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Eight Steps to Financial Wellness

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In my April *Financial Advisor* column, I unpacked “wellness” by separating the different dimensions and objectives of being “well.”

Wellness is an ongoing process, not just a destination, and our clients both want and need help staying the course. So let’s now break down “financial wellness” into constituent parts, which is a rich opportunity for good advisors.

The global pandemic burst the bull market bubble and forced us all to reconsider our lives and priorities. Crises accelerate trends already underway. Before the Covid-19 pandemic, people were already concerned about being overscheduled and too busy and losing family time. Families are juggling jobs and kids and schools and sports. They are stressed out. So there was already a trend toward virtual meetings and working from home on Fridays if your job allowed.

We’ve seen the terrible suffering and heroic efforts of our health-care front line. Financial advisors make up a different kind of front line. Our clients are shaking off the initial hit to their account values and beginning to assess the fallout. They have concerns. They have fears about more than just the invisible and fatal health danger. They may face further pressure from job loss or the need to support other family members in trouble. All of these real-life issues can change priorities. And new priorities call for new strategies.

Courtesy of my colleagues at Whealthcare Planning, I offer these eight areas of focus for financial wellness to start client conversations, using the priorities of real life so you can build trust and rapport before offering solutions:

- 1. Financial decision-making.** If something happened to you, who would you trust to make good financial decisions for your family? A remarkable number of clients have no instructions on file with their advisor when asked this question. Is that safe?
- 2. Financial management.** Who’s making the decisions about investing? Before you dismiss this as obvious, the point is twofold. First, bear markets release nagging fears that someone may not be the best investor or advisor. Second, bull markets tend to encourage clients to spread their assets around. The typical high-net-worth household has five to six “relationships” that will likely consolidate as clients age. Making the case for who should be managing is a step forward in better planning, and the consolidation of clients’ responsibilities with fewer advisors will follow.
- 3. Estate planning.** Not everyone needs a complex array of trusts, but every client should have a plan that addresses all of the details of death—if only to reduce the burden on the survivors. Covid-19 has blown up too many life endings and doubled the tragedy for families distanced by protective protocols in nursing homes and hospitals. Estate planning is not all about money; it’s about preferences. “What are yours?” is something you want to ask clients.
- 4. Financial literacy.** The traditional head-of-household single point of contact approach is dying out. Spouses, partners and adult children are part of the client family and need education to help them make good decisions. Financial advisors can help with this critical communication process and earn loyalty throughout the family. No one fires an advisor if everyone knows and trusts that person.
- 5. Health-care decisions and costs.** Nothing is more personal and more difficult to manage than health care—and nothing is more important. Clients’ preferences have to be reconciled with the local availability of services and potential coverage. As we age, the services we need are more varied. Too often, planners spitball health-care costs from national surveys that may not relate at all to their clients’ conditions. We need more precision, and that starts with a better assessment of your clients’ health, history and desired level of care. We can do better.

6. Living transitions. Polls indicate most Americans would like to age in place. That objective may not be realistic when they consider factors such as the cost, the relative safety and their need for proximity to family and services. Have your clients thought about where they will live? What about the phases of retirement? The first might put them with an active spouse or partner. The second phase might find one spouse in poor health. The third phase finds the client living alone. What if they can't take care of themselves? These are emotional and important topics worth planning in advance so there isn't a scramble—or a family battle.

7. Driving transitions. Speaking of battles, many older folks see their car as the last pillar of their independence. Tragedies every day result from overconfidence, declining awareness and a family's reluctance to step in. But they shouldn't put themselves or others at risk. They must plan ahead for alternatives so they can safely maintain an active life. And that will save their loved ones the drama of "taking away the keys."

8. Diminished capacity. Cognition declines along with the rest of the body. We reach our peak ability to work with numbers at age 53 on average, and after that we begin to lose ground. At a certain point we put ourselves at risk for making mistakes, falling victim to fraud or identity theft, using bad judgment or poor impulse control. Keeping track of your ability is critical to your health and safety. A good assessment considers your behavior, cognitive ability and financial literacy with objective scoring.

Health and wellness are highly personal and increasingly complex emotional topics that can devolve into family battles as we age. What's best for Mom shouldn't be a war—especially when a little discussion and planning can start a better process. The pandemic dropped a health-care elephant onto our dining room tables. We can use it to contact clients and have a conversation about something other than the stock market. Maybe something more relevant to clients' real lives and concerns.

And that way, something good might come out of something that's been so bad.

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