PacificCPE

COURSE
40853A

Creating Comprehensive Personal Financial Plans

Developing a well-constructed personal financial plan requires more than technical knowledge—it demands a thoughtful client experience and a structured process. This course walks through the key elements of building a complete financial plan, including client engagement strategies, planning frameworks, and how to identify and address diverse client financial needs. CPAs and tax professionals who want to deliver more holistic guidance to clients will find this course directly applicable to their day-to-day advisory work.

CREDIT HOURS 2 | FIELD OF STUDY BUSINESS | EXAM QUESTIONS 10

Start Course ↓ | Final Exam Copy ↓

LEARNING ASSIGNMENTS AND OBJECTIVES

Assignment

- Study the full course materials included here.
- Complete the review questions after each chapter.
- Answer 10 final exam questions.
- Final exam is scored immediately, 70% or better passes.
- Certificate of completion is available in your account.
- Failed exams can be retaken free of charge.

Course Objectives

- Recall various examples of both qualitative and quantitative data.

Copyright Notice

© 2026 Pacific CPE, LP. All rights reserved.

The materials in this course — including the text, illustrations, exhibits, examples, exam questions, and review questions — are the copyrighted property of Pacific CPE, LP. No portion of this course may be reproduced, stored in a retrieval system, distributed, or transmitted in any form or by any means (electronic, mechanical, photocopying, recording, or otherwise) without the prior written permission of Pacific CPE, LP, except for the personal, non-commercial use of the registered learner.

Pacific CPE, LP grants the registered learner a single-seat, non-transferable license to access this course for the purpose of completing the associated continuing professional education credit. Account credentials may not be shared. Group access requires a separate enterprise license.

This course is provided "as is" for educational purposes. While Pacific CPE, LP makes a reasonable effort to ensure the content is current and accurate, the materials should not be relied upon as a substitute for professional advice. Pacific CPE, LP disclaims all liability for any error, omission, or loss arising from the use of, or reliance on, the course content.

Questions about reproduction, licensing, or use of these materials should be directed to support@pacificcpe.com.

Publication Date: May 2026

TABLE OF CONTENTS

CHAPTER 01

Developing A Well-Thought-Out Personal Financial Plan 4

1.01 Getting Through To Our Clients: Making Sure We Are On The Same Page 5

1.02 Nonverbal Behaviors 9

1.03 1. Learning And Understanding The Client'S Personal And Financial Circumstances 11

1.04 ***Figure 3.1 (Continued)*** 17

1.05 4. Developing The Financial Planning Recommendations 31

1.06 7. Monitoring The Financial Plan 35

Test Your Knowledge 37

Final Exam Copy 48

Glossary 45

Index .....

Chapter 1: DEVELOPING A WELL-THOUGHT-OUT PERSONAL FINANCIAL PLAN

Chapter Objective

After completing this chapter, you should be able to:

- Recall various examples of both qualitative and quantitative data.

The purpose of the financial planning process is to provide a well-thought-out plan based on the planner gaining an understanding of client wishes and desires to help determine whether they can then become client realities. An understanding of what those client issues are, coupled with any exposures that may put them at a *greater* risk, and the ability to find appropriate solutions to determine a path toward those objectives, makes for a well-thought-out plan. Our role as an advisor is to understand and realize those paths.

Clients need to seek a coordinated approach to the multiple facets of the daily and lifetime financial needs of clients. Some clients may be too busy to learn what they need to know, some may want to defer to the experts, others simply want you to do it with minimal involvement from them. That certainly is the wrong way to proceed.

Like the financial planner, the client should understand what is expected of them up front and as a part of entering into the relationship with the planner. To be successful, clients need to have "skin in the game." They have to proclaim ownership. They have to understand the ins and outs of the financial decisions affecting them. As I say to my students, your clients need to use a similar approach. It's one thing to be a part of the process; it's another to receive direction without a true understanding of how it could affect them if things don't go as expected. Clients cannot be at liberty to state that if something doesn't work, who can we blame?

As the hired financial planner, we develop a well-thought-out plan to bring the different components together. As the "quarterback" or coordinator of the different functions that clients need to address, we can help ensure that the process is working as well as possible. The client benefits from having one "go-to" person in their corner who can work with the various experts required to develop a comprehensive financial plan, and who can help them understand the language of those experts. Financial planning consists of six major components: cash flow management, insurance, investments, income tax planning, retirement planning and estate planning, and perhaps a variety of outside areas relevant to a particular client. These components track the financial concerns of the client and are discussed in detail in the following chapters.

As stated, the hired financial planner must act for the exclusive benefit of the client at all times and must put the interests of the client ahead of the planner's own interests, essentially representing the duty of a fiduciary. If the client does not trust the planner (or will not take their advice), they are better off working with another planner. The reverse is true as well.

This is one of the most rewarding professions out there. You get to see the output of what you helped the client create and strive for. With the clients I started with a long time ago, it is personally satisfying to help them out. An example would be working with them when they first got married, to having children, to advancing in their careers, to attending their children's college graduations, and knowing that you were able to assist them in achieving their stated objectives. The list goes on and on.

Before financial planning became a profession, individuals typically sought the advice of many specialists, who too often did not communicate with each other and whose advice sometimes created conflicts with the advice of other advisors. This haphazard approach often meant that the plans prepared by one advisor could not be carried out because of the work of another advisor. Our purpose here is to eliminate those concerns by providing useful, thought-out ways of approaching client dilemmas and concerns.

The following concepts provide the basis for planning discussions and opportunities on what we need to do in providing a better financial planning experience for our clients.

Rattiner's Secrets on "The Making" of the Client Experience

- Getting Through to Our Clients: Making Sure We Are on the Same Page
- Relating with Clients
- Communicating with Clients
- Nonverbal Behaviors
- Listening Skills
- Steps in the Personal Financial Planning Process

GETTING THROUGH TO OUR CLIENTS: MAKING SURE WE ARE ON THE SAME PAGE

In speaking with thousands of advisors, from the results of my own practice, and lecturing for the past 30-odd years, the one common and consistent denominator for planner/client success is in "managing our clients' expectations." It sounds so simple . . . and it is!

Managing client expectations means they are fully expecting what will happen and won't be surprised by the reality and the fine print. Clients will be ready for the outcome since they were prepped in advance to understand this could be an actual occurrence. I always tell my students that the sure sign of a successful financial planner is when the market goes down by 20% and you get no

client phone calls! Why? Mama says there will be days like that! The fact is that the market has gone up and down throughout our measurable history. It's not "if" it goes down but "when." On the flipside, managing these expectations can alert the client to the possibility that if things go in a certain direction, such as down, it may present them with a great buying opportunity in the not too distant future. The point is, they won't be alarmed and won't go into panic mode and begin listening to the media signs they will be bombarded with.

For example, have you ever gone out to purchase a car and thought you negotiated a deal in the showroom only to find that when you got behind the closed door of the *financing* arm, it didn't look quite the same as you envisioned just a short while ago? That's the concept of managing client expectations.

As a result, that client/car buyer is likely to walk out of the showroom without a deal.

Mark Milic thinks it's crucial to manage expectations from day one as you don't want to let down your client before having a chance to even serve them. He says, "It's like striking out before you even had a chance to bat. Many clients have had poor relationships prior to entering your office, and understanding where things went wrong in their previous relationships will give us a chance to serve them at a higher level. You will only know the answer to this by asking many open-ended questions, including using the phrase 'Tell me more' constantly." Milic adds the following, which I feel is right on target: "The vast majority of my initial meeting is listening, probing, and asking questions and trying to find 'the need behind the need.'"

Milic goes on to say, "Recognizing the type of prospective client you're about to spend the next 60–90 minutes with is incredibly important for the advisor because it will dictate the tone and direction of the meeting and you only find this out by listening and asking questions up front."

Managing client expectations isn't just important at the start of the client relationship; it is part of the ongoing process where both sides know what is expected and where things stand. Incorporating that approach will surely make everyone operate on the same page and reduce the potential for damaging lawsuits.

RELATING WITH CLIENTS

Part of managing expectations with clients means gaining an understanding of where the client is coming from and where they would like to be. The client and the planner need to discuss attitudes, values, and built-in biases since clients are not always rational and may have limits to their self-control. It is necessary to consider these behavioral finance concerns since each client is starting out from a different planning position. This formalized process looks at what the client has experienced throughout their lifetime. The planner's objectives are to hear the client and translate that information into a more defined process through the development of a personal financial plan.

"We need to ask questions of the client that make them comfortable in providing pinpointed answers," says Derek Lawson. Begin with "Mr. and Mrs. Client, what's on your mind" and other leading questions to get them to start opening up, says Lawson. Allow them quiet time. Frame your discussions and meetings from the behavioral side. You don't want to go too fast, where the responses are "Yes, but . . . ." The clients won't get it. Rephrase and reframe their answers to ensure that you are understanding and listening to their responses. Provide that value proposition where you are relying on their output vs. deferring to a computer.

The setting of the meeting can also have an effect. Lawson says sometimes it may be better to meet clients in their homes, or perhaps virtually, where you can still observe their body movements and see their immediate surroundings. That could provide you with a better perspective of who the client is and where they are coming from. Have the conversation revolve around the client's goals. What's really valuable to them? Don't use a cookie-cutter approach. "The planner needs to communicate with clients to increase their motivation, otherwise you will lose them," says Lawson.

It becomes tougher than it looks because the client is approaching the table with unexpected attitudes, as is the planner. Many examples come into play.

- Clients from foreign countries may have values and behaviors that are different from those of the planner.
- Family background can create certain expectations for an individual concerning budgeting and saving, in many categories, such as raising and educating children.
- Divorcing clients may generate anxiety. Perhaps the individual who had nothing to do with the finances previously now needs to become involved and take responsibility. Further, the reduced resources available coupled with a *shorter* time span to accomplish specific objectives make it quite challenging.
- Nontraditional and blended families may not be accustomed to a sudden change in funding. An example would be the lack of health and retirement benefits that could be available to more traditional families, thus requiring additional planning scenarios to fulfill the family's needs. The end result is away to overcome those biases and boundaries and for the planner and the client to be on the same page.
- Emotional issues simply cannot be dismissed because they were formulated for whatever reason over a period of time. This could affect budgeting and savings capabilities. They need to be included into the goal- and objective-setting process of the financial plan.
- Younger clients may not see the urgency of saving for later-term objectives, such as retirement, or perhaps planning their estate. Many of them may prefer to live in the present.
- When attitudes conflict with the attainment of select objectives, that could pose a challenge for the planner. An example would be the "market timing client" wanting to

ignore the planner's advice and do their own thing. Or for those who have had a bad experience with a planner and the market, giving them the opportunity to overcome their experiences in order to gain an understanding of how financial planning can be used for their benefit could prove the ultimate reward.

- Conflict may arise if a younger married couple with children start the financial planning process and disagree over issues such as education funding, purchasing a car or house, and even retirement. How to organize those objectives which could conflict with the savings mechanism could pose a challenge.
- Planners need to consider clients' capacity for risk and their ability to overstate their acceptance and tolerance for risk. Not everyone has the same tolerance for risk. Much of that can be determined through past experiences, age, and clients' ability to rebound and up the ante at a later date. Risk appears in all areas of financial planning. Many clients call themselves "risk averse." I don't believe that is a legitimate term. To me, clients are loss averse, where they don't want to realize losses and assume they can make significant gains by taking perhaps unnecessary chances. For example, in investment planning I say to the client, "How will you feel if tomorrow the market goes down by 20%? Will you lose sleep over that?" And unfortunately, that is a reality, as we have seen in the recent past. Clients need to buy into the philosophy and realities of investing. Another example is in insurance. Can the client have a plan for managing risk that does not include the purchasing of insurance? If not, can they withstand losses? In retirement planning, how will the client feel if they end up underfunding their retirement objectives? In estate planning, what happens if the right people don't receive the right assets? You can certainly go on with different disciplines and varying tolerances for risk.
- Value-driven planning clients seek to develop a financial plan that serves goals and objectives reflecting the client's spiritual, emotional, and personal needs *in addition to* their financial needs. The reflection of one's priorities and needs is the key. For example, asking a client what they would try to accomplish in life if they had sufficient cash to do what they would like to, or if the client were likely to pass away soon, how they would live their life going forward.

Milic states that it is imperative to watch your client's reaction as you discuss these important topics. "Too often the client's eyes will glaze over and they will not process the important point you are trying to make. We need to use every tactic possible to help the client process the most relevant points within the financial plan, which can include a dramatic pause during your presentation or directly challenging your client to be certain of the point you are making."

COMMUNICATING WITH CLIENTS

Communication is a critical skill for financial planners to master. There are proper ways to help clients during this process and to ensure the information you receive is relevant in the planning process.

Interviewing is the primary method for gathering data and retrieving relevant information about clients. Information to be gathered includes the identification of the client's financial goals and objectives. The financial planner may need to ask follow-up questions to make certain that these goals are clearly and fully communicated. Many planners use a data-gathering questionnaire/fact finder to consolidate the information needed during the process. This helps set the stage in step one of the financial planning process, discussed below.

Planners may directly ask the clients matter-of-fact questions which generally control the direction and pace of the questioning. These "closed-end" questions can be an appropriate way of attaining information in an efficient way. Examples include where the client works, job title, occupation, and names of family members. Unfortunately, they do not allow for the sharing of thoughts and feelings.

To really understand the circumstances surrounding the client, use open-ended interview questions enabling the client to control more of the pace and direction of the dialogue, flow, and exchange of information. This enables the client to expound on ideas, opinions, feelings, and desires. The planner is more flexible in this setting by enabling the client to provide more in-depth responses and explanations.

If the planner gives more specific direction to the client, that is called advising. Advising can be beneficial where the planner has expertise in a particular area. If the planner shares in a two-way communication for the purpose of establishing a working alliance, that is called counseling. Here the planner is collaborating with the client to find ways to reach financial goals and is not just directing the way the client should approach a particular solution.

NONVERBAL BEHAVIORS

Nonverbal behaviors are ways to communicate without words. The body, through facial expression and eye contact, and the voice, through tone and pitch, are the primary sources. For example, body movements can communicate subtle messages to a planner who pays close attention, and body movements are often more straightforward than verbal statements. Facial expressions and eye contact help express fear, suspicion, trust, self-esteem, or even concern about what the planner is doing. Voice tone can be loud or soft, pitch can be high or low, which may show anger, hostility, or excitement through a high voice, or shyness, fear, and depression with a low voice. This inconsistency between what is said and what is not said helps determine whether the planner recognizes when there is a lack of harmony.

During this decade there will be a bigger push to meet virtually with clients, and this may not relay this nonverbal behavior as freely as would a live meeting. With telephone calls and other auditory devices being used more frequently as well, all of this is missed, and the planner loses a golden opportunity to be able to read the client and plan adjustments that may need to be made.

Milic says that when he talks about sensitive topics such as spending, sometimes he witnesses different body language coming from different types of clients, and often these subtleties give him an insight as to who the spender is.

LISTENING SKILLS

Active listening requires the planner to focus on what the client is trying to communicate. The recognition of verbal and nonverbal signals is important for planners to have empathy for the client's feelings, to understand the message from the client's perspective, and to be able to respond in order to facilitate client understanding. "When the client is not listening to you, they are reducing their trust in you," says Lawson. I subscribe to this approach by providing a restatement response, essentially paraphrasing or repeating what the client has said in their own words, to ensure that I have interpreted the client message correctly before moving on. "By taking an active listening approach, the client can really hear what you are talking about," says Lawson.

STEPS IN THE PERSONAL FINANCIAL PLANNING PROCESS

Once the planner and the client, or even the prospect, begin to understand one another, they are now in a position to work together with minimal interruptions. Many players in our industry have their own definition and steps within the financial planning process. To make it a logical and easy-to-follow method of operation, I will be incorporating seven steps in the financial planning process. There are some similarities to other methods of teaching the process, including some overlap with those discussed by CFP Board in its revised Code of Ethics. My steps can be summarized with the following acronym.