



Managing Money and Happiness

Donna Skeels Cygan sees a connection between financial health and well-being.

USER PROFILE

Kate Stalter

Financial advisors traditionally have made a name for themselves by speaking and writing about their investment strategies. Fee-only planner Donna Skeels Cygan prefers another approach — one that encompasses investing but focuses on the wider topic of happiness.

Cygan is the founder of Sage Future Financial in Albuquerque, N.M., and author of *The Joy of Financial Security*. She works with a select group of clients, combining her interests in investing and psychology to help people develop strategies for happiness. Finding this niche took many years and involved a wakeup call that led to the sale of her previous advisory firm.

Taking the Chance

Cygan grew up in southern Indiana and graduated from Indiana University, majoring in psychology and business. She began her career in corporate marketing in Chicago, doing stints at American Hospital Supply and candy-maker Rowntree DeMet's. She also earned an MBA from the University of New Mexico.

Eventually, she started her own business, representing artists and selling their work around the country. The job involved extensive travel, however, and when Cygan and her husband decided to start a family, she knew her road-warrior days had to end.

Cygan's father had been an entrepreneur in the oil industry, and he introduced her to investing,

sending her market-oriented books and newsletters. She enjoyed learning about investing, and while her two daughters were young, she began taking courses leading to the Certified Financial Planner credential, which she earned in 1998. She launched her first advisory firm, Essential Financial Planning that same year. At the time, she had no financial-services industry experience.

"At this point, maybe that looks risky," she says. "But at the time, it was just something I wanted to do. There was no fee-only planning in Albuquerque — it was so new."

Cygan's first marketing campaign was a half-page ad in a local theater's playbill. That was enough to get the phone ringing. The firm grew quickly. For the first year and a half, Cygan worked from home, before moving into an office in mid-2000. She hired staff, but as a self-described workaholic, Cygan soon found herself working long hours as the firm grew. Although she enjoyed working with her clients, the daily grind eventually took a toll.

"The turning point for me was when I was meeting with a client one day, along with the junior advisor I was mentoring. I looked at the client, and I couldn't think of their name," she says.

Cygan was already aware that she wanted to spend more time with her children, so that incident was the catalyst for some self-reflection.

"I realized it had gotten too big. I was spending too many hours at this, and it was not the direction I wanted to go," she says.

New Practice

In 2007, another investment advisory firm approached her with an offer to buy her business. She accepted and sold the firm.

But she had no intentions of retiring. She worked for the buyer as a consultant for a year, and a noncompete clause in her contract extended for another year after that. At this point, former clients began contacting her, asking if she planned to return to the industry.

"Considering that I'm a workaholic and could fall right back into those old habits, I decided that if I could come back with a much smaller firm and very strong guardrails, I could love it," she says.

She sent letters to 35 former clients, inviting them to a new firm, Sage Future Financial. She expected to hear from 20 of them, but 30 clients returned to work with her. Since then, she has kept the firm small and manageable, adding about two new clients a year. Most are retired or within 10 years of retirement.

Cygan has about \$85 million under management for 40 clients. She no longer has full-time staff and works with a virtual assistant, who helps with paperwork and preparation for client meetings. Cygan handles all front- and some back-office duties herself.

The firm focuses on comprehensive financial planning. Semiannual client meetings include a review of pending issues, net worth, tax planning, investments, retirement projections, estate planning, beneficiary designations, and updating goals. Cygan uses Morningstar Office to create client net-worth statements and performance reports, incorporating data from her firm's custodian, Charles Schwab. The software wplays an integral role in aggregating client data and creating presentations.

On the investment side, she turns to fund families Dimensional Fund Advisors; Parnassus Investments; Baron; Tweedy, Browne; Vanguard; and Oakmark. Her fixed-income portfolios consist mostly of Vanguard funds, although she also uses bond ladders for some of her retired clients. She constructs custom portfolios for each of her clients.



Donna Skeels Cygan, CFP, MBA, founder Sage Future Financial.

How she caught our eye: Started small firm focused on helping clients make financial decisions that lead to happiness.

Career path: Graduated with a bachelor of arts in psychology from Indiana University in 1979. Earned MBA from the University of New Mexico in 1982. Worked in corporate marketing in Chicago before launching Essential Financial Planning in 1998 in Albuquerque, N.M. Earned CFP designation in 1998. She sold the firm in 2007,

and after honoring a noncompete clause, she started Sage Future Financial in 2010.

Personal: Married, with two daughters. Enjoys traveling with husband Randy.

Favorite funds: DFA funds, Parnassus Core Equity Instl PRILX, Oakmark OAKMX, Oakmark Intl OAKIX, Baron Growth Instl BGRIX, Tweedy Brown Global Value TBGVX, Vanguard Dividend Growth VDIGX, Vanguard Health Care VGHAX, Vanguard Interm-Term Invmt-Grade VFIX, Vanguard Interm-Term Bond Index VBILX, Vanguard Inflation-Protected Secs VAIPX, Vanguard Total Intl Bond Index VTABX.

Money as a Tool

Since she published *The Joy of Financial Security* in late 2013, Cygan has been traveling the country to promote her book. She says she wrote the book to offer consumers practical financial and psychology strategies, rather than as a way to bring in more clients.

“When I first started Essential Financial Planning, I noticed right away that my clients who had a healthy relationship toward money were happier. The ones who were struggling with money were less happy. I saw this very obvious connection,” Cygan says.

She sought out research to validate those observations, but had no luck.

“There really wasn’t any research,” she says. “I found people who said money buys happiness and some said money doesn’t, but it was only opinions. I started looking at the psychology research of what does make us happy. Neuroscience is giving us some great research, and there is some wonderful international work being done on well-being that’s shedding a lot of light on what makes us happy.”

Cygan’s new project is an e-book for financial advisors. She says she wrote it to help advisors have conversations with their clients about the relationship between money and happiness. The book will be available as a free download at joyoffinancialsecurity.com in February.

Cygan understands that happiness and net worth are not highly correlated.

“Money has wonderful benefits, but we also know people who are very wealthy and very unhappy,” she says. “Having a healthy relationship, where we don’t put money on a pedestal, and we just consider it to be a tool that needs to be managed wisely and spent wisely, then it can definitely increase our happiness. My feeling is that money doesn’t buy happiness, but it definitely impacts our happiness.” ■■

Kate Stalter is a financial writer and president of the investment advisory and financial planning firm Better Money Decisions.