

Financial Decision Making Styles

ADVISOR GUIDE

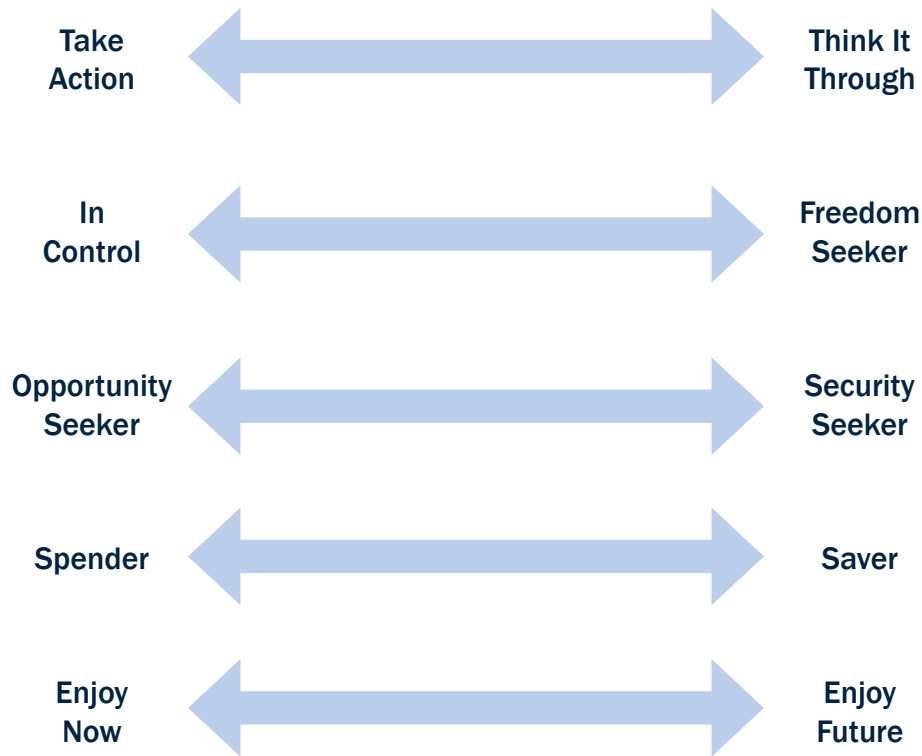


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Financial decision making styles overview



The purpose of this exercise

To gain a deeper understanding of your clients' financial goals, concerns, values and decision making styles.

To better understand what each client needs, especially if they are a part of a couple, so you can do a better job of providing what each needs to make financial decisions.

To win client trust, credibility and increase implementation of your recommendations.

To help couples understand each other's style so they can have more open and productive financial conversations with less judgment and conflict.



Instructions to clients

1) In the Financial Decision Marking Styles Worksheet, read through the statements in Step One and mark any statements to which you relate.

2) Then, go to Step Two and write in the corresponding number of statements you marked for each category in Step One.

3) Read through the description of each style and mark where you think you fall on each arrow based on the description and the scores from answering the questions in Step Two.

STEP ONE

Check the box next to any phrases you strongly agree with.

Take Action

- Financial rewards go to those who are willing to seize the day
- I value the courage to act
- You can't let the fear of failure keep you from taking action
- Don't overthink financial decisions
- You have to constantly keep your eye out for financial opportunities

Think It Through

- I'm good at planning ahead and spotting potential problems
- I keep reliving past financial mistakes and wishing I had done something differently
- It's good to check with multiple people and sources before making a big decision
- If I say I need more time to think about it, I mean I need more time to think about it
- I'm more likely to take action if I fully understand something

In Control

- I don't want other people making decisions about my money that I don't know about
- I value being in control because it reduces the risk of unexpected surprises
- You have to work hard to earn my trust
- I'm not really a control freak, but can I show you the right way to do that?
- No one is going to work harder than I do when it comes to planning for my financial future

Freedom Seeker

- You can't stress about money, the markets and things you can't control
- I value quality time more than money — you can get more money but you can't get more time
- I've got so many other things on my plate, I'd love to delegate the responsibility of staying on top of this to someone else
- I can follow a financial plan, I just don't want to have to set it up
- I know I could be more involved in the financial decision making, but that's why we hire experts

Opportunity Seeker

- Money represents status, respect and freedom
- You have to get comfortable with uncertainty in order to truly grow your money
- I value being optimistic
- I'm constantly looking for ways to maximize growth to make sure I reach my goals
- It's my job to make sure we have enough money to live the life we want to live

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STEP TWO

Total the number of checked phrases from each category and write it in the corresponding boxes below.

Take Action	<input type="text"/>	Think It Through	<input type="text"/>
In Control	<input type="text"/>	Freedom Seeker	<input type="text"/>
Opportunity Seeker	<input type="text"/>	Security Seeker	<input type="text"/>
Spender	<input type="text"/>	Saver	<input type="text"/>
Enjoy Now	<input type="text"/>	Enjoy Future	<input type="text"/>

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STEP THREE

Read through the description of each style and mark where you think you fall on each arrow based on the description and the scores from answering the questions in Step Two.

Take Action	← 5 4 3 2 1 1 2 3 4 5 →	Think It Through
In Control	← 5 4 3 2 1 1 2 3 4 5 →	Freedom Seeker
Opportunity Seeker	← 5 4 3 2 1 1 2 3 4 5 →	Security Seeker
Spender	← 5 4 3 2 1 1 2 3 4 5 →	Saver
Enjoy Now	← 5 4 3 2 1 1 2 3 4 5 →	Enjoy Future

Source: Buchanan Marketing Money Personality Test and Selling Financial Services to Women by Holly Buchanan.

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Review results

Use the below questions and the What It Means section of the Worksheet to discuss results with your clients. You can also dive deeper into the specific statements your clients identified with to spark deeper conversations about thoughts and beliefs affecting their scores.

Where are you similar?

Where are you further apart?

Which decision-making styles did you identify with most strongly? Why?

How are your money decisions today affected by your past experiences?

What lessons did you learn about money from your family when you were growing up?

How do your styles help you make financial decisions in alignment with your values?

How can you take advantage of each other's strengths?

WHAT IT MEANS	
Take Action	Think It Through
Measures: How much information and time you need in order to make a decision.	
<p>Just do it and deal with the consequences later. You can't overthink things. The financial world is constantly changing so you have to jump on limited time opportunities. Financial mistakes are learning opportunities. Ask forgiveness, not permission. Trust your gut. Just do it.</p> <p>Strengths</p> <ul style="list-style-type: none"> • Doesn't overthink things • Willing to move quickly to get in on a time-sensitive opportunity. <p>Challenges</p> <ul style="list-style-type: none"> • May not think through all the downsides 	<p>Consider all the consequences fully then do or don't do it. Explore and compare all of your options. It's important to do your homework and fully understand what you're agreeing to. Check with multiple sources. Financial mistakes are too painful. Consistently be learning.</p> <p>Strengths</p> <ul style="list-style-type: none"> • Thinks through all the pros and cons • Has a careful and thoughtful decision-making process. <p>Challenges</p> <ul style="list-style-type: none"> • Can be so afraid of making a mistake they do nothing
In Control	Freedom Seeker
Measures: Degree to which you need to have control over the decision making.	
<p>If you want to do it right, do it yourself. Bad things happen if you aren't on top of everything. Being a perfectionist has its advantages. It's not wise to let anyone make financial decisions without your knowledge. It's important you monitor your finances closely.</p> <p>Strengths</p> <ul style="list-style-type: none"> • Carefully monitors money • Likes to make educated decision <p>Challenges</p> <ul style="list-style-type: none"> • Slow to trust others and others' expertise • Uncomfortable delegating 	<p>There's more to life than money. You can't spend all your time obsessing about money. You don't have time to stay on top of changes or delegate to someone with more expertise. Financial reports are best left unopened since so much of this is out of your control anyway.</p> <p>Strengths</p> <ul style="list-style-type: none"> • Doesn't stress out over money • Focuses on enjoying what they have now <p>Challenges</p> <ul style="list-style-type: none"> • May avoid financial planning and decision making
Opportunity Seeker	Security Seeker
Measures: Degree to which you are reward motivated or consequence motivated.	
<p>No risk, no reward. To maximize growth you have to take strategic risks. You have to be on the lookout for new opportunities. One of the biggest mistakes you can make is to be too conservative with your money. Set goals and measure progress to make sure you're on track.</p> <p>Strengths</p> <ul style="list-style-type: none"> • Focuses on maximizing gains • Open to new ideas and opportunities <p>Challenges</p> <ul style="list-style-type: none"> • Can be too risk aware and may have downside exposure 	<p>Better safe than sorry. You need to plan ahead so you can prevent problems and prepare for the "what ifs." It's better to give up a short-term gain for a long-term guarantee. It's not about winning big, it's about not running out of money.</p> <p>Strengths</p> <ul style="list-style-type: none"> • Good at planning ahead and preventing problems • Protects against losses with safer, more guaranteed outcomes <p>Challenges</p> <ul style="list-style-type: none"> • May be too risk averse opportunities for growth are missed out on

Spender	Saver
Measures: Desire to keep your money safe vs. enjoying what money buys.	
<p>You can't take it with you. What are you working so hard for if you can't enjoy it? It's important to be generous with the people and causes you care about. It's worth it spend a little more money to get what you really want. You can always find sales and coupons to make your spending smart.</p> <p>Strengths</p> <ul style="list-style-type: none"> • Creates a wonderful home and quality lifestyle • Good at finding coupons and sales • Generous with others <p>Challenges</p> <ul style="list-style-type: none"> • Has a hard time saying "no" to a good opportunity or family member 	<p>A penny saved is a penny earned. It's important to live within your means so you always have a financial cushion. Keep your money in a safe place. Spending decisions need to be thought through. Find ways to reduce unnecessary expenses. Focus up more money to save.</p> <p>Strengths</p> <ul style="list-style-type: none"> • Good at budgeting • Lives within their means • Looks for ways to reduce unnecessary expenses <p>Challenges</p> <ul style="list-style-type: none"> • May be so focused on saving, money isn't spent even when it's a smart decision to spend
Enjoy Now	Enjoy Future
Measures: Your belief that it's more important to enjoy today or it's more important to make sacrifices today in order to have a better tomorrow.	
<p>You can't put everything off until someday. It would be more painful to die with a lot of money, unreal dreams, and a life un-lived than to run out of money towards the end.</p> <p>Strengths</p> <ul style="list-style-type: none"> • Good at living in and enjoying the present moment. <p>Challenges</p> <ul style="list-style-type: none"> • May not think through long-term effects of decisions 	<p>Tomorrow won't take care of itself. It's important to make sacrifices today in order to ensure a better future.</p> <p>Strengths</p> <ul style="list-style-type: none"> • Good at planning ahead for their future selves • Optimized the future will be better than today. <p>Challenges</p> <ul style="list-style-type: none"> • May focus so much on the future they deprive themselves of opportunities for joy today

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Tips

Use the below tips in discussing the results of the Worksheet with your clients.

TIP #1

Show no judgment

There are no good or bad styles. Each style has financial strengths and challenges.

Be especially careful with Spenders and Enjoy It Now types. Both have positive qualities that can balance out their counterparts.

Know your own type and be aware of your own preferences and judgments about the other styles.

TIP #2

Help accentuate the positive

Each wants to be acknowledged for their role and contributions.

Ask:

“In what ways do you balance each other out?”

“What strengths do you bring to the table?”

TIP #3

Ask questions to bring out what each one wants to talk about

Each style has specific priorities they would like to articulate. You win trust when you make an effort to understand each client's perspective.

Ask each client the questions on the following page designed for their style.



Questions for each decision making style

Take Action vs. Think It Through

Take Action

What financial issues are you focusing your attention on right now? What have you read or heard about that I could get you more information on? (This questions is designed to get them to share what they are interested in or actions they may be thinking about taking)

Think It Through

When you think about your financial future, what questions come to mind? Is there a financial topic you'd like to be educated on and better understand?

In Control vs. Freedom Seeker

In Control

How would you like to improve or change our communication?

Freedom Seeker

Are you comfortable with your involvement in the decision making? Would there be a benefit to you (and your spouse / partner) if you were more involved?

Opportunity Seeker vs. Security Seeker

Opportunity Seeker

What changes do you see in your life in the next five years?

Security Seeker

What are your concerns? What do you NOT want to happen?

Spender vs. Saver

Spender

What do you value? How does that affect your spending priorities?

Saver

What do you value? How does that affect your saving priorities?

Enjoy Now vs. Enjoy Future

Enjoy Now

What is most important to you about your financial life right now?
That you be able to....

Enjoy Future

What is most important to you about your financial life in the future?
That you be able to...

Final thoughts

You may have discussed some of these issues with your clients in the past, but this is a deeper look designed to pull out new and updated information you may not have or be aware of.

Reiterate *“I want to better understand what each of you needs and I value both of your perspectives.”*

Stress that this exercise helps couples better understand each other and have more productive financial conversations.

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What to say and not to say in client meetings

Ask Better Questions: Ask This, Not That — Say This, Not That

The secret to creating more engaged and loyal clients is to ask better questions. When you know what to say, and when to say it, you create stronger relationships, win confidence and win trust.

The following are examples of common things financial advisors ask and say that can actually turn off their clients, along with better questions and statements with which to replace them.

BONUS MATERIAL



What to say and not to say in client meetings

Ask This, Not That

Don't: “How are you?”

Do: “What’s new in your world? Any changes?”
“Any big occasions or decisions coming up?”

Don't: “Do you have children?”

Do: “Do you have family in the area?” (less invasive and provides more information)

Don't: “Does that make sense?”

Do: “Do you have any questions?”
“I don’t want you to leave here with a question in your head.”

Don't: “Anything else?”

Do: “Do you have any questions I haven’t fully answered?”
“Any concerns I haven’t addressed?”

What to say and not to say in client meetings

Say This, Not That

Don't: “Would you like to include your spouse?”

Do: “Would there be benefit to including your spouse in some way?”
(share an example of a benefit)
“Do you have the same financial goals?”

Don't: “I want to meet you in case something happens to him (or her).”

Do: “We need your expertise.”
“We need your input on the lifestyle you want to lead.”
“We need your specific input on...(creating a meaningful legacy).”

Don't: “There are no stupid questions.”

Do: “I love questions. That's why I'm here.”
“My job is to make sure people walk out knowing more than when they walked in.”

Don't: “Don't worry.”

Do: “Tell me more about your concern.”

Don't: “I'll be in touch.”

Do: “I'll reach out to you by [phone, email] with an answer by [time frame].”

What to say and not to say in client meetings

Ask Both

Good: “What are your financial goals?”

Better: “What do you NOT want to happen?”

Good: “What is your legacy?”

Better: “What do you want to be remembered for?”
“What is the family story you want to pass down to your children?”
“What is the most important lesson you want to pass to your children?”



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