Devon, an FPSC Level 1 CERTIFIED FINANCIAL PLANNER™ meets clients in their homes to help accommodate their busy schedules. When he called Xavier to schedule a time to present his plan, Xavier recommended they meet as soon as he gets home from work. Once dinner starts, his evenings quickly became consumed with homework and bedtime routines of his three young children.

During the meeting, they were interrupted several times by Xavier’s children. Xavier’s attention was also drawn away by his wife’s answering three telephone calls. At the end of the meeting, the couple declined Devon’s recommendation to reallocate a portion of their monthly retirement savings to pay for life insurance. Xavier explained that the couple would be better off saving the money they would otherwise pay on premiums. They felt it was unlikely that they would die in the next 20 years.

Knowledge Expectations – Communication

The FPSC Level 1 CERTIFIED FINANCIAL PLANNER and CFP® PROFESSIONAL should be able to:

- Identify that the couple’s decision-making ability may have been affected by the time and location of their meeting. Physiological noise, such as hunger and fatigue, are common after a day of work, and may have played a role in their understanding of new ideas. Environmental noise from attention-seeking children and phone calls may have also distracted the couple, and prevented them from making optimal decisions.

- Identify that the added constraints of time pressures and busy schedules may also lead to rushing decisions—and, ultimately, suboptimal decisions.

- Identify that psychological noise based on preconceived notions, such as Xavier’s attitude towards insurance, may also have affected his ability to receive Devon’s message.

- Side with Xavier’s argument against setting up an insurance policy to protect his family. “I agree that the risks of either of you passing away in the next 20 years are quite low, and that the premiums you would pay for unused insurance coverage may be viewed as being lost. Quite often, people set up insurance because they feel obligated to do so. Perhaps their friends or parents have told them to do so, or perhaps they’ve seen others who had coverage and never had to use it. Most people under these types of scenarios have trouble seeing the value in insurance. That said, I don’t think you should take any action in this area until you are convinced that it serves a purpose.”
• Reframe the situation, adding new information to help alleviate Xavier’s concerns and provide him with greater motivation to explore the option of buying insurance. “Did you know that some insurance policies have a built-in investment component that will return a portion, or all, of the premiums you pay? It provides the insurance coverage your family may need but, if unused, provides you with a return as if you had invested the premiums? Would you be interested in finding out more about these types of solutions?”

• Propose to the couple that their next meeting be at Devon’s office. In doing so, Devon may be able to control much of the environmental noise that could prevent the couple from effectively considering the options. “In meeting here tonight, you have taken an important step in taking care of your finances. I know how difficult it can be to make the time to do so when life is busy and filled with other ways to spend your time. I’d like to invite you to visit my office for our next meeting. Some of my clients find it helpful to leave their children at home for such appointments, as it enables them to have a more productive meeting. For others who choose to bring their children, I always have movies and activities available to keep them occupied.”

• Propose times for future meetings when the couple’s resiliency is higher, such as after they eat, earlier in the day, on the weekend or during a day off. In doing so, they may be more receptive to a meaningful discussion.

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