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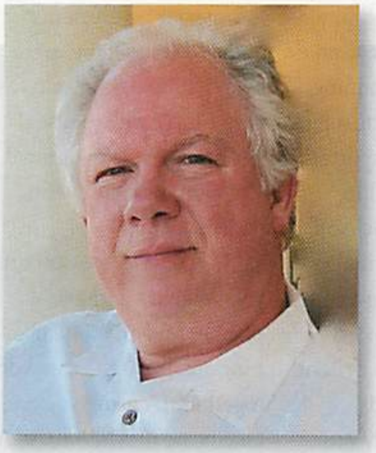
February 2016 | Vol. 29 | No. 2
FPAJournal.org

10 QUESTIONS

Bob Mauterstock on Working with Aging Clients and Becoming an Eldercare Planner

by Carly Schulaka



WHO: Bob Mauterstock, CFP®, CLU®, ChFC®

WHAT: Speaker, author, facilitator

WHAT'S ON HIS MIND: "We should not expect to be diagnosticians as to whether a client has dementia or not. That's not our job. But we have worked with our clients for a long time, and we can notice changes in behavior."

PODCAST: Listen to our podcast with Mauterstock at FPAJournal.org

Bob Mauterstock spent more than three decades as a financial planner, helping hundreds of families reach their financial goals. During that time, he learned a thing or two about family dynamics—families don't like to talk about tough issues. He also uncovered what may be a serious shortcoming of the profession—planners are often not trained to help clients through the aging process.

Since selling his practice in 2010, Mauterstock has turned his attention to helping planners become the catalyst for creating dialogue between their boomer clients and those clients' adult children on the important issues related to aging. Through his speaking, writing, and training, Mauterstock is positioning financial planners across the country to be the trusted adviser for the clients' entire family.

His mission is simple: get more families to talk about aging and end-of-life care before there's a health crisis, and equip financial planners with knowledge and resources to facilitate the conversation and best guide families through the aging process.

The *Journal* recently sat down with Mauterstock to learn more about how he is turning financial planners into eldercare planners, his advice for planners when it comes working with aging clients and clients with diminished mental capacity, and steps planners can take to protect their clients, themselves, and their practices.

1. *After more than 25 years of doing financial planning for clients, you wrote the book,* Can We Talk? A Financial Guide for Baby Boomers Assisting Their Elderly Parents. *What motivated you to write this book?*

It really started in 1996, when my dad was diagnosed with Parkinson's. Helping my mother deal with the issues with his care—who should we talk to, where do we get help, what services are available—was overwhelming and bewildering to me, and I didn't know where to turn to get that information.

Then I started to have issues with clients … who were all of a sudden no longer well—a client who'd had a stroke, a client who'd had a heart attack—and

I was starting to deal with those people who were not so concerned with growing their assets, but more concerned about taking care of their lives.

In my practice I saw what happened in so many situations when families didn't come together, when a parent was not really taken care of, or the family couldn't talk about critical issues. I saw so many families that couldn't deal with emergency situations because they hadn't talked about them when they were healthy.

So I decided to write a book to address these issues. I wrote it as a result of my own experience with my father and my experience with my clients.

2. *You currently work with financial planners, teaching them the skills they need to advise their clients on eldercare issues. Are there specific skills you find most planners are lacking?*

Well, most of us have been trained to build our clients' assets … so they have a comfortable retirement. Very few of us have been trained to work with our clients when they're no longer interested in growing their assets, but are concerned about how to distribute and preserve them, and also to deal with the complications of aging.

Most advisers—and I saw myself in this situation—really have no understanding of the various programs and services available to people as they age, including long-term care insurance, Medicare, and Medicaid.

Like many advisers, a number of my clients were 10 or 15 years older than I was. I was in my late 50s, when I discovered that many of them had a whole new set of issues. A client would come into my office and say, "I was just diagnosed with Parkinson's," or, "we've just learned that Jim has Alzheimer's."

Suddenly it was not about active allocation anymore. It wasn't about what percentage they had in small growth funds, it was about, how do I handle my life and how do I preserve what I've got for my family?

We've been brought up in a system that teaches us that it's important to get a good rate of return and build an asset base, but many of us haven't taken the next step to learn what our clients need as they get older.

"You're not just there to take and manage their money; you're there to help them with their life."

3. *When you're working with a financial planner, mentoring and coaching him or her to become an eldercare planner, how do you measure success? How do you know when you've achieved the goal of them being an eldercare planner?*

First, they have to be interested in addressing the issues that are going to face their clients as they get older. Second, they need to learn and understand what programs are available to these clients. How does Medicare work? How do you qualify for Medicaid? What does long-term care insurance cover? Those types of issues.

The third factor is having actually worked with more than one client, guiding them through the aging process and helping them deal with the issues they discover along the way.

My first client experiences were situations where a client had lost their health. They'd had a stroke and were asking, how are we going to deal with this? What are we going to do?

In the beginning, I didn't know what to say. The only answer I had was, "Well, let's talk to an elder law attorney." My first interactions were trying to find elder law attorneys I could deal with; I thought they had all the answers for my clients. But I discovered that that was not the first step. I needed to know a lot of other things first. What were the resources and programs available in the community?

I learned that I needed to build an eldercare network of other people in the field that I could work with and who I was comfortable with—including an elder law attorney, a geriatric care manager, a long-term care insurance provider, a geriatric physician, and a senior real estate specialist.

Building the eldercare team is extremely valuable. It illustrates to your client that you really care, that you're a professional. You're not just there to take and manage their money; you're there to help them with their life.

You have to find the right people to work with, who have the same philosophy you have and who want to do the same types of things that you do—and that's in every field.

I strongly suggest that advisers either learn more about long-term care insurance and become licensed, or that they work closely with someone who knows the field, is licensed, and is an expert. It's a very complex product, but a very valuable one. Oftentimes, it's best to build up a referral relationship with the long-term care insurance agent, because they're dealing with the same type of people that you are.

4. *For many people, talking to their adult children about end-of-life planning and other issues as they age is easier said than done. Your latest book,* Passing the Torch, *is about how to have these tough conversations. What role do you see the financial planner playing in these conversations?*

The source of this book (*Passing the Torch*) was me starting to think about my own situation. I was planning to speak at an FPA regional event in Tampa, Florida, and part of my talk was about the importance of communicating your wishes to your family. As I was reviewing my presentation, I realized that I hadn't talked to my own daughter yet. I hadn't shared with her my concerns, and what my own end-of-life plans were.

Fortunately, she was visiting us the following weekend. I put together my presentation, and I went through it with her. I shared with her what my plans and thoughts were.

When I met with people who had read my first book, many of them would say to me, "I've got the situation under control now with my parents, but what do I do with my kids? What do I say to them?" That's when I decided to write *Passing the Torch*.

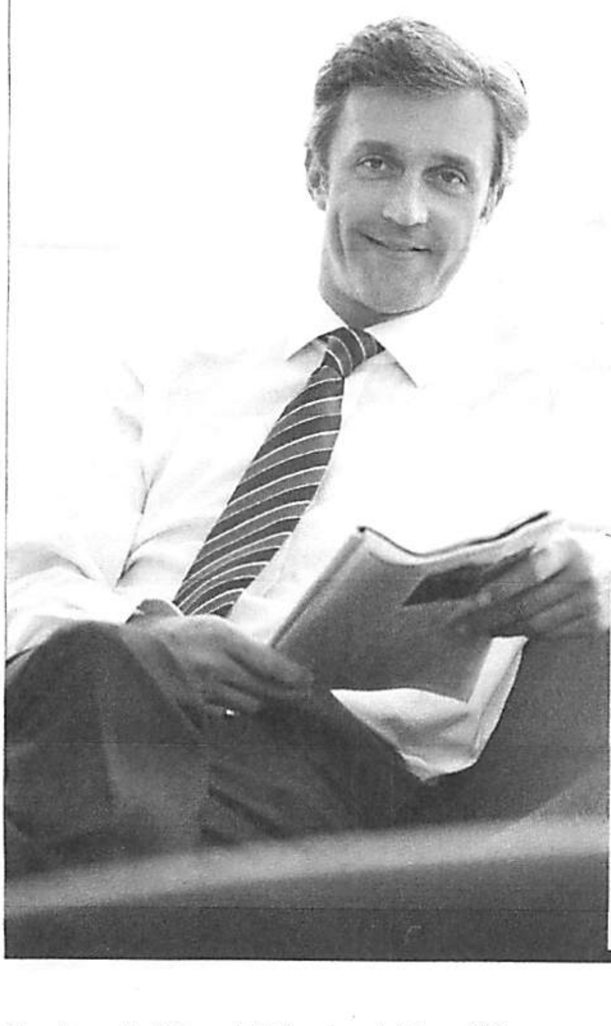
I think that the financial adviser is in a unique position to work with families. Often we have helped our clients for 20 or 30 years. We get to see them grow old, and we get to see them have children, and their children become adults.

With how many other advisers does the client have this ongoing contact with year in and year out? He may certainly have contact with his doctor as needed, and his attorney when he needs his documents drafted, and his accountant when he does his taxes, but how many advisers does he have that ongoing relationship with?

I spoke at a conference in New York a few years ago. I was sitting down at lunch with an adviser from Merrill Lynch, and he said to me, "Every year, I bring in four or five good new clients to grow my base, but every year I lose several clients, and within weeks the money's gone because the kids move the money somewhere else."

I really think it's important that the adviser create a relationship with the children. If the planner has a long-standing relationship with mom and dad, it's really just the next step to develop a relationship with their children.

5. *Something you talk and write about in your consulting work is the family meeting. Why is such a meeting so important, and what are some keys to a successful meeting?*



Very few families talk about important issues. They don't sit around the Thanksgiving table talking about dad's durable power of attorney, or who's the healthcare proxy and what their job is.

The family meeting is a specific meeting to talk about the critical issues facing mom and dad, how they need to share them with their adult children, and what their adult children need to know.

There's four basic questions that they need to discuss. One is their legal situation. Who's got the durable power? Who's the executor for the wills? Do they have trusts?

The second is health care. What's going to happen if mom and dad get sick? Who's going to take care of them? Where are they going to live? How are they going to pay for their care?

Third is the financial area. It isn't a detailed analysis of their balance sheet but simple answers to the questions: Are we okay? Are we going to need help from our children, or are we going to need to help our children financially? You don't need to get into the details of the balance sheet if it's not necessary, but children need to know if their parents are financially okay or if they are going to need to help.

The fourth area is legacy. What do we want our children and grandchildren to remember about us? And how will we make sure that they do? That's all part of the family meeting, and sharing these various aspects of our lives is what the family meeting is about.

A successful family meeting starts with identifying a good person as the facilitator. I suggest that the perfect person for that job is the financial adviser. I've been thinking about working with advisers to train them to become facilitators, because it's an important job; they need to be objective. They need to go into the family meeting with no preconditions as to what the results are going to be or what's going to happen. They need to facilitate the conversation, not direct the conversation, and they need to get in touch with each family member before the meeting to find out what their concerns are and what they want to accomplish in the meeting.

"A successful family meeting starts with identifying a good person as the facilitator. I suggest that the perfect person for that job is the financial adviser."

Then, in the meeting itself, they need to identify, usually, one of the adult children to be a scribe, to keep track of what happens and the results of the meeting—who's going to do what and when—and then after the meeting, to follow up to see if those things have been done. All of this is done within the umbrella of understanding that this is not a meeting to correct all the problems that the family had in the past—that Johnny was liked more than Suzie, and Erin never got the recognition she should have. It's not about that. It's about: how can we support mom and dad in having a successful retirement? What do we need to do to make sure that their lives are complete?

I facilitated a number of these meetings, and it was amazing—the transition from the beginning of the meeting to the end. The relationship that family members had with each other often improved dramatically. They talked about things that they never talked about before. Once they were able to share them and talk about them, it opened up a lot of space for communication.

6. *For most financial planners, encountering clients with diminished mental capacity is not a matter of "if" but "when." What are some signs of diminishing capacity that planners should be aware of when working with older clients?*

First of all, we should not expect to be diagnosticians as to whether a client has dementia or not. That's not our job. But often we have worked with our clients for a long time, and we can notice changes in their behavior. For example ... a client who's always been on time starts showing up for the meetings half an hour late, or a client who starts having problems doing simple math, or a client who asks the same question over and over again, or gets lost finding your office.

One of my best clients started calling our office a series of times asking to speak to his accountant regarding his taxes. We assured him every time that his accountant was at a different office, and gave him the number.

I immediately realized that there was a problem, because this was a very intelligent man, a retired physician who had a great reputation in the community, who all of a sudden was confused. It was clear to me that something was going on. After a few months we were able to get the family together for a meeting.

He had children from two previous marriages, and his wife had children from her previous marriage. We got them all together in one room, including their accountant and attorney. It was an amazing experience, but the eye-opener here was that all these kids didn't really know how mom and dad were doing or what was going on.

It was extremely evident to the rest of the family that there was a problem here and that we were going to have to work together to manage it. The family meeting was the perfect place for everyone to learn this and begin the process of creating a plan.

7. *Once a planner recognizes a client is experiencing diminished mental capacity, what are the most important steps for that planner to take?*

I recommend that when someone becomes a client, you have them sign an agreement that specifies that you can share information about their financial situation and investments with a third person, if they are beginning to show signs of diminished capacity. I'll call this person the "client advocate" It may be the spouse or it may be a friend or another adviser.

Sometimes, you may get into a situation where you realize a client is having problems. Do you have the right to speak to other family members and tell them what's going on? But as part of that new client process, if you have clients sign a third-party agreement for someone to become a client advocate you will avoid that quandary.

It is important to develop a protocol in the office once you have determined that a client may be slipping mentally. The first step is to share your observations with either your supervisor or other staff members who work with that client, and see if they've had the same experience, and if they've noticed the same issues themselves.

It's important that you share that right away; don't keep it to yourself. From that moment on, maintain detailed notes on every interaction with that client—phone calls, meetings, letters, and emails all need to be saved and recorded.

Then you need to review any of the legal documents you have for them. Do they have a durable power of attorney? Who has that power? Is that a person you've met? Do you know who that person is? If you don't, then you need to meet with them. Do they have trusts? In those trusts, is there some provision for if someone loses mental capacity, are they to be replaced, and how are they replaced?

Once you have gathered that information then recommend that the client bring their client advocate to the next meeting to give them support and share ideas. From that point forward, you're never alone with that client; you, as an adviser, have another adviser in the same room at the same time so that there's at least four people in every meeting: the client, their advocate, you, and another adviser, so there's never a question about he said/she said.

When I speak to groups of advisers, I ask, how many of you have worked with a client who has diminished mental capacity? I would say more than half the people in the room raise their hands.

Then I ask, how many of you have a specific protocol you follow when you discover this? Maybe two people raise their hands. Most advisers take these situations one at a time and deal with them as they show up, without a plan, and that's a recipe for disaster. You've got to have a plan.

8. *At what point should a planner end their investment advisory relationship with a client who has diminished mental capacity?*

If a client is not willing to work with you. If they say, "I don't need a durable power of attorney. I don't need anybody to come to the meetings with me. I'm fine." That's the signal flag that it's not going to work.

If that continues, it's going to get to a point where they really can't understand your advice. How can you advise them, and how can you receive compensation for that, if they really don't understand what you're doing?

Terminate the relationship if they're not going to work with you, because it's eventually going to end up in a disaster if they don't participate.

9. *You have a bachelor's degree in psychology from Princeton, and master's in education from the University of Connecticut. How did that education help you when you were a planner? How is that education helping you today in your coaching and consulting work?*

The focus of my work has been understanding and working with people. With my bachelor's at Princeton I studied the psychology of motivation. Why do people do what they do, and what motivates them to do it? [At Princeton] we worked with a program called Upward Bound, which was for inner-city kids who had great potential but hadn't achieved it. It was a combination of an Outward Bound-type program plus tutorials. A lot of my undergraduate work was working with those kids.

A lot of that [education] really helped me to become a good adviser. Working with clients, a lot of what you're trying to do is discover their relationship with money and how they feel about their money. And when working with a client, it's important to get to know what motivates them in relationship to money and what's important to them.

Then, for my master's, I worked with a professor from the University of Connecticut in a field called open education, which was a new way of dealing with children in elementary school. Rather than sitting them down in rows and telling them what they needed to know, our learning was project-oriented. They learned by doing, not just memorizing what their teacher told them.

I applied this process to my work with clients developing their financial plans. We did a lot of what-ifs together to help them create a financial plan that was their own, not just what I told them it should be.

My experience in education also helped me learn how to communicate and how to present information in a way people can understand it. Many advisers get into investment speak, and after about five minutes, clients have no idea what you're talking about. Also, it's important to learn how to listen, and my background in psychology involved a lot of listening.

My work now is really about how to motivate advisers to recognize that they have to change their business and work with people in a different way, because their clients are changing. It's a matter of making advisers aware of the changes that are occurring in their environment, and with their clients as they age. There are a lot of different things that are more important to them now than were important to them 10 years ago.

10. *Nearly 30 years after setting up your first RIA firm, you retired in 2009 and sold your practice. What did you learn from that experience, and what advice do you have for other planners who are looking to sell their practices?*

When I started my business, it was primarily commission-based. I determined in 1990 that I was going to convert my business from a commission-based business to a fee-based business. Over a 10-year period, I transitioned so that about 75 percent of my revenue in 2000 was from fees and 25 percent was from commissions.

I went to my broker-dealer's national meeting, and was told that, by the way, if you die, the fees that were going to you for managing your clients will stop in 30 days. Because you are no longer advising the client, so how can the client pay an advisory fee if you're not there? I went home, and thought, what am I going to do?

The first thing I did was buy a large life insurance policy. Then I started to look for a partner, the right partner. I spent a couple years and I couldn't find the right person. Finally, I was at a meeting with Bill Dwyer, who was a regional director of LPL at the time, who later became president of LPL. I told him I needed to find someone to work with me. A month later, I got a call from him. He had met with an accounting firm in Connecticut who said they were very interested in getting involved in the investment management and financial planning business, and they wanted to work with someone.

I made contact with them, and six months later we created a succession plan in which I would work with them for 10 years. We had an agreed upon price as to how they would buy out my practice at the end of those 10 years.

The plan worked, and here I am. In the last year-and-a-half of my practice, I started to transition my clients to another adviser. It's critical to create an environment where your clients become comfortable with change. We had three other advisers who were working with me and who would work with clients when I retired. From that point on, every one of my meetings with that client would involve another adviser. Clients became very familiar with the other adviser, and the adviser got to know the clients.

That was very important for the transition. Equally as important was when to learn to step aside, because when I first started having these meetings, I noticed that I was talking a lot. I was the one saying, "You should do this, you should do that," and then I finally realized, I can't do this anymore; I've got to pass this on.

In a meeting, I would actually put my hand over my mouth to remind myself to keep my mouth shut. The ultimate step was to move my seat from the head of the table to the side of the table and have that other adviser take that position at the head of the table.

I learned that I had to give up control. I think many advisers have a problem with succession because they want to be in charge, and they're not eager and willing to give up control, but you have to or your clients are never going to get comfortable with another person.

We, as advisers, need to remember it's not about us; it's about what's going to work best for the clients. And I believe strongly that each of us needs to have a succession plan. It's our fiduciary responsibility to our clients. ■

Carly Schulaka is editor of the Journal. *Contact her at cschulaka@OneFPA.org.*