

THE HOLISTIC FINANCIAL PLAN

The Future of Personal Finance Requires an Advisor Who Is Conversant With All Aspects of the Client's Life, Not Just Their Investments—Not Even Just Their Finances.

Authored By:

Kelly Adams, CFP[®], EA

Ken Robinson, JD, CFP[®]

An investor moves his assets to a new advisor, who sells a large portion of the account, and reinvests in one of the firm's actively traded portfolios. The advisor has never seen, nor asked for, the client's income tax returns. The client doesn't realize the advisor's actions will generate greater income tax liabilities, and complicate his tax returns.

A homeowner reviews a quotation for umbrella liability coverage suggested by his insurance provider, then struggles with the same nagging question that arises whenever he is considering coverage his agent suggests: is this new policy in my best interest, or the agent's?

After paying for years of her son's children's private school tuition, an elderly client has her attorney update her will. Considering her previous generosity, she bequeaths her son a fixed lump-sum payment and, to achieve some parity, names her daughters to receive her remaining assets. The attorney does not ask about the titling of her accounts, and the client assumes her new will supersedes the beneficiary designations on her brokerage and retirement accounts—which name all three children as equal beneficiaries. When the client dies soon thereafter, her son receives not only one-third of the brokerage and retirement accounts, but also most of the proceeds from the only estate asset, the client's home.

The past few decades have seen an increase in consumer awareness of the need for detailed financial planning. This has reinforced growth in the range of services provided by the profession, which has made substantial inroads to benefit more consumers. Why, then, are so many consumers' efforts to manage or improve their financial situations ineffective, or even counterproductive?

Typical sources of consumer financial advice are still segregated by subject. It is rare for a consumer's provider in one area to consult with her providers in others. Without this coordination, conflicts harmful to the consumer often arise, and valuable planning opportunities are lost.

These shortcomings can be overcome using a holistic financial planning model, in which the advisor has hands-on involvement with all areas of the client's financial life. While she may not be the subject-matter expert needed to execute every aspect of the plan—for example, the typical client will still need an estate planning lawyer and an insurance agent—the holistic financial advisor's in-depth knowledge of the client's life can yield a coordinated financial plan that efficiently moves the client toward his financial and life goals.

Introduction	1
The weaknesses of the purchasing decision model of financial planning	1
Working in harmony: the holistic financial plan	3
Characteristics of a holistic financial plan	3
Licensing	4
The fiduciary standard	4
Comparison with other planning models	5
Advantages and disadvantages of the holistic planning model	5
The future of the holistic financial planner	7
Conclusions	7

Practitioners of the holistic model, while increasing in number, remain a distinct minority of professionals holding themselves out as financial planners. A holistic financial plan is not normally available where consumers commonly get financial advice: their tax preparer, insurance provider, lawyer, bank, and investment advisor.

The purpose of this paper is to explain the distinct benefit holistic financial planning can provide. We believe this model is the future of the profession, as clients increasingly understand they can obtain customized advice on not just taxes, investments, and insurance, but life events such as costly higher education, personal challenges like job concerns, and family matters like aging and ailing parents. All the client's financial matters can be considered as a unified whole, increasing the likelihood of achieving the client's goals.

Importantly, the holistic financial planning model provides a natural fit with the profession's increasingly important fiduciary standard, which many clients specifically seek in their professional planning relationships.

THE WEAKNESSES OF THE PURCHASING DECISION MODEL OF FINANCIAL PLANNING

Most consumers receive financial advice when they are in the market for a financial product or professional service. They choose a course of action when they make a buying decision, but rarely do so with any strategic plan. In much the same way

as they might consider shoes, a car, or groceries, the typical consumer's interaction with financial products and services is a series of disjointed purchasing decisions.

Early in the calendar year, the consumer receives a stream of income tax data, and hires a tax preparer, who prepares the return. The preparer may request additional data to help reduce the current year's tax liability, but usually will not perform multi-year tax planning. If the preparer does offer tax planning projections their compensation model may cause the consumer to wonder whether the service is worth the cost, or is just a way to increase the fee.

A large tax refund may lead to a bank visit, where the teller is rewarded for sending customers with larger balances to the bank's investment representatives. Once there, the consumer cannot decipher whether the investing specialist's objective is merely to make a sale.

When the consumer moves to a new home, he may seek new insurance, focusing on how much property coverage is needed

The client, intelligent and educated though he may be, typically isn't sufficiently conversant with financial matters to be able to see when one expert's advice conflicts with another's.

while not understanding his liability exposures or important coverage details. The broker or agent may make a recommendation without considering the consumer's net worth, relying instead

on sales guidelines to drive product placement. Ultimately the consumer leaves having made a buying decision, but may not understand what his insurance will cover in the event of a catastrophe.

At work, the consumer may have choices to make about his employee benefits. For instance, there is life insurance and health care coverage to select, and possibly whether to contribute to a Health Savings Account. He may be offered coverage for disability, long-term care, or accidental death and dismemberment. For each, he needs to decide how much (if any) to buy, and whether the coverage is worth the premium. His company's human resources department typically does not provide individualized guidance, and if he consults his own insurance agent, he may be offered a competing product, leaving the consumer to wonder again about sales bias.

He is offered participation in his employer's 401(k) or other retirement plan, and is provided plenty of information to evaluate the various investment options. But this often causes more confusion, leading him to choose investments based on rates of return only, which can produce a highly concentrated

portfolio. Or, out of confusion and frustration, he might select a target-date fund that may not be an appropriate choice for his situation.

Changing marital status, becoming a parent, or receiving sad news from friends or family may lead the consumer to consider writing a will. His lawyer formulates the estate plan, prepares the documents, and supervises their execution. If he asks about non-probate assets, the lawyer likely relies on the consumer's recollection of named beneficiaries on these accounts.

The investment advisor that an acquaintance suggests probably charges based on the consumer's asset base, which can lead to a focus on increasing returns by adding risk. Not skilled in income tax preparation or planning, the advisor may recommend transactions that increase income tax liability, while the client is left to speculate about whether the advice was in his best interest.

Of the many professionals the consumer consults, few offer meaningful guidance on cash flow—a crucial focus of planning for financial independence. While financial goals may be discussed, life goals often are not. Personal goals too often are not seen as financial, financial goals often not related to personal fulfillment. Career coaching is typically not proactive. College planning amounts to filling out the FAFSA, but usually omits positioning assets advantageously.



Pity the poor client managing this multi-faceted plan; he is the only one in a position to see the big picture. Lacking expertise, he seeks out various professionals, but each sees the client only through his or her own lens: to the tax preparer the client is the taxpayer; to the banker, the customer; to the insurance broker, the insured; to the estate planner, a future decedent; and so on. Each of these professionals is conversant with his own field, but not with the other products being recommend-

ed to the client. The client, intelligent and educated though he may be, typically isn't sufficiently conversant with these financial matters to see when one expert's advice conflicts with another's.

The consumer's all-too-common experience of assembling a financial plan as a series of ad hoc purchasing decisions, segregated by subject and cobbled together over months or years, leaves many with disjointed structures that often are ineffective and inefficient, and notably costlier than they should be.

WORKING IN HARMONY: THE HOLISTIC FINANCIAL PLAN

The cure for this disjointed common approach is a holistic financial plan, in which each part of the plan is designed to work harmoniously with the others. Just as with the myriad differing approaches to which labels like financial planning, wealth management, and investment management are applied, the professional usage of holistic is far from standardized.

Merriam Webster defines holistic as:

*relating to or concerned with wholes or with complete systems rather than with the analysis of, treatment of, or dissection into parts.*¹

A holistic financial plan views all aspects of the client's financial life as parts of a unified whole.

The term *holistic* makes some advisors uncomfortable; many practitioners of holistic financial planning never use the label. Some planners prefer the term *comprehensive*, other advisors have adopted the term *integrative*, and we've even seen *consultative* used. Each term has its place, but for this paper, none captures precisely the same meaning we intend. Regardless, the cooperative and mutually supportive interconnectedness of the different aspects of the plan is the important feature, not the term used to describe it.

CHARACTERISTICS OF A HOLISTIC FINANCIAL PLAN

NO SINGLE MODEL

While there is no standard model of a holistic financial plan, it is comprehensive in nature, covering all the common aspects of a personal financial plan, offering guidance so that recommendations on one topic support the strategies recommended in others.

The model used in the professional practices of this paper's authors is one taught by the Alliance of Comprehensive Planners (ACP)². An engagement may begin with income tax preparation or planning, followed by a portfolio and net worth analysis. Discussion and analysis of various financial and lifestyle topics follow (see sidebar, **Included in the Holistic Financial Plan**) with implementation of recommendations as appropriate. This in-depth data gathering and subsequent review provides for specific guidance tailored to the individual client.

A historically common planning model gathers comprehensive data at the outset of the relationship and delivers one plan document: a large binder or electronic file, filled with charts, graphs, and disclosures. The client's experience of this model may feel

Holistic financial planning acts on the belief that the client is best served when the various aspects of the client's plan work in concert to carry out the client's intentions.

like a massive homework assignment consisting of dozens of distinct recommendations—all of which she is meant to complete as soon as possible. So, the binder often is put on a shelf, leaving the client without the benefit of the plan she has paid for.

A holistic financial plan could be provided in one such lengthy volume, but all-in-one does not have to mean all at once. The authors' experience is that client follow-through is improved by ensuring he does not feel overwhelmed by the quantity of recommendations. Thus, by providing guidance subject by subject, the client may find the process easier and, more importantly, may find the plan easier to act upon.

¹ <https://www.merriam-webster.com/dictionary/holistic>, accessed July 22, 2017.

3 ² <https://www.ACPlanners.org>

INCLUDED IN THE HOLISTIC FINANCIAL PLAN

- **Portfolio and Net Worth Analysis**
- **Record Keeping Guidance**
- **Spending Plan**
- **Mortgage Review and Analysis**
- **Education Planning**
- **Retirement Analysis/Financial Independence Planning**
- **Estate Planning**
- **Pension, Annuity, and Rollover Planning**
- **Investment Implementation**
- **Insurance Analysis: Auto, Home, Health, Disability Long-Term Care, Life**
- **Employee Benefits**
- **Income Tax Planning (multi-year)**
- **Tax Preparation and Planning**
- **Coaching on Financial Habits**
- **Financial and Life Goal Setting**
- **Small Business Consulting**
- **As-Needed Advice**

MORE THAN JUST INVESTMENTS

One holistic financial planner recounts her early meetings with a client who diligently assembled her most recent statements from all her investment accounts. As part of the holistic planning process, the advisor had also reviewed the client's tax returns, where she saw dividend income that was not attributable to any investment shown on the statements. The advisor concluded that in addition to a portfolio of about \$1,000,000, the client also owned about \$250,000 in one company's stock. This sparked the client's memory about the contents of her safe deposit box: the shares the advisor had identified were kept in certificate form.

This had a substantial impact on the client's investment strategy. Most importantly, this 25% increase in her known investable net worth made it clearer that she could achieve her goal of retiring that same year, and allowed her to have the confidence that she could maintain the quality of life she desired.

LICENSING

For the practitioner, there are licensing considerations to such a comprehensive set of services. Providing professional tax preparation, or representing clients before taxing authorities, require particular authorizations that vary from one jurisdiction to another. Likewise many jurisdictions require licensing to be able to give insurance advice for a fee, even without an accompanying product sale. The deep details of estate planning are the purview of licensed legal counsel. And of course, there are legal requirements, similar in most US jurisdictions but with details varying from state to state, on providing investment advice for a fee.

No license is typically required to give guidance on cash flow (usually called budgeting) or debt management issues. Likewise with goal setting, retirement planning, business planning, or college planning.

THE FIDUCIARY STANDARD

Consumers are increasingly interested in finding advisors who follow a fiduciary standard of care. This evolution has been noted since well before the effective date of the US Department of Labor's fiduciary rule in 2017 which applied the standard to retirement assets. Indeed, we believe a consumer seeking a fiduciary financial advisor typically expects that standard to apply to the entirety of the professional engagement.

This standard is easily applied to holistic financial planning. The deep knowledge the planner gains of the client's situation and intentions during the professional engagement generates confidence that the recommendations are in the client's best interest. The CERTIFIED FINANCIAL PLANNER™ Board of Standards has recognized this by holding CFP® practitioners to a fiduciary standard.

CFP® professionals have completed extensive training and experience requirements and are held to rigorous ethical standards. They understand the complexities of the changing financial climate and know how to make recommendations in [the client's] best interest.³

COMPARISON WITH OTHER PLANNING MODELS

THE PURCHASING DECISION MODEL

The contrast between the purchasing decision model and the holistic financial plan could hardly be clearer: the former demonstrates the shortcomings prevented by the holistic financial plan. The holistic approach provides professional expertise at the hub of the client's financial decision making, reducing the chance that the client will make an unwise purchasing decision.

THE ASSET MANAGEMENT MODEL

Financial planning is often equated (inaccurately) with investment advice. The most pervasive compensation method not based upon sales commissions is the assets under management (AUM) model, in which the professional is paid based on the volume of assets he oversees. Even if a separate fee is charged episodically for comprehensive planning, the ongoing AUM fee encourages the belief that investments are the most important part of financial planning, especially if "the plan" is not central

A holistic financial plan considers every aspect of the client's financial life with a specific intention that these various aspects should function harmoniously with one another.

to the client engagement and is treated as ancillary to the single ongoing service of investment management. Without a standardized model for the holistic financial planning engagement, the advisor is free to design their own style of planning, including the depth and breadth of service they wish to provide. Different advisors use very different processes, thus providing consumers with a variety of approaches to consider, enabling him to find the model which best suits his needs, but making apples-to-apples comparisons difficult. Therefore, the holistic financial advisor should make reasonable efforts to assist potential clients to understand what they will experience when working with the advisor.

THE LIMITED PROJECT MODEL

Clients often enter into a planning relationship assuming they can receive the answers to their specific concerns in a limited engagement. The client may assume that his situation is not complex and will not take a lot of time, and as a result is resistant to considering the holistic plan. If the advisor charges by the hour, one challenge is the unknown amount of time necessary to properly provide solutions to the client. Unforeseen complexities often add more time to the overall bill. The client is left to wonder whether a higher fee was intended by the planner all along.⁴

Many clients do, in fact, have limited needs and may be well served by a limited professional engagement, but are often not in the best position to make this determination. The challenge is not unlike that of the physician whose patient complains of a pain in his foot. While to the patient it is clearly a foot problem, it takes the physician's professional knowledge to identify where the problem originates: in the patient's foot (a fractured bone), or spine (spinal stenosis), or diet (gout), or lifestyle (running with inadequately protective shoes), or immune system (shingles). Likewise, it is the professional holistic financial advisor who is best able to diagnose the cause of the client's financial pain, and the appropriate response.

ADVANTAGES AND DISADVANTAGES OF THE HOLISTIC PLANNING MODEL

Some advisors find the holistic planning model more professionally fulfilling than the investment-focused model. It allows them to be more deeply involved in their clients' lives, so they can add value and make a meaningful difference on a wide variety of subjects. (See sidebar, **A Personally Rewarding Practice.**) The model is well suited to advisors who see financial planning as a helping profession.

Many adherents to this model believe it will remain profitable long after commoditization makes the AUM investment management model less prevalent. While the rise of the robo-advisor competes directly with AUM investment management, holistic financial planning inherently requires a more human touch. The necessary ability to judge and assess situations suggests that automation is an insufficient replacement.

⁴ And as many have noted, hourly compensation rewards the advisor's incompetence (the research he must do to become conversant with the client's need) and discredits his expertise (the great value he can add from his experience, but which takes little time to convey).

A PERSONALLY REWARDING PRACTICE

Penny Marchand, CFP®, EA

Penny Marchand's professional life in financial services started out in a product-sales environment. "I was selling a lot more product and generating a lot less revenue than my co-workers, because I was focused on what was best for the client," she recalls.

"Investments are the easy part," says Penny. Value for clients is really added in helping them navigate life issues—marriage, new careers, divorce, death of a loved one.

"If you are not understanding and engaging with your clients about their life, then you are really not doing them a good service." The only way to do that, she says, is to be comprehensive. Penny believes the term *comprehensive* works best for her practice. "My clients understand this more readily than they would if I were to say we're 'holistic' planners."

Penny's investment approach isn't based on trying to beat the market. Her aim is to discover what the client needs, when they need it, and what's the least amount of risk required to get the job done.

Often, the greatest value is not in investment advice. "We did an insurance review saving thousands of dollars on coverage the client didn't need. Now that the couple was financially independent and nearly retired, they no longer needed their expensive disability or life insurance policies, which they had continued to pay just because they'd always had them. The property insurance on their two old cars cost much more than it was worth to them, but at the same time they had far too little umbrella coverage. Not only was the insurance on the client's business premises seriously inadequate, it was being paid out of personal funds, not business funds—an oversight with income tax consequences. So, this turned out to be an insurance and tax and cash flow meeting. It was an incredible value-add their previous investment advisor had missed."

Most importantly, Penny loves what she does. "I go to sleep at night with the satisfaction of knowing that I really helped somebody that day. Maybe I helped them get rid of a fear about retirement, or held their hand through the death of a spouse, or figured out how to pay for their kid's college. My goal is to improve the quality of every client's life."

A comprehensive financial plan can cost less than the traditional AUM service with the acknowledgement of a simple but paradigm-altering truth: constant asset management usually adds little value for the client. The persistent failure of many firms to justify a 1% investment management fee (without cherry-picking investment holding periods) is becoming clearer to potential clients, who are increasingly seeking passive investment strategies. Examining investments, not continuously but only once a quarter or once a year, leaves the advisor substantial time to devote to other matters which, for the typical client, can never be cured by any reasonable expectation of investment return.

In addition, holistic financial planning continues to have significant marketing cachet. One of the authors has noted this whenever she is asked her occupation. When she replies, "I'm a holistic financial planner," this is followed almost without exception with a question such as, "What's a holistic financial planner?" This invites a marketing conversation explaining the value the holistic financial planner can add.

There are challenges to following a holistic planning model.

- The planner must be conversant with more details in more subject areas than in other approaches.
- Some topics focus on issues that are deeply emotional rather than rational or numerical. While many holistic financial planners maintain that the very point of financial planning is in fact emotional, other advisors may be less comfortable with these "touchy-feely" issues.
- Succession planning for the holistic practice can be more difficult, being less common, less uniform, and possibly requiring more work for a successor.
- With no standard compensation model for the holistic financial plan, many professionals find it difficult to determine how they should charge. Identifying an appropriate fee structure takes more work than, for example, calculating what percentage of assets managed a client should pay.⁵

We expect these challenges to diminish as holistic models become more widespread.

⁵ For one process to establish an appropriate fee structure, see Anderson, J., Lee, R., and Veres, B. (2016). "Fees at a Crossroads: Adopting an Advisory Fee Model that Reflects Your True Value."

THE FUTURE OF THE HOLISTIC FINANCIAL PLANNER

The authors see several influences supporting the long-term viability of the holistic financial planning model.

The advent of the DOL fiduciary rule will push more clients toward a model that has the fiduciary standard inherent in the plan. The holistic financial planner has a natural fit with the fiduciary standard, which can be followed as an inherent aspect of the financial planning practice. More importantly, potential clients are increasingly seeking the fiduciary standard; the awareness of this option will only strengthen fiduciary financial planning models, even if the DOL fiduciary rule proves ephemeral.

Clients are better informed about what they should expect from a planning engagement, both in terms of cost and potential conflicts of interest. While no planning model is completely free of such conflicts, the holistic model coupled with the fiduciary standard can lend itself to the client-centric end of the spectrum.

There is also an increasing consumer perception that traditional investment management is becoming commoditized.⁶ The need to distinguish one's planning approach from others' has been a marketing imperative for decades; the rise of automated investment advice (whether it's called "financial planning" or something else) has only increased the urgency of this need.

Solutions to support the delivery of a holistic financial plan are very well established.

- The CERTIFIED FINANCIAL PLANNER™ (CFP®) curriculum and designation are focused on all the common elements of a complete financial plan. The comprehensive nature of the designation has increased in recent years; the CFP® education program now includes the requirement of a capstone course to integrate the learning from all the required subject-matter coursework.
- In the fee-only realm, the National Association of Personal Financial Advisors (NAPFA) has long required its members to demonstrate the ability to deliver a plan "that includes estate

planning, education funding, tax planning, cash flow and debt management, retirement planning, investments and insurance." Furthermore, NAPFA requires its members to work "within strict fiduciary standards."⁷

- The Alliance of Comprehensive Planners (ACP) and its predecessor organizations have been teaching advisors a proven model of holistic planning since 1995. More recently, the XY Planning Network⁸ has seen extraordinary growth in a portion of the profession reaching under-served clients in younger demographics.

The business and service delivery models amenable to holistic planning are increasing in availability and variety, and we expect them to continue to do so for the foreseeable future.

CONCLUSIONS

We believe holistic financial planning has many important characteristics that support its longevity. This approach provides significant value-adds to the client, most importantly its client-centric focus. As consumers become more educated and aware of the value of a model that incorporates their whole picture, we expect demand for a holistic approach to increase.

The industry has seen a great deal of discussion of the sustainability of different fee models. While the authors are compensated using retainers⁹ (fees fixed at the outset of the client engagement), and see synergies between holistic planning and retainer compensation, this paper is not a discussion of the relative merits of different ways advisors can be paid. The holistic approach can be carried out using a number of fee models, and we expect that variety only to increase.

THE ADDED VALUE OF THE HOLISTIC FINANCIAL PLAN

OBJECTIVITY

The purchasing decision model of financial planning is not really a plan at all. What the holistic financial planner provides is a coordinated strategy and the objectivity typically not found when consulting specialized professionals. The advisor helps the client to focus on their most important decisions and stop worrying about matters that aren't especially significant to their financial well-being.

⁷ <https://www.napfa.org/membership>, accessed August 7, 2017.

⁸ <https://www.xyplanningnetwork.com/>

⁹ See Robinson, K. and Kuebler, J. (2016). "The Financial Planners' Retainer: A Reflection of Real Value."

⁶ See, e.g., *ibid.*

With deeply detailed knowledge about every aspect of the client's life—not just investments, but cash flow, auto liability coverage, itemized deductions, mortgage rates, and so much more—the holistic financial advisor is in a position to guide the client on virtually everything that impacts the client with respect to their money.

This level of knowledge is harmonious with the fiduciary standard. When the advisor knows more about the client's life, in addition to thorough comprehension of the client's

What the holistic financial planner brings to the experience is a coordinated strategy and objectivity.

investments (for example), it becomes easier to provide guidance truly in the best interest of the client.

The far-reaching variety of subjects covered may,

to some advisors, feel somewhat removed from their interpretation of financial planning. (Financial planning pioneer Bert Whitehead notes that when he started doing financial planning, "I thought I was a family lawyer.") But a focus on the client's best interest will itself encourage greater knowledge of the client's circumstances.

VALUE ADDED

Those who practice holistically believe that delivery of a comprehensive experience is the way the client receives the greatest value-add from the financial planning process. While various compensation models can work, many find that a retainer gives the client the assurance they won't have to pay additional fees when seeking guidance to address unforeseen challenges.

Similarly, many planners have noted that their comprehensive perspectives have often prevented clients from encountering financial issues that had yet to surface, frequently adding value far greater than their fees. The client may believe they primarily need investment advice. But the planner's expert eye may reveal the need for tax planning, an insurance review, cash flow guidance, or coordination of other elements of the financial plan. It is the comprehensiveness of the approach that often adds the greatest value.

Such benefits were noted by a planner who explained the value of her holistic approach:

If you see that they are spending \$4000 [per] year on whole life insurance, you can immediately start working on replacing that with lower cost term, for example. Or, encouraging them to shop around for auto insurance when they have a teen driver and their policies are loaded with other unnecessary and expensive add-ons. Or, they are paying extra on

their mortgage which you can redirect to retirement savings. Or refinancing their mortgage to a lower rate; consolidating high interest student loans, etc. Or, planting the seeds for a move to a more affordable home. Or redirecting their savings to their [401(k)] where they will get a match and tax deferral when they have been "investing" in a taxable account or Roth sold to them by their local brokerage rep who pooh-pooh[ed] saving in tax-deferred vehicles without even knowing what tax bracket they were in. Often, your advice and help in making those type[s] of changes will save them much more than they can achieve by cutting down on lunches out, or [coffeehouse] visits (although every little bit helps). That's the beauty of the ... comprehensive approach—we see the whole picture on the puzzle box while they are immersed in the individual pieces. And, we have the expertise and knowledge to help them find fairly painless solutions [by] rearranging and reallocating.¹⁰

Purchasing-decision-based sources for consumers miss these opportunities, producing at best an uncoordinated financial plan, and sometimes even competing financial recommendations.

The value added by planning holistically requires empathy not necessarily needed in other models. While holistic planning requires skills like investment acumen and understanding of cash flow, it also frequently requires abilities that would be found in disciplines like social work and counseling. Some clients, for example, turn to their advisors in times of grief. As one advisor observed, the holistic financial planner often gets to know a great deal of the client's personal story, not just the story of their finances.

Money is just the field on which many other triumphs and disappointments, conflicts and resolutions are played out. It is often an indirect path to get from where the client is today to where he wants to be. The financial elements of this journey may be clear; the non-financial elements may help to inform the holistic financial planner about whether the client will be willing even to embark on the journey.

Many planners have long recognized the value of the non-financial in the planning process. It is reflected in the books and articles they write¹¹, the plans they create, even in the names

¹⁰ Folk, K., ACPConnect Member2Member discussion forum, July 1, 2017.

¹¹ For example, Kathleen M. Rehl, PhD, CFP®, CeFT®, in her book *Moving Forward on Your Own: A Financial Guidebook for Widows*, addresses both financial and non-financial influences in the lives of women whose life partners have died.

they choose for their practices.¹² As one of the authors has noted, “I’m not a numbers guy. I’m a peace and fulfillment guy. I’m a love and contentment and serenity guy. I happen to work in a world of numbers.”

SUSTAINABILITY OF THE HOLISTIC APPROACH

The holistic financial planning approach is high-touch, and can be more expensive and challenging to execute than asset management. The investment-management-only model faces sustainability challenges as computational models replace ever-increasing slices of expertise that previously required professional judgment, and as the consumer becomes better educated about costs.¹³

Another challenge to the sustainability of the investment-management-only model appeared with the advent of the Department of Labor’s fiduciary rule. This prompted some notable providers to consider exiting the 401(k) rollover-to-IRA space, which some have seen as a validation of long-held suspicions that their processes were designed to advance their profitability more than the client’s interest.

These long-existing models of delivering financial advice are unlikely to disappear entirely. Still, the holistic financial planner need not rely on questionable recommendations or outright misdeeds of others in the industry to demonstrate her value. She need only effectively communicate her role in pulling together all aspects of the client’s financial life so that its many facets won’t undermine each other. By providing independent expert advice, she orchestrates the entirety of the client’s financial life.

The sustainability of the holistic financial planning process is founded upon the significant distinction that it is not primarily about investing. It is about investing to the extent that the client and advisor jointly believe that investing is what most merits their attention. If those energies are better directed identifying sustainable cash flow, finding the right college planner, or determining whether the client should refinance his credit card into a home equity loan, then investments will wait for their appropriate place in the lengthy list of a typical household’s financial priorities. We believe this creates the greatest value-add for the client, and most accurately reflects the client’s own priorities in the whole of his financial life.

¹² Linda Y. Leitz, PhD, CFP®, EA, CDFP and Jane M. Young, CFP®, EA, MBA recognized this when they changed the name of their practice to It’s Not Just Money, Inc.—A Financial Planning Firm and later when they established the separate firms of Peace of Mind Financial Planning, Inc. and More Than Your Money, Inc.

¹³ Today’s investor can build a diversified portfolio using about three index ETFs, none of which costs more than 0.11% per year to own and only about five dollars each to trade.

ABOUT THE AUTHORS

Kelly Adams, CFP®, EA



Kelly is the owner and senior planner of Harbor Light Planning in Novi, Michigan. Since the founding of her firm in 2004, its planners have been holistic, fee-only and fiduciary with a goal of walking side by side with each client as they achieve their goals and dreams.

Kelly holds a bachelor's degree from Michigan State University's College of Business. She is a CERTIFIED FINANCIAL PLANNER™ certificant, IRS Enrolled Agent, and NAPFA-Registered Financial Advisor.

Prior to founding her firm, Kelly was a senior planner at Cambridge Connection, and held tax preparation and financial management positions at various companies. Kelly joined what was to become the Alliance of Comprehensive Planners (ACP) in 1998. She has since trained many advisors in ACP's holistic financial planning philosophy and methodology, and has served the organization in a wide variety of roles involving ACP's training program, annual conferences, and new member mentorship to name just a few. Kelly currently serves on ACP's Board of Directors.

When Kelly isn't at work, you can find her in the woods, kayaking a river, or teaching the younger generation to swim.

Ken Robinson, JD, CFP®



Ken is the owner and president of Practical Financial Planning Inc. in Cleveland, Ohio. He earned a bachelor's degree from Cornell University and a JD from the Case Western Reserve University School of Law. He is a CERTIFIED FINANCIAL PLANNER™ certificant and NAPFA-Registered Financial Advisor.

Prior to founding his firm, Ken practiced law and worked as a property/casualty risk manager for local government. He joined what was to become Alliance of Comprehensive Planners (ACP) in 2000 and since that time has used the retainer model to serve a variety of clients in widely differing life circumstances, including professionals in the public sector (federal, state, and local), independent women, college professors, and medical professionals.

Ken serves on the Board of the Alliance of Comprehensive Planners and on NAPFA's Ethics Committee. He is the author of several books and e-books on personal finance, including *Don't Make a Budget: Why It's So Hard to Save Money and What to Do About It*. A member of National Speakers Association, Ken is the author and presenter of the continuing legal education program *Financial Planning for Lawyers*. His writing on personal finance has appeared in Cleveland's *The Plain Dealer* and in the journal *Science*, and he is the co-author of the white paper, "The Financial Planners' Retainer: A Reflection of Real Value."

ABOUT **ACP**



The Alliance of Comprehensive Planners (ACP) is the **community of tax-focused financial planners operating under the retainer model.**

ACP has been helping its members build successful practices since 1995. ACP trains its members in the ACP System™, an extensive program based on the highest ethical standards and most innovative practices in the financial planning industry. As fee-only fiduciary financial planners using the retainer model of compensation, ACP members provide their clients financial plans that are comprehensive, considering not only investments but also the tax consequences related to investment and other financial strategies. ACP member advisors optimize the use of assets for tax efficiency, growth, and security to support their clients' goals and maintain their CFP® or CPA/PFS (or equivalent) designation and/or licenses. Most of all, as a not-for-profit organization, members benefit from a vibrant nationwide community of mutually supportive, like-minded colleagues dedicated to putting their clients' interests first.

For more information, visit www.acplanners.org.

SPECIAL THANK YOU

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