



Are You Happy Now?

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Financial Planning has historically
focused on predicting an
unpredictable future.



Carolyn McClanahan @CarolynMcC · Mar 8, 2013

No one will worry about the stock market, politics, or anything else when this nasty **coronavirus** hits - 1.usa.gov/XX3jrj #liveitupnow



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Carolyn McClanahan @CarolynMcC · May 12, 2013

2nd case of **coronavirus** reported in France. People should worry about this instead of money and politics #pandemic [cnn.com/2013/05/12/hea...](https://www.cnn.com/2013/05/12/hea...)

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Carolyn McClanahan @CarolynMcC · May 15, 2013

More news on **coronavirus**. I think this is our next black swan. [cnn.com/2013/05/15/hea...](https://www.cnn.com/2013/05/15/hea...)

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NATIONAL BESTSELLER

THE AGE OF THE UNTHINKABLE

WHY THE NEW WORLD DISORDER
CONSTANTLY SURPRISES US

• Global cognitive increases
the US beyond rich and poor

• Environmental policy
to protect species leads
to fast extinction

• AI revolution will
do more good than harm
despite terrorism

• Efforts to end a financial
crisis collapse in arrival

AND WHAT WE
CAN DO ABOUT IT



"Persuasive . . . a stimulating volume." —*NEW YORK TIMES*

"Ramo certainly gets you thinking in ways you had not
considered before." —*WALL STREET JOURNAL*

JOSHUA COOPER RAMO

Grief and Regret

- Approach to death – three trends
 - Denial, anger, and acceptance
 - Total denial, anger, bargaining, depression, no acceptance
 - Total acceptance
- Understanding regrets
 - 21% of people feel regret all the time
 - “No regrets” is not healthy

My Hypothesis

- Greater life satisfaction leads to a healthier acceptance when infirmity or death arrives
- Our job as a financial planner should be to help people position themselves financially for greater life satisfaction and create resiliency for untoward events
- If something is getting in the way of life satisfaction, we should assist our clients in finding solutions to that issue

Objectives

- What creates greater life satisfaction?
- Setting the tone to address life satisfaction
- Focusing on resiliency instead of predictions
- Maintaining ongoing life satisfaction

What Creates Life Satisfaction?

What Financial Advisors Should Address

- Enough money to pay the bills
- Experiences
- Acts of kindness

What Financial Advisors Could Address

- Having control over time spent
 - Suggestions for adjustments at work
 - Sabbaticals
 - Career changes
- Exercise/Health

What Financial Advisors Could Get Help Addressing

- Healthy relationships
- Gratitude
- Focus on the present

Setting the Tone

The Initial Interview

- Why is the client coming to see you?
 - Positivity versus angst
- How does the client spend their time?
- What is their attitude towards work?
- Is the client satisfied with their current life situation?

State up front that life is not predictable and that your goals are:

- To create financial peace so the client can have a good life now and
- To prepare them financially for whatever life throws their way.

Positivity Versus Angst

- Realizes the need for an advisor
- Hitting the day of reckoning (retirement)
- Positive life upheaval
- Need help getting financial life in order
- Negative life upheaval
- Family issues with money

How Does the Client Spend Their Time?

- Do they feel they have good life balance?
- How much do they work?
- How much time is focused on others?
- Do they have diverse life pursuits?

Work Discussions

- Talk about attitudes towards work early
- Engagement in an occupation creates financial, physical, and psychological resiliency
- Have ongoing conversations about reduced work or alternative work

Life Satisfaction

- Are they happy with their current situation?
- Do they like their job?
- Do they have a community of people?
- How do they take care of their health?

What To Do With the Information

- Pay attention to the red flags
- Use appreciative inquiry
 - “Tell me more about that”
 - Validate the client’s “reveal”
- Don’t address issues in the first meeting unless the client asks for an issue to be addressed

What To Do With the Information

- Begin planting seeds
- In initial plan, document areas that could bring more life satisfaction
 - Be suggestive, not directive
 - For touchier areas, make sure the client is ready to receive suggestions

ADDRESSING LIFE SATISFACTION IS AN ONGOING PROCESS!

For some people, it can take years of work.

Focusing On Resiliency

And Minimizing Predictions

Different Types of Resiliency

- Economic
- Physical
- Psychological
- Environmental

Economic Resiliency

- Focus on spending needs
- Savings goals based on potential life changes
- Take the right amount of portfolio risk
- Others

Spending Needs

- How a person spends money is a big window on life satisfaction
- Client categories
 - Spending too much and not saving enough
 - Needs versus wants
 - Spending and saving within capabilities
 - Money hoarder
 - Address underlying fears

Savings Goals

- Address this concurrently with life satisfaction
- Projections useful to determine if the client is “keeping the car on the road”
 - Accumulators – are they saving enough for the needs and wants?
 - Distribution phase – do they have enough to cover current spending and other anticipated needs and wants?

Savings Goals

- For the clients who aren't saving enough, lay the groundwork for saving for upheaval and for the day they can no longer work
 - Ascertain attitudes about continued work, disability, and death
- If savings or spending is an issue, consider a financial therapist

Client Examples

- Client A – age 48, good health
 - Loves their work, has a low impact skilled job
 - Current spending/savings will take them to mid 80's with quitting work at 67 at 3% real return (not nominal)
- Client B- age 48, good health
 - Not thrilled with their work, has a high stress job
 - Current spending/savings will take them to mid 80's with quitting work at 67 at 3% real return (not nominal)

Portfolio Risk

- Psychological risk – attitude on markets/growth
 - Likes money growth/not risk adverse
 - Safety mindset/not risk adverse
 - Likes money growth/risk adverse
 - Safety mindset/risk adverse
- Psychological risk – attitude on change in lifestyle
 - Good financial flexibility
 - Poor financial flexibility

Portfolio Risk

- Financial risk
 - On track for having more than enough
 - Coming in right on track
 - Not close to having enough

Portfolio Risk

- Goal time horizon risk
 - How soon is money needed?
 - How long is money needed?
 - One concern about the FIRE movement

Client Examples

- 62 y/o healthy retiree
 - Likes money growth/not risk adverse
 - Good financial flexibility
 - Has more than enough
 - Needs money > 30 years plus wants to leave legacy

Portfolio 80% equities/20% fixed income

Client Examples

- 62 y/o healthy retiree
 - Safety mindset/not risk adverse
 - Good financial flexibility
 - Has more than enough
 - Needs money > 30 years plus wants to leave a legacy

Portfolio 60% equities/40% fixed income

Client Examples

- 62 y/o healthy retiree
 - Safety mindset/risk adverse
 - Poor financial flexibility
 - Has more than enough
 - Needs money > 30 years with no concerns for legacy

Portfolio 20% equities/80% fixed income

Economic Resiliency - Other

- Easily accessible cash for short term needs and emergencies
- Appropriate insurance
- Ducks in a row for unexpected events

Physical Resiliency

- Maintaining good health
- Managing current illnesses
- Mentally preparing for serious illness and death

Health Status

- Good health - longer planning period plus higher risk of cognitive decline
- Moderate health - Are they willing/able to undertake lifestyle changes to improve?
 - If so, plan as if in good health. If not, plan for average lifespan
- Poor health – focus on improved current quality of life

Illness and Death

- Managing current illness
 - If not, why not? Plan for who people are, not who they want to be.
- Mentally preparing for serious illness and death
 - Quality of life advance directive planning
 - Unresolved issues

Psychological Resiliency

- Working towards contentment
- Addressing “functional” issues
- Dealing with mental illness

Contentment

- Contentment - Different meaning at different life stages
 - First 1/3 of life – on the right track for a fulfilling purpose
 - Mid 1/3 of life – fulfilling purpose being achieved
 - Last 1/3 of life – satisfied/at peace with how life transpired; finding continued meaning

Functional Issues

- Relationships
 - Are couples on the same page for goals?
 - Any family strife?
- Communication issues
 - Do clients have any difficulty having hard conversations?
 - “Fierce Conversations” by Susan Scott
- Spending issues

Mental Illness

- Sometimes hard to identify there is an issue
- Develop a good relationship with therapists
- Remember you can't help everyone!

Environmental Resiliency

- Creating a community
 - Family connections
 - Community involvement
 - Community and neighborhood connections
- Becoming a “prepper”

Ongoing Life Satisfaction

Revisiting Life and Goals

- Check in on spending and cash flow yearly
- Any new “life desires”?
- Be ready for the “pop ups”

Questions?

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