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Life Planning - Why You Should Create a Plan for Your Life

By George D. Kinder, CFP® | October 6, 2007

Somewhere between the chaos of 9/11, the bursting of the Internet Bubble and subsequent market swoon of 2000-02, numerous corporate accounting scandals and the tidal wave of baby boomers who began retiring, a subtle but potentially seismic shift occurred in the world of financial planning. **Traditional financial planning has always tended to treat money — not people — as the client.** Armed with calculators and sophisticated software, financial planners have historically offered products and services focused on accumulating, growing, preserving, spending and then passing on monetary wealth. Interestingly, the decade's rapid change and turbulent world events have caused people to wake up and examine how they actually view and live their lives. Many people have determined that life means more to them than bank account balances and spreadsheet projections.

As awareness grows, financial planning practitioners and the public alike, yearn for more. They seek marriage of money and meaning. They're building relationships that put the client - not money - in the center of the equation. They're aligning their deepest values, beliefs and goals with, their earning power and portfolios to achieve both financial and personal freedom. Whether they realize it or not, many people are creating - and really want - a life plan.

What is Life Planning?

Life planning is the process of melding money with meaning. It allows people to live richer, fuller lives - personally, professionally, financially and spiritually. For the plan to really take hold and move forward with velocity, the skills of a trained life planner are almost always required.

Based on the groundbreaking work I've pioneered over the past two decades, the Kinder Institute of Life Planning has developed something we call the EVOKE™ Model for life planning. The process includes five phases: **Exploration, Vision, Obstacles, Knowledge and Execution.**

Exploration and Vision: The start point of creating a life plan is truthfully answering three simple, yet profound, questions:

- Question 1: Imagine you have all the money you need, now and in the future.. .how would you live your life?
- Question 2: You just found out that you only have 5 to 10 years left to live.. .will you change your life and how will you live it?
- Question 3: You just found out you only have 24 hours left to live..., what regrets do you have, **who did you not get to be?**

The answers to these questions reveal what people really want out of life, but may be failing to accomplish, due to a variety of "money excuses." In the hands of a qualified life planner, the heart's core values that are revealed provide the building blocks of a meaningful life plan.

The skilled life planner will challenge the client to craft their ideal life in as much detail as possible. The rush of vigor and vitality surrounding this phase literally lights the torch, providing the client with the energy to achieve the vision in the shortest time possible, not 10 to 15 years from now but NOW!

Obstacles: Money excuses can be deadly, so it is critical for the client and the life planner to identify and address potential roadblocks. The life planner provides vitally important support to keep the client on track for success through this often difficult phase.

Knowledge and Execution: Once the ideal life vision has been created and obstacles defeated, traditional financial planning skills of asset allocation, risk management and product selection are incorporated to complete the design and implementation of the life plan.

The life planning process is hands down the most efficient way to do financial planning, since it focuses on the client's true goals from the outset and sweeps aside the money excuses that cause so many well-intentioned traditional financial plans to fail. Life planning also builds an extraordinary bond of trust between the client and the life planner, resulting in a far richer relationship for both parties.

The Power of Life Planning

How powerful is life planning? From the seemingly mundane to the profound, the process can move clients from financial pain to financial freedom. Consider the case of a very busy, young professional couple whose dream of freedom included spending more quality family time. The biggest impact of the life planning process for them was re-arranging their spending priorities to include a housekeeper. Great relief and peace-of-mind (not to mention a clean house) were all achieved with this one small change.

For another couple, both husband and wife had the same response to Question 3 — "I wish I had read more Tolstoy." Since they were in the process of building a new house, their Life Planner suggested they include a dedicated reading retreat with no other distractions. That cozy room, filled with overstuffed chairs, tables piled high with books and soft reading light answered that simple, yet important need.

For others, change is astounding. One middle-income couple had accumulated \$50k in consumer debt and money issues were affecting every aspect of their personal and professional lives. One overarching goal discovered during the exploration process was the desire to be wonderful parents, but the huge financial burdens created crippling remorse. The primary obstacles were their lack of consciousness around spending and the belief that gifts to their three kids were reflection of their love.

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Two of their children were from the husband's previous marriage. The couple had fallen into a repeating cycle of buying more to keep up with the ex-wife and to avoid feeling guilty about not buying enough for the son they had together. Once these issues were uncovered and confronted, the couple was able to create a shared vision of a happy, content, financially secure family. They are scheduled to pay off the last of their consumer debt in January 2008 - only 15 months after starting - and are enthusiastically working with their Life Planner on new goals and visions.

Finally, the wife of a couple embarking on retirement shared that she really liked painting landscapes as a young woman, but kids and career put the long-held dream of being a true artist in the dustbin. Her Life Planner challenged her, "So what's stopping you from becoming a great painter? There is enough money to support that endeavor." After a moment of shock and doubt, she agreed and with the support of her husband, hired a painting teacher the very next week. One of her landscapes now hangs in the Life Planner's office and every time they meet, she says, "Thank you for giving me the freedom to live my dream!"

We each have picked up bits of knowledge or -thoughts about money here and there as we've gone along in our life journeys, and have each fashioned a kind of patchwork understanding of what money is, how to relate to it, and its role in our lives. Quite often, that jumble of half-truths and nave beliefs leads us into painful dilemmas around money in our primary relationships, our work and our spending. Even, and perhaps especially, when our knowledge about money is quite sophisticated, working with a skilled Life Planner can bring about tremendous positive change. It allows people to create and achieve their ideal life, to I. overcome money excuses and to truly find the freedom and self-expression they've always hoped to enjoy. Life planning, in my humble estimation, is financial planning done right!

*George D. Kinder, CFP®, is considered by many to be the father of the international life-planning movement. He is president of the Kinder Institute of Life Planning (www.Kinderinstitute.com). Since its founding in 2003, certified faculty of the Kinder Institute have trained thousands of financial advisers in a full range of life planning skills through workshops and residential training. Kinder is the author of **Seven Stages of Money Maturity**, the bible of the life planning movement; and **Lighting the Torch**, life planning's text book.*