

Financial planning, and more

By Deanne Gage | 06/02/15

Editor's note: Money coaches are financial planners who also play mentorship roles as educators and motivators. And they emphasize that they're definitely not product pushers. To find out more, Morningstar interviewed two money coaches:

Sheila Walkington, CFP, worked as a Vancouver-based financial planner before becoming a money coach in 2004. She is the co-founder of Money Coaches Canada, a network of 21 coaches nationwide.

Trevor Van Nest, CFP, has been a money coach for four years, and is the president of two offices: York Region Money Coaches and Niagara Region Money Coaches.

They spoke with Morningstar contributor Deanne Gage.

Q: *What exactly is money coaching?*

Van Nest: Money coaching is meant to provide objective, unbiased support and advice with no product selling and no ties with any other financial institution. Education of the client is the priority.

Walkington: Money coaching combines financial planning and coaching techniques to help people clarify their goals and values, identify blocks and challenges so they spend smarter, manage their finances better and are more proactive with their money. A key component is to provide structure, accountability and motivation to help clients reach

their short, medium and long-term goals. We are fee-for-service advisors and do not sell investment, insurance or financial products.

Q: What made you become a money coach?

Van Nest: I used to work at American Express as a vice-president of marketing. I launched mutual funds, GICs, all kinds of charge cards and debt products. I knew the industry well and was aware of the gaps in the industry. It starts with our record household debt levels and people struggling with debt. I personally saw people spending far more than they were making and the impact that had on their personal balance sheets was just overwhelming.

Very few people are helping to eliminate debt because debt is a product that is sold with very high profit margins. And it's not just banks selling debt but every major retailer. So I saw an opportunity to educate people on their personal finances, which has always been a passion.

Most financial planners do not touch on anything related to budgets or even debt elimination. I've heard of situations where advisors never even asked their clients about their debt or if they had an open line of credit.

Walkington: As an advisor, clients were coming to me for retirement and investment advice. But they were also totally in debt. So they weren't managing their day-to-day finances very well. I saw a huge need to help people get on track with their cash flow so they can save for their short-term goals and plan for the future.



Sheila Walkington

But as a traditional financial planner, I was paid by commissions. So the only way to get paid was to sell investments or insurance. Meanwhile, the biggest issue for the clients I saw was paying down debt and that didn't involve selling insurance or investments. So there's a disconnect between how traditional advisors are paid versus what some clients need. That's why I left and became a money coach.

Q: Why not just become a fee-only advisor, who just sells advice but no product?

Van Nest: A lot of people call themselves fee only but they are really selling product and getting trailer fees on the side. Money coaches go beyond a fee-only planner. I'm a cash-flow expert. I help people build line-by-line budgets that work over time. I have those conversations about what they spend in restaurants, what their next trip looks like, and how much they're contributing to an RRSP. I also help people understand the trade-offs they are making. Some people, for instance, are literally eating away their potential kids' education savings if the eating-out portion of their budget is high. Others want to retire, but aren't sure what lifestyle is affordable without running out of money in their 70s or 80s.

Walkington: A money coach is like a fee-only advisor in that we do not sell product. Where we differ from the typical fee-only advisor is that we spend more time working with clients to clarify their goals and to understand their hopes, dreams, fears and desires. Together, we create a plan around their most relevant financial concerns and opportunities and use coaching strategies to help them develop better habits and money management systems.



Trevor Van Nest

For some we focus on helping them get out of debt, for others it's crunching numbers to figure out how much they need in retirement and the best tax-efficient drawdown strategies for their investments. It's about helping clients become "unstuck" and confident in making smart financial decisions.

Q: Why not offer both services: financial planning and money coaching?

Walkington: If I was to remain a traditional financial planner selling investments and insurance, it would be hard to balance my role as a money coach. It's a full-time job just to keep up with the markets, investment products and compliance. To do the best job for my clients, I thought it would be better to just focus on the plan, the systems, the

behaviour, and the coaching part. There are already a lot of people who were able to fill the investments/insurance needs for clients, but there was a gap for those that were looking for something beyond just investing and retirement needs.

Q: How are you paid as a money coach?

Walkington: I charge a fee for my services, I don't like to charge by the hour because then people think they can just come to me for two or three hours and I'll solve all their problems. I generally work with people over four or five months to really get a good sense of where they are with their finances, where they want to go and what they are doing right now and put a system in place to move forward to achieve their goal, get out of debt and plan for the future. After this initial engagement, many clients choose to continue to work together to keep them accountable and on plan and to adjust for changes and new circumstance as they arise.

Van Nest: I charge between \$995 and \$1,395. With that fee, clients get six hours of in-person money coaching. They also receive books, and all kinds of PowerPoint and Excel files that make projections for their financial future.

Deanne Gage is a Toronto-based writer who has specialized in personal-finance issues since 1999. A recipient of several journalism awards, including one from the Investment Funds Institute of Canada, she is also a former editor of *Advisor's Edge* and

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