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

Chapter 7: Summary & Recommendations

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About the Co-Authors

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In addition to research leaders Anderson, Sharpe, McCoy, and Lawson, the MQRC includes notable academicians and practitioners Thom Allison, CFP®, Founder of Allison Spielman Advisors and MQ University faculty member; and Josh Harris, CFP®, AFC®, Department of Finance Clemson University.

Chapter 7: Summary & Recommendations

I. Introduction

The client is clearly central to financial planning. Yet, as the profession developed, relatively little research focused on identifying best practices for fostering productive client relationships. Noting this gap, in 2006, Life Planning Consortium members developed and conducted the *Survey of Specific Elements of Communication that Affect Trust and Commitment in the Financial Planning Process*.[1] Their study was among the first to provide empirical support for the critical role that communication plays in effective planner/client relationships in financial planning. A unique contribution of their study was to partition communication into three distinct components – topics, tasks, and skills.

Results of that study confirmed that specific communication topics, tasks, and skills had a positive and significant correlation with client trust and commitment in the context of a professional financial planning relationship. Findings also affirmed that communication elements aligned with a client-centered, "life planning" approach to service delivery were significant antecedents of client trust and commitment. Further, specific communication elements had a statistically significant relationship with important indicators of successful client relationships including retention, satisfaction, cooperation, openness to disclosing personal and financial information, and referrals.

Since 2006, several significant economic events and social changes with broad implications for financial planning engagements have occurred. Technological advances have transformed business engagement platforms. A series of economic crises have deeply shaken Americans' sense of financial security and trust in financial markets. Recessions and unexpected and severe economic loss during 2020 due to the COVID-19 pandemic have heightened financial anxiety. Diversity, equity, inclusion, and cultural awareness have become salient social issues.

Considering these changes, the MQ Research Consortium (MQRC) conducted this study to 1) evaluate the persistence of findings from the 2006 study and 2) gain insight into the development of successful planner/client relationships in the context of trends that demand virtual communication technology; prevalence of client financial anxiety; and current diversity, inclusion, and cultural awareness issues. These two objectives serve a broader purpose of contributing to scientific validation of best practices in building and sustaining productive financial planning relationships.

II. Results and Implications for Planners

A. Communication Topics

Quantitative communication topics represent a client-centered approach to addressing technical topics in financial planning conversations. Q*ualitative* communication topics represent a life planning approach to developing long-term client relationships and delivering "life-centered" financial services and advice.

Univariate Results

Comparison of univariate results indicates that planners were consistently more confident than clients that specific quantitative and qualitative topics were addressed in client meetings (see Figures 4-1 and 4-2). The largest discrepancy was for *planner contacts clients on a regular basis to see what changes in life may affect financial plan* (planners 85%, clients 39%). The smallest discrepancy was for *planner keeps clients well informed about investment performance, especially in down markets* (planners 83%, clients 47%).

Figure 4-1: Communication Effectiveness - Quantitative

Planner addresses these quantitative topics in client conversations

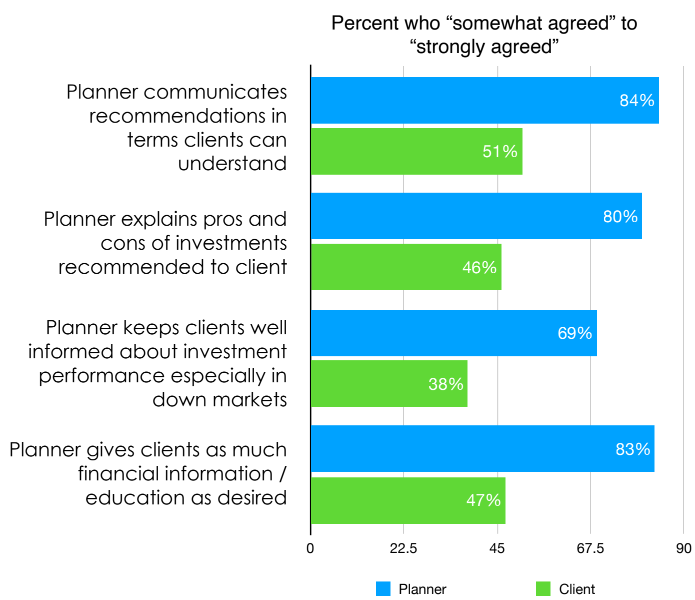
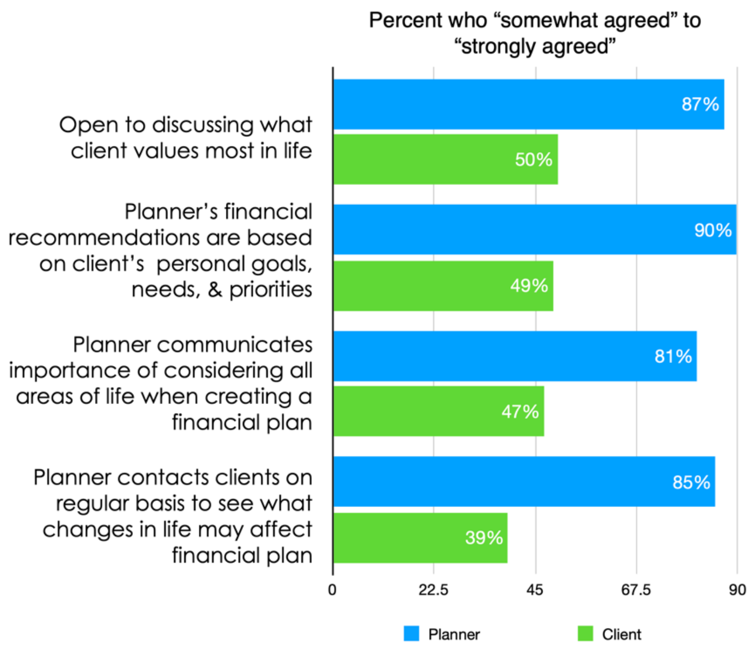


Figure 4-2: Communication Effectiveness - Qualitative

Planner addresses these qualitative topics in client conversations



Bivariate Results

For both planners and clients, all quantitative and qualitative communication topics had positive and highly significant correlations with both client trust and client commitment. However, the relationship between communication topics and other important outcomes varied. For planners and clients, higher levels of communication effectiveness were positively and significantly related to higher levels of other important outcomes for most but not all communication topics. In 2006, more relationships were significant. Also, higher levels of communication effectiveness in all topic areas were positively related to higher levels of client retention, satisfaction, cooperation, openness/financial, openness/personal, and referrals.

Quantitative Topics

Statistical analyses demonstrated that focusing planner/client conversations on 1) *communicating recommendations in terms clients understand*, 2) *explaining pros and cons of recommended investments*, 3) *keeping clients well informed about investment performance*, and 4) *giving as much financial information as desired* were all highly influential in developing client trust and commitment (see Table 4-1).

Positive and significant relationships between quantitative topic areas and almost all of the seven indicators of successful planner/client relationships (client retention based on communication, client retention based on return, satisfaction, cooperation, openness/financial, openness/personal, and referrals) attest that clients highly value planners who understand that they want to be educated and kept informed about the financial matters that affect their lives. They also want to be involved with their planners in making important financial decisions (see Table 4-2).

Qualitative Topics

Results for qualitative topics provided strong support for using a holistic, client-centered, values-based approach to communicating with clients. The results also indicate that both planners and clients highly value the inclusion of life planning subject matter in financial planning conversations.

All correlations between qualitative topic variables and measures of client trust and client commitment were positive and highly significant for planners and clients. This result indicates that planner/client conversations focused on 1*) being open to discussing what the client values most in life*, 2) *communicating importance of linking financial recommendations to personal goals, needs, and priorities*, 3) *considering all areas of life when creating a financial plan*, and 4) *contacting clients on a regular basis to see what life changes may affect their financial plans* are very likely to engender client trust and commitment (see Table 4-3). Results in 2006 were similar except the relationship between client responses regarding *planner communicating importance of linking financial recommendations to personal goals, needs, and priorities* and the measure of client trust were not statistically significant.

Highly significant correlations were found between the four qualitative topic variables and almost all of the seven indicators of successful planner/client relationships (client retention due to communication, client retention due to return, satisfaction, cooperation, openness/financial, openness/personal, and referrals). For planners, the exception was *considering all areas of life when creating a financial plan* which was not related to referrals. For clients, *importance of linking financial recommendations to personal goals, needs, and priorities* was not related to retention based on communication or retention based on return.

These results are similar to those obtained in 2006. Taken together, the results of both studies provide a strong business case for regularly including the more subjective, life planning topics in planner/client conversations. Greater attention to these types of topics can also engender higher levels of client trust and commitment (see Table 4-4).

Mediating Effects: Virtual Meeting Navigation

***Planner Responses*:** Virtual Meeting Navigation mediated only a few relationships between communication topics and desired outcomes. Specifically, it mediated the relationships between *communicating recommendations in terms clients understand* and the outcomes 1) client trust, 2) cooperation with recommendations, and 3) financial openness. The only other mediating effect of Virtual Meeting Navigation for planners was *contacts clients on a regular basis to see what life changes may affect financial plans* and satisfaction with the relationship (see Table 4-1, Table 4-2, and Table 4-4).

***Client Responses*:** Unlike the planner responses, there was no mediating effect of Virtual Meeting Navigation between *communicating recommendations in terms clients understand*

and any of the outcome variables. Virtual Meeting Navigation mediated relationships between the quantitative communication topics 1*) explaining the pros and cons of recommended investments* and 2) *education* and the outcome variables of trust, satisfaction with the relationship, cooperation with recommendations, referrals, and personal openness. Virtual Meeting Navigation also mediated the relationship between the qualitative communication topics of *importance of linking financial recommendations to personal goals, needs, and priorities* and personal openness, as well as between *contacting clients on a regular basis to see what life changes they might have experienced* and 1) satisfaction with the relationship and 2) personal openness (see Table 4-1, Table 4-2, and Table 4-4).

Mediating Effects: Client Financial Anxiety

***Planner Responses*:** regarding quantitative communication topics, Client Financial Anxiety mediated relationships between *educating clients* and the outcomes of 1) commitment and 2) cooperation with recommendations. Regarding qualitative communication topics, Client Financial Anxiety mediated the relationship between *importance of linking financial recommendations to personal goals, needs, and priorities* and cooperation with recommendations (see Table 4-1, Table 4-2, and Table 4-4).

***Client Responses*:** Client Financial Anxiety had a profound mediating effect on client outcomes. It mediated the relationships between every quantitative and qualitative communication topic and client trust and commitment as well as retention-communication and retention-return. This result indicates that from the client's perspective, understanding their anxiety around money is a significant driver of trust, commitment, and retention.

Client Financial Anxiety mediated almost all relationships between quantitative topics and business-related outcomes. The few exceptions included no mediating effects for *explaining the pros and cons of recommended investments and the outcomes of cooperation*, *financial openness*, *personal openness*, or *education* and the outcomes of satisfaction with the relationship and personal openness. In contrast, Client Financial Anxiety mediated relatively fewer relationships between qualitative topics and business-related outcomes. In addition to effects already noted regarding retention, Client Financial Anxiety mediated the relationship between being *open to discussing what client values most in lif*e and financial openness. It also mediated between the *importance of linking financial recommendations to personal goals, needs, and priorities* and both financial and personal openness and between *importance of considering all areas of life when creating a financial plan* and financial and personal openness. Finally, it mediated the relationship between *contacts client on a regular basis to see what changes in life may affect the financial plan* and financial openness. Referrals were the only outcome variable for which Client Financial Anxiety did not have a mediating effect across all communication topics (see Table 4-1, Table 4-2, Table 4-3, and Table 4-4).

Mediating Effects: Institutional Barriers

Planner Responses: Institutional Barriers mediated the relationship between the qualitative communication topic of being *open to discussing what clients value most in their lives* and referrals (see Table 4-4). No other mediating effects of Institutional Barriers were found.

Client Responses: Institutional Barriers mediated between the quantitative communication topic of *explaining the pros and cons of recommended investments* and referrals (see Table 4-2). Institutional Barriers also mediated the relationship between the qualitative topic *importance of linking financial recommendations to personal goals, needs, and priorities* and outcome variables of trust, commitment, and referrals (see Table 4-3 and Table 4-4). No other mediating effects of Institutional Barriers were found.

Mediating Effects: Cultural Awareness

Planner Responses: Cultural Awareness did not mediate any relationship between communication topics and the outcome variables.

Client Responses: Cultural Awareness did not mediate any relationship between communication topics and the outcome variables.

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:
$p < .0001$—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

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:	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.

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

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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
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Mediating Variable Interactions:
VM = Virtual Meeting Navigation
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Implications

The 2021 study results reconfirm the importance of communication effectiveness in the quantitative/technical and qualitative/functional realms of planner/client relationships. Planners who focus on addressing both areas will foster client trust and commitment and enhance their ability to achieve higher levels of other important outcomes such as client retention, satisfaction, cooperation, openness, and referrals. Clients want and need planners who can communicate effectively in both realms and can integrate the two in financial planning conversations. Client communication focused solely on collecting financial data or delivering financial advice is no longer enough to sustain a competitive advantage.

Planners consistently rated their engagement with all communication topics much higher than did their clients. In 2006, planner and client perspectives were typically close to indentical with clients giving planners higher rating than they gave themselves. More research is needed to determine whether this broad disconnect in perspective is due to planner overconfidence or clients becoming more critical of planners' communication skills.

Results also indicate that Client Financial Anxiety can affect communication topics. It was a prevalent mediating factor for clients, particularly for quantitative topics. It also affected the relationship between all conversation topics and the outcomes of client trust, client commitment, retention-communication, and retention-return. Planners may benefit from developing skill in recognizing financial anxiety to know when to move slower through these topics to ensure the client is receptive and understanding.

B. Communication Tasks

"Task" is defined as "a function to be performed, an objective." As in 2006, this study deemed a "communication task" to be a one that required effective communication action steps to implement and complete the financial planning process. Design of this part of the 2006 study relied heavily on the Certified Financial Planner Board of Standards Inc. (CFP Board) professional guidelines that were in force at that time "for the ultimate benefit of consumers of financial planning services."[24] That design was replicated in this study. In addition, communication tasks that were particularly representative of a client-centered, life planning approach to service delivery were included in the 2006 and the 2021 studies.

Univariate Results

A higher proportion of planners than clients affirmed completion of the specified financial planning tasks (see Figures 5.1 and 5.2). The smallest difference was eight percentage points for *planner uses systematic process to help client clarify values and priorities* (68% of planners and 60% of clients agreed this task was done). The largest difference was 45 percentage points for *planner must understand client's values and priorities before delivering effective financial advice* (84% of planners and 39% of clients agreed).

Figure 5-1: Communication Tasks

Planner conducts values clarification and goal setting processes

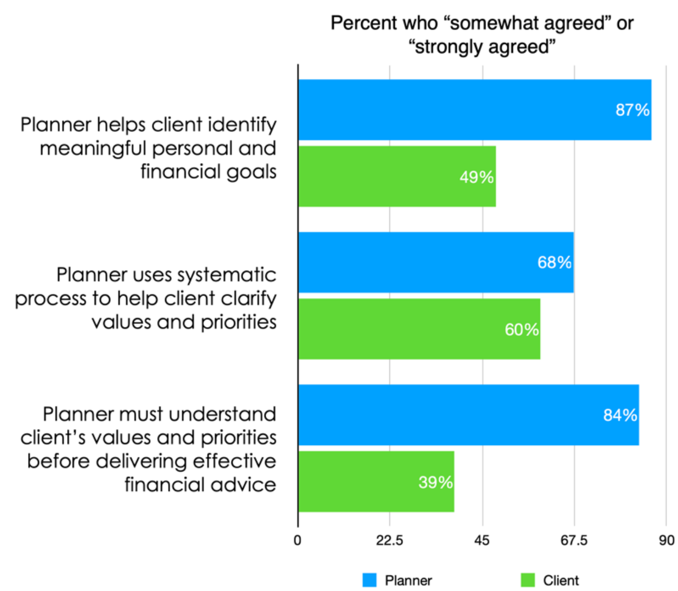
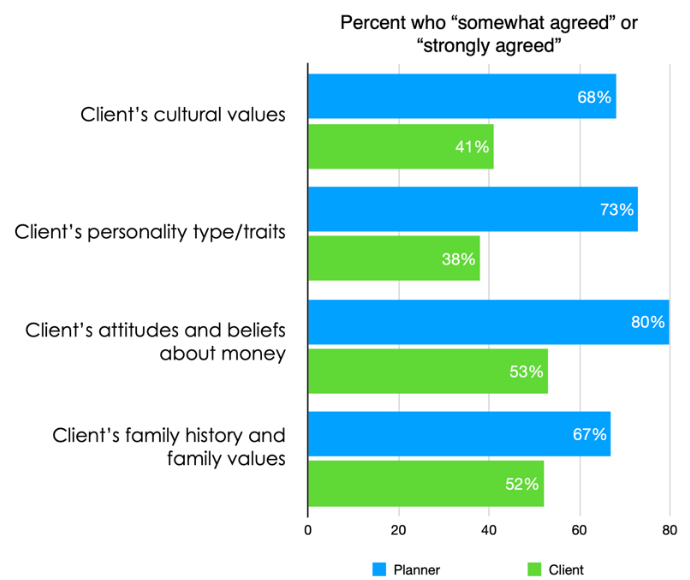


Figure 5-2: Communication Tasks

When gathering client data, planner made an effort to learn about…



Bivariate Results

Three tasks relate to values and goals clarification: 1*) planner helps client identify meaningful personal and financial goals*; 2) *planner uses a systematic process to help clients clarify values and priorities*; and 3) *planner must understand client's values and priorities before delivering effective financial advice*. These three communication tasks were positively and significantly correlated with client trust and commitment (see Table 5-1). With a few exceptions, for both planners and clients, higher levels of attention to these three communication tasks were also positively related to higher levels of client retention, satisfaction, cooperation, openness/financial, openness/personal, and referrals.

From a planner perspective, one exception was finding no correlation between *use of a systematic process in helping clients clarify values and priorities* and retention related to return and referrals. From a client perspective, two exceptions were finding no correlation between the *use of a systematic process in helping clients clarify values and priorities and retention* based on either communication or returns and finding no correlation between *planner must understand client's values and priorities before delivering effective service* and retention based on communication (see Table 5-2).

Four tasks were related to gathering qualitative data. For planners and clients, gathering more data on *cultural values*, *personality types/traits*, *attitudes and beliefs about money*, and *family history and values* were positively and significantly related to client trust and commitment (see Table 5-3). However, results for other desirable outcomes mixed. For planners and clients, no relationship was found between *gathering data on cultural values or family history and family values* and retention related to either communication or return. In addition, there was no relationship between *gathering data on personality types/traits* and retention based on communication or return for planners. For clients, there was no relationship *between attitudes and beliefs about money* and retention based on communication. All other relationships between qualitative data gathering and desired outcomes were positive and significant (see Table 5-4).

Comparison of 2021 and 2006 results suggests that communication tasks related to the qualitative inquiry have become more important. In 2006, fewer statistically significant relationships were found between qualitative tasks and desired outcomes. In 2021, however, except for the relationship between *qualitative data gathering* and retention (due to communication or return), higher levels of qualitative inquiry were related to higher levels of desired business-related outcomes.
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Mediating Effects: Virtual Meeting Navigation

Planner Responses**:** Among quantitative data gathering tasks, <u>Virtual Meeting Navigation</u> mediated the relationship between the *planner understands clients' values and priorities before delivering effective advice* and client trust. <u>Virtual Meeting Navigation</u> mediated the relationships between two qualitative data gathering tasks and the outcome variables of trust, satisfaction with the planner/client relationship, and financial openness. The two tasks were *gathering data regarding personality traits* and *gathering data regarding attitudes and beliefs about money*. Additionally, <u>Virtual Meeting Navigation</u> mediated the relationship between *gathering data regarding attitudes and beliefs about money* and client commitment (see Table 5-1, Table 5-3, Table 5-4).

Client Responses**:** Among values and goal clarification tasks, <u>Virtual Meeting Navigation</u> mediated the relationship between three tasks and two outcomes. The three tasks were 1) *planner helps clients identify meaningful personal and financial goals*, 2) *planner uses a systematic process to help clients clarify values and priorities*, and 3) *planner must understand clients' values and priorities before delivering effective advice*. The two outcomes were satisfaction with the relationship and personal openness. In addition, <u>Virtual Meeting Navigation</u> mediated the relationship between *planner understands client's values and priorities before delivering effective advice* and financial openness (see Table 5-2).

Among the values and goal clarification tasks, <u>Virtual Meeting Navigation</u> mediated the relationship between the two independent variables 1) *gathering data regarding cultural values* and 2) *gathering data regarding family history and family values* and the dependent variable client trust. Other mediating effects were found between *gathering data regarding cultural values* and satisfaction with planner relationship and personal openness; *gathering data regarding personality type/traits* and financial openness; *gathering data regarding attitudes and beliefs about money* and financial openness; and *gathering data regarding family history and family values* and the outcomes of satisfaction with planner relationship, referrals, and personal openness (see Table 5-3 and Table 5-4) .

Mediating Effects: Client Financial Anxiety

Planner Responses**:** Client Financial Anxiety only mediated the relationships between one communication task – *planner uses a systematic process to help clients clarify values and priorities* – and the dependent variables of client trust, client commitment, cooperation with recommendations, and being open to discussing financial information (see Table 5-1 and) Table 5-2

Client Responses**:** For clients, mediating effects of financial anxiety were pervasive. Client Financial Anxiety mediated the relationships between three values and goal clarification tasks and five desired outcomes. The three tasks were 1) *planner help clients identify meaningful personal and financial goals*, 2) *planner uses a systematic process to help clients clarify values and priorities*, and 3) *planner understand clients' values and priorities before delivering effective advice.* The desired outcomes were client trust and commitment, retention based on communication, retention based on return, satisfaction with planner relationship, and financial openness (see Table 5-1and Table-2)

Among the qualitative data gathering tasks, Client Financial Anxiety mediated the relationships between two communication tasks: 1) *gathering data regarding cultural values* and 2) *gathering data regarding family history and family values* and desired outcome variables of trust, commitment, retention due to communication, retention due to return, and openness regarding financial information (see Table 5-3 and Table 5-4)

Mediating Effects: Institutional Barriers

Planner Responses**:** No mediating effects of Institutional Barriers were found.

Client Responses**:** Institutional barriers mediated between the communication task of the planner helping clients identify meaningful personal and financial goals and the outcomes of client commitment and referrals. No other mediating effects of Institutional Barriers were found (see Table 5-1 and Table 5-2).

Mediating Effects: Cultural Awareness

Planner Responses: Mediation occurred for the relationship between *gathering data about cultural values* and referrals (see Table 5-4). No other mediating effects for Cultural Awareness were found.

Client Responses: Cultural Awareness did not mediate any relationship between communication tasks and any outcome variable.

Table 5-1: Statistically Significant Relationships between Values and Goal Clarification and Client Trust and Commitment with Mediating Variable Interactions

Communication Task	Planner helps clients identify meaningful personal and financial goals		Planner uses a systematic process to help clients clarify values and priorities		Planner must understand clients' values and priorities before delivering effective advice	
Outcome	Planner	Client	Planner	Client	Planner	Client
Trust Scale	$p < .0001$	$p < .0001$ FA	$p < .0001$ FA	$p < .0001$ FA	$p < .0001$ VM	$p < .0001$ FA
Commitment Scale	$p < .0001$	$p < .0001$ FA, IB	$p < .0001$ FA	$p < .0001$ FA	$p < .0001$	$p < .0001$ FA

$p < .0001$—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.

Table 5-2: Statistically Significant Relationships between Values and Goal Clarification and Important Outcomes of Planner/Client Relationships with Mediating Variable Interactions

Communication Task	Planner helps clients identify meaningful personal and financial goals		Planner uses a systematic process to help clients clarify values and priorities		Planner must understand clients' values and priorities before delivering effective advice	
Outcome	Planner	Client	Planner	Client	Planner	Client
Retention - Communication	$p < .01$	$p < .05$ FA	$p < .05$	NS FA	$p < .0001$	NS FA
Retention - Return	$p < .01$	$p < .05$ FA	NS	NS FA	$p < .05$	$p < .01$ FA
Satisfaction w/relationship	$p < .0001$	$p < .0001$ VM, FA	$p < .05$	$p < .0001$ VM, FA	$p < .0001$	$p < .0001$ VM, FA
Cooperation w/recommendations	$p < .0001$	$p < .0001$	$p < .001$ FA	$p < .0001$	$p < .001$	$p < .0001$
Referrals	$p < .0001$	$p < .0001$ IB	NS	$p < .0001$	$p < .0001$	$p < .0001$
Openness - Financial	$p < .0001$	$p < .0001$ FA	$p < .001$	$p < .0001$ FA	$p < .0001$	$p < .0001$ VM, FA
Openness - Personal	$p < .0001$	$p < .0001$ VM	$p < .0001$	$p < .0001$ VM	$p < .0001$	$p < .0001$ 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.

Table 5-3: Statistically Significant Relationships between Qualitative Data Gathering and Client Trust and Commitment with Mediating Variable Interactions

Planner made effort to learn about	Cultural values		Personality types/traits		Attitudes and beliefs about money		Family history and family values	
Outcome	Planner	Client	Planner	Client	Planner	Client	Planner	Client
Trust Scale	$p < .0001$	$p < .0001$ VM	$p < .0001$ VM	$p < .0001$ FA	$p < .0001$ VM	$p < .0001$ FA	$p < .0001$	$p < .0001$ VM
Commitment Scale	$p < .0001$	$p < .0001$	$p < .0001$	$p < .0001$ FA	$p < .0001$ VM	$p < .0001$ FA	$p < .0001$	$p < .0001$

*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:
FA = Client Financial Anxiety
VM = Virtual Meeting Navigation
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.

Table 5-4: Statistically Significant Relationships between Qualitative Data Gathering and Important Outcomes of Planner/Client Relationships with Mediating Variable Interactions

Planner made effort to learn about	Cultural values		Personality types/traits		Attitudes and beliefs about money		Family history and family values	
Outcome	Planner	Client	Planner	Client	Planner	Client	Planner	Client
Retention - Communication	NS	NS	NS	$p < .05$ FA	$p < .01$	NS FA	NS	NS
Retention - Return	NS	NS	NS	$p < .01$ FA	$p < .05$	$p < .01$ FA	NS	NS
Satisfaction w/relationship	$p < .001$	$p < .0001$ VM	$p < .001$ VM	$p < .0001$	$p < .0001$ VM	$p < .0001$	$p < .01$	$p < .0001$ VM
Cooperation w/recommendations	$p < .01$	$p < .0001$	$p < .0001$	$p < .0001$	$p < .0001$	$p < .0001$	$p < .01$	$p < .0001$
Referrals	$p < .0001$ CA	$p < .0001$	$p < .001$	$p < .0001$	$p < .0001$	$p < .0001$	$p < .001$	$p < .0001$ VM
Openness - Financial	$p < .001$	$p < .0001$	$p < .0001$	$p < .0001$ VM, FA	$p < .0001$	$p < .0001$ VM, FA	$p < .0001$	$p < .0001$
Openness - Personal	$p < .0001$	$p < .0001$ VM	$p < .0001$	$p < .0001$ 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.

Implications

Overall, our 2021 findings continue to give strong support for the value of completing specific financial planning communication tasks. Survey items related to these tasks were positively correlated with developing client trust and commitment and promoted other important outcomes of successful client relationships (client retention, satisfaction, cooperation, openness/financial, openness/personal, referrals).

Mediating variables were more often significant for clients than planners, suggesting effective client service would include noting where mediating variables play a significant role relative to communication tasks. Virtual Meeting Navigation was often an important mediator between planner accomplishment of communication tasks and desired outcomes. As with communication topics, Client Financial Anxiety was a prevalent mediating factor, particularly for quantitative tasks from the client's perspective. Low levels of racial and ethnic diversity in planner and client samples may have contributed to the few mediation effects due to Institutional Barriers or Cultural Awareness.

C. Communication Skills

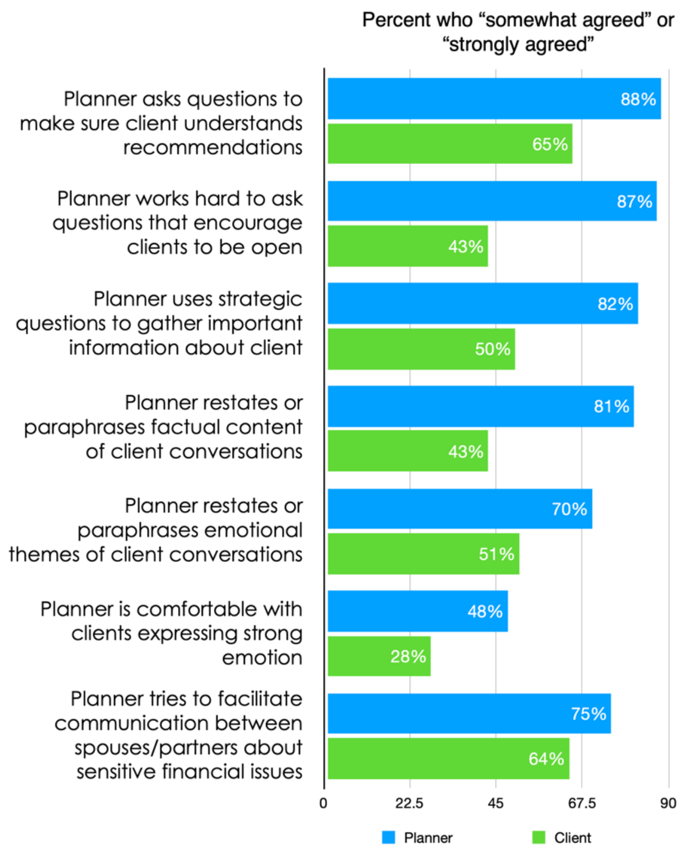
Communication skills focus on abilities generally considered to enhance the value, efficiency, and effectiveness of the planner/client relationship. Skills that would facilitate a life planning approach to providing financial services and advice were also included. These skills are classified as use of questions, verbal pacing techniques, and planner ability to deal with emotions or sensitive issues.

Univariate Results

As with other univariate comparisons, it is clear that planners and clients have quite different perspectives. In this case, the differences are in regard to whether planners practice specific communication strategies (see Figure 6.1). Some differences were large. Consistently, planners were more confident than clients that each skill was practiced. The largest discrepancy was for *planner works hard to ask questions that encourage clients to be open* (planners 87%, clients 43%). The least difference was for *planner tries to facilitate communication between spouses/partners about sensitive financial issues* (planners 75%, clients 64%).

Figure 6-1: Communication Skills

Planner practices these communication strategies



Bivariate Results

Communication skills included use of questions, verbal pacing techniques, and dealing with emotional or sensitive issues. Overall, results related to these communication skills were more consistent for outcomes of client trust and commitment than for other desired outcomes. For six of the seven communication skills assessed, a higher frequency of practicing the skill was significantly associated with higher client trust and commitment levels. The one exception was from the client perspective, where there was no significant relationship between the *planner comfort with client expressing strong emotion* and client commitment (see Table 6.1). In 2006, both planner and client correlations were statistically significant for client trust and client commitment.

Results for the business focused outcome variables of client retention, satisfaction, cooperation, openness/financial, openness/personal, referrals varied, depending on skill and perspective (see Table 6.2). All relationships between variables pertaining to asking questions and business-focused outcomes were positive and significant for planners and clients except for retention (return or communication).

All relationships between verbal pacing variables and indicators of successful planner/client relations were positive and significant except retention-communication for planner responses. In contrast, client responses resulted in few significant relationships between verbal pacing techniques and business-focused outcome variables.

The significant relationships between dealing with emotional and sensitive issues and business-focused outcomes were relatively few and differed for planner and client response. *Planner is comfortable with client expressing strong emotion* was positively and significantly related to outcomes retention-return and client openness-personal among planners and clients. For planners, the relationship with client openness-financial was also positive and significant, but no other outcomes were significant. For clients, the relationship with all other outcomes variables was positive and significant except for referrals and client openness-financial. Planner tries to facilitate communication between spouses/partners had a positive and significant relationship with all outcome variables for planners and clients except the outcomes retention (communication or return related) and client openness-financial for client responses.

In 2006, the bivariate results for the relationships between measures of the three communication skills and business-focused outcomes were also quite varied, depending on the skill and whether planner or client responses were considered. In general, the bivariate relationships that were positive and statistically signficant in 2006 were also so in 2021 although for both planners and clients a few items that were signifant in 2006 were not in 2021 (see discussion in Chapter 6 for more detail).

Mediating Effects: Virtual Meeting Navigation

***Planner Responses*:** Virtual Meeting Navigation mediated the relationship between *asking specific questions to ensure the client understands recommendations* and openness to disclose financial information. Virtual Meeting Navigation also mediated the relationship between the *planner asking the right questions to allow the client to open up* and client trust. Virtual Meeting Navigation did not mediate any relationship between the *planner using strategic questions to gather important client information* and any outcome variable.

Virtual Meeting Navigation did not mediate any relationship between communication skills related to verbal pacing (*restate or paraphrase facts or emotional themes in client conversation*) and any outcome variable.

Virtual Meeting Navigation did not mediate any relationship between *planner comfort with clients expressing strong emotion* and any outcome variable. However, it did mediate relationship between the *planner facilitates communication between spouses/partners* and the outcomes of client trust, client commitment, client satisfaction, and client openness to disclose personal information (see Table 6-1 and Table 6-2)

***Client Responses*:** Virtual Meeting Navigation mediated relationships between *planner asking specific questions to make sure client understands recommendations* and the outcomes of client trust, satisfaction with relationship, and openness to share personal information. Virtual Meeting Navigation did not mediate any relationship between *planner* *asks the right questions to allow clients to open up* and any outcome variable. Regarding *planner use of strategic questions to gather important information about a client*, Virtual Meeting Navigation only mediated the relationship with openness to share personal information.

Virtual Meeting Navigation did not mediate relationships related to the use of verbal pacing techniques or the emotional/sensitive issue of *planner comfort with the client expressing strong emotion* and any outcome variable. However, it did mediate between *planner trying to facilitate spouse/partner communication* and the outcomes of client trust, client commitment, satisfaction, cooperation, referrals, and client openness in disclosing personal information (see Table 6-1 and Table 6-2).

Mediating Effects: Client Financial Anxiety

***Planner Responses*:** Client Financial Anxiety mediated relationships between 1) *planner asks specific questions to ensure client understand recommendations*, 2) *planner restates or paraphrases factual information*, and 3) *planner comfort with client expressing strong emotion* and the outcome of client commitment. Other mediating effects related to the outcomes of cooperation with recommendations and openness to sharing financial information and the communication skills of 1) *planner asking the right questions to encourage client openness*, 2) *restating or paraphrasing factual client information*, 3) *planner comfort with client expressing strong emotion*, and 4) and *facilitating spouse/partner communic*ation (see Table 6-1 and Table 6-2).

***Client Responses*:** For clients, Client Financial Anxiety mediated between almost all communication skills and client trust and commitment. Exceptions were no mediating effects found for the *planner asking the right questions to encourage client openness* or *planner restatement or paraphrase of underlying emotional themes* and client trust and commitment or between *facilitating spouse/planner communication* and client trust. Client Financial Anxiety mediated between the communication skills of asking questions (*asks right questions* and *uses strategic questions*) and verbal pacing *(restating or paraphrasing factual content of client conversations*) and all outcome variables with the exception of referrals. Regarding emotions or sensitive issues, Client Financial Anxiety mediated between *planner comfort with a client expressing strong emotion* and every outcome variable, including referrals. (see Table 6-1 and Table 6-2).

Mediating Effects: Institutional Barriers

***Planner Responses*:** No mediating effects were found for Institutional Barriers

***Client Responses*:** No mediating effects were found for Institutional Barriers

Mediating Effects: Cultural Awareness

***Planner Responses*:** No mediating effects were found for Cultural Awareness.

***Client Responses*:** No mediating effects were found for Cultural Awareness.

Table 6.1: Statistically Significant Relationships between Communication Skills and Client Trust and Commitment with Mediating Variable Interactions

Part 1

Communication Skill	Planner asks specific questions to make sure client understand recommendations		Planner asks the right questions to allow clients to open up		Planner uses strategic questions to gather important information about client		Planner restates or paraphrases factual content of client conversation	
Outcome	Planner	Client	Planner	Client	Planner	Client	Planner	Client
Trust Scale	$p < .0001$	$p < .0001$ VM	$p < .0001$ VM	$p < .0001$ FA	$p < .0001$	$p < .0001$ FA, IB	$p < .001$	$p < .0001$ FA
Commitment Scale	$p < .0001$ FA	$p < .0001$	$p < .0001$	$p < .0001$ FA	$p < .0001$	$p < .0001$ FA, IB	$p < .001$ 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 FA = 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.

Table 6.1: Statistically Significant Relationships between Communication Skills and Client Trust and Commitment with Intervening Variable Interactions

Part 2

Communication Skill	Planner restates or paraphrases emotional themes underlying what client states		Planner is comfortable with client expressing strong emotion		Planner tries to facilitate communication between spouses/partners	
Outcome	Planner	Client	Planner	Client	Planner	Client
Trust Scale	$p < .0001$	$p < .0001$	$p < .0001$	$p < .01$ FA	$p < .0001$ VM	$p < .0001$ VM
Commitment Scale	$p < .0001$	$p < .0001$	$p < .0001$ FA	NS FA	$p < .0001$ VM, FA	$p < .01$ VM, FA

*Variable Correlations:	Intervening 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 FA = 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.

Table 6.2.: Statistically Significant Relationships between Communication Skills and Important Outcomes of Planner/Client Relationships with Mediating Variable Interactions

Part 1

Communication Skill	Planner asks specific questions to make sure client understand recommendations		Planner asks the right questions to allow clients to open up		Planner uses strategic questions to gather important information about client		Planner restates or paraphrases factual content of client conversation	
Outcome	Planner	Client	Planner	Client	Planner	Client	Planner	Client
Retention - Communication	$p < .0001$	NS	$p < .001$	NS FA	$p < .0001$	NS FA	$p < .01$	NS FA
Retention - Return	NS	$p < .05$	$p < .0001$	$p < .01$ FA	$p < .01$	NS FA	NS	NS FA
Satisfaction w/relationship	$p < .0001$	$p < .0001$ VM	$p < .0001$ VM	$p < .0001$ FA	$p < .0001$	$p < .0001$ VM, FA	$p < .0001$	$p < .0001$ FA
Cooperation w/recommendations	$p < .0001$	$p < .0001$	$p < .0001$ FA	$p < .0001$ FA	$p < .0001$	$p < .0001$ FA	$p < .0001$ FA	$p < .0001$ FA
Referrals	$p < .0001$	$p < .0001$	$p < .0001$	$p < .0001$	$p < .0001$	$p < .0001$	$p < .0001$	NS
Openness - Financial	$p < .0001$ VM	$p < .0001$	$p < .0001$ FA, VM	$p < .0001$ FA	$p < .0001$	$p < .0001$ FA	$p < .0001$ FA,	$p < .001$ FA
Openness - Personal	$p < .0001$	$p < .0001$ VM	$p < .0001$	$p < .0001$ FA	$p < .0001$	$p < .0001$ VM, FA	$p < .0001$	$p < .0001$ FA,

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

*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.

Table 6.2.: Statistically Significant Relationships between Communication Skills and Important Outcomes of Planner/Client Relationships with Mediating Variable Interactions

Part 2

Communication Skill	Planner restates or paraphrases emotional themes underlying what client states		Planner is comfortable with client expressing strong emotion		Planner tries to facilitate communication between spouses/partners	
Outcome	Planner	Client	Planner	Client	Planner	Client
Retention - Communication	$p < .0001$	NS	NS	$p < .0001$ FA	$p < .0001$	NS
Retention - Return	$p < .05$	NS	$p < .001$	$p < .0001$ FA	$p < .0001$	NS
Satisfaction w/relationship	$p < .0001$	$p < .0001$	NS	$p < .05$ FA	$p < .0001$ VM, CA	$p < .0001$ VM
Cooperation w/recommendations	$p < .0001$	$p < .0001$	NS FA	$p < .05$ FA	$p < .0001$ FA	$p < .0001$ VM
Referrals	$p < .0001$	NS	NS	NS FA	$p < .01$	$p < .0001$ VM, IB
Openness - Financial	$p < .0001$	$p < .001$	$p < .0001$ FA	NS FA	$p < .0001$ FA, CA	NS
Openness - Personal	$p < .0001$	$p < .0001$	$p < .001$	$p < .05$ FA	$p < .0001$ VM	$p < .0001$ VM, CA

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

*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.

Implications

Our results indicate specific communication skills matter in fostering client trust and commitment and achieving most of the desired outcome variables. In contrast to communication topics and tasks, several bivariate relationships between particular communication skills and outcomes of retention (due to communication or returns), referrals, and client openness to discuss financial information were not significant. For several communication skills, what was not significant for clients and planners differed. For example, for clients, no relationship was found between the skills of 1) *use of strategic questions to gather important client data*, 2) *restate or paraphrase of emotional themes*, and 3) *facilitating spouse/partner communication* and the outcome of retention due to communication or return. But, these relationships were statistically significant for planners.

Client Financial Anxiety was a dominant mediating factor for clients, particularly related to the skills of 1) *asking the right questions to encourage client openness*, 2) *using strategic questions to gather important client data*, 3) *restating or paraphrasing factual client data*, and 4) *planner* *comfort with client's strong emotion*. For planners, however, Client Financial Anxiety mediated relatively few relationships between communication skills and desired outcomes, with the exception of the outcomes 1) *cooperation with recommendations* and 2) *client openness to disclosing financial information*.

These results indicate that the communication skills of asking questions, verbal pacing, and handling emotional/sensitive issues may have relatively little influence on retention or referrals but do matter for satisfaction with the relationship, cooperation with recommendations, and, with a couple of exceptions for clients, openness to disclose financial and personal information. The potential presence and influence of Client Financial Anxiety is an important consideration in the exercise of communication skills. Differences noted in planner and client responses indicate a need to learn more about the relationships between communication skills and the business-related outcomes of the financial planning process.

IV. Observations & Recommendations

The 2006 study was the first to categorize components of communication as topics, tasks, and skills and then to identify and statistically validate elements within each category that contribute to building client trust and commitment in the context of a professional financial planning relationship. That study tested and verified the benefits of using a holistic, client-centered, values-based approach to service delivery, an approach commonly known as life planning. That study also contributed to the body of knowledge by examining the influence of specific communication topics, tasks, and skills on the desired business outcomes of client retention, satisfaction, cooperation, openness, and referrals.

The purposes of the 2021 study were to 1) evaluate the persistence of findings from the 2006 study and 2) gain insight into the development of successful client/planner relationships in the context of trends that demand virtual communication methods; prevalence of financial anxiety; and current demographic, economic, and equity issues. These two objectives serve a broader purpose of contributing to the scientific validation of best practices in building and sustaining productive professional personal financial planning relationships.

Based on the results of this research and our understanding of trends in the financial services industry, we offer the following observations and recommendations:

A. Communication Components Are Linked to Favorable Outcomes

Results of our 2006 and 2021 studies affirm a positive and significant relationship between purposeful focus on specific communication topics, completion of specific communication tasks, and practice of specific communication skills and levels of client trust and client commitment. These specific communication topics, tasks, and skills are also positively and significantly related to the desired business outcomes of retention due to communication and return achieved, client satisfaction with the relationship, client cooperation with recommendations, client referrals, and client openness to discussing both financial and personal information.

Practice implication: The specific communication topics, tasks, and skills included in our 2006 study were based largely on the then-current CFP Board *Practice Standards*[2]. The 2018 revision of the Practice Standards replaced descriptive guidelines for communication tasks with clear and often succinct directives. However, the specific communication topics, tasks, and skills in our 2006 and 2021 studies still serve as guidelines for good professional practice.

B. Advantage of Life Planning Approach Continues to be Affirmed

When we conducted our 2006 study, financial planners were deliberating the content, scope, and depth of conversations to have with clients regarding subjective, quality of life topics. Results of that study confirmed that taking a life planning approach to conversation topics, tasks, and skills was positively and significantly related to client trust and commitment as well as to several desirable business-related outcomes. Since 2006, the life planning approach has gained wide acceptance. Findings of our 2021 study again confirm the benefit of actively engaging clients in a "more personal and holistic focus on their financial and non-financial needs"[3]

Practice implication: Reflecting on the growing capacity of technology to manage the technical aspects of financial planning, Kevin Keller, CEO of CFP Board, pointed out that artificial intelligence

> *will never be able to replicate the most important work humans do … think in "grays" … understand and reflect back the nuances of human emotion … account for the unexpected and understand human nature.*

He then affirmed, "*We'll thrive when we hire and train for the "soft skills" to connect with our clients."*[4] Effective connection with clients can facilitate navigating through volatile economic times as well as times of personal transitions or crises. In the wake of the pandemic, there is evidence that people are more likely to pursue life quality over maximizing investment returns. Our study indicates the qualitative topics, tasks, and skills from a life planning approach engender client trust and commitment as well as foster achievement of desired business-related outcomes.

C. Planner and Client Perspectives Differ

A striking outcome of this study is discovering the wide difference in perspective between planners and clients regarding whether specific communication topics were discussed, specific communication tasks were completed, and specific communication skills were demonstrated. Planners were invariably more certain than clients that these things were done. The smallest difference in perspective was eight percentage points (*planner uses systematic process to help the client clarify values and priorities*, 68% of planners agreed, 60% of clients agreed). The largest difference was 46 percentage points (*planner contacts clients on regular basis to see what changes in life may affect the financial plan*, 85% of planners agreed, 39% of clients agreed). For most items, the spread ranged between 30 to 40 percentage points. In contrast, our 2006 study found relatively little difference in perspective between planners and clients regarding topic discussion, task completion, and skill demonstration.

Reasons for this wide disparity in planner and client perspectives are not clear. Planners in our sample are relatively young professionals; 46% have been in the industry for ten years or less. Perhaps this group is somewhat overconfident about their performance. Or, a disconnect may exist between client expectations and planner performance. It also could be that stresses related to dealing with the pandemic may have affected expectations, perspective, or performance.

> **Practice implication:** No matter the wide difference in view of performance regarding communication topics, tasks, and skills, it is clear it cannot be assumed that planners and clients have similar views regarding topic discussion, task completion, and skill demonstration. Using a systematic approach to client interaction can help ensure that quantitative and qualitative topics are discussed, data is gathered about relevant objective and subjective aspects of financial planning, and skills incorporate relationship-building activities. Where appropriate, clients can be asked about their preference rather than making assumptions regarding type, frequency, and focus of contact.

D. Emerging Diversity

Questions regarding diversity were not asked in our 2006 survey. Although evidence of diversity in race, ethnicity, and lifestyle in this study was relatively small, it points to the importance of inquiry over assumption as some aspects of life are likely to be learned only through conversation (e.g., religious affiliation).

> **Practice implication:** Expected increase in racial, ethnic, and social diversity points to the heightened importance of qualitative data gathering regarding cultural values, personality types/traits, attitudes and beliefs about money, family history, and family values. This type of data gathering did matter for engendering client trust and commitment and for most business-related outcomes (retention was an exception). Client diversity can bring richness to financial planning practice. Still, it can also bring challenges as one group's perspectives, concerns, values, goals, and resources may differ from that of another. Effective financial planning practice with diverse clientele may involve broadening relational skills or a decision to specialize to better serve particular population groups.

E. Mediators Can Matter

Potential mediating variables were not considered in our 2006 study. Results of the 2021 study indicate that mediator variables can matter. A thorough analysis of the specific degree of mediation for all mediated relationships in survey results is beyond the scope of this report. What can be said is that a significant mediating variable essentially indicates the mediator can explain at least some of the relationship observed between an independent and a dependent variable of interest. The mediator becomes another factor to consider beyond the bivariate relationship.

Virtual Meeting Navigation, Client Financial Anxiety, and Diversity, Inclusion, and Cultural Awareness mediated many of the relationships between communication topics, tasks, skills, and desirable outcomes. Interestingly, the significant mediators differed between planners and clients. In general, mediating variables were more likely to affect the bivariate relationships related to client responses than the bivariate relationships related to planner responses.

Virtual Meeting Navigation

Regarding communication topics, Virtual Meeting Navigation tended to mediate relationships that had retention (whether associated with the communication or financial returns), openness in sharing financial information, and satisfaction with the relationship as outcomes. Regarding communication tasks, Virtual Meeting Navigation tended to mediate relationships that had client trust as an outcome. Regarding communication skills, Virtual Meeting Navigation tended to mediate relationships that had client commitment and openness to sharing financial information as an outcome.

> **Practice Implication**: These findings are reminders that virtual meetings do not often convey the warmth, acceptance, and attentiveness taken for granted in friendly face-to-face meetings. Further, the settings in which virtual meetings often take place (e.g., home) may make clients wary that confidentiality will be kept. Extra attention may need to be given to communicating acceptance and openness to the client and assuring confidentiality.

Client Financial Anxiety

Client Financial Anxiety mediated the largest number of bivariate relationships by far, perhaps reflecting negative economic events related to the 2020 pandemic as well as heightened economic uncertainty.

> **Practice Implication:** These results suggest it can be important for financial planners to recognize client financial anxiety, which may be more pervasive than realized. Identifying, addressing, and reducing client anxiety may become an increasingly important skill in client relationships.

Diversity, Inclusion, and Cultural Awareness

Possibly due to the relative homogeneity of race and ethnicity in the sample, statistical significance for the mediating variables assessing Diversity, Inclusion, and Cultural Awareness was found for only a few relationships.

> **Practice Implication:** Still, as population diversity rises, the potential for diversity, inclusion, and cultural awareness issues to mediate the relationships between communication topics, tasks, and skills and desired outcomes of the financial planning process may rise as well.

F. Interpersonal Communication Education & Training Needed

Planner and client responses underscored the importance of communication effectiveness in both the quantitative and qualitative realms of a financial planning relationship. In addition, clients confirmed that they value planners who demonstrate the willingness and ability to navigate the emotional terrain linked to their financial lives and the life transitions they experience.

At the same time, results of the univariate analyses indicated broad difference existed between planners' view of their communication practices and that of their clients. Both were asked whether specific quantitative and qualitative topics were addressed in client conversations, value clarification and goal setting processes were implemented, particular types of client data were gathered, and specific communication practices were used. On every measure, planner responses of "somewhat agreed" or "strongly agreed" exceeded that of their clients, often by a rather large margin.

> **Practice Implication:** We encourage planners to seek out and take advantage of courses in interpersonal communication and life planning. We also recommend courses that teach 1) frameworks for getting to know and understand clients and 2) processes for values clarification goal setting that enhance and compliment the seven-step financial planning process.

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