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Voices: Danielle Howard, on the Link Between Financial Plans and Values

Helps clients stay committed to a course of action

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Danielle Howard PHOTO: WEALTH BY DESIGN

Voices is an occasional column that allows wealth managers to address issues of interest to the advisory community. Danielle Howard, CFP, is the principal of Wealth by Design in Basalt, Colo.

Clients' financial decisions can often be disconnected from their values. Helping clients reconnect to their values and visualize how they correlate with their financial choices helps them stay interested and engaged in financial decisions and more committed to a course of action.

Begin the reconnection process by



asking your clients about what they value. You can use tools like Values.com, which has a list of common values—generosity and education, for example—which you print and give to your clients. Have them circle the ones that resonate with them. If you are working with a couple, make sure they do this exercise separately and then have them discuss what they’ve circled. Don’t impose your values on your clients, and don’t judge theirs.

When they have their list, have them look at their budget or spending plan. This can be an eye-opener for clients as they may find they are spending too much on things that really are not important to them. Once they are aware of how they are using money in support (or not in support) of their values, you can help them alter their budget to better align

with
their

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values.

For example, say “meaningful relationships” are something your clients value, so they go out to eat with friends a few times a week. It is not the eating out that is important but the relationship building. Based on that realization, they may decide to save money by having potlucks at home.

Ask your clients pointed questions about their values. If they say they value family, ask them what it means to value family? If your clients say it means they want to take care of their family members, unpack that. What does that mean in terms of protecting them? Do they have proper insurance in place?

Valuing family may mean your clients don't want to burden their family members as they age. You can help them structure their assets to give them a higher probability of staying independent.

If commitment to the environment or social justice is important, ask your clients if their investments reflect that. You can direct them to investing in socially responsible funds to align their values with investment and financial goals. If learning is of key importance, talk to them about carving out funds so they can take classes, or create a college fund for their children or grandchildren.

We are not therapists, but there is an element to financial planning that requires that we prod our clients to reflect on their financial decisions. Our clients make choices every day on what to do with their dollars. If we can help them prioritize their values and reconnect to them, then they can be more intentional and engaged in financial decision-making.

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