Andrew 0:05

Hello, and welcome to the JGUA financial commentary podcast. I'm your host, Andrew Barron and in this episode, we have a webinar presentation by Kelly Lewis and Todd Brost. In a lot of these podcasts, I've mentioned that our firm JGUA has webinars. These are supposed to be dynamic and interactive and I encourage you to go to our website to sign up. We want to give an example of that so one of our advisors Kelly Lewis breaks down the four quadrants of money, mindsets; achievers, balancers, experiencers, and explorers. And then hockey coach, Olympic silver medalist, and Senior Advisor, Todd Brost, comments on how coaching and serving as a financial planner for these different types can take similar approaches.

But first, a short disclaimer. The contents of this podcast are strictly for informational purposes only, and nothing said should be taken as investment tax or legal advice. Any strategies discussed may not be suitable for listeners specifically. And JGUA encourages consulting with your advisor before implementing any strategies to ensure they meet your individual objectives.

While you're listening to this, I encourage you to think about what type of money mindset you fall into. And then find us on social media and tell us which one you are!

Kelly 1:30

Today, Todd and I are going to talk about a couple of things. We're going to talk about money mindsets. So we all have positive and negative money beliefs, most of which are absorbed during our childhood and during our upbringing. These internalized mindsets impact the way we save, spend, and even just the view money in general. So today, we're going to discuss four money mindsets, and how to identify them within yourself, how they negatively or positively impacts our interactions with money. And then our resident coach, Todd is going to discuss some thoughts on how to utilize coaching with an advisor or financial advisor or even self-coaching that can help you overcome the negative mindsets, work with the positive ones and have that overall healthy relationship with money. Money is just a tool, it helps you achieve that happy, productive, fulfilling life that we all strive for. It's not the destination on but the tool that you carry on your journey.

A money mindset is an overriding attitude that you have about your finances in general. It drives how you make key financial decisions on a day to day basis. It can also have a big impact on your ability to achieve your goals. You change your mindset about money, you tend to make better choices overall, about how to overcome financial challenges. So the four mindsets we're going to be talking about today were actually discovered in a study done by the fjord Institute and a center. They are achievers, balancers, experiencers, and explorers. So as we go through this, I want you to keep in mind three questions. When do you think about money? Where do you think about money? And how hard do you think about money? These questions when you can answer them to yourself will help you determine which of these four money mindsets you fall into. I liked this study because it focuses on more on what the beliefs and behaviors associated with each of these are.

Once identified, each mindset can be coached to focus on the positive aspects and refocus the negative of these mindsets are by themselves positive or negative in nature, but rather have specific behaviors that can be coached, to be more beneficial to your financial situation. You don't necessarily fall directly in one category, you may have tendencies of more than one.

The goal is to be open about being coached to minimize some aspects of one and utilize aspects of others that meet together bring you to this beneficial mindset and your relationship with money. And again, as we go through them your goal today is to see if you can identify which one you might be. What are some of the coaching tips that's you have to work with?

So the first one we're going to talk about is achievers. So some of the key beliefs are that achievers tend to have a very wide focus on their finances and tend to forget the day to day minutia is just as important as well. They believe in a structured planning. The planning is focused very broadly on long term goals. And as long as they stick with the spirit of your plan, you stick with what their plan is. The positives here are: they don't focus on long term planning. But concerns are that their broad scope of the plan may not be enough to get them where they need to be if they don't track it, and they just set it and forget it. So with that in mind, Todd, what are some tips on some coaching ideas that you would have, when working with achievers?

Todd

I think with achievers, like you said, much focused on detail. I think from a financial perspective, some of the things that would be great for this group would be, you know, the balance sheets, the cash flow analysis. Sticking to and maintaining a budget. Meeting with this group, on a regular basis is going to be very, very important as well as monitoring their success and their progress. I think the one downfall and the one potential bump in the road for this group is, is realizing either as an athlete or as, as someone taking care of their finances, there are just things that are out of our control.

They're just some things that happen, that we've got no control over, all we can control is how we react to these, these events. And I think, in our line of work, some of these things we call triggering events, whether it's a dip in the market, a death in the family, maybe it's a divorce, maybe it's a job loss, all of those things are totally out of our control. I think with a sports or a coaching comparison, in hockey, you can't control the referee, you can't control the quality of the ice, you can't control the crowd, or how I just during COVID, the lack of crowd. But those are all things that are out of our control, yet, we have to continue and fight through these in sports. When these events occur, maybe it's a good time for a timeout, or calling an audible at the line of scrimmage, getting refocus getting relaxed and getting back on track. And now we're through the short term obstacles, and now we can continue to work towards our longer term goals.

Kelly 7:13

Yeah, I think those are some great tips, Todd, I like how you're talking about this, they tend to have a wide focus. So working with achievers, the focus would be to bring them in and narrow it down to help them actually reach their goals and set some goals.

Todd 7:29

Right, exactly right. And that's where, you know, we talked about game film, and I was a big fan of that as a coach, because you could get as specific and as detailed as you want. You could look at the opposing team and what they did as a group, you could look at the opposing team, break it down and see what they did. Individually, each player, you could look at your team, what you were doing well, what you weren't doing well, you could look at yourself, you could look at your teammates, maybe if your teammate made a mistake, you can see that on video and see the detail and say, well, that saves me from making that same mistake in a in a similar situation. So as a coach, I was a big fan of viewing film and breaking down plays and events into very small details so they could be understood at that level.

Kelly 8:17

So the next ones are balancers. So balancers tend to have a more narrow scope, focusing on the day to day and present planning, but still require that higher structure. So this is the broadest category. 47% of people fall into this category of balancers.

So they have some goals worked out and have an idea of what they'd like to achieve. They just haven't yet worked out all the long term details. So for instance, balancers may have a savings plan for retirement, or education even. But they haven't really pulled everything together to form that overarching plan yet, it's still just out there. They haven't really focused in on doing that yet.

So suppose their beliefs go, balancers tend to need that high structure still just like the achievers do. But rather than focusing on the long term goals like achievers, they focus on the little things the day to day minutia, financial savings, credit card bonuses, their credit score is a big one. And even getting a good deal in the moment are all very important beliefs, to balancers. They'd like to have that control over their day to day financial wellness. But doing this can actually sometimes cause too much stress within their day to day lives as they focus on the little things and not too much on the long term goals and needs. So that's where they may hit some snags in this situation. They also tend to meticulously and frequently track their finances. So they all rely on a tight schedule, and even make tradeoffs of some expenses for other expenses each month on during your financial plan, you don't see anything about planning for the long term, focusing too much on the present can actually hinder balances from reaching their future goals. So the positives here are that they're staying on track with their current financial situation, really monitoring that day to day so they know what's going on. But again, that offset is that there's really very little long term outlook. So with that in mind, and knowing that these are kind of the opposite of achievers, what would be some thoughts about working with balancers?

Todd 10:38

I think for this group Kelly, probably, you know, some rewards and some, some things to say nice job. For what they're doing in the short term. I think one of the points that really jumped out at me for this group was there an aversion to risk and, and as a coach, and then sometimes when I ran some of my hockey teams, and within a game, if I had a situation or a player, similar to a balance, or maybe the game was close to being over, maybe it's very lopsided in score one way or the other. And this would be a great opportunity, when as a coach, you could put these players in and say, you know, go have some fun, take a chance Go for it. We're either way behind in this game, or we're way ahead and it's close to being over. So the risk aversion is one point that that really hit home with me on this group. The other thing was the credit card points. And that being so important, sort of a reward, for shorter term accomplishments.

As a coach, I was a big fan of this where we, whatever city we were in, there was always restaurants that wanted to be involved with the team, and they would give me as a coach, you know, some passes or some coupons for free dinners. And I think, for balancers, this is pretty important, they get rewarded for their accomplishments. But I think as a coach and as a as an investment advisor for this group, like you said, the longer term picture, the longer term focus has to has to be kept in mind. And I think as a coach, we need to feel a little bit of accountability for this group and, and sometimes offer some constructive correction to this to this group of balancers just so we can keep that long term goal. And that future, at the top of their mind.

Kelly 12:38

I like the rewards. And I think that balancers may tend to focus and see the negative more often than they see the positive in their choices, as following their budget and their finances, day to day can actually get really overwhelming and stressful. And that working with a coach, you know, it would be our job to pull them back from that. And like you said, just go have some fun in the game. It doesn't always have to be about the score. Just have some fun, too!

Todd 13:09

I agree with that. And I think from a from a financial planning standpoint, having gone through that stage with three young kids of my own, you just don't think that the cash flow can support this small trip or a camping excursion, when if you can, that would be a huge reward and a huge pat on the back. And it may go a really, really long way for a balancer to stay focused and, and continue on to, to achieving the goals.

Kelly 13:40

Yeah, and that's it. That's a great point to Todd. I like that thought of setting not always long term goals, but short term goals as well, because then they're getting these bigger rewards more often. And that can keep them focused on the long term, we'll still working in the short term.

The next one we'll be talking about are experiencers. These people tend to have a more narrow scope, focus, but also have a lower structure requirement. So most people in this group have a budget, or a plan to address some savings goals, but not both. The overarching beliefs of experiencers is really to live life to the fullest. Why save when you can spend. So while they may have finances in the back of their mind, they cannot plan with it. It's just there. This mindset tends to come with having more income.

The experiencer doesn't have to worry about money as much because they have enough money already. And they also tend to be resilient and less emotionally affected by an unexpected financial situation. So they're able to be a little bit freer with their money because they have a little bit more of it. So because of that they tend to put that planning on the back burner rather than bringing it to the fore. Front and working with it. Convenience and efficiency in regard to the planning. And the use of their money is extremely important to experiencers. They don't want to spend their time keeping track of a day to day budget or planning for the long term, they would rather use the funds they get as it comes in to spend it. On their day to day quality of life.

Some of the key behaviors of experiences really include automation of their finances, which can actually lead to splurge. Automation allows, like bills, transfers, and investments to be done without close monitoring. It's more and more common in this day and age to set things up to be automated. Too much automation can actually be worrisome. Because too much automation will really lead to less monitoring, which can lead to splurges and living outside of your means. So if this happens to an experiencer, they will rationalize that behavior that otherwise might make them feel guilty about overspending and not monitoring enough. So they might not catch mistakes, or major changes to their financial situation. So while it's important to them to have automation, and do that, it's not necessarily the best thing for them. How would you coach Todd, the more loose mindsets on the spectrum of planning?

Todd 16:26

I say, as a financial planner, this may be one of the more challenging groups just because they are celebrating after every game. So I think from coaching in a sports comparison, I'm going to bring up a name that that will, will get some people involved for sure. But during the NFL playoffs, guy by the name of Tom Brady, who I share on alumni with the University of Michigan. I think he's one of the greatest ever.

But so many of us accomplish something or win a game and the immediate I think human nature is to celebrate, let's enjoy it. Let's experience the celebration. And a story about Tom Brady. Most all NFL games are on Sunday. And when he was with the Patriots, they had their own plane after a game. Everyone's on the plane, maybe having some beverages, they won the game, there's some celebrating, they're looking forward to going home and being with friends being a family. Monday is a day off Tuesday, they go back to the field and start getting ready. Maybe Wednesday or Thursday, the vast majority of the players are getting focused about who they're going to play the following Sunday. Tom Brady actually has many times been reported to be watching Game film on the plane on Sunday afternoon after they just want to game based on who they're going to play the following Sunday. So that's kind of a neat, neat Comparison, where I think experiences aren't quite like that they, they won the game, they want to enjoy it. They want to spend some money, and they've accomplished their very, very short term goals now, and let's have some fun. But I think as a coach, you have to keep this group. Very close, closely monitored. And let's, let's enjoy our successes periodically. But let's keep some longer goals in mind as well.

Kelly 18:28

Yeah, definitely. Which actually brings up a lot that probably, you know, I've seen a lot and I don't know if this is the case with you, Todd and your clients, but I've seen a lot of people really switch to a complete 180 with on what type of mindset they have during this pandemic, because so much has changed. I've seen spenders go to saving because there's not really anything to do. And vice versa, savers are going to spending a lot of money on food because what else is there to do? Have you come across that as well?

Todd 19:01

Absolutely, absolutely. I think I think for the most part, the pandemic has helped people’s cash flow because you really like you said people that usually travel or vacation aren't being able to do that. Which definitely helps the balance sheet for sure, and the budgets. But the other the other part of that is, the human interaction and I think with a lot of my clients and prospects as well. They're just missing the human interaction and but like you said, as a coach or as an advisor, we need to be very careful with them and keep the focus on when stressed out focus out for a longer term.

Kelly 19:44

Yes, definitely. Which brings us to the last group of the day, which are the explorers. Which have a very wide scope focus and have low structure. So like Todd Like what you said about having clients who miss the human interaction. And it's funny, because we brought that up, right, and we get to the explorers, which one of the things you'll see is that they, they really like to be left alone, they really exhibit no comprehensive financial planning behaviors. And less than 1% of them are likely to create a comprehensive plan in the near future. So similar to experiencers, their income tends to be higher, because they have more flexibility.

So there's similar to experiencers. But even I think, less focus than the experiencers have, they'll just kind of float from bill to bill without having any sort of strategic approach to their money management. So some of their key beliefs for explorers are that they're really laid back and relaxed. They care much more about the quality of their life than the structure of it. So too many financial rules in place for explorers would actually inhibit their lives. So why be anxious about finances, when everything is ultimately going to be okay, in the long term, that's kind of the attitude that they take toward their finances. And while some flexibility and a lower structure is ok, it might reduce the day to day stress.

The concern with explorers is that they meet a financial situation that's extremely difficult to remedy. And they may even choose not to change their approach to finances, even after a life situation changes. If they want no involvement at all, you know, how can we get them involved?

So some of the key behaviors that explorers exhibit is that they tend not to work with financial services, coaches, or advisors. And if they do, they rarely engage. They use their gut to make financial decisions, their approach to new situations is quite practical. And they tend to use lists versus automation or online tools or resources. So I would say that explorers are the loosest mindset. And maybe in the end, the ones that need some coaching the most, but are also the least likely to seek it out. So Todd, how would you approach coaching to somebody who wants minimal engagement, if any at all? And what can the explorers do if they have that tendency? What can they do to be more engaged with their financial planning?

Todd 22:32

Yeah, I think this is, this is a really interesting group. And I think my comparison for this group of explorers is sort of the superstar player. My background is in hockey. So the GOAT in my opinion, the greatest of all time was Wayne Gretzky. These type of athletes, they get into that zone, and like you said, they really rely on their gut, they're so natural. And when, when these players always got interviewed, they, the person conducting the interview always said, "What were you thinking at this particular time?" or "What went through your mind when you scored this goal?" or "What were you thinking about?" And they often get a blank look and sort of say, "Well, I really wasn't thinking and I get into the zone, or I get into this groove".

And that's when they're at their best. And as a coach or as a financial advisor. Oftentimes, maybe you just have to leave them when they're in that zone. And, and things are going very, very well. The other thing that Wayne Gretzky said that when he played, everything seemed so slow and so easy. It was like he was up in the press box, 200 feet above the ring. He could see exactly where the other 11 players were on the ice. He could see how much time he had, everything seemed so easy. And to the rest of us, that is surely not the case.

So I think this group is there, they're good until they're not good. Things are going well, let's leave them. But I think as coaches or as advisors, this group would not make a good coach. Wayne Gretzky actually tried to coach in the top level of hockey and he didn't have very good results, because I think, as a star athlete, if his team was losing by a goal in his mind, it was, "Gee whiz, I guess I've got to go score too, for us to have some success".

That's great if you can do it, but for the rest of us that couldn't, you had to buy into the team plan and you had to buy into the team strategies and rules and hopefully as a team overcome that one goal deficit and get the game winning goal. But this is really an interesting group. And I think, like you said, they play it with their gut and intuition, but I think we need to be on the sideline ready to jump in, when it doesn't go as well as they hope.

Kelly 25:02

Yeah, I really like that thought about. There are really just some people who don't need that hands on approach. And as advisors or coaches, you have to determine if that's the case. And while you work on the sidelines to make sure you're doing everything you can to help these explorers reach their goals, you're sort of taking the burden from them so that they can go live their life. While you're sort of in the background, managing everything, and that's, that's kind of what they would need. I think that's a great point. Because, you know, most of the time you think of working with clients on a regular basis, but they’re, you know, there really are just sometimes where they need to step back and let them do live their life, how they want, while you're taking charge of everything in the background.

Todd 25:52

That's exactly it. And I think as a coach, this was really the toughest group to deal with. Because, like you said, when you jump in, and a lot of these players were so gifted, naturally, and that they sometimes cut corners, meaning they knew they had to score two goals for the team to win. So they cut down on some of their defensive responsibilities. And as a coach, you need to know when to step in, because the other players are saying, well, coach, why are you telling me I have to do this, to get this result, when this player is not doing that, but he's getting the same result, maybe even have better results. So this is a really interesting group. And like you said, I think our timing of when we need to jump in as an advisor or coach and give guidance to this group is really important.

Kelly 26:42

So those are the basics of the four groups here. While it's important to know how to be coachable, you also want to know how you can change and develop that healthy relationship with money. And it's important to be able to build that relationship with an advisor or even with yourself if you manage your own finances, to become the best version of yourself that you can be and take the positive aspects of each of these categories and sort of merge them into what works best for you. But I definitely know that I lean toward a higher structure, and I am one of those people who may monitor my own finances a little too closely. So and after doing this presentation, maybe I will learn to pull back on that a little bit. Todd, what are your comments on your own?

Todd 27:31

When you asked me sort of where I thought I was, I had a really tough time because some of the questions came into mind where, you know, which quadrant did I used to be in? Which quadrant am I in now? Which quadrant would I like to be in? I think, you know, going back pre-kids, is I was probably more of an experiencer where I wanted to travel, I wanted to spend, I wanted to live for the day, live for the moment. And then I think, probably and I think the balancer, the demographic was a young family, I think I eventually moved into balancer where I was risk adverse. And if I could get a free flight from a credit card, I was over the moon happy. And now yeah, maybe a little bit more into the achiever and even some of the explorer. So it's really cool not only to see where you think you are, but where you've been, and maybe where you'd like to get.

Kelly 28:31

Absolutely. And another really great points is that you do change throughout your lifetime, depending on what's important. You know, I thought it's very interesting, because I would say when I was younger as well, I would just spend with no regard to debt or for long term savings. And which is interesting, because when they did this study, it showed that the explorers and experiencers were equally spread across all age ranges. And that was the achievers and balancers that tend to skew under 30. I would have thought it would have been the opposite. As I know it's hard to get those 22 year olds to start saving for retirement. That's 40 plus years of what it just seems so far. Do you have any last comments on coaching for these quadrants?

Todd 29:19

Anything like this when you can learn more about yourself and your role as a as a family financial coach? It's fantastic. And the more we can learn about our clients, and maybe what quadrant they fit into will help us help them more efficiently.

Andrew 29:36

As always, if you have any questions or would like to set up an appointment to talk to an advisor, please email info@jgua.com and visit our website for additional content. Until next time, stay smart everyone