



## Integrative Advising: The Newest Approach to Serving Affluent Clients

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The essence of Integrative Advising is that it looks at the whole person, not just one aspect. And it takes into account not just the different aspects of the client's life, but their inter-relationships as well.

Integrative Advising is a concept recently developed under the combined auspices of the Association for Integrative Financial and Life Planning and the Life Planning Network. This approach to planning, advising, and counseling clients is particularly well suited to affluent individuals.\*\* For financial firms seeking to move to (or remain at) the forefront of this market, Integrative Advising deserves close consideration.

### **The Basics of Integrative Advising**

The essence of Integrative Advising is that it looks at the whole person, not just one aspect. And it takes into account not just the different aspects of the client's life, but their inter-relationships as well.

These connections among the various elements of a person's life are critical. Although money may be what most interests financial firms and advisors, for

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\*\* Integrative Advising was not developed with the affluent market specifically in mind. However, because of its broader scope compared to traditional advisory services, it is generally more expensive, and therefore a more realistic option for affluent clients.

Integrative Advising does not mean that the financial advisor has to also become a life coach, a career counselor, a psychotherapist, a priest, a nutritionist, and a physical trainer all rolled into one. Instead, the new format for Integrative Advising allows the financial professional to *collaborate* with other professionals, and spend time doing what he or she does best.

most people, money connects in ways both obvious and subtle to every other aspect of their lives.

Granted, you can give useful investment or tax advice, for example, without understanding all of these other connections. But you cannot address, or even understand, the client's most important financial concerns without also understanding how these are interwoven with issues that we don't normally think of as financial. More about this in a moment.

But first we need to clarify up front: Integrative Advising does not mean that the financial advisor has to also become a life coach, a career counselor, a psychotherapist, a priest, a nutritionist, and a physical trainer all rolled into one. Instead, the format for Integrative Advising mandates *collaboration* between the financial professional and other professionals. Each does what he or she does best, while sharing understanding and insight with colleagues in other disciplines so that the client is far better served than any individual advisor acting alone could achieve.

### **Integrative Advising Benefits for the Client**

Those of us whose expertise lies primarily in the financial realm know from experience that the underlying causes of many financial problems are not money itself, but deep-seated attitudes, fears, expectations, and self-image issues that are beyond the scope of most advisors' competence. Money problems also spring from differences between the goals and desires of one spouse versus the other. Or they lie in a conflict between the desire to accumulate wealth and the desire to pursue other dreams, or to live a healthier and less stressful life, or even to follow a path that is more spiritual or that embodies a deeper wisdom.

The traditional approach to financial advice focuses on numbers and ignores these complications. The

Traditional financial planning applies a new financial product or an improved investment strategy or inventive tax dodge on top of a constellation of personal / financial / family / psychological and sometimes physical and spiritual issues that it does not really penetrate or address.

Integrative Advising, using a team approach, can discover and deal with all these issues.

If you were the client, which you prefer?

client's *questions* are answered, but their *problems* remain.

Except for the very poor, the affluent may be more affected than anyone by these complications. Wealthy people tend to realize already that money can actually *increase* unhappiness – “Mo’ Money, Mo’ Problems,” in the words of the rapper Notorious B.I.G., before he proved the point by being shot to death. Traditional financial planning and advice dances on the surface of these issues. It applies a new financial product or an improved investment strategy or inventive tax dodge on top of a constellation of personal / financial / family / psychological and sometimes physical and spiritual issues that it does not really penetrate or address.

Integrative Advising is different. By using a team approach, it can discover and deal with all these issues.

If you were the client, which would you prefer?

### **Integrative Advising Benefits for the Advisor**

An intriguing survey of financial planners in 2009 revealed that thousands of them are already trying to help their clients with “life planning” issues that expand on, or dig beneath, the traditional domain of personal finance.\* But the same survey also uncovered concerns about this practice – about whether financial professionals have the competence to deal with non-financial issues, and whether they can afford the time to delve into a client’s Pandora’s box of personal problems.

These issues are not unique to financial planners. All professional counselors – lawyers, psychologists, spiritual advisers, physicians, career planners, social workers, etc. – face the same concerns whenever

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\* David Dubofsky and Lyle Sussman, “The Changing Role of the Financial Planner Part 1: From Financial Analytics to Coaching and Life Planning,” *Journal of Financial Planning*, August, 2009.

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they extend their interaction with a client/patient beyond the normal range of their own profession.

The Integrative Advising model breaks through these walls by establishing a practical, efficient means for specialists from different fields to work together with a client, who becomes an active partner in the process. By bringing in multiple experts, not as spin-off referrals but as true collaborators, each can focus on her or his area of expertise, and benefit from communication and interaction with the other experts on the case.

When issues come up that the financial advisor does not fully grasp, or is not trained to deal with in a professional way, another expert is there to help the client, and the hurdle is cleared. Even (perhaps especially) when issues *don't* come up with the financial advisor, he or she still has the opportunity to benefit from insights that the other professionals will bring to light.

Financial advisors no longer lose time going around in circles with a client because of a personal issue or family problem that the client is uncomfortable broaching, or doesn't perceive as relevant to his or her finances. Financial advisors untrained in the role of life coach or spiritual mentor or family counselor or psychologist don't waste their own time or their clients' time, and they avoid the risk of venturing into territory where they could inadvertently do some damage.

Instead, they participate on a team where other professionals handle this part of the job for them, and do it much better than they could do it themselves. Everyone comes out ahead.

In addition, establishing these collaborative relationships with other local professionals means better access to new clients as well as better service to existing ones. Just as the financial advisor will have clients who need help with additional related issues, the other professionals in the group will have clients

You do not have to change your business model. If you are independent you stay that way, and if you are an employee of (or have an exclusive contract with) a local, regional, or national financial firm, none of that changes. You still maintain the same compliance, liability, and billing arrangements you have now.

who need help with financial matters. So new affluent clients will be brought to the financial professional with no effort on his or her part.

### **Is Integrative Advising Practical?**

Integrative Advising is simple in concept, and only a little more complicated in practice. It does require some extra effort on the part of the financial advisor, but it does not have to completely revolutionize how he or she does business. Specifically, if you are a financial advisor:

- You do not have to change your business model. If you are independent you stay that way, and if you are an employee of (or have an exclusive contract with) a local, regional, or national financial firm, none of that changes. Your relationship with the local collaboration is *informal*. The collaborative group is not a legal entity. It is merely an agreement among individual professionals that they will work together at certain times and in certain cases to help clients who prefer that kind of service. You still maintain the same compliance, liability, and billing arrangements you have now.
- You will also have access to some new tools and methods, which you can employ yourself (none of them requires extensive expertise), or which you can turf over to other professionals in the group – whatever works best for you.
- Integrative Advising happens only when you, the client, and the other professionals all want it to happen. This may end up meaning most of your clients participate, or just a few of them do. You have control of that.
- The training you need in order to use Integrative Advising will take only a modest amount of your

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time, and can be done at your own convenience.

- The one new responsibility you do take on is the commitment to communicate with the other professionals in your group concerning the issues and progress of specific clients. How time-consuming this is depends on how strongly the client's financial issues are intertwined in other unresolved problems.
- Whether you are compensated for this time depends on how you are compensated now. But this is another reason why this approach is used mainly with affluent clients – even if you are not compensated directly for your extra involvement, your overall compensation will support it. And, as noted earlier, in some ways, Integrative Advising reduces your burden with some clients, so all in all, you might find that the time commitment is a wash, or close to it.

Of course, we are viewing only the tops of the trees here. There are additional specifics you need to understand and consider before committing yourself to Integrative Advising. But we and others who have been involved in developing this concept have done so with the realities of busy professional advisors in mind, so the tools and processes we have assembled are not difficult to implement.

### **Implementation Issues To Be Addressed**

Integrative Advising is more than a concept. It requires four kinds of support:

- A *conceptual framework* for how the various aspects of life connect. It is important that all the collaborating professionals, as well their clients, have a common framework for understanding and communicating. There are actually

How does a diverse group of local professionals, who have different methods of working, different compensation practices, and different licensing and professional standards – not to mention different personalities and interests – form and maintain a workable collaborative environment?

The answers to these and other problems have already been figured out.

many models available for this, but some are better suited than others.

- *An organizational framework.* How does a diverse group of local professionals, who have different methods of working, different compensation practices, and different licensing and professional standards – not to mention different personalities and interests – form and maintain a workable collaborative environment?
- *An integrative advisory process.* An effective, shared process is necessary for bringing new clients into Integrative Advising, identifying the range and depth of their individual needs, and devising, carrying out, reviewing and updating a plan to help them. This process has to be flexible enough to accommodate different clients and different combinations of advisors, but must also be consistent in its basic structure and application.
- *Tools* that embody the conceptual framework, the organization framework, and the integrative advisory process. Although each advisor will still have and still use the customary tools that are specific to his or her professional specialty, broader tools that implement the integrative features of the process also need to be available, understood, used, and shared.

These elements do not have to be invented – workable versions already exist – although you may want to adapt them to your own circumstances.

### **How to Learn More About Integrative Advising**

Basic information and materials are available at no charge, but this methodology is very new and could further develop quite rapidly. If Integrative Advising interests you, contact us at Still River Retirement / Re-

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RetirementWORKS, Inc., and we'll help you keep abreast of developments occurring here and elsewhere. And if you are an individual practitioner, we might be able to help connect you with other professionals in your area.

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