



The State of Client Understanding Study

**Practitioner Spotlight:
Collaborative, Real-Time Planning (Co-Planning)
For Deeper Client Understanding**

ADVISOR SNAPSHOT: FACILITATING CO-PLANNING



Kris Tower, CFP®, CPFA®, AIF®
Managing Director

We interviewed Kris Tower, Managing Director of American Portfolios Denver, about their approach to co-planning and how it overlaps with their efforts around client discovery & understanding. Kris has been a strong advocate of co-planning and its benefits to advisors and clients for many years. Outlined below is an overview of how co-planning is managed at American Portfolios Denver followed by key themes from our discussion

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Overview of Co-Planning Approach:

Co-planning has been the standard approach at American Portfolios Denver since 2013.

Details of the co-planning environment:

Location Sessions are generally in person at the American Portfolios Denver office; virtual sessions (e.g., via video conference) is becoming more common	Setting Co-planning typically takes place in a conference room with a client-facing flat screen TV	Software Primary planning software used for co-planning is MoneyGuidePro	Facilitator(s) Sessions are facilitated by an individual Sr. Advisor
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ADVISOR SNAPSHOT: CO-PLANNING FOR DEEPER UNDERSTANDING



Theme #1: Explore how the client “feels about the math” to gain deeper client insight



Kris emphasized that “how it feels to the client” gives the advisor the information they need to determine the “right answers” for that client’s plan, not necessarily the math. Kris shared an anecdote that gets to this: “I had a client who wanted to take money out of their savings to pay off their mortgage. When we looked at the math, it was clear that with his low mortgage interest rate he’d be better off keeping the mortgage and investing that money instead. The math was unambiguous. But the client didn’t like being in debt and ‘feeling like he owed money.’” So in a sense, that potentially becomes the “right answer” for that client. Such situations also present opportunities for education and coaching, but ultimately “the math doesn’t matter if the client can’t sleep at night.”






Because all planning is done in real-time and in-person (or in a virtual conference with clear visual communication), Kris can continually observe the client’s body language and ask about how they feel in response to different ideas or plan scenarios. These small opportunities for observing and hearing clients react to different plan scenarios are continuously available in co-planning—and are particularly useful for validating and refining core aspects of client understanding: goals, priorities, and preferences. The tools and questionnaires Kris uses in the data collection and discovery can “tell you what neighborhood the client lives in”, but it’s the deeper conversations and co-planning sessions that “give you the client’s home address.” That level of understanding is essential in serving the client’s best interests.

ADVISOR SNAPSHOT: CO-PLANNING FOR DEEPER UNDERSTANDING



Theme #2: Embrace the iterative and “continuous discovery” aspect of co-planning

-  While some advisors may carry over a more conventional planning mindset into a co-planning model (e.g., by doing a lot of independent plan design outside of client interactions), Kris says he tries to “minimize the amount of non-client-facing time spent planning” to really take advantage of co-planning’s strengths. “I do want to look at some stuff beforehand. I want to know if this person has a 20% chance of success or an 80% chance with the current plan...but I don’t want to spend too much time.”
-  An advisor with a more conventional planning mindset might “spend a lot of time pressure-testing the plan and zooming in on exact scenarios...but then when the client comes in with new information or ideas or concerns, it can be hard for the advisor to embrace and adapt to that.” A direct implication here is that there’s a risk that a “high-preparation” approach to a co-planning session could actually close an advisor’s receptivity to learning and incorporating new information and insight about the client.
-  The other side of the coin is that it can be helpful to remind clients of the iterative and continuous nature of the process—particularly as fears, doubts, and disappointments emerge and/or curiosity and enthusiasm wane. Kris shared how he often frames the financial plan with clients: “this is a snapshot in time...it’s not a forever document...and we are making tons of assumptions over decades...and so there are going to be all kinds of minute errors in this. We’re not trying to figure out every right and left hand turn between Denver and New York....at this stage of the game, we’re trying to make sure we’re pointed EAST if we’re going to New York from Denver. The real value of the planning isn’t doing it once...it’s coming back and looking at all the assumptions over time, tracking where we’ve been off, and correcting those assumptions...and things will get tighter and more accurate as we go.” Such framing can help clients feel confident amidst uncertainty and open to a mindset of continuous learning and improvement.

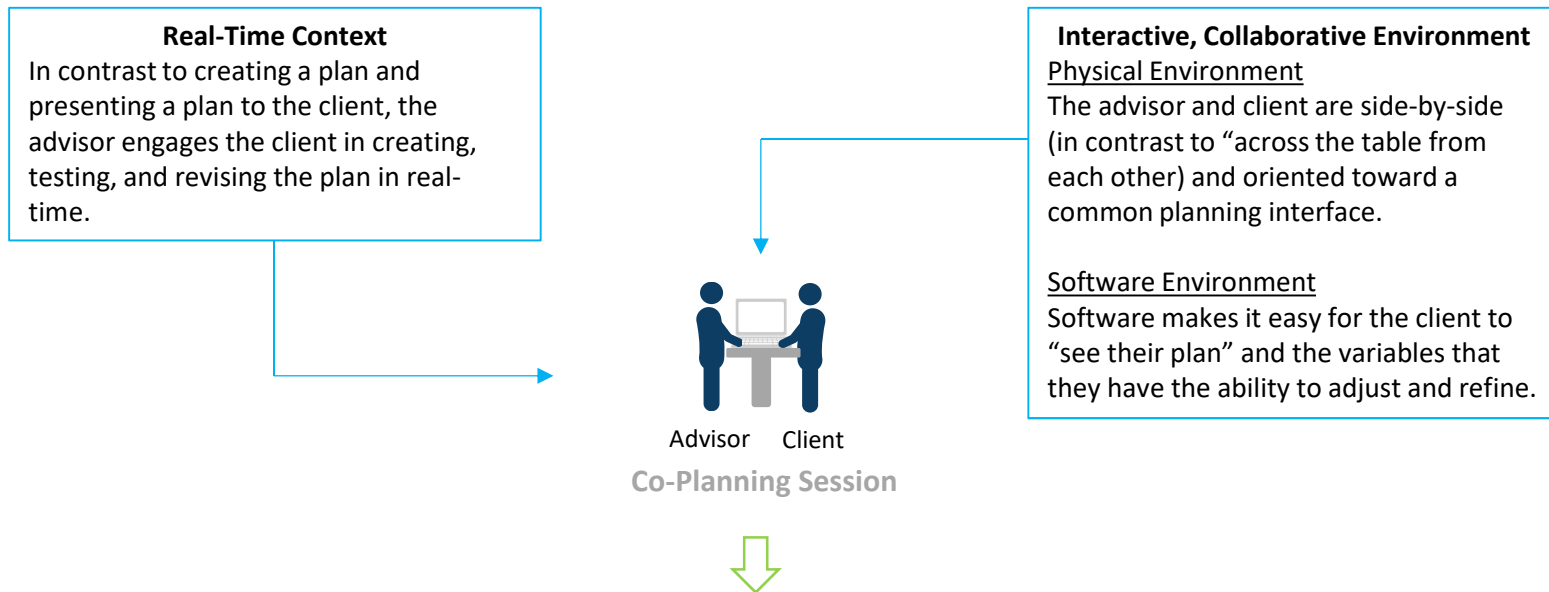
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APPENDIX: WHAT IS CO-PLANNING?

Co-planning a collaborative model for planning in which the advisor and client jointly explore and design a financial plan together



Opportunities to Deepen Client Understanding *Common Themes from Interviews with Advisors*

The advisor may discover...

- ...that the client's stated priorities don't align with deeper personal values
- ...an important, unrecognized client goal
- ...that the client is much more loss averse than they realize
- ...a deep emotional attachment to particular investments
- ...an unvoiced, long-standing divide between spouses/partners
- ...a particular behavioral bias that the client hadn't yet exhibited

APPENDIX: USING CO-PLANNING TO DEEPEN CLIENT UNDERSTANDING



Co-planning presents abundant opportunities to deepen client understanding—assuming the advisor can encourage and maintain an exploratory, collaborative mindset with the client

Four Key Way Advisors Can Deepen Client Understanding during Co-Planning Sessions

Encouraging the Client

The advisor actively encourages the client to “get curious” and explore the plan by:

- Helping clients tap into the inspiration inherent in their goals (assuming client goals are well-articulated and meaningful) and engage fully with the process
- Helping clients feel a sense of importance and personal importance around the plan (e.g., “this is *your* plan and *your* financial life”)

Observing

The advisor spends substantial time simply observing the client as they explore and react to different plan scenarios, in order to:

- Gain insight into the kind of emotional reactions clients have to different scenarios and compare that with other information about client goals, priorities, and preferences
- Identify topic areas potentially worth following up on

Framing the Process

The advisor proactively frames the co-planning process to encourage creativity and constructive collaboration by:

- Emphasizing how the planning process is an exercise in continuous learning and improvement
- Helping clients feel accountable for changing the factors in their control to create the future they want
- Guiding the client toward scenarios that are more productive for the session

Investigating

The advisor seeks to “peel the onion” on issues arising for the client during the co-planning session by:

- Asking follow-up questions in the moment or during an appropriate pause in the session
- Encourages the client to do some “homework” (e.g., an exercise appropriate to the issue that arose) in between sessions