

This adviser builds you a plan rather than selling you products

By Bruce Johnstone, Leader-Post July 27, 2015

After 25 years in the financial services industry, as a financial planner and investment adviser, Bruce Thompson decided that he wanted to get paid as a financial planner, rather than a seller of financial products.

So he looked around and found Money Coaches Canada, which provides financial planning services to clients for a fee, but doesn't sell other financial products or services. Now he's hung out his shingle as a certified financial planner (CFP) with Money Coaches Canada in Regina.

In fact, he claims he's the only fee-for-service CFP in the city or the province, for that matter.

"I've looked and tried to identify if there are any others that will do a plan for a fee,' Thompson said in a recent interview with The Leader-Post. While there are some CFPs who will draw up a financial plan for a fee, "ultimately they make their living selling investments or insurance or both,' Thompson said. "They have a conflict of interest that I don't have.' Thompson says he doesn't want to sell certain types of investments to clients, if they don't fit with their plan.

"That's the biggest frustration (for clients) and it's the industry's fault. We call it financial planning and then sell you investments. So that's the public perception of financial planning, whereas financial planning is a pie, and managing your investments is one slice."

With Money Coaches Canada, the plan is the end goal, not the means to earn commission sales or management fees. But putting the plan together takes time and effort on the part of both planner and client.

"Our questionnaire is 17 pages long. It's quite in-depth and for good reason; we want to know a lot of about them. On top of that, we have a 90-minute meeting with them ... just to really make sure that we understand where they're coming from.' Thompson said the questionnaire and interview often reveal subtle differences and nuances in attitudes toward money and investments, savings and retirement, between clients. More importantly, they might discover something missing from their current financial plan, if they have one.

After completing the questionnaire, one client told him: "Not only are we totally doing the right thing by meeting with you, but also (we realize) we really need to update our will," Thompson said. The questionnaire, which asks if the executor is still available and able to handle those responsibilities, caused them to take another look at their current financial plan.

The plan itself is very thorough and detailed and provides "action steps" for clients, Thompson said. "It's not just a theoretical thing. It's like, here's why we're suggesting what we're suggesting. We've agreed that this is the path you want to take. Now, starting on Jan. 1, 2017, do this." The plan encompasses debt management, cash flow, tax planning, estate planning, business transition and succession, education planning for your children, as well as investment management.

Thompson says people often tell him: "'So we're going to talk about financial planning. But I already have someone who does my investments.' OK, what about the rest of it?" Thompson sees financial planning as a more 'holistic' way to manage a client's financial affairs than just going to a lawyer to get a will, an financial adviser to buy some investments, or an insurance broker to buy insurance. "(Financial planning) is getting to know everything about them, as opposed to everything you need for a will." But Thompson says financial planning is not for everyone. People who are struggling to make ends meet are not going to benefit from a financial plan that tries to set aside sufficient savings for retirement, children's education, plus a winter vacation.

"The ideal client for that (financial planning) service is someone who has a six-figure household income ... but just aren't getting anywhere. (They say:) 'We still have money owing on our credit cards, we keep adding onto our mortgage. We're spinning our wheels. We should be able to do something about this, but we can't.'" Of course, friends and relatives will offer helpful advice, like watch your spending or be careful with your investments.

"It's like saying, to lose weight, all you have to do is exercise more and eat less. Obviously, there's more to do it. You need an action plan," Thompson said.

"That's where a fitness coach or a nutrition coach (comes in). They actually give you a step-by-step (program). That's what we do. (Money Coaches Canada) has a system to allocate money to certain things, so you always have money for the plates, the taxes, clothing and everything else. Then you have your week-to-week, paycheque-to-paycheque money in a separate bank account and when it's gone, it's gone." But don't call it making a budget. Thompson says budgets don't work because they set an arbitrary target or goal, without showing you how to get there.

"We call it a spendingsavings plan. We know how much we have coming in. We plan to spend this much on each of these things. If you spend more on one thing than you said you we're going to, then you have to spend less on something else."

While financial planning has its own reward, namely freedom from money worries, Thompson said most clients need a little added incentive. "Ultimately, we try to motivate people ... with travel." If the clients' spending-savings plan is tight, Thompson will suggest they dip into their travel fund to pay for other discretionary spending, like eating out. (They say) "No, no, no. We don't want to take anything out of our travel fund. Anything but that!"