



3rd Quarter 2008

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## Up coming events

### AFA GenXT Workshop

**Date:** 11<sup>th</sup> September 2008

**Time:** 12:00pm – 3:30pm  
followed by an evening social event.

**Venue:** PIS Brisbane office

## Helping your clients visualise the need Fact finding with a difference

People seek financial advice, not because they want products, but because they want solutions. They want what products can do for them. Clients can't own the solution if they don't own the problem. Solutions and alternatives can only be considered if one understands and "owns" the problem.

The most effective way of understanding a client's current position is to take a questioning approach, via a financial needs analysis.

It's not a "form filling out process" prescribed by FSR but an opportunity to engage your clients in sharing and jointly truly understanding their financial position. In many cases this process is as much an awakening for the client as it is a fact finding mission for you.

You may introduce these processes to engage your client by telling them that your wish, in fact your obligation as an adviser, is to fully understand their current financial position, as well as their goals and aspirations, to empower the client to take control of their life.



Simply articulate to your client that this engagement is to simply understand and capture for them "Where are you now?" and "Where do you want to be?" You can engage your client by asking, "paint me a picture, what does retirement ideally look like for you?", or "Tell me how/what you want to see retirement offering/providing you?" or "share with me a day or week in your retirement, what will you be doing?"

The 'visualisation' request for most will reveal what their aspirations are. It's a positive experience.

Depending on your client's answer, you should be able to advise a wealth creation plan that meets their individual needs. A plan that enables them to live their vision. Clients don't buy a \$638,000 post 83 ETR, they buy what this can do for them.



However, to satisfy your obligations as a trusted financial adviser to your client, you also need to address the other half of the equation – wealth protection.

Wealth protection covers the "what if" factor. What if they don't make it to retirement? Do they want the same picture in retirement for their spouse? What about the children and their education?

What about the family home and all that they have worked so hard for?

What if they are ill? Will they still be able to fund the wealth creation plan? Will they still be able to fund the cost of the groceries?

Things we take for granted that are funded by a regular earned income becomes an issue.

Where will the money come from?



How do you assist clients in the unfortunate event of death or disability, to give you a picture of what they want a clear as they can for retirement?

To do this you need to seek information from your client in a way which is similar to the way you would try to ascertain their retirement objectives. The difference is that you are also identifying their level of risk exposure and contingency planning.



An effective way to get the client to visualise their wants in the event of their sudden death, is to:

- Reiterate to the client that your desire, in fact a requirement, as an adviser is to fully understand clients' current financial position, goals, objectives, needs and wants in all situations, not just retirement.

Then set the alternate reality position and continue with a 'what if' question.

- What if you went to work this morning and didn't come home?



I am your financial adviser (or you can state to your client "Let's assume that I am the executor of your estate") I am the one that your spouse will be sitting in front of and asking questions. What am I going to tell your spouse/partner/children about their current financial position?

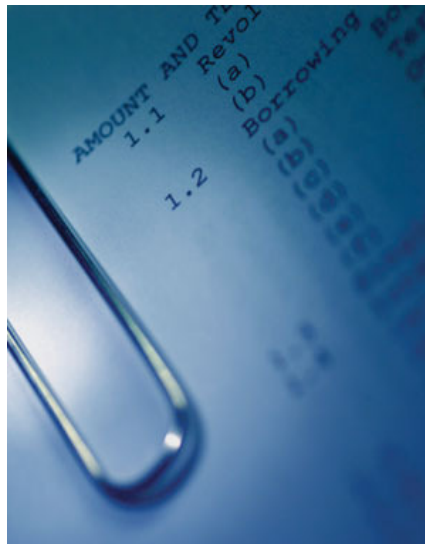
Wait for a response. If there is no response, after some silence, you may prompt your client with some of the following;

- Will the house be paid off?
- Will he/she need to sell the house and downsize to reduce the mortgage liability? Is downsizing and moving neighbourhoods an option?
- Will the credit cards be paid off?
- Will he/she have a line of credit?
- Will there be funds for schooling? Is changing to a state school or a school in a totally different location acceptable?
- Will the available liquid fund position mean he/she has money for weekly living needs?
- Longer term, will/he/she needs to take on full time work? What impact would it have on your kids if your spouse went back to full time employment?

Now you can state the obvious to give relief and ask the important questions "Well in the fact that we are here talking means that this didn't happen!" But what about tomorrow, next week or next year, if it did happen, what would your like me to be able to tell him/her?

This line of questioning will give you the clients understanding of their current state of financial affairs and what they would want to have. It assists you as part of your obligation "to know your client".

It is not threatening but enables them to visualise the situation now and the situation they would want. It focuses on possible outcomes that clients can relate to, not numbers or sums insured, products or costs!



We know what would happen if you never came home, but what if the reason you didn't come home was that you were in an accident or suffered a heart attack and were in hospital?

Again, what would your current financial position be? Let them tell you.

Then ask, "What would you like it to be?"

This line of questioning allows the clients and you to establish

- 1 Where the client is now
- 2 Where they want to be
- 3 What are the alternatives, and
- 4 What is the best alternative for them right now



Some other powerful questions you can use to help your clients visualise:

- What are the three most important things to you?
- Is it your desire to achieve your goals if you can't work as a result of illness or injury?
- If your goals are worth going to work to achieve, aren't they worth achieving if you can't work?
- What income would you want to have, to pay the ongoing bills, raise and educate your kids if you can't work or at worst, if you're not here?

Clients don't want products, they want solutions. They want to understand what products can do for them.

Clients don't see the real value of a solution if they don't understand or own the problems. Visualisation assists in understanding, seeing and 'owning' the problem.

Source: Zurich