



From the desk of Managing Director, Aaron Lieberman:

Over the years, new approaches to Financial Planning have surfaced and gained traction. These alternative and holistic methods are designed to not only advise the client on their finances in a traditional sense, but to also create a healthy relationship between them and their money.

One of these methods, typically recommended during a crisis, such as a bankruptcy, is called Financial Therapy. It is defined by the Financial Therapy Association as “a process informed by both therapeutic and financial competencies that helps people, think, feel and behave differently with money to improve well-being through evidence-based practices and interventions.

Conversely, Financial Life Planning is not typically associated with a financial crisis, although it is designed to support them and other life transitions that a client may encounter. At Marathon Wealth, we utilize the Financial Life Planning process to assist clients in connecting their money with their values to help them confidently live fulfilling lives. We seek to gain a deeper understanding of what motivates them, what their values are and what they hope to achieve in life. We gather that information and develop specific, unique Financial Life Plans that cater to the individual and align with their best interests.

When it comes to Financial Planning, there are many ways to approach it. My advice is to consider your options and determine which approach best suits your needs and goals.

RECOMMENDED READING

Better Financial Advice: New Approaches Gain Traction

Financial Therapy

Getting people to feel less stressed when thinking, talking, and making decisions about money is the goal of Financial Therapy; a combination of psychology and financial advice that is focused on developing healthy relationships with money.

While a financial counselor usually comes in at a point of crisis—like bankruptcy or intractable financial conflicts between spouses—the role of a financial therapist is to help us understand the stories we tell ourselves, true or not, about money. These “money scripts” usually reside outside of our consciousness, and act as an invisible force guiding our thoughts, feelings, and decisions about money.

A growing number of financial planners and advisers now incorporate this insight into their work with clients as they become increasingly aware that past experiences, personality traits, demographic and socioeconomic factors, household characteristics, cognitive and emotional biases, cultural background, and religion can profoundly affect financial attitudes and behaviors. In some situations, a financial planner and a therapist will team up to offer this more holistic approach. Other financial planners seek additional training so that they can better understand and communicate with their clients and thus serve both functions.

This is usually an appropriate approach as the role of a financial therapist is not to treat debilitating mental health problems, but to facilitate increased self-awareness, better communication with family members, and a clearer understanding of financial behaviors and attitudes.

Financial Life Planning

Financial Life Planning is also focused on increasing one’s sense of financial well-being through self-discovery and guided dialogue. An additional element is to use this heightened self-awareness as a basis for creating meaningful financial goals and an inspiring life plan.

This process is defined as:

1. helping people to focus on the true values and motivations in their lives,
2. determining the goals and objectives they have as they see their lives develop, and
3. using these values, motivation, goals, and objectives to guide the planning process and provide a framework for making choices and decisions in life that have financial and nonfinancial implications or consequences.

Steven Shagrin, author of this definition, also explained that traditional financial planners concentrate on building wealth, while those that include life planning emphasize helping clients find ways to use their wealth effectively in order to get more out of life.

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