



CASE STUDY MENTAL DEPLETION

KNOWLEDGE EXPECTED OF: CFP® Professionals Only

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Jeanne, 67, is the owner of a manufacturing business. Her financial plan includes the transition of her business to her adult children over the next three years. Jeanne leads a busy and active life, filled with work, volunteering and her grandchildren.

Eight months ago, Jeanne underwent a knee-replacement surgery. Post-operative infections have compromised her general health and mobility. Her recovery is progressing slower than expected. Still on painkillers and antibiotics, Jeanne feels lethargic and weak. As a result, she has not been as attentive to her business as before. A vice president, in whom Jeanne has lots of trust, has taken on the role of interim leader.

During Jeanne's recovery, the relationship between her son and daughter has become strained. Jeanne's son is no longer sure he wants to continue to run the business with his sister. In the past, Jeanne has prided herself on being able to take any challenge in stride, and devise a plan to handle it. She is known for her even, measured approach. More recently, however, she has been more volatile. Just last week, she entered into a vehement argument with a business valuation expert who estimated the value of her business at \$3 million, well off the \$4 million she estimated. She is also demonstrating a lack of patience with her children, and broke down when her son spoke of ongoing disagreements with his sister. Jeanne is not typically one to complain. But she has confided in Mike, her financial planner, that she is exhausted from thinking about her retirement plan, and how it may be impacted by a reduced valuation estimate. She is concerned about the lack of appropriate transition plan for her business. She lays awake night after night. Jeanne fears that everything for which she has planned and worked so hard is starting to unravel.

Jeanne is adamant about continuing with her plan to transition the business to her children. She cannot contemplate any other arrangements, and has scheduled a meeting with Mike to review her retirement plan. She also wants to revisit her estate plan, given her significant personal investment and real estate holdings.

Knowledge Expectations – Relationships

The CFP professional should be able to:

- Identify that Jeanne may be experiencing physical and/or mental depletion. Her physical and mental fatigue, amplified emotional reactions and hyper focus on her retirement, may be symptoms of her depletion. Jeanne's depleted state may impact her ability to make appropriate decisions.
- Empathize with Jeanne, using affirming language, about how challenging her situation must be given that her recovery is occurring slower than anticipated. *"I'm hearing how difficult this has been for you. You had reason to believe that your recovery would be much easier and faster; instead you're faced with a whole new round of difficulties that you never anticipated. I think a lot of people in your circumstances would feel very discouraged."*

- Normalize Jeanne’s experience. *“You’ve had to take a longer-than-expected break from your busy, active lifestyle and your business. It stands to reason that you are feeling tired and anxious.”*
- Ask open-ended questions to clarify Jeanne’s concerns. *“In light of recent events, please share with me your concerns about your retirement plans.”* Respond appropriately to what Jeanne shares to ensure her message is being received as she intended it to be.
- Identify the potential retirement and estate planning implications of the changes in Jeanne’s circumstances—specifically, the unexpected business estimate and squabbles between her children.
- Identify that Jeanne may be operating under a bias of endowment. By virtue of having created and shepherded the business, Jeanne may be placing a higher financial value on it than is currently warranted. Her reluctance to accept the business valuator’s evidence may demonstrate that she may be anchoring on her \$4 million estimate. Jeanne may also be susceptible to a status quo bias. She appears fixed on the notion that the best arrangement is a transfer of the business to her children, despite their differences.
- Identify that Jeanne’s depleted energy levels, emotional state and medication regimen may limit her ability to make important decision at this time. This may be causing her to be stuck. Identify what can be done to help make things more manageable for her. *“Would it be helpful to prioritize the concerns you have around your business, your retirement and your estate? We can then attend to those which are more pressing, and set aside the others for later in the year.”* Sort Jeanne’s concerns based on their urgency. For example, it is likely that Jeanne’s estate plan can be dealt with later in the year once her retirement concerns are addressed.
- Identify stressors that can be removed to help relieve Jeanne of the burden she is feeling. *“You have a lot on your plate at the moment. Perhaps I could serve as a resource to you and take on some of the items we’ve prioritized, and that are weighing on your mind. For example, I can analyze the impact of the \$3 million business valuation on your retirement goals. I can also arrange a meeting with the business succession planning arm of our firm. These are experts who specialize in helping families work through the kind of dynamics you have described. They can also help you think through the most effective and efficient transition of your business to help meet your goals. Since you have a trusted employee who is capable of running the firm in the short term, I might suggest planning a meeting with our business succession experts once you’re back on your feet. How does that sound?”*

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