The Next Wave of Advice

Put Coaching Into Practice

This guide is designed to help you stand out from the competition—both human and ai—by delivering your expertise in a way that most wealthy young investors prefer[1], and that helps increase the odds that your advice is implemented by clients.

Use it to identify clients and prospects who are more receptive to your style of advice and to implement a process for making more meaningful connections across your entire book of business.

In This Guide

56%

of the highest earners under age 50 want a financial coach[1]

The "3 C's" of Coaching

Meeting client expectations today means providing value beyond stock selection and achieving returns. A coaching practice can help you meet these expectations. As you spend more time addressing behaviors and emotions that drive client decision-making, you can guide clients to make lasting change that helps them thrive.

Highly effective coaches who add value to client relationships share three traits: curiosity, courage, and compassion. Here's how to put them into practice:

Curiosity.

Dig deep into learning about a client and their point of view, asking questions to get at the heart of their motivations.

Courage.

Do what's right for clients, even when it's tough. Tell clients the facts, even when the client doesn't necessarily want to hear them. Delivering truth confidently can compel clients to action.

Compassion.

Care deeply about clients, sharing their highs and lows and demonstrating compassion throughout the financial planning process. Demonstrating genuine care for clients makes them more likely to act on your advice.

Coaching can help you build trust with clients and serve as a key differentiator for your practice. Keep the 3 C's in mind as you seek to build stronger relationships with new and existing clients.

> **"Coaching is unlocking people's potential to maximize their own performance. It is helping them to learn rather than teaching them. Coaching focuses on future possibilities, not past mistakes."**
>
> **– Sir John Whitmore, *Coaching for Performance*, Fifth Edition**

Identify the Best Coaching Prospects

Finding the Right Fit

Identify who among the cohorts on the right is open to coaching using T. Rowe Price's Financial Behavior Assessment Guide (see page 7). It can help you:

- Discover client and prospect financial personalities.
- Gain insights into clients' behaviors and emotions based on the role money played in childhood and their money mindset.
- Uncover coaching opportunities based on financial personalities and goals.

List five coaching prospects you would like to target.

1.
2.
3.
4.
5.

Connecting with wealthy young investors

The top 10% of earners under 50 represent one of the largest potential groups of prospects. They have years of earning potential ahead of them. They often forgo financial advice despite feeling less financially secure and less able to manage their own finances than older investors. They want help with financial goals such as retirement, managing debt, building short-term savings, and buying a home.

This cohort represents a huge opportunity. There are nearly 10 times as many households with $100,000 to $2 million in assets as there are with $2 million to $10 million.[2] In the fastest-growing practices, 37% of clients are 55 or younger.[3]

- Make connections with this group using prospecting tips from the Next Wave of Wealth playbook.
- Diversify your client base with Black and African American, Asian, and Hispanic and Latino conversation starters, as demographic and societal shifts mean that clients of tomorrow likely won't look like clients of today.

Engaging women investors

Women now control more personal wealth in the U.S. than men, making them an important cohort for advisors to target. They are also among the most open to coaching services. In fact, 63% of current financial coaching clients are women.[4]

Life expectancy for women age 55 in 2023 is nearly 83, compared with about 79 for men.[5] Increased life span means women have unique retirement needs; their savings must last longer, and they must plan for the possibility of outliving a spouse.

Developing and maintaining long-term relationships is critical to success with this group. Leverage tools and resources from T. Rowe Price to better understand and serve the evolving needs of women:

- Host a workshop tailored for women.
- Meet with women in transition, such as those going through a divorce or who have recently lost a spouse.
- Use our divorce and widow checklists when appropriate.

Helping clients in transition

Transitions can be overwhelming. By taking on the role of coach, you can help clients process the emotions surrounding the transition, as well as help meet their financial and nonfinancial needs.

Clients typically in need of coaching are:

- Going through a marriage or divorce
- Having a child
- Starting a new job
- Coping with a death in the family
- Experiencing a wealth transfer
- Nearing retirement
- Undergoing estate planning

Help clients make the most of their transition to retirement with our Visualize Retirement program. It provides a suite of tools that help you guide clients to consider the lifestyle and emotional changes they will face when they retire.

How to make coaching work best for you

Before you can incorporate coaching effectively, you first have to be comfortable and confident about how it integrates into your existing communication style and service offerings.

First, think about the great coaches you've had in your life: athletic, academic, personal, professional, or otherwise. What characteristics or behaviors made a positive impact on your own growth and success?

List five qualities of great coaches in your life. (It's okay to have some overlap with the 3 C's.)

1.
2.
3.
4.
5.

Think about how you've personally benefited from these qualities. Now ask yourself, do you exhibit these qualities in your interactions with clients? How might you be able to better incorporate these qualities, and the 3 C's, into your existing relationships?

During your discussions with clients and prospects, it's important to clearly describe your financial services versus coaching services. **Make note** of the support you provide in each category below:

Financial Expertise	**Emotional and Behavioral Support**
Ex. Investment guidance	*Ex. Understanding your relationship to money*

Putting it all together

Now that you've thought through, and listed, the qualities of exceptional coaches—rewrite your value proposition, incorporating financial expertise, emotional and behavioral support, *and* great coaching qualities exhibited in the 3 C's and/or great coaches from your life.

Write down your coaching value proposition.

GROW—A Four-Step Process for Coaching

GROW is a research-backed coaching process that helps you positively influence behavior and increase the odds that your advice will be implemented, so that your clients can better meet their goals. Consider using it to optimize your relationships with clients, increase client satisfaction and retention, and distinguish your practice from competitors.

Goal

Work with the client to choose a goal or outcome.

Reality

Develop a better understanding of their current state.

Options/Obstacles

Explore ideas for achieving goals, including overcoming obstacles to success.

Will

The client chooses, and commits to taking, specific actions moving forward.

Permission to use the GROW Model granted by Performance Consultants International.

The Next Wave of Advice

Financial Behavior Assessment Guide

This assessment corresponds with the first two steps in the GROW process: **Goals** and **Reality**. Use it to get a more accurate picture of your client's current reality, including the impact their emotions and behaviors are having on their financial success.

Getting started: Positioning the assessment with your clients and prospects

After identifying clients who are good candidates for coaching, share the Financial Behavior Assessment and ask them to consider their responses to each of the questions. The type of open-ended questions in the assessment are based on behavioral psychology and T. Rowe Price's own research on millennial and Gen X investors.

Tips for better conversations with clients

- Create a judgment-free environment to capture the most honest responses from your clients.
- Emphasize that there are no right or wrong answers.
- Increase rapport and trust while also improving communication by mirroring the client's or prospect's posture.
- Pay attention not just to what they say, but also to their body language and how they say it. ("I noticed your voice shifts every time you talk about X. Your face lights up every time you talk about Y. You sound nervous about Z. It sounds like A is something that really frustrates you.")

Goals

Help clients identify and prioritize new and existing goals, breaking them down into immediate and manageable steps where possible.

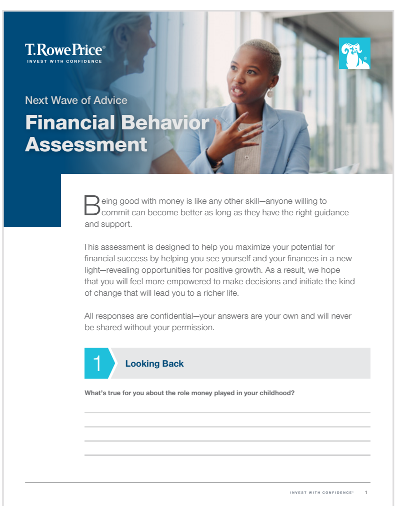
Client Prompts:

- What are you looking to achieve?
- How will you know when you've achieved it?
- How do you want to feel after achieving your goal?
- What would you like to have accomplished by the end of our time today?

Coaching Can Enable Client Success[6]

Successful coaching can have a direct impact on your clients. A study on the effects of coaching showed that individuals who participated in a coaching program were more likely to:

- Achieve their goals
- Report feeling confident in their ability to achieve their goals
- Engage in self-reflection
- Develop a better understanding of their own thinking and behavior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Next Wave of Advice

Financial Behavior Assessment

Being good with money is like any other skill—anyone willing to commit can become better as long as they have the right guidance and support.

This assessment is designed to help you maximize your potential for financial success by helping you see yourself and your finances in a new light—revealing opportunities for positive growth. As a result, we hope that you will feel more empowered to make decisions and initiate the kind of change that will lead you to a richer life.

All responses are confidential—your answers are your own and will never be shared without your permission.

1 Looking Back

What's true for you about the role money played in your childhood?

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- Acknowledge the emotion behind their answers and the insights they're sharing. Show a genuine concern for their well-being.
- Reaffirm that the goal of the exercise is to bolster their confidence and empower them to make the best decisions for themselves.

The questions are designed to identify each client's unique needs and goals and any biases that could hinder them along the way. The "why" behind their answers is as important as the answers themselves. Have them explain their rationale as best they can.

1 Advisor Actions: Looking back

- If you're having trouble getting a client or prospect to respond to the question, "What's true for you about the role money played in your childhood?" consider answering the question yourself to establish trust and model the type of exchange you'd like to see.
- Restate and/or summarize their response back to them to affirm their experience, and give them an opportunity to process what they've just shared from a different point of view.
- Remember to ask thoughtful, probing, and clarifying follow-up questions, based on what you're hearing, while keeping the focus on the client or prospect.
- As you progress through the assessment, remember the key themes you hear. Be on the lookout for ways to connect the dots between formative memories and beliefs to the thoughts, emotions, behaviors, and financial attitudes they share in the next section. These connections can help clients and prospects better understand and acknowledge the "why" behind their behaviors. It can also help you identify the client's most pressing financial concerns you'll want to prioritize.

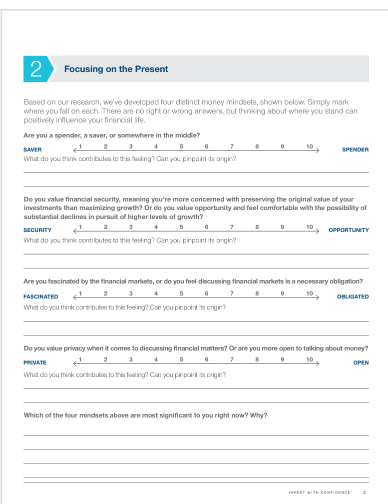
2 Advisor Actions: Focusing on the present

Reality

Develop an accurate picture of your client's reality and use it to bring awareness to the behaviors and emotions impacting their financial success.

Client Prompts:

- What made you decide to focus on this goal now?
- What have you done thus far?
- Why do you feel this way?
- What prompted you to identify this as a goal?



2 Focusing on the Present

Based on our research, we've developed four distinct money mindsets, shown below. Simply mark where you fall on each. There are no right or wrong answers, but thinking about where you stand can positively influence your financial life.

Are you a spender, a saver, or somewhere in the middle?

SAVER 1 2 3 4 5 6 7 8 9 10 SPENDER

What do you think contributes to this feeling? Can you pinpoint its origin?

Do you value financial security, meaning you're more concerned with preserving the original value of your investments than maximizing growth? Or do you value opportunity and feel comfortable with the possibility of substantial declines in pursuit of higher levels of growth?

SECURITY 1 2 3 4 5 6 7 8 9 10 OPPORTUNITY

What do you think contributes to this feeling? Can you pinpoint its origin?

Are you fascinated by the financial markets, or do you feel discussing financial markets is a necessary obligation?

FASCINATED 1 2 3 4 5 6 7 8 9 10 OBLIGATED

What do you think contributes to this feeling? Can you pinpoint its origin?

Do you value privacy when it comes to discussing financial matters? Or are you more open to talking about money?

PRIVATE 1 2 3 4 5 6 7 8 9 10 OPEN

What do you think contributes to this feeling? Can you pinpoint its origin?

Which of the four mindsets above are most significant to you right now? Why?

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- Ask your client or prospect to explain the definition of each word on the continuums as they understand it. If you're meeting with a couple or family members, get everyone to agree to a working definition of each.
- When moving through the four money mindsets, consider the following points:

Saver/Spender

Based on T. Rowe Price's research, childhood money experiences tend to have a significant impact on saving and spending behavior in adulthood as individuals either mirror or react to parental behavior.

Security/Opportunity

Researchers found that women scored significantly higher on a risk aversion scale than men.[7] Men tend to think of risk as a corollary to reward and something to be tolerated and managed in pursuit of reward. Women tend to think of risk more negatively and as something to be avoided.

Fascinated/Obligated

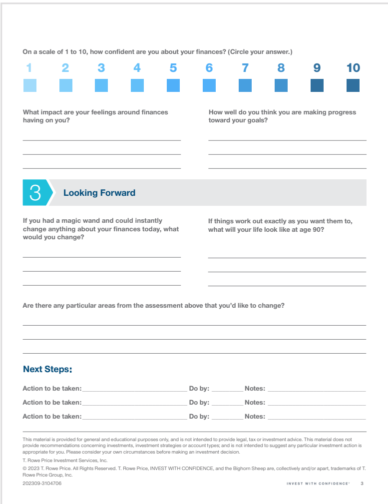
Those who score themselves highly on the obligated side of the spectrum may mistakenly assume that, due to their disinterest in money management, they should take a backseat in their finances.

Private/Open

Based on our research, people are split evenly when it comes to being private or talking openly about money. Parents tend to be reluctant to talk about money with their children.

- **Throughout the process, avoid judgment by remaining curious.** Ask open-ended questions to help clients become aware of attitudes and behaviors they may never have identified before. Challenge or reframe their negative assumptions and limitations. This can help build their sense of self and their ability to make their own decisions.
- Direct your coaching efforts based on the client's or prospect's response to, **"Which of the four mindsets above are most significant to you right now?"**
- **Remember that there can sometimes be a stark disconnect** between the way a person perceives their financial situation and their actual financial situation on paper.
- **Refer back to these responses in future meetings.** Coaching research suggests that your clients' confidence in their situation (and in you) is likely to improve over time. If a client is ever discouraged in the future, point to their answers in the assessment, and remind them of how far they've come.

3 Advisor Actions: Looking forward


On a scale of 1 to 10, how confident are you about your finances? (Circle your answer.)

1 2 3 4 5 6 7 8 9 10

What impact are your feelings around finances having on you?

How well do you think you are making progress toward your goals?

3 Looking Forward

If you had a magic wand and could instantly change anything about your finances today, what would you change?

If things work out exactly as you want them to, what will your life look like at age 90?

Are there any particular areas from the assessment above that you'd like to change?

Next Steps:

Action to be taken:____ Do by: ____ Notes: ____

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Action to be taken:____ Do by: ____ Notes: ____

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- Help clients visualize their future. It's very common to get trapped in repetitive, sometimes unhelpful, and/or short-sighted patterns of thought.
- Ask clients and prospects aspirational, open-ended questions like:

"If you had a magic wand and could instantly change anything about your finances today, what would you change?"

"If things work out exactly as you want them to, what will your life look like?"

- Questions like this can help by reducing stress, increasing motivation, and helping them think more creatively. On top of getting to know your client or prospect better, this can also help you ensure that their financial plan and goals are truly aligned with their vision for the future.
- Use the final question in this section to identify opportunities to better serve the client or prospect by zeroing in on what you and the client or prospect will address moving forward:

"Are there any areas from the assessment above that you'd like to change in particular?"

Options and Actions

Helping Clients Understand Behavioral Biases

Biases are mental and emotional shortcuts that help us process and interpret information, make sense of the world, and make decisions quickly.

Options/ Obstacles

Identify options for clients to achieve their financial goals and draw attention to the self-limiting beliefs that may get in the way of progress.

Client Prompts:

- What has gotten in the way or derailed you in the past?
- What challenges could arise in the next 12 months that you need to consider?
- What are the various options to meet your objectives, and the pros and cons of each?

Bias	Definition	Example	How to address it
Framing	Making decisions based on how information is framed rather than actual facts.	When asked to pick between a fund with a 90% chance of positive return and a fund with a 10% chance of a negative return, choosing the former, though the outcomes for both are the same.	Be mindful about the words you use. Present options using neutral language, if possible.
Mental accounting	Grouping assets into different buckets based on arbitrary classification to make very different decisions based on this classification.	Dissasociating money held in “safe” portfolios from speculative portfolios, assuming losses in the latter do not affect the former.	Help clients understand that every dollar functions the same. Allocate and diversify savings and investments based on goals, not where the money came from.
Anchoring	Relying too much on the first piece of information heard on a specific topic, making it harder to take new information into account.	Hearing about a company’s high earnings at the beginning of a quarter, then discounting any struggles the company faces later.	Help clients look for counters to the anchoring information, and develop a process to reassess opinions and assumptions regularly.
Confirmation bias	Looking for evidence that confirms existing beliefs.	Looking for information supporting their decision to hold a certain investment rather than heeding advice from their advisor to sell it.	Help the client step out of the echo chamber and explore other perspectives beyond their long-held beliefs. Explain your thought process and actions with research that includes different points of view.

continued

Bias	Definition	Example	How to address it
Loss aversion	Feeling the pain of loss more than the positive feelings associated with a gain of the same size.	Avoiding taking enough risk in their portfolio because they fear the pain of loss during market downturns.	Explain that loss is a natural part of investing. Explore options to help clients avoid panic selling, such as avoiding checking portfolios too often and only making decisions when feeling calm.
Status quo	Responding to changing circumstances by doing nothing because they are more comfortable keeping things the way they are.	Being so comfortable with U.S. equities that they continue to invest in them to the point of overweighting their portfolio.	Examine client hesitance around change. Use other biases as thought experiments. For example, what happens when you and your client frame the status quo as a potential loss?
Overconfidence	Overestimating their own abilities.	Engaging in excessive trading, believing they can outsmart the market.	Help clients explore information that contradicts their beliefs. Help them slow down before making decisions and consider the risks and returns associated with their choices.

Will

Convert agreed-upon options into tangible next steps, which help clients take responsibility for their success and strengthen their will to act.

Client Prompts:

- What will you do now? By when will you do it?
- How will we know when you've done it?
- How will you keep yourself—and how can I keep you—motivated?

Consider offering coaching based on what you learned

Armed with insight from your discussions, now it's time to offer clients and prospects tangible ways to take action. Start by:

- **Taking stock of skills and strengths** they already possess. This can build confidence.
- **Acknowledging and commending them** on the positive steps they've already taken.
- **Discussing their barriers to progress.**

Document clear actions for the client to take, describing:

- **What they can do now** to start on the path toward a specific goal.
- **Their opportunities to make steady progress.**
- **How they'll respond** when they encounter barriers.

Stress the need for accountability throughout the process. While you can't force a client to act, you can help them monitor progress by asking:

- **Would they like to be held accountable** for meeting their goals?
- Are they willing to **set deadlines**?
- How will they inform you about **their progress**?

Assess clients' progress regularly

There is no progress without measurement. Be sure to keep track of your client's satisfaction with:

- Their financial health
- Their confidence in their ability to achieve their goals
- Their emotional state—how they're feeling about their financial journey at the moment
- You, being sure to give them an opportunity to provide feedback

Part of being an effective coach is maintaining consistent interaction. Establishing a regular check-in allows you to offer ongoing support and helps you keep clients accountable without being pushy.

During these check-ins, be sure to reinforce positive behaviors. You can also check in on the challenges the client continues to face and offer timely, focused advice.

And remember to revisit the Financial Behavior Assessment regularly. An annual review of the assessment—especially the question about how confident the client is about their finances—can serve as a clear progress measure.

Case Study: Coaching a Client as They Prioritize Savings Goals

Goals: The advisor asked open-ended questions, such as "How would you like to see your financial situation change in the near and long term?" The client wanted to balance paying off credit card debt with saving for retirement and building an emergency fund.

Reality: Next, the advisor worked with the client to assess their current situation, including how much debt they had to pay off, how much they had saved in their 401(k), and how much they needed to reach their retirement and emergency fund goals.

Using T. Rowe Price's Financial Behavior Assessment, the advisor also dug deeper into how the client felt about spending and saving. They discovered their client is security-oriented and strikes an equal balance between tendencies to save and spend. The client comes from a family where money was not discussed openly, so they often feel insecure about their ability to manage their finances.

Options: The advisor walked the client through their options, careful to avoid triggering behavioral biases such as framing by presenting the information in a neutral format and tone. The options shifted depending on which goals the client decided to prioritize:

Retirement vs. emergency fund

- Consider reducing retirement savings to the minimum amount that still maximizes matching funds offered by employer.
- Build emergency reserve over one to two years.
- Then increase retirement savings back to 15%.

Emergency fund vs. debt

- Consider reducing retirement savings to the minimum amount that still maximizes matching funds offered by employer.
- First, build emergency reserve over one to two years.
- Then pay down credit card debt within three years.
- Then increase retirement savings back to 15%.

Retirement vs. debt

- Consider reducing retirement savings to the minimum amount that still maximizes matching funds offered by employer.
- Pay down credit card debt within three years.
- Then increase retirement savings back to 15%.

Will: After the client settled on the "Emergency fund vs. debt" option, the advisor helped develop a timeline for their goals—two years to build an emergency fund and three to pay down credit card debt. In that period, they would reduce their retirement savings to the minimum to maximize their employer's 401(k) matching contribution.

The client wanted to be held accountable for following these steps and agreed to check in with the advisor every six months to monitor progress.

Explore Your Resources

Clients demand more of their financial advisors today. Set yourself on the path to greater value. **List** your next steps toward becoming a coach.

Ex. Identify coaching tools I am already successfully using. What can I add?

Ex. Identify existing clients and prospects who are open to coaching services.

As you develop your coaching practice, be sure to take advantage of the resources that can help you along the way, including:

- T. Rowe Price's Financial Behavior Assessment and the Financial Behavior Assessment Advisor Guide
- Prospecting the Next Wave of Wealth
- Engaging Women Investors

If you want to become a certified financial coach, your options include:

- Accredited Financial Counselor (AFC) from the Association for Financial Counseling and Planning Education
- International Coaching Federation (ICF) Professional Certified Coach and Master Certified Coach
- Personal Financial Wellness Consultant from the National Financial Educators Council
- Certified Money Coach (CMC) from the Money Coaching Institute

Consider sharing your progress with your T. Rowe Price relationship manager.

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You can find additional resources at **troweprice.com/practicemanagment**.

This piece is part of T. Rowe Price's suite of practice management content, which is designed to help financial professionals and their clients succeed.

T. Rowe Price

[1] T. Rowe Price Next Wave of Wealth Research Study, January 2020. Highest earners is defined as the top 10% of earners under age 50.

[2] The Cerulli Report: U.S. High Net Worth and Ultra-High Net Worth Markets, 2019.

[3] PriceMetrix, State of Retail 2019. Age 55 is as of 2020, so defined as clients born after 1965.

[4] Asset Funders Network, "Financial Coaching Census 2019," https://centerforfinancialsecurity.files.wordpress.com/2019/08/afn_2019_financialcoachcensus_web.pdf.

[5] https://www.ssa.gov/oact/STATS/table4c6.html.

[6] "Towards a Psychology of Coaching: The Impact of Coaching on Metacognition, Mental Health and Goal Attainment," October 2001.

[7] "Measuring Risk Perceptions and Risk Behaviors," Weber, Bias, and Betz, 2002.

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