Institutional Barriers.

Mediating Variable Interactions with Other Important Outcomes *(trivariate analyses)*

Planner Responses: No mediating effects were observed for Virtual Meeting Navigation, Client Financial Anxiety, Cultural Awareness, or Institutional Barriers.

Client Responses: Virtual Meeting Navigation demonstrated a mediating effect on relationships between *explains pros and cons of recommended investments* and four of the seven selected indicators of successful planner/client relationships: 1) satisfaction with planner/client relationship, 2) client cooperation with recommendations, 3) client referrals, and 4) openness to sharing personal information (see Table 4-2).

Client Financial Anxiety demonstrated a mediating effect on relationships between *explains pros and cons of recommended investments* and three of the seven selected indicators of successful planner/client relationships: 1) client retention based on communication, 2) client retention based on return, and 3) satisfaction with planner/client relationship (see Table 4-2).

Institutional Barriers demonstrated a mediating effect on the relationship between *explains pros and cons of recommended investments* and one of the seven selected indicators of successful planner/client relationships: 1) client cooperation with recommendations (see Table 4-2).

No mediating effects were observed for Cultural Awareness.

3. Keeping Clients Well Informed about Investment Performance

Opinions of Planners and Clients *(univariate analyses)*

Sixty-nine percent of planners indicated that they "somewhat agreed" to "strongly agreed" with the statement: *I keep my clients well informed about the performance of their investments, especially when the market is down*. Interestingly, a much lower percentage of clients (38% percent) responded that they "somewhat agreed" to "strongly agreed" to the matching statement in the client survey (see Figure 4-1).

Comparison to 2006 results: 65% of planners indicated agreement as compared to 77% of clients.

Significant Relationships with Client Trust and Commitment *(bivariate analyses)*

Statistically significant correlations were found between planner and client responses regarding *keeping clients well informed about investment performance* and the scales that measured levels of client trust and client commitment. This finding indicates, from the perspective of both planners and clients, that a direct and a positive relationship exists between higher levels of this quantitative communication topic and higher levels of client trust and client commitment (see Table 4-1).

Comparison to 2006 results: all planner and client correlations were statistically significant.

Significant Relationships with Other Important Outcomes *(bivariate analyses)*

***Planner Responses*: ** Statistically significant correlations were found for *keeping clients well informed about investment performance* and higher levels of six of the seven selected indicators of successful planner/client relationships: 1) client retention based on communication, 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 4-2).

Comparison to 2006 results: all planner correlations were statistically significant.

***Client Responses*: ** Statistically significant correlations were found for k*eeping clients well informed about investment performance* and higher levels of six of the seven selected indicators of successful planner/client relationships: 1) client retention based on return, 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 4-2).

Comparison to 2006 results: all client correlations were statistically significant.

Mediating Variable Interactions with Client Trust and Commitment *(trivariate analyses)*

***Planner Responses*: ** No mediating effects were observed for Virtual Meeting Navigation, Client Financial Anxiety, Cultural Awareness, or Institutional Barriers.

***Client Responses*: **Client Financial Anxiety was the only variable that demonstrated a mediating effect for relationships between *keeping clients well informed about investment performance* (a quantitative communication topic) and both client trust and client commitment (see Table 4-1).

No mediating effects were observed Virtual Meeting Navigation, Cultural Awareness, or Institutional Barriers.

Mediating Variable Interactions with Other Important Outcomes *(trivariate analyses)*

Planner Responses: No mediating effects were observed for Virtual Meeting Navigation, Client Financial Anxiety, Cultural Awareness, or Institutional Barriers.

Client Responses: Client Financial Anxiety demonstrated a mediating effect for relationships between *keeping clients well informed about investment performance* and six of the seven selected indicators of successful planner/client relationships: 1) client retention based on communication, 2) client retention based on return, 3) client satisfaction with the planner/client relationship, 4) client cooperation with recommendations, 5) client openness in disclosing financial information, and 6) client openness in sharing personal, needs, and priorities (see Table 4-2).

No mediating effects were observed for Virtual Meeting Navigation, Cultural Awareness, or Institutional Barriers.

4. Gives as Much Financial Information/Education as Desired

Opinions of Planners and Clients.

A majority of planners (83 percent) indicated that they “somewhat agreed” to “strongly agreed” that they do not hesitate to give their clients as much financial information/education as desired. However, only 47 percent of client respondents agreed with the matching statement on the client survey (see Figure 4-1).

Comparison to 2006 results: 91% of planners indicated agreement as compared to 91% of clients

Statistical Relationships with Client Trust and Commitment. Statistically significant correlations were found between planner and client responses and scales that measured client trust and client commitment levels. From the perspective of both planners and clients, these findings indicate that a direct and a positive relationship exists between higher levels of *giving as much financial information/education as desired* and higher levels of client trust and client commitment (see Table 4-1).

Comparison to 2006 results: all planner and client correlations were statistically significant.

Statistical Relationships with Other Important Outcomes.

***Planner Responses*:** Statistically significant correlations were also found between *planner gives as much financial information/education as desired* and higher levels of six of the seven selected indicators of successful planner/client relationships: 1) client retention based on communication, 2) client retention based on return 3) satisfaction with planner/client relationship, 4) cooperation with financial planning recommendations, 5) openness in disclosing financial information, 6) openness to sharing personal goals, needs, and priorities (see Table 4-2).

Comparison to 2006 results: all planner correlations were statistically significant.

***Client Responses*:** Statistically significant correlations were found between *planner gives as much financial information/education as desired* and higher levels of all seven of the selected indicators of successful planner/client relationships: 1) client retention based on communication, 2) client retention based on return, 3) satisfaction with planner/client relationship, 4) cooperation with financial planning recommendations, 5) openness in disclosing financial information, 6) openness to sharing personal goals, needs, and priorities, and 7) recommending planner to others (see Table 4-2).

Comparison to 2006 results: all client correlations were statistically significant.

Table 4-1: Statistically Significant Relationships between Quantitative Topics and Client Trust and Commitment with Mediating Variable Interactions

Quantitative Topics	Communicate recommendations in terms clients understand		Explain pros and cons of recommended investments		Keep clients well informed about investment performance		Gives clients as much financial information as desired (educates)	
Outcome	Planner	Client	Planner	Client	Planner	Client	Planner	Client
Trust Scale	$p < .0001$ VM	$p < .0001$ FA	$p < .0001$	$p < .0001$ FA, VM	$p < .0001$	$p < .0001$ FA	$p < .0001$	$p < .0001$ FA, VM
Commitment Scale	$p < .0001$	$p < .0001$ FA	$p < .0001$	$p < .0001$ FA	$p < .0001$	$p < .0001$ FA	$p < .0001$ FA	$p < .0001$ FA

*Variable Correlations:	Mediating Variable Interactions:
$p < .0001$—statistical significance at .0001 level $p < .001$—statistical significance at .001 level $p < .01$— statistical significance at .01 level $p < .05$— statistical significance a .05 level NS—Not significant at .05 level	VM = Virtual Meeting Navigation FA = Client Financial Anxiety CA = Cultural Awareness IB = Institutional Barriers

*In statistics, a result is called statistically significant if it is unlikely to have occurred by chance. Therefore, the p values ($p < .0001$, $p < .001$, $p < .01$, and $p < .05$) are probabilities and refer to levels of significance. These mean that the chances of obtaining the measured associations due to sampling error are less than 1 in 1000, 1 in 100, and 5 in 100 respectively

Mediating Variable Interactions with Client Trust and Commitment *(trivariate analyses)*

Planner Responses: Client Financial Anxiety demonstrated a mediating effect on the relationship between *giving as much financial information/education as desired* and client commitment (see Table 4-1).

No mediating effects were observed for Virtual Meeting Navigation, Cultural Awareness, or Institutional Barriers.

Client Responses: Virtual Meeting Navigation demonstrated a mediating effect on the relationship between *giving as much financial information/education as desired* and "client trust."

In addition, Client Financial Anxiety demonstrated a mediating effect on relationships between *giving as much financial information/education as desired* and both client trust and client commitment (see Table 4-1).

No mediating effects were observed for Cultural Awareness and Institutional Barriers.

Table 4-2: Statistically Significant Relationships between Quantitative Topics and Important Outcomes of Planner/Client Relationships with Mediating Variable Interactions

Quantitative Topics	Communicate recommendations in terms clients understand		Explain pros and cons of recommended investments		Keep clients well informed about investment performance		Gives clients as much financial information as desired (educates)	
Outcome	Planner	Client	Planner	Client	Planner	Client	Planner	Client
Retention - Communication	$p < .05$	$p < .01$ FA	$p < .0001$	NS FA	$p < .05$	NS FA	$p < .05$	$p < .05$ FA
Retention - Return	$p < .001$	$p < .05$ FA	NS	NS FA	NS	$p < .01$ FA	$p < .0001$	$p < .01$ FA
Satisfaction w/relationship	$p < .0001$	$p < .0001$ FA	$p < .0001$	$p < .0001$ VM, FA	$p < .01$	$p < .0001$ FA	$p < .0001$	$p < .0001$ VM
Cooperation w/recommendations	$p < .0001$ VM	$p < .0001$ FA	$p < .0001$	$p < .0001$ VM, IB	$p < .0001$	$p < .0001$ FA	$p < .001$ FA	$p < .0001$ FA, VM
Referrals	$p < .05$	$p < .0001$	$p < .0001$	$p < .0001$ VM	$p < .001$	$p < .0001$	NS	$p < .0001$ VM
Openness - Financial	$p < .0001$ VM	$p < .0001$ FA	$p < .0001$	$p < .0001$	$p < .0001$	$p < .0001$ FA	$p < .0001$	$p < .0001$ FA
Openness - Personal	$p < .0001$	$p < .0001$ FA	$p < .0001$	$p < .0001$ VM	$p < .0001$	$p < .0001$ FA	$p < .0001$	$p < .0001$ VM

*Variable Correlations:
$p < .0001$—statistical significance at .0001 level
$p < .001$—statistical significance at .001 level
$p < .01$— statistical significance at .01 level
$p < .05$— statistical significance a .05 level
NS—Not significant at .05 level

Mediating Variable Interactions:
VM = Virtual Meeting Navigation
FA = Client Financial Anxiety
CA = Cultural Awareness
IB = Institutional Barriers

*In statistics, a result is called statistically significant if it is unlikely to have occurred by chance. Therefore, the p values ($p < .0001$, $p < .001$, $p < .01$, and $p < .05$) are probabilities and refer to levels of significance. These mean that the chances of obtaining the measured associations due to sampling error are less than 1 in 1000, 1 in 100, and 5 in 100 respectively.

Mediating Variable Interactions with Other Important Outcomes *(trivariate analyses)*

Planner Responses: Client Financial Anxiety demonstrated a mediating effect on relationships between *giving as much financial information/education as desired* and "client cooperation with financial planning recommendations" (see Table 4-2).

No mediating effects were observed for Virtual Meeting Navigation, Cultural Awareness, or Institutional Barriers.

Client Responses: Virtual Meeting Navigation demonstrated a mediating effect on relationships between *giving as much financial information/education as desired* and four of the seven selected indicators of successful planner/client relationships: 1) satisfaction with planner/client relationship, 2) client cooperation with recommendations, 3) client referrals, and 4) openness to sharing personal information (see Table 4-2).

Client Financial Anxiety demonstrated a mediating effect on the relationships between *giving as much financial information/education as desired* and four of the seven selected indicators of successful planner/client relationships: 1) client retention based on communication, 2) client retention based on return, 3) client cooperation with recommendations, and 4) client openness in disclosing financial information (see Table 4-2).

No mediating effects were observed for Cultural Awareness or Institutional Barriers.

B. Effective Communication: Qualitative Topics

In this section, the results of univariate, bivariate, and trivariate analyses are presented, which provide insight regarding the value of addressing specific qualitative topics in client communications.

1. Clients are Open to Discussing What They Value Most in Life

Opinions of Planners and Clients *(univariate analyses)*

A majority of planners (87 percent) indicated that they "somewhat agreed" to "strongly agreed" with the statement *My clients are open to discussing what they value most in life*. In contrast, only 50 percent of clients responded that they "somewhat agreed" to "strongly agreed" with the matching statement in the client survey (see Figure 4-2).

Comparison to 2006 results: N/A.

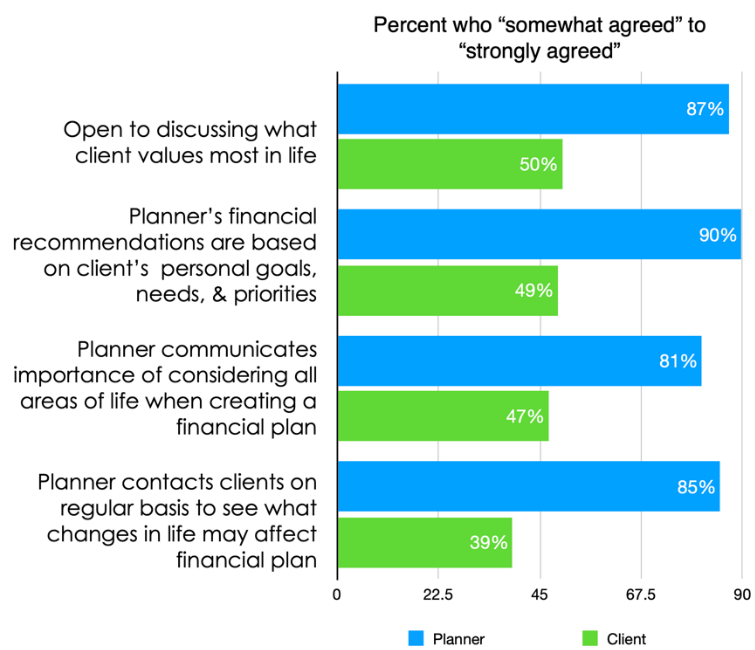
Significant Relationships with Client Trust and Commitment *(bivariate analyses)*

Statistically significant correlations were found between planner and client responses and the scales that measured levels of client trust and client commitment. These findings indicate, from the perspectives of both planners and clients, that direct and positive relationships exist between higher levels of being *open to discussing what client wants most in life* and higher levels of client trust and client commitment (see Table 4-3).

Comparison to 2006 results: N/A.

Figure 4-2: Communication Effectiveness - Qualitative

Planner addresses these qualitative topics in client conversations



Significant Relationships with Other Important Outcomes *(bivariate analyses)*

In addition, statistically significant correlations were found between client and planner responses regarding *clients are open to discussing what they value most in life* and higher levels of all seven indicators of successful planner/client relationships: 1) client retention based on communication, 2) client retention based on return, 3) satisfaction with planner/client relationship, 4) cooperation with financial planning recommendations, 5) openness in disclosing financial information, 6) openness to sharing personal goals, needs, and priorities, and 7) recommending planner to others (see Table 4-4).

Comparison to 2006 results: N/A.

Mediating Variable Interactions with Client Trust and Commitment *(trivariate analyses)*

Planner Responses: No mediating effects were observed for Virtual Meeting Navigation, Client Financial Anxiety, Cultural Awareness, or Institutional Barriers.

Client Responses: Client Financial Anxiety was the only variable that demonstrated a mediating effect on relationships between being *open to discussing what client values most in life* (and both client trust and client commitment (see Table 4-3).

No mediating effects were observed for Virtual Meeting Navigation, Cultural Awareness, or Institutional Barriers.

Table 4-3: Statistically Significant Relationships between Qualitative Topics and Client Trust and Commitment with Mediating Variable Interactions

Qualitative Topics	Open to discussing what client values most in life		Important to link financial recommendations to personal goals, needs, and priorities		Important to consider all areas of life when creating financial plan		Contacts clients on a regular basis to see what changes in life may affect financial plan	
Outcome	Planner	Client	Planner	Client	Planner	Client	Planner	Client
Trust Scale	$p < .0001$	$p < .0001$ FA	$p < .0001$	$p < .0001$ FA, IB	$p < .0001$	$p < .0001$ FA	$p < .0001$	$p < .0001$ FA
Commitment Scale	$p < .0001$	$p < .0001$ FA	$p < .0001$	$p < .0001$ FA, IB	$p < .0001$	$p < .0001$ FA	$p < .0001$	$p < .0001$ FA

*Variable Correlations:	Mediating Variable Interactions:
$p < .0001$—statistical significance at .0001 level $p < .001$—statistical significance at .001 level $p < .01$— statistical significance at .01 level $p < .05$— statistical significance a .05 level NS—Not significant at .05 level	VM = Virtual Meeting Navigation FA = Client Financial Anxiety CA = Cultural Awareness IB = Institutional Barriers

*In statistics, a result is called statistically significant if it is unlikely to have occurred by chance. Therefore, the p values ($p < .0001$, $p < .001$, $p < .01$, and $p < .05$) are probabilities and refer to levels of significance. These mean that the chances of obtaining the measured associations due to sampling error are less than 1 in 1000, 1 in 100, and 5 in 100 respectively

Mediating Variable Interactions with Other Important Outcomes *(trivariate analyses)*

Planner Responses: Institutional Barriers demonstrated a mediating effect on relationships between being *open to discussing what client values most in life* and one of the seven selected indicators of successful planner/client relationships: 1) recommending planner to others (Table 4-4).

No mediating effects were observed for Virtual Meeting Navigation, Client Financial Anxiety, or Cultural Awareness.

Client Responses: Client Financial Anxiety demonstrated a mediating effect on relationships between being *open to discussing what client values most in life* and three of the seven selected indicators of successful planner/client relationships: 1) client retention based on communication, 2) client retention based on return, and 3) client openness in disclosing financial information (see Table 4-4).

No mediating effects were observed for Virtual Meeting Navigation, Cultural Awareness or Institutional Barriers.

2. Communicating Importance of Linking Financial Recommendations to Personal Goals, Needs, and Priorities

Opinions of Planners and Clients *(univariate analyses)*

Ninety percent of planners indicated that they "somewhat agreed" to "strongly agreed" with the statement *I communicate to my clients that it is very important for me to link my financial recommendations to their personal (non-financial) goals, needs, and priorities*. A much smaller proportion of client respondents (49 percent) expressed agreement or strong agreement with the matching statement in the client survey (see Figure 4-2).

Comparison to 2006 results: 79% of planners indicated agreement as compared to 82% of clients.

Significant Relationships with Client Trust and Commitment *(bivariate analyses)*

Statistically significant correlations were found between planner and client responses and the scales that measured levels of client trust and client commitment. These findings indicate, from the perspectives of both planners and clients, that direct and positive relationships exist between higher levels of *importance of linking financial recommendations to personal goals, needs, and priorities* and higher levels of client trust and client commitment (see Table 4-3).

Comparison to 2006 results: all planner and client correlations were statistically significant, and all client correlations were statistically significant except for "commitment."

Significant Relationships with Other Important Outcomes *(bivariate analyses)*

Planner Responses**:** Statistically significant correlations were found between *importance of linking financial recommendations to personal goals, needs, and priorities* and higher levels of all seven selected indicators of successful planner/client relationships: 1) client retention based on communication, 2) client retention based on return, 3) satisfaction with planner/client relationship, 4) cooperation with financial planning recommendations, 5) openness in disclosing financial information, 6) openness to sharing personal goals, needs, and priorities, and 7) recommending planner to others (see Table 4-4).

Comparison to 2006 results: all planner correlations were statistically significant.

Client Responses**:** Statistically significant correlations were found between *importance of linking financial recommendations to personal goals, needs, and priorities* and five of seven selected indicators of successful planner/client relationships: 1) satisfaction with planner/client relationship, 2) cooperation with financial planning recommendations, 3) openness in disclosing financial information, 4) openness to sharing personal goals, needs, and priorities, and 5) recommending planner to others (see Table 4-4).

Comparison to 2006 results: all client correlations were statistically significant.

Mediating Variable Interactions with Client Trust and Commitment *(trivariate analyses)*

Planner Responses: No mediating effects were observed for Virtual Meeting Navigation, Client Financial Anxiety, Cultural Awareness, or Institutional Barriers (see Table 4-3).

Client Responses: Client Financial Anxiety and Institutional Barriers demonstrated a mediating effect on relationships between the *importance of linking financial recommendations to personal goals, needs, and priorities* and both client trust and client commitment (see Table 4-3).

No mediating effects were observed for Virtual Meeting Navigation or Cultural Awareness.

Table 4-4: Statistically Significant Relationships between Qualitative Topics and Important Outcomes of Planner/Client Relationships with Mediating Variable Interactions

Qualitative Topics	Open to discussing what client values most in life		Important to link financial recommendations to personal goals, needs, and priorities		Important to consider all areas of life when creating financial plan		Contacts clients on a regular basis to see what changes in life may affect financial plan	
Outcome	Planner	Client	Planner	Client	Planner	Client	Planner	Client
Retention - Communication	$p < .0001$	$p < .01$ FA	$p < .01$	NS FA	$p < .001$	$p < .001$ FA	$p < .001$	NS FA
Retention - Return	$p < .05$	$p < .01$ FA	$p < .0001$	NS FA	$p < .001$	$p < .01$ FA	$p < .05$	NS FA
Satisfaction w/relationship	$p < .0001$	$p < .0001$	$p < .0001$	$p < .0001$	$p < .01$	$p < .0001$ VM	$p < .001$ VM	$p < .0001$ VM
Cooperation w/recommendations	$p < .0001$	$p < .0001$	$p < .0001$ FA	$p < .0001$	$p < .0001$	$p < .0001$	$p < .0001$	$p < .0001$
Referrals	$p < .0001$ IB	$p < .0001$	$p < .01$	$p < .0001$ IB	NS	$p < .0001$	$p < .0001$	$p < .0001$
Openness - Financial	$p < .0001$	$p < .0001$ FA	$p < .0001$	$p < .0001$ FA	$p < .0001$	$p < .0001$ FA	$p < .0001$	$p < .0001$ FA
Openness - Personal	$p < .0001$	$p < .0001$	$p < .0001$	$p < .0001$ VM, FA	$p < .0001$	$p < .0001$ FA	$p < .0001$	$p < .0001$ VM

*Variable Correlations:
$p < .0001$—statistical significance at .0001 level
$p < .001$—statistical significance at .001 level
$p < .01$— statistical significance at .01 level
$p < .05$— statistical significance a .05 level
NS—Not significant at .05 level

Mediating Variable Interactions:
VM = Virtual Meeting Navigation
FA = Client Financial Anxiety
CA = Cultural Awareness
IB = Institutional Barriers

*In statistics, a result is called statistically significant if it is unlikely to have occurred by chance. Therefore, the p values ($p < .0001$, $p < .001$, $p < .01$, and $p < .05$) are probabilities and refer to levels of significance. These mean that the chances of obtaining the measured associations due to sampling error are less than 1 in 1000, 1 in 100, and 5 in 100 respectively.

Mediating Variable Interactions with Other Important Outcomes *(trivariate analyses)*

Planner Responses: Client Financial Anxiety demonstrated a mediating effect on relationships between the *importance of linking financial recommendations to personal goals, needs, and priorities* and one of seven selected indicators of successful planner/client relationships: 1) cooperation with financial planning recommendations (Table 4-4).

Client Responses: Virtual Meetings demonstrated a mediating effect on the relationship between the *importance of linking financial recommendations to personal goals, needs, and priorities* and one of the seven *and priorities* 1) client openness in sharing personal, needs, and priorities (see Table 4-4).

Client Financial Anxiety demonstrated a mediating effect on relationships between the *importance of linking financial recommendations to personal goals, needs, and priorities* and four of the seven selected indicators of successful planner/client relationships: 1) client retention based on communication, 2) client retention based on return, 3) client openness in disclosing financial information, and 4) client openness in sharing personal, needs, and priorities (see Table 4-4).

Institutional Barriers demonstrated a mediating effect on the relationship between the *importance of linking financial recommendations to personal goals, needs, and priorities* (a quantitative communication topic) and one of the seven selected indicators of successful planner/client relationships: 1) client cooperation with recommendations (see Table 4-4).

No mediating effects were observed for Cultural Awareness.

3. Importance of Considering all Areas of Life When Creating a Financial Plan

Opinions of Planners and Clients *(univariate analyses)*

Eighty-one percent of planners indicated that they "somewhat agreed" to "strongly agreed" with the statement: *I believe it is important to consider all areas of life when creating a financial plan for a client*. A much smaller proportion of client respondents (47 percent) expressed agreement or strong agreement with the matching statement in the client survey (see Figure 4-2).

Comparison to 2006 results: 84% of planners indicated agreement as compared to 82% of clients.

Significant Relationship with Client Trust and Commitment *(bivariate analyses)*

Statistically significant correlations were found between planner and client responses and the scales that measured levels of client trust and client commitment. These findings indicate, from the perspectives of both planners and clients, that direct and positive relationships exist between higher levels of *importance of considering all areas of life when creating a financial plan for a client* and higher levels of client trust and client commitment (see Table 4-3).

Comparison to 2006 results: all planner and client correlations were statistically significant.

Significant Relationships with Other Important Outcomes *(bivariate analyses)*

Planner Responses**:** Statistically significant correlations were found between the *importance of considering all areas of life when creating a financial plan for a client* and higher levels of six of the seven selected indicators of successful planner/client relationships: 1) client retention based on communication, 2) client retention based on return, 3) satisfaction with planner/client relationship, 4) cooperation with financial planning recommendations, 5) openness in disclosing financial information, 6) openness to sharing personal goals, needs, and priorities (see Table 4-4).

Comparison to 2006 results: all planner correlations were statistically significant.

Client Responses**:** Statistically significant correlations were found between the *importance of considering all areas of life when creating a financial plan for a client* and higher levels of all seven selected indicators of successful planner/client relationships: 1) client retention based on communication, 2) client retention based on return, 3) satisfaction with planner/client relationship, 4) cooperation with financial planning recommendations,

5) openness in disclosing financial information, 6) openness to sharing personal goals, needs, and priorities, and 7) recommending planner to others (see Table 4-4).

Comparison to 2006 results: all client correlations were statistically significant.

Mediating Variable Interactions with Client Trust and Commitment *(trivariate analyses)*

Planner Responses: No mediating effects were observed for Virtual Meeting Navigation, Client Financial Anxiety, Cultural Awareness, or Institutional Barriers.

Client Responses: Client Financial Anxiety demonstrated a mediating effect on relationships between the *importance of considering all areas of life when creating a financial plan for a client* and both client trust and client commitment (see Table 4-3).

No mediating effects were observed for Virtual Meeting Navigation, Cultural Awareness, or Institutional Barriers.

Mediating Variable Interactions with Other Important Outcomes *(trivariate analyses)*

Planner Responses: No mediating effects were observed for Virtual Meeting Navigation, Client Financial Anxiety, Cultural Awareness, or Institutional Barriers.

Client Responses: Virtual Meeting Navigation demonstrated a mediating effect on the relationship between the *importance of considering all areas of life when creating a financial plan for a client* and one of the seven selected indicators of successful planner/client relationships: 1) client cooperation with recommendations (see Table 4-4).

Client Financial Anxiety demonstrated a mediating effect on relationships between the *importance of considering all areas of life when creating a financial plan for a client* and four of the seven selected indicators of successful planner/client relationships: 1) client retention based on communication, 2) client retention based on return, 3) client openness in disclosing financial information, and 4) client openness in sharing personal, needs, and priorities (see Table 4-4).

No mediating effects were observed for Cultural Awareness or Institutional Barriers.

4. Contacting Clients Regularly Regarding Life Changes that May Affect Financial Plan

Opinions of Planners and Clients *(univariate analyses)*

Eighty-five percent of planners indicated that they "somewhat agreed" to "strongly agreed" with the statement: *I contact my clients on a regular basis to see what changes in their lives may affect their financial plans*. In contrast, only 39% of clients indicated that they "somewhat agreed" to "strongly agreed" with the matching statement on the client survey (see Figure 4-2).

Comparison to 2006 results: 66% of planners indicated agreement as compared to 76 % of clients.

Significant Relationships with Client Trust and Commitment *(bivariate analyses)*

Statistically significant correlations were found between planner and client responses and the scales that measured levels of client trust and client commitment. From the perspectives of both planners and clients, these findings indicate that direct and positive relationships exist between higher levels of *contacting clients regularly regarding life changes that may affect financial plan* and higher levels of client trust and client commitment (see Table 4-3).

Comparison to 2006 results: all planner and client correlations were statistically significant.

Significant Relationship with Other Important Outcomes *(bivariate analyses)*

Planner Responses**:** Statistically significant correlations were also found between *planner contacting client regularly to find out what life changes may affect financial plan* and higher levels of all seven selected indicators of successful planner/client relationships: 1) client retention based on communication, 2) client retention based on return, 3) satisfaction with planner/client relationship, 4) cooperation with financial planning recommendations, 5) openness in disclosing financial information, 6) openness to sharing personal goals, needs, and priorities, and 7) recommending planner to others (see Table 4-4).

Comparison to 2006 results: all planner correlations were statistically significant.

Client Responses**:** Statistically significant correlations were found between *planner contacting client regularly to find out what life changes may affect financial plan* and five of seven selected indicators of successful planner/client relationships: 1) satisfaction with planner/client relationship, 2) cooperation with financial planning recommendations, 3) openness in disclosing financial information, 4) openness to sharing personal goals, needs, and priorities, and 5) recommending planner to others. The two indicators of successful planner/client relationships that did not demonstrate significant correlations in this analysis were 1) client retention based on communication, 2) client retention based on return (see Table 4-4).

Comparison to 2006 results: all client correlations were statistically significant with the exception of "openness to disclosing financial information."

Mediating Variable Interactions with Client Trust and Commitment *(trivariate analyses)*

Planner Responses: No mediating effects were observed for Virtual Meeting Navigation, Client Financial Anxiety, Cultural Awareness, or Institutional Barriers.

Client Responses: Client Financial Anxiety demonstrated a mediating effect on relationships between *planner contacting client regularly to find out what life changes may affect financial plan* and both client trust and client commitment (see Table 4-3).

No mediating effects were observed for Virtual Meeting Navigation, Cultural Awareness, or Institutional Barriers.

Mediating Variable Interactions with Other Important Outcomes *(trivariate analyses)*

Planner Responses: Virtual Meeting Navigation demonstrated a mediating effect on relationships between *planner contacting client regularly to find out what life changes may affect financial plan* and one of the seven selected indicators of successful planner/client relationships: 1) client satisfaction with planner/client relationship (see Table 4-4).

No mediating effects were observed for Client Financial Anxiety, Cultural Awareness, or Institutional Barriers.

Client Responses: Virtual Meeting Navigation demonstrated a mediating effect on the relationship between *planner contacting client regularly to find out what life changes may affect financial plan* and two of the seven selected indicators of successful planner/client relationships: 1) client satisfaction with planner/client relationship and 2) client openness in sharing personal, needs, and priorities (see Table 4-4).

Client Financial Anxiety demonstrated a mediating effect on relationships between *planner contacting client regularly to find out what life changes may affect financial plan* and three of the seven selected indicators of successful planner/client relationships: 1) client retention based on communication, 2) client retention based on return, and 3) client openness in disclosing financial information (see Table 4-4).

IV. Summary of Results

In this phase of the research, we explored the effectiveness of selected quantitative and qualitative topics in promoting effective communication strategies and successful planner/client relationships. This section provides a summary of statistical analyses.

A. Effective Communication: Quantitative Topics

Univariate Analyses

Figure 4-1 provides an overview of the quantitative topics that were selected for this phase of our research and displays a comparison between planner and client viewpoints. What is immediately apparent is the difference in opinions between the two samples: planners rate themselves much higher than clients do for incorporating these important quantitative topics into client interactions. For example, 84% of planners indicated that they communicated financial recommendations in terms clients could understand, whereas only 51% of clients shared that same opinion about their own planners. In contrast, clients responding to the 2006 survey indicated a much higher level of agreement with these statements. A comparison of planner and client responses demonstrated higher ratings of planner performance in this area of communication.

Bivariate Analyses

Client Trust and Communication: A review of Table 4-1 indicates that both planner and client responses regarding quantitative topics demonstrated highly significant correlations with both client trust and client commitment. In other words, planner/client conversations focused on 1) communicating recommendations in terms clients understand, 2) explaining pros and cons of recommended investments 2) keeping clients informed about investment performance, and 4) giving clients as much financial information/education as desired are all highly influential in developing client trust and commitment. These results matched what was observed in analyses of 2006 data and therefore indicate the persistence of these variable relationships over time.

Other Outcome Variables: In addition, a review of the high number of statistically significant relationships between the quantitative topics and all seven indicators of successful planner/client relationships verify that clients highly value planners who understand they want to be educated and kept informed about the financial matters that affect their lives (see Table 4-2). In addition, they want to be involved with their planners in making important financial decisions. Interestingly, of the 56 variable relationships displayed in Table 4-2, only five were not statistically significant. These results matched what was observed in analyses of 2006 data and therefore indicate the persistence of these variable relationships over time.

Trivariate Analyses

A new feature in the 2021 study was examination of the mediation role of selected variables: Virtual Meeting Navigation, Client Financial Anxiety, Institutional Barriers, and Cultural Awareness. Results indicated that, when mediator variables were statistically significant, partial mediation occurred. That is, adding the mediator variable reduced but did not eliminate the relationship between the independent and the dependent variable. In this case, there are two effects on the dependent variable, a direct effect via the independent variable as well as an indirect effect via the mediator variable.

Client Trust and Communication: In this phase of the analysis, we evaluate the influence of these mediators in the relationships between client trust and commitment and the inclusion of four quantitative topics in client communication. As displayed in Table 4-1, of the 16 variable relationships, ten indicate the influence of one or more of the mediator variables: seven interactions were mediated by Client Financial Anxiety and three interactions were mediated by Virtual Meeting Navigation.

Other Outcome Variables: Of the 56 variable relationships displayed in Table 4-2, 28 indicated the influence of one or more mediator variables. By far, Client Financial Anxiety (20) and Virtual Meeting Navigation (9) mediated the most interactions.

B. Effective Communication: Qualitative Topics

Univariate Analyses

Figure 4-2 provides an overview of the qualitative topics that were selected for this phase of our research and displays a comparison between planner and client viewpoints. Surprisingly, the disparity between planner and client viewpoints is even more striking than demonstrated in the quantitative topic section. The percentage difference in opinions reported by planners and clients ranges from 37% to 51%, with planners consistently rating themselves much higher regarding the frequency they address selected qualitative topics in client conversations.

In other words, planners rate themselves much higher than clients do for incorporating these important qualitative topics into client interactions. For example, 85% of planners indicated that they *contact clients on a regular basis to see what changes in life may affect their financial plan*. In comparison, only 39% of clients shared that same opinion about their own planners. In comparing responses in the 2006 survey, we noted that planners rated themselves lower in this area of client communication. Still, clients had a more positive view, with 76% of clients reporting that their planners *contact them on a regular basis to see what changes in life may affect their financial plan.*

Bivariate Analyses

Client Trust and Communication: Results of our bivariate analyses of qualitative topics indicated strong support for including a holistic, client-centered, values-based approach to communicating with clients. In particular, planner and client responses demonstrated highly significant correlations between all four qualitative topics and measures of client trust and client commitment (see Table 4-3).

Other Outcome Variables: Both planner and client responses demonstrated highly significant correlations between the qualitative topics and all seven indicators of successful relationships (see Table 4-4). Similar to the analyses of quantitative topics, 51 of the 56 variable relationships tested were statistically significant.

Trivariate Analyses

A new feature included in the 2021 study was the examination of the mediation role of selected variables: Virtual Meeting Navigation, Client Financial Anxiety, Cultural Awareness, and Institutional Barriers.

Client Trust and Communication: In this phase of the analyses, we evaluate the influence of these mediators in the relationships between client trust and commitment and the inclusion of four qualitative topics in client communication. Of the 16 variable relationships displayed in Table 4-3, nine indicate the influence of one or more mediator variables, and seven of those interactions were mediated by Client Financial Anxiety.

Other Outcome Variables: Of the 56 variable relationships displayed in Table 4-4, 21 indicated the influence of one or more mediator variables. Most interactions were mediated by Client Financial Anxiety (15) and Virtual Meeting Navigation (5). As described in Chapter 2, a mediator is a third variable (mediator variable) hypothesized to intervene in and affect the relationship between an independent and a dependent variable. If the mediator variable is not statistically significant, no mediation is present. A statistically significant mediator variable can either reduce (partial mediation) or eliminate (full mediation) the relationship the independent and dependent variable. In this study, all statistically significant mediation effects were partial.

V. Conclusions & Recommendations

The number of statistical analyses conducted and reports generated for this study were voluminous. However, in this section, we offer our reflections on the role of two variables in supporting the development of successful client relationships: 1) defining components of effective client communication and 2) distinguishing financial stress from financial anxiety. We also make recommendations that will prepare you to meet and exceed your clients' ever-changing needs and expectations—now and in the future.

Defining Components of Effective Client Communication

The results of our study confirm the importance of communication effectiveness in both the technical (quantitative) and functional (qualitative) realms of planner/client relationship development. The variables tested are listed below, and it is important to note that even the quantitative topics are framed in a client-centered and egalitarian manner. In other words, it is essential that these topics are introduced in a way that invites active participation of the client and respects the individuality of each client's frame of reference and unique set of circumstances:

***Quantitative topics*:**

1. *Planner communicates recommendations in terms that clients can understand*
2. *Planner explains pros and cons of investments recommended to client*
3. *Planner keeps clients well informed about investment performance regardless of market status*
4. *Planner gives clients as much financial information/education as desired*

Qualitative topics:

1. *Client is open to discussing what they value most in life*
2. *Planner's financial recommendations are based on client's personal goals, needs, and priorities*
3. *Planner communicates importance of considering all areas of life when creating a financial plan for client*
4. *Planner contacts client on a regular basis to see what changes in life may affect their financial plan*

Our research clearly indicates that planners who adopt client-centric strategies for communication in both realms will be more effective in developing client trust and commitment as well as promoting other measures of successful long-term client relationships such as higher levels of client satisfaction, openness, cooperation, and retention. In addition, planners who seamlessly integrate quantitative and qualitative topics into their client communications will be highly valued.

Although several studies have confirmed the efficacy of this type of approach to client relationship development, Murphy et al[11] observed that investors only seem to expect financial advisers to help them generate returns. They explain that this misconception is because professional financial advice has historically been promoted as a way to beat the market rather than emphasizing the more personalized, holistic, and long-term benefits. Based on their research, they offer the following observations and recommendations:

> *These findings call for a change in how financial advisers communicate with clients and prospective clients. Professionals can start by learning the language of the interpersonal side of financial advising…*
>
> *…The findings of this research add to the growing discussion in the profession regarding the importance of the human side of financial planning and the need to prepare advisers accordingly.*
>
> *…Although many advisers already engage in the interpersonal side of financial planning, many may struggle to properly explain the value to clients, which formal education regarding research techniques may help remedy.*

We heartily agree with each of these points and feel they are supported by our research and experience. We have also noted that most financial planners agree that addressing both the quantitative and qualitative aspects of a client's financial life is important for the client and nurtures a more fulfilling professional experience for the planner. The problem seems to lie in the fact that most planners feel ill-equipped to address the more qualitative aspects of their clients' financial lives, nor do they know how to effectively communicate the value of this approach to both current and prospective clients. This is largely because this educational and experiential component has not been addressed in the curriculum of most CFP programs. However, we are encouraged that CFP Topic List[12] has recently been updated to include Psychology of Financial Planning as a "Principal Knowledge Domain" and will be included in the CFP® Certification Exam starting in March 2022:

H. Psychology of Financial Planning

- H.65 Client and planner attitudes, values, biases
- H.66 Behavioral finance
- H.67 Sources of money conflict
- H.68 Principles of counseling
- H.69 General principles of effective communication
- H.70 Crisis events with severe consequences

Distinguishing Financial Stress from Financial Anxiety

An addition to the 2021 study were analyses of three categories of mediator variables: 1) Virtual Meeting Navigation, 2) Client Financial Anxiety, and 3) Diversity, Inclusion, and Cultural Awareness. Mediators are also known as intervening variables because they can influence the relationship between an independent and a dependent variable. A review of all tables in Chapter 4 indicates that Client Financial Anxiety was the most influential in mediating relationships between characteristics of successful client relationships and quantitative and qualitative topics of financial planning conversations. In addition, the profound influence of this mediator was also observed in analyses of Communication Tasks and Communication Skills (see chapters 5 and 6).

However, we have learned that the first step to understanding how you can help your clients overcome the impediment of financial anxiety is to also learn about financial stress and recognize the difference between the two conditions. We recommend reading "Distinguishing Financial Stress from Anxiety and Client Communication Strategies to Help"[13] by Meghaan Lurtz for an excellent primer on these topics. She explains that while the terms "stress" and "anxiety" are often used interchangeably, they are actually quite different emotional responses that require different communication strategies.

> *While stress is the result of **external stimuli** perceived to pose some level of threat, anxiety results from **internal forces** arising from unhealthy attitudes towards a particular idea or concept.*

Lurtz explains that stress can be addressed by removing the stimuli acting as the stressor, whereas anxiety will linger even in the absence of the root cause.

> *Thus, while stress can be eliminated when the external stimuli are removed, the same is not necessarily true for anxiety. While an external stimulus might serve to trigger anxiety, removing it may have no effect on the anxiety since it is the internalized idea that causes the anxiety versus the actual external trigger.*

And, because financial stress and financial anxiety are different conditions, financial planners will need different strategies for supporting their clients. When working with clients under financial stress, Lurtz recommends the following:

1. **Reframe the issues positively.** This isn't telling the client "it's okay" or "don't worry." Rather, it is about shifting their perspective by reframing the issue in a way that appeals to one of their strengths and/or helps them to visualize a positive outcome.

2. **Be problem-focused.** Those who are under financial stress are eager to take action and resolve the issue. Discuss the issue and support your client in being proactive. Even if you feel their attention should be focused elsewhere, they cannot fully focus on other goals until their most pressing concerns are addressed.

3. **Make to-do lists.** Clients with financial stress will benefit from and respond well to a task list that clearly shows the steps to relieve the stress they are experiencing.

However, when working with clients experiencing financial anxiety, different strategies will be required. Lurtz explains that it is important that financial advisors not rush these clients into action or simply tell them not to worry. In addition, task lists are not a helpful strategy. Instead, she offers the following best practices for helping their clients overcome financial anxiety:

1. **Provide a safe place for money talks.** Lurtz makes of point of explaining that financial advisors do not have to be therapists in order to help clients overcome their financial anxiety. The solution can be as simple as providing the space and opportunity to talk about their money fears and issues. Solutions are not required, just the opportunity to verbalize their concerns.

2. **Offer support and complete tasks together.** Lurtz also explains that "to do" lists can feel overwhelming to clients experiencing financial anxiety. Therefore, set up a meeting to help your client accomplish important tasks such as setting up auto-debits to fund their IRA or establishing a 529 Plan. Each accomplishment will help to ease their anxieties and boost their self-confidence.

3. **Recognize growth.** Lurtz reminds us that anxiety can be debilitating. Therefore, each accomplishment should be recognized and celebrated. "An honest compliment or acknowledgment that the client is growing and changing will encourage them to keep going and make additional progress in the future.

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