

by bobby l. hickman

LOOKING AT THE BIG PICTURE BLUEPRINT® HOLISTIC FINANCIAL PLANNING



Too many Americans neglect their financial health and well-being. A recent CNBC/Acorns survey found only 17 percent of Americans use a financial advisor, while 75 percent manage their own money. Another poll by Gallup found only 30 percent have a long-term financial plan – and just 32 percent maintain a household budget. Other studies indicated most Americans don't engage in financial planning because they don't believe they have enough money to make it worthwhile.

However, financial experts maintain that everyone should take tighter control of their own financial future – regardless of income, assets, or their distance from retirement. Lack of thorough planning is leaving millions of families unprepared for financial downturns and personal emergencies, and causes them to miss opportunities to increase their net worth.

One approach that addresses these gaps is pursuing a holistic

strategy encompassing all components of personal finance. Legacy Financial Partners tackles this need with its Big Picture Blueprint® a five-step process that creates a comprehensive plan addressing all aspects of a client's financial life. The goal is to "outline a blueprint on how to build the financial house" and create a path forward, said Michael A. Martin, founder and director of insurance and investments at the West Palm Beach, Florida, firm.

Martin said one reason clients come to Legacy is because the firm addresses issues and topics their previous advisors did not. Many advisors offer accounts focusing on specific products and services, such as money management or insurance, while his firm considers the entire spectrum of financial considerations, including healthcare, taxes, and estate planning. Legacy also offers business planning and advice on sale of assets and purchases. He added some clients seek help with a variety of non-investment

related issues, such as whether they should buy or lease a car.

The firm provides advice tailored to each individual client.

"I think that's what sets us apart," Martin said. "We build full plans and help our clients in every aspect of their financial life – not just investments. Some firms make most of their money from investments, so they focus most of their attention there. Those firms miss the bigger picture of the client's complete situation.

The Big Picture Blueprint process includes understanding the clients' needs, and then designing a personal financial strategy. Assembling the blueprint includes creating budgets showing income and expenses; reviewing investments and fees; how to manage risk; and how to make their plans tax-efficient. The firm also addresses income, healthcare, and estate planning.

New clients often do not have a budget, and may not even know what their income and expenses really are.

"It's hard to know what decisions to make when we don't know what comes into the house and we don't know what's going out

of the house – especially in retirement," Martin said, adding that some people estimating their expected living expenses for retirement leave out important items, such as how much they will spend on food and medical care. "Once all the details are in place, the various plans create a complete picture. Once everything starts moving in unison, it begins to solve problems."

Martin said the firm has no minimum assets requirements; they try to offer advanced planning solutions to anyone who needs assistance.

"I tell people that the prerequisite to meet with us is that you genuinely want some help and advice."

While there are no financial thresholds, however, Legacy does not take everyone who walks in the door. Martin said his firm ensures the client is someone who would benefit from their advice. They also ensure the client is someone they will enjoy working with.

"We know that we're not right for everyone, and we also know not everyone's right for us."

Martin said that studying psychology was one of the most beneficial educational decisions he made in school. While learning the





technical aspects of the financial services industry was important, psychology is also a critical factor. Beyond numbers, Legacy helps people make the best possible decisions they can for themselves and their families.

An example of the practical application of psychological principles is risk assessment. Martin acknowledged there are many types of software that can help advisors assess investment risk. However, risk also related to the psychology of investing.

"You need to get to know what the clients' goals are," he said, "But you also need to be familiar with their comfort level regarding risk."

Factors such as age, longevity, or the amount of liquid assets do not necessarily indicate their risk comfort level. Questions such as what dollar amount would they be comfortable with losing over a short period of time – or even long-term – help guide investment decisions. Finding the right level of risk helps keep clients from worrying too much about their portfolio when markets decline.

"We want our clients to have a somewhat simple and consistent portfolio," Martin explained. "If

they've got a lot of excitement in their portfolio, frankly, it might be too exciting. Then they won't be able to live an exciting life."

Helping people become more financially literate is another important part of the Legacy Financial Partners process because it enables clients to make better decisions.

"Most clients know their career or their profession well, but their profession doesn't necessarily have to do with finance; that's our profession," said Martin.

When considering a new financial planner, asking how much experience an advisor has is one of the first questions Martin suggests new clients ask. But they should ask more than simply how long they spent in the financial industry, as there are a wide variety of professions within the sector. They should determine how that experience fits with what the client wants to accomplish.

Fees are another consideration, he said, but they are only part of the picture. In a robo-advising situation, clients pay little to nothing for money management, but ultimately, they are

the ones making decisions about the portfolio. Paying for personal advice provides broader support in areas such as tax law changes, healthcare expenses, Social Security strategies, and budgeting expenses.

"The old adage that you get what you pay for has never been truer than with financial advice," said Martin.

He also suggests asking whether the potential advisor can help you with other financial matters beyond investments.

"If they tell me to go talk to a tax advisor, maybe they don't have as robust of a firm as I need," Martin said, "because I need real advice as it relates to my entire financial life."

Determining whether the advisor is a fiduciary is also important. As a fiduciary, Martin said, his firm is both morally and legally obliged to put another else's best interest ahead of their own interests and those of their company.

Martin gave the example of a customer approaching car salesman. The customer says he makes \$250,000 a year and a large family. He asks the salesman what vehicle he qualifies for. If the salesman replies they qualify for a Porsche, the salesman basically meets the suitability standard, Martin said. But is a Porsche really the best choice? A minivan or an SUV might actually be in their best interest.

Finally, while research is important in choosing an advisor, the final decision should also be based on personality.

"You want somebody you feel you could have a long term, beneficial relationship with," Martin said, because your financial life could be a long time."

For more information on Legacy Financial Partners, visit lfpfinancial.com

