



Financial Advisor

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Money And Maturity

In part three of Return On Life Realities, let's explore how the meaning people place on money changes as they age.

By Mitch Anthony

Recently after I gave a speech on the "Return on Life" concept, ("Getting the best life you can with the money you have,") an advisor in his early 80s (who didn't look a day over 62) said to me, "I like what you are saying, and I must tell you that the approach you are talking about occurs organically with age. Maturity changes our view of what money can and should do."

When looking at clients' money needs, we are most often focused on their resources because we assume that resources alone determine the needs. This advisor's comment alerted me to the idea that maturity has as much to do with our "needs" as our resources do. After all, how much do we see our needs change over time? Things that we once thought central to our lives later become peripheral. Our priorities evolve.

It is not uncommon to see different focus points on money at different ages: In the 20s and 30s, money is for survival. In the 40s, it is for self-esteem. In the 50s and 60s, it is for safety and love. And when a person is 65 and older, money is for self-actualization.

No doubt each case is different and the needs depend both on a client's resources and his or her maturity level. In psychologist Abraham Maslow's hierarchy of human needs, the need for safety follows the need for survival, and the need for

love follows the need for safety—but these can fluctuate and fall down the pyramid depending on a person's available resources. For example, a couple in their 50s focused on building a nest egg for safety and helping their kids get a good start in life will quickly move to a survival mindset if they are laid off from a job.

In other words, maturity and resources together determine how a person needs money. Client A, if suddenly faced with fewer resources, might adjust her cost of living to continue giving, while Client B might discontinue giving to maintain her lifestyle. Our priorities are no doubt greatly influenced by our maturity level. I've talked to plenty of people in their 50s who told me they were no longer into buying the toys and fixtures of a successful lifestyle, things that once dominated their spending habits, because they came to realize that there were better payoffs in life.

As we mature, we find that people matter more than things and that experiences define our lives. We find virtues in work that transcend the paycheck. We also find that when we stop growing, we start dying, and that people will remember us by how much we loved.

These realizations come early for some, later for others, and not at all for a few. You may have a precocious 40-year-old client that "gets it" and a 70-year-old that doesn't. There is no age limit for absorbing the axioms of maturity. But chances are, as your clients age, they are awakening to deeper impulses and are looking for more meaning from their means.

There is a reason that many people want to travel in their later years. There is a reason that many focus on starting foundations and scholarships as they age. There is a reason that many simplify their lifestyle and spend more time going to see loved ones and friends.

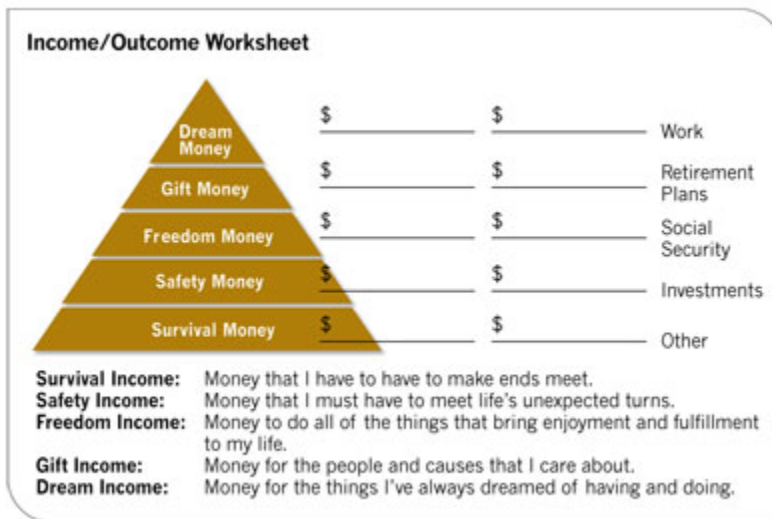
You may have observed that money needs change faster when people accumulate it at earlier ages. Does it not stand to reason that if a person already has more than enough to live on (say, at age 51) that they would begin to look for a greater sense of existential and spiritual fulfillment from the treasure they have gathered? Their success in gathering has opened the door toward early maturity.

As an advisor, you have two tasks in determining how to help clients allocate assets toward living. The first is rational in nature and simply involves analyzing resources. The second is more intuitive and involves ascertaining where a client

“is at” with life, money and what money means. This second task requires you to use words like “survival,” “safety,” “giving,” “freedom” and “dreams” with your clients if you want to help them figure out their journey (and then properly allocate resources for it).

I offer the income/outcome worksheet as a conversation piece if you want to engage in a conversation that simultaneously skewers both means and meaning in the context of distribution planning for your clients. (See Figure 1.)

Figure 1



This approach is based on the teachings of Maslow, who said we must meet people at the point of their needs before we can make progress with them. The conversation begins by allowing the client to point out which words they are currently focused on when they think of money, which helps them communicate their actual money needs. Next, you can explore how they would like to allocate toward these various needs from all their sources of income.

Soft words and hard numbers need to meet in a single conversation if we want to find out where our clients are at in their walk with money. Discovering means as well as meaning is what we might call a more mature money conversation.

©2010 Mitch Anthony. All rights reserved. Mitch is the president of the Financial Life Planning Institute and Advisor Insights Inc. He is an industry leader in training advisors on building life-centered relationships.