The Financial and Estate Planning Council of Metropolitan Detroit, Inc.

September 2011

30600 Northwestern Hwy., Suite 208, Farmington Hills, MI 48334 • (248) 538-7654 • FAX: (248) 538-7656

President's Message

How quickly the summer months are passing. Soon it will be September, and the next FEPCMD meeting will be taking place at The Grosse Pointe Club on the East Side. See the announcement highlighting the program featuring David Littman, former chief economist for Comerica Bank and presently senior economist with the Mackinac Center for Public Policy, a research and educational institute headquartered in Midland, Michigan. Given recent developments (or lack thereof) in Washington and the financial and business market volatility, Mr. Littman should provide us with a plethora of observations about the world, U.S. and Michigan economies. His presentation will be long enough to provide discussion with meeting attendees. Any guests will be most appreciated.

Your membership and program committees meet on a regular schedule, and the committees' results are very apparent. Membership is holding steady as we welcome new members every month. Our emphasis on involving individuals in the beginning of their business careers is showing itself with darker hair among those of us who are long-time members. I encourage each of you to continue to invite your colleagues and employees to our events. We believe the quality of our networking events and programs will become very apparent. $85 a year (through 12/31/11) is a great bargain to meet and have discussion with many of the best financial and estate planners in Southeast Michigan.

The program committee has events fully planned or well into the planning stages through next September. Our meeting on November 1 will feature Michael W. Halloran, from Jacksonville, Florida and past president of NAEPC, as our dinner speaker, and will include a two hour continuing education program leading up to the traditional "networking" hour. This event will take place at The Colony Club in downtown Detroit.

The winter months will bring Spouses' Night and we are planning an event to outdo last winter's memorable evening at Zazio's in Birmingham. The charity golf outing will once again be held at Wabeek Country Club in May 2012.

In the process of dealing with FEPCMD governance, the current Board is looking to expand Board membership and member participation in committee activities. If you have interest in Board or committee participation, please speak with any Executive Committee member or contact Kris Wolfe in the FEPCMD office. We will follow up promptly to all who step forward and offer his/her time and energy.

The Executive Committee met several times over the last months with leadership of the National Association of Insurance and Financial agents (NAIFA) and Society of Financial Service Professionals (SFSP) and the purpose of the meetings was to discus governance, membership and program issues common to the three organizations, and, further, determine if there are joint activities that could be beneficial to the overall memberships. A number

WELCOME TO OUR NEW MEMBERS

P. Mark Accettura, JD
P. Mark Accettura and Associates PLC
Sponsors: George Gregory and James Knaus

Berge P. Avesian, Jr.
Evangelical Homes of MI
Sponsors: Romy Gingras and Don Carney

John Morman, CFP
PNC Wealth Management
Sponsors: Stephen Moore and Michael Stavale

of FEPCMD members also have NAIFA and/or SFSP memberships, and these existing relationships led to the leadership meetings. NAIFA has approved promotion of David Littman's meeting to its membership. More to follow on this matter in my next newsletter.

National Estate Planning Awareness Week is October 17-23, 2011. This week long program is supported by the National Association of Estate Planners & Councils (NAEPC); NAEPC makes planning and presentation materials available to its member councils. FEPCMD is working on PSA "spots" on local radio and television. We would also like to have a few radio or television interviews. If you have media contacts or would be available to participate in radio/TV events, please contact Kris Wolfe in the FEPCMD office.

I also recommend viewing the NAEPC website http://naepc.org for a listing of upcoming no cost/low cost audio/webcasts available to FEPCMD members that will air in September and November 2011. A recent audio/web conference featured Jonathan Blattmachr presenting "Estate and Financial Planning for Individuals with $5 Million or Less." This was a most timely presentation given the number of my clients who no longer have more than $5 million.

The 48th Annual Conference of the NAEPC is November 16-18, 2011, in San Antonio. Executive Committee and /or Board members will represent our Council at this event; Kris Wolfe will attend a portion of the conference directed specifically to executive directors/administrators. Check out the NAEPC website for details of the conference. The presentations and materials available from a listing of nationally prominent speakers are among the best I've experienced.

I look forward to seeing many of you on September…
Andrew A. Dincolo, CPA, President

Impediments and Solutions for Professional Advisors

Marty Carter

Part I: Impediments to Plan Implementation Arising from Client "Issues"

Because talking about money and deciding what to do with it is very personal and private, advisors need to understand client attitudes and behaviors about wealth. Otherwise, psychological barriers can prevent clients from implementing their financial and estate plans. This article examines impediments as well as solutions.

To be successful the advisor must have the ability to move beyond the traditional role of data collection and analysis and include the "softer" side of wealth: understanding what is happening in the family that impedes their ability to stick to the plan. Additionally advisors may find themselves in the middle of family conflicts. The new model is a multi-disciplinary approach including a consultant with clinical training such as a family communication consultant. This can enhance effective planning and, most importantly, lead to success in implementation.

Lack of Communication.

For many families, "Shh, we don't talk about money" is a lesson learned in childhood and passed along to future generations. Not talking about money can lead to disagreement, fear, disappointment and greed. Parents fear that if children have too much information about family wealth they will lose motivation to work or develop a career. Many parents are confused whether to treat their heirs equally or fairly, often unclear about the difference. Not talking about money can imply agreement, and advisors can be fooled by the silence. One spouse may react enthusiastically to a planning strategy, while the other quietly observes. It may be that the one of them is naturally more verbal and tends to "take charge" while the other's personality is submissive or at least conflict averse. The first spouse may even sense his partner's disagreement but ignore it. The advisor who is insensitive to this dynamic is bound to fail in the objective of getting participation and agreement.

Anger, Anxiety and Denial leading to Spousal Conflict a/k/a money fights.

Childhood lessons and experience regarding money, particularly the example set by parents are the keys to adult attitudes and behaviors. Families in which the senior generation relies on professional advisors to guide and perhaps manage their finances tend not to educate their children about important financial issues. Parents may feel inadequate in knowing what to teach their children, or how or when. If the impression they give is "the spigot is always open" and "don't worry, there's plenty more where that came from", unproductive attitudes in their children may be inadvertently nurtured. Those on the other end of the spectrum, who have to worry about whether and how long their financial resources will last, may end up displaying different, but

FINANCIAL AND ESTATE PLANNING COUNCIL OF METROPOLITAN DETROIT

Presents

Economic Outlook: Final Flight For "Helicopter (Ben) Bernanke"?

DAVID L. LITTMANN

TUESDAY, SEPTEMBER 27, 2011

THE GROSSE POINTE CLUB
6 Berkshire Place
Grosse Pointe Farms, Michigan 48236 MAP

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The U.S. economy is desperately trying to recover. But unless anti-market policies are *permanently* removed, we will re-enter recession, taking Michigan with it. Prolonged uncertainty is devasting markets: confidence, income, jobs, investment decisions, budgets, and financial planning. And that's before we know the Supreme Court's finding on Constitutionality of Obama Care or the fate of the dollar as a reserve currency by year end 2012. Bedeviling domestic and world economies is the growing possibility that 'helicopter' Ben (Federal Reserve Chairman) will unleash a third wave of "quantitative easing," thereby assuring severe inflation trauma. Yet, this nightmarish scenario can be transformed into an unprecedented real GDP expansion and a renaissance of wealth and confidence building once Americans vote for competitive market solutions over political manipulation.

David L. Littmann is senior economist with the Mackinac Center for Public Policy, a research and educational institute headquartered in Midland, Michigan, and the largest state-based free-market think tank in the country. Littmann received his M.A. degree in economics from the University of Michigan in 1967. He holds an S.M. degree in economics from M.I.T. and a B.A. degree in economics from Antioch College, and completed a year of study as an exam student at the London School of Economics and Political Science.

AGENDA:		
	5:30 p.m.	**Complimentary Cocktails**
	6:15 p.m.	**Announcements & Presentation**
	7:30 p.m.	**Dinner**

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Log onto our website by September 16 to make your reservation and pay with VISA or Master Card.
www.metrodetroitfepc.org

OR PLEASE MAIL YOUR RESERVATION AND CHECK BY SEPTEMBER 16 TO: **COST: $60.00 PER PERSON**
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RESERVATIONS RECEIVED AFTER SEPTEMBER 16 WILL COST $75.00 PER PERSON.

MEMBER NAME: ______________________ **GUEST NAME:** ______________________

TOTAL ENCLOSED: ______________________
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still destructive behaviors that can lead to refusal to focus on decisions that have to be made and/or denial that a problem even exists. Some cope by periodic sprees of overspending that may provide a brief emotional respite but end badly in guilt and increased anxiety. Frustration, anger and resentment directed toward the financial advisor is not an uncommon outcome.

Spouses have different attitudes and behaviors about wealth based on what they learned from their parents. Couples need to identify their differences in attitudes and behaviors with money and if a conflict exists, find a solution acceptable to both. This is complicated in cases where financial information is not shared and/or one spouse ignores or dislikes dealing with financial issues. In some cases, one spouse prefers to be relieved of money responsibilities, but lack of knowledge of the financial and budgeting plan and lack of control over and access to money can bring about a sense of "second class" status. The result may simply be failure to reach agreement on important financial and estate planning issues. But in the worst case, it may result in emotional conflict between spouses and other family members, with the potential for breakdown of marital and other family relationships. A leading symptom of dangerous inter-spousal financial conflict is inappropriate exercise of power and control by one spouse.

In some cases, destructive behavior by one spouse feed into that of the other. Take the case of the husband who seethes over what he perceives as his wife's profligate spending. He checks credit card balances daily and, reaching the point of complete frustration, he angrily confronts his wife. The reaction of his spouse is that he should spend more time with her, their children and grandchildren and less time playing the financial spy. Her reminder of his broken promises to retire in order to do just that serves as evidence that the spending is a form of acting out for the purpose of drawing attention to the heart of the conflict. A vicious cycle is being repeated.

Especially in the case of second marriages, differences in the level of wealth brought to the union can be a formula for disaster, unless there is an open and frank discussion coupled with mutual agreement and understanding. The ante-nuptial agreement may be perceived as an anti-nuptial barrier. In that case, the counselor's role can be as important as that of the financial advisor and attorney.

It is easy for the advisor to get drawn into conflict in circumstances that are both uncomfortable and for which the advisor does not have the requisite training and experience.

Triangulation

Family systems theorist Murray Bowen, MD describes the concept of triangulation as instability between two people that creates a need for resolution through affirmation by a third party. This dynamic becomes destructive when one spouse tries to manipulate or control the other. Two people, each competing for their own interests and priorities and seeking the advisor's intervention, is an example of triangulation at its worst. This is a space the financial advisor does not want to occupy, but it offers an ideal opportunity to utilize the services of a related professional, a counselor who has the training and experience to death with triangulation and to defuse the situation.

Part II Solutions for the Advisor

Understanding feelings and thinking about money – an imperative for the advisor as well as the client.

Advisors must explore their own feelings and thoughts about money as they relate to client attitudes and behaviors. Is there disapproval of clients who display fiscal irresponsibility? Is there jealousy of wealthy clients? Advisor attitudes, particularly if they seem judgmental, will be perceived by the client resulting in the potential for distrust. The advisor's self-awareness facilitates the process of encouraging clients to consider their own experiences and financial behaviors. There is a great deal that the advisor can accomplish simply by exercising judgment and sensitivity, but it is also important to understand and accept the fact, that for some clients, in some circumstances, the assistance of a trained counselor is indispensable. When the advisor senses that family issues are sufficiently troublesome as to interfere with the planning process, bringing in a counselor at and early stage can save everyone time, effort, money and angst. The counselor can conduct one or more family meetings to explore messages about money that are passed from parents to children: what is said to children? What have they learned from watching their parents' behavior with money? What are the family's attitudes, behaviors and philosophy about money? Are these even purposeful? Even understood? How are money decisions made and communicated?

Financial advisors have carefully constructed data gathering tools including a thorough list of questions. These may not be written; often they are the product of years of experience so that their use becomes instinctive. The counselor has similar tools. The following questions can accomplish the joint objectives of identification of the advisor's attitudes and behaviors with money matters and providing a format for the counselor to conduct family discussions based on similar questions. Advisors with no clinical training are not well advised to attempt the role of the counselor on their own.

General Questions:

What makes your life meaningful?

What are the top five things that are most important to you?

How does money fit in with these priorities?

What is the greatest value of money for you?

Questions about how you think about money:

What does money mean to you?

What excites you about money?

What worries do you have about money?

What uses of your money are most satisfying to you?

Does money cause you to be involved with others or isolated?

Do you worry that you will run out of money?

If you have recently acquired money, how has it changed your life?

Messages from your family of origin:

What messages about money did you learn from your parents?

What best describes your parent's spending styles?

How did your parents handle the balance of power about money?

What did you parents not teach you about money that you wish they had?

Messages from your current family:

How is success measured in your family?

Are there secrets surrounding money?

Are there strings attached?

What boundaries does the family not observe?

If one partner has more money that the other, what is the impact?

Do you worry that too much money will spoil your children?

Do you think your children are wise in money matters?

What are your family stories about money?

Is there permission to "fail" with money in order to learn from mistakes?

In estate planning, do you intend to be equal or fair with your children?

Is philanthropy important to you?

What money beliefs and attitudes are you passing on to your children?

Money and your relationship with others:

If you have substantial wealth, what do you say when someone asks: "What do you do?"

Do you worry that friends may like you for your money?

Do you feel pressure or joy in making contributions to others?

Money and your future:

Do you think "I don't need to plan for the future, not just yet"?

If you could wave a magic wand, how would you change the role money plays in your life?

What are the needs of parents/siblings/children and how can you be responsive to those needs?

Identifying the Limits of the Advisor's Role

Many of these questions are bound to raise concerns and worries. The advisors have to ask if they are prepared to handle the fears, conflicts, blaming, resistance, denial, etc, that may surface. Advisors must come to know the limits of their counseling skills and to exercise judgment about when to seek assistance from a counselor. There are a few advisors who have training both in finance and psychology and are competent and comfortable helping the client with these issues. Most planners do not have dual training. Many financial planners recognize that some of their clients have difficulty adopting and following a plan. Those clients often exhibit behaviors that planners recognize as falling outside their area of expertise: couples fighting over money, senior-generation family members who refuse to disclose any financial information in order to enable adult children to plan, noncompliance with the plan, etc. Some bring in-house counselors on to their teams, although that step is not cost effective in many practices. In other situations, the private practitioner with training in family systems therapy serving as collaborative partner with the planner can be an ideal solution. The counselor can assist the individual or family in conflict resolution, addressing emotional barriers that impeded the planning process as issues appear. The advisor and the counselor work collaboratively with the family, resolving family issues that result in plan implementation.

The traditional model of providing suggestions based on crunching the numbers and having the client follow the advice is appropriate for some clients, but others are more likely to complete and implement the plan if the model incorporates a balance of intellectual and emotional examination of what is needed. There are occasions when emotional needs impinge on a well-based financial decision. The planner who is sensitive to clients' emotions is much more likely to offer options that provide a path to a decision that is appropriate.

Communication

All conversations consist of a combination of "process" and "content." The latter refers to materials, information, data, and subject matter. Process is the examination of how the conversation takes place: is the speaker clear and understandable? Are participants at ease, anxious or embarrassed? Is the information presented in a clear and concise manner? Is there agreement or disagreement? When face-to-face with clients, watch for signs of poor communication: domination of the conversation, interruptions, blaming, conflict between clients, triangulation and hints that secrets are being guarded. If clients repeatedly miss appointments or fail to provide requested data, this may be a symptom of conflict of some sort. Engaging a counselor can help ameliorate these situations in order for clients to embrace the plan.

The most important talent is listening. What are clients saying? Is it what they really want? Is what they say possible to accomplish?

Understanding the Issues and Concerns of Multiple Generations.

Creating and maintaining long-term relationships with clients gives the advisor the opportunity to work with succeeding generations. To accomplish this, the planner must understand the needs, wants, concerns and fears of each generation and develop the ability to help interpret among generations.

The Senior Generation.

With age, people sometimes become fearful of pending change and often resist it by tenaciously holding onto their own way of doing and thinking. Sharing or relinquishing power is difficult. Living in a rapidly changing culture and technology breeds anxiety. Some clients worry that the next generation doesn't care about them or is greedy. This may result in reluctance or refusal to share information. A great and frequent concern among parents is that children and/or grandchildren will squander inheritance.

Complicating matters is the natural concern of the older generation about the possibilities of deteriorating health, loss of independence and dignity, fear of financial instability and dependence on children, or fear that the next generation will not honor parental values and wishes.

The Younger Generation.

Facilitating communication among generations is one of the greatest achievements of collaborative efforts of the advisor and the counselor. If parents are made aware of the concerns and wishes of their adult children, they may be reassured that their children are caring, committed and eager to help them have productive and fulfilling lives. Sharing and interpreting parental concerns can help adult children understand needs and wishes of their parents. Adult children worry about parents' health and financial stability, the ability of aging parents to make appropriate decisions and the struggle parents often faced when they desire independence but need assistance. The problem of parents withholding information and their perception of greed if children suggest a discussion of estate planning, are examples of the situation in which the advisor and the counselor can help overcome obstacles.

Introduction of the New Planning Model.

In the initial planning engagement clients may not know what to expect. An explanation of the new model right in the beginning, including the addition of examining the "soft" issues with money can offer a formula for success. Susan Bradley in Sudden Money suggests that the relationship clients have with planners may be the most personal of all client/advisor relationships. "When you discuss your money, you are discussing your hopes and your fears, your dreams and your disappointments

Incorporating the following into the initial client meeting can set the stage:

Ask what prompted the client to seek an introductory meeting.

What would the new clients like to accomplish?

Are they familiar with the planning process?

If they have engaged in formal planning in the past, was it helpful or not?

Acknowledge that financial planning is a personal process and give reassurance that the new clients are not alone in the discomfort talking about money.

Ask permission to create a family tree (genogram) that makes the planner aware of the possible players involved in the final plan.

Use this information as a stepping stone to inquire about family members' interests, activities and current situations.

Next, explore goals and objectives. Many planners send suggestions of discussion topics in advance that may set the stage for discussing:

Provision for survivor income.

Standard of living.

Provision for family members' educational needs, future homes, vacation homes, major purchases, weddings, education of grandchildren, long-term care, retirement, charitable giving inheritance, and other subjects.

In *Wealth in Families*, Charles W. Collier suggests the following types of questions as a preliminary to estate planning discussions:

What type of family do you want to be?

What do you want to accomplish or help others accomplish?

What legacy do you want to leave your children and society?

Analysis of these topics is first; determining how to get there including the appropriate legal arrangement is secondary.

Conclusion

Successful planners expand their expertise by adding another dimension, understanding the soft sides of wealth. Engaging a counselor to address family dynamics is essential to ensure completion and adherence to the plan. Adding the counselor as an integral part of the planning team provides client feedback about their experience working with the firm, determination if the plan meets their needs and fits their comfort level. Addressing and resolving family dynamics increases the likelihood that the evolving plan will accomplish clients goals. A collaborative engagement among client, advisor and counselor enhances the likelihood of success by combining resources to address the behavioral as well as the technical components of wealth management.

Bibliography

Bradley, Susan. *Sudden Money* Wiley Press. 2007

Carter, Marty. *"Why Clients Don't Stick with the Plan and How Advisors Can Help."* Journal of Financial Planning. August 2005

Collier, Charles. *Wealth in Families*. Harvard University Press 2006

Marty Carter is founder and president of ***Baton: helping generations communicate about family wealth.*** *Ms. Carter is a contributor to the Family Foundation Advisor, author of "Why Clients Don't Stick with the Plan and How Advisors Can Help," Journal of Financial Planning August 2005. She serves as consultant to the National Council on Foundations, the Family Firm Institute and is a trustee for Princeton Theological Seminary. www.baton-consulting.com. mcarter@baton-consulting.com*

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