

Voices: Some Clients Need Permission—or a Push—to Spend Money

Donna Skeels Cygan is the founder of Sage Future Financial LLC in Albuquerque, N.M. Voices is an occasional feature of edited excerpts in which wealth managers address issues of interest to the advisory community.



Money doesn't buy happiness, but it certainly increases our sense of contentment. A financial plan doesn't have to be all about saving; it can also be about spending on things that we can afford that will make us happy. If we help our clients to manage and spend money wisely and have a healthy attitude about it, it can boost their happiness.

During your first meeting with a client, ask what makes that person happy. Some advisers might think this is too close to life planning

or therapy, and I understand that. The public perception of advisers is that we should focus on the dollars. But we bring so much value to our clients when we go beyond that.

So find out what makes your client tick. This often leads clients to important decisions about how they would like to spend their money. Ask, "What would you like to do more of?" or "If you found out you had two years to live, what would you want to do?" If the answer is "I want to see my grandkids more," then they should spend some money on travel and getting together with their family.

Once you identify a client's goals and interests, you can talk about how to make those goals happen. Sometimes that means encouraging clients to spend money. I had a longtime client, a retired teacher, who turned 70, and she and her partner had always wanted to go to Paris. She had lined up an apartment rental, but the price tag scared her. Years earlier, I had advised her to start setting aside \$5,000 annually for travel. In anticipation of the Paris trip, I recommended she increase that amount and showed her that splurging would have no impact on her future financial security.

Money is a tool, and we're taught to save it and invest it wisely—but in the end, it's a tool to make us happy. It isn't there to hoard; it isn't necessarily there to leave for future generations. Clients often think they have to keep saving, saving, saving, but they aren't taught how to use those assets.

Younger clients in their 30s and 40s are different. In my experience they are more keyed in to wanting to use their money to become happier, but they're working themselves to death. For these clients, it's a matter of talking about how they can better spend their money to get off the treadmill, find time for spouses and kids and for the things they enjoy doing. They're good savers, but once they're saving 15% to 20% a year, then I want them to enjoy any extra cash flow.

We need to give our clients permission to spend money. Financial planning is about more than focusing on the future; we also have to focus on the present.

Read Online: <http://www.wsj.com/articles/voices-some-clients-need-permission-or-a-pushto-spend-money-1453480111>