



Questions for Advisors to Ask

During a class I was teaching recently, some advisors and I discussed client questionnaires. I explained that I don't like to use the typical, multi-page fact-finders most companies put out. I prefer to use a legal pad and just have a conversation in which I uncover what I need to know to help the client. Obviously, some experience is necessary before using this approach, so you know what information to gather. Clarifying and follow-up questions will also be needed to get enough information.

I am frequently asked what we use for a risk tolerance questionnaire, and my short answer is always that we don't use risk tolerance questionnaires because I am not sure the questions on the instruments gauge risk tolerance appropriately. Acceptance of risk in some areas doesn't necessarily imply acceptance of it in other areas. Client answers are also inherently unstable: people answer the questions differently depending on their current mood and outlook. Did your clients have the same risk tolerance in 2003 that they had in 1999? Probably not, and their risk tolerance is not exactly the right question.

I would like to dilate on that last point for a moment. I don't believe people have "risk tolerance" in a vacuum. It isn't a statistic like height or cholesterol level. Some might prefer to take no risk, but if that means never being able to stop working or living in penury, they may be perfectly willing to accept additional risk.

Because the quality of a financial advisor is related to the quality of the questions he/she asks, I have attempted to capture some of the best questions I have run across or thought of. On the following page are the questions I have collected over the years, I hope you find them useful as well. I don't deserve credit for most of them.

Financial Planning Questions

Opening Questions:

- How are you today?
- How long do you have?
- What do you want to get out of today's meeting?
- Do you mind if I take notes?

Tell me about:

- Yourself
- Your family (parents & children also)
- Your career
- How you both met (if couple)
- Your life growing up
- How you got where you are today
- How you see your life in your 60's, 70's, and 80's
- Your estate planning
- Your insurance
- Your assets
- Your liabilities
- Other financial professionals you work with

Tell me about your goals:

- During the rest of your life, what do you *need* to do?
- During the rest of your life, what do you *want* to do?
- During the rest of your life, what do you need to *undo*?
- Three years from now when you look back over those three years, what has to have happened in your life, both personally and professionally, for you to feel happy with your progress?
- What is your life's purpose?
- To what degree do you feel confident you will reach your financial goals?
- Do you have any specific charitable goals?
- What are you concerned about?

Closing questions:

- What would you like me to do?
- Is there anything else I should know?

Defining True Wealth (credit to Roy Diliberto):

- I define success in my working life as:
- I define success in my family life as:
- I define success in my financial life as:
- I define balance in my life as:
- I hope to be remembered someday as:

Interior Questions (credit to Roy Diliberto):

- Tell me about your family when you were growing up.
- Was money discussed at the dinner table?
- What messages, direct or indirect, did you receive from your mother regarding money?
- What messages, direct or indirect, did you receive from your father regarding money?
- Describe your parent's financial history.
- What financial values and/or discussions with your parents continue to affect you today?
- What is your first memory of money?
- What was learned from that experience?
- Describe a painful memory about money.
- Describe a joyful memory about money.
- Describe your work history.
- What are some of the financial decisions you made in the past that you regret?
- What are some of the best financial decisions you have made?
- What are your major beliefs about money?
- What are your positive feelings about money?
- What are some of your negative feelings about money?
- What do you do to deal with those feelings?
- How satisfied are you with the way you are dealing with those feelings?
- What does financial independence mean to you?
- How do you feel about passing assets to heirs?
- What part does philanthropy and charitable giving play in your value system?
- What would be a desired outcome over the course of these initial meetings?
- During our review three years from now, what will need to have happened between now and then for you to feel satisfied with your progress?

The Vision (credit to George Kinder):

- I want you to imagine that you are financially secure, that you have enough money to take care of your needs, now and in the future. How would you live your life? What would you do with the money? Would you change anything? Let yourself go. Don't hold back your dreams. Describe a life that is complete, that is richly yours.
- This time you visit your doctor who tells you that you have five to ten years left to live. The good part is that you won't ever feel sick. The bad news is that you will have no notice of the moment of your death. What will you do in the time you have remaining to live? Will you change your life? How will you do it?
- This time your doctor shocks you with the news that you have only one day left to live. Notice what feelings arise as you confront your very real mortality. Ask yourself: What dreams will be left unfulfilled? What do I wish I had finished or had been? What do I wish I had done? What did I miss?

Financial Background and Attitudes:

- Did your father handle money well? Your mother?
- What was your father's view of debt and savings? Your mother's?
- What was your mother's view of debt and savings?
- What was the best thing your father taught you about money or finances?
- What was the best thing your mother taught you about money or finances?
- What was the worst thing your father taught you about money or finances?
- What was the worst thing your mother taught you about money or finances?
- How has the way your parents handled money affected you and how you handle money
- Do you have a budget?
- Do you track it monthly?
- Is your current salary enough to cover your budget and expenses?
- Do you currently have debts that you are concerned about?
- What is your view on credit cards?

Notes:

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