



## Transition Planning

### Introduction

*Of all the professional services offered by financial advisors, transition planning can be the highest calling and provide the most enduring benefits for investors.*

*I recently conducted a series of interviews on this topic with Wayne von Borstel, founder and president of Oregon-based von Borstel and Associates. Wayne has been at the forefront of providing guidance for clients and leadership for the financial services industry in the area of transition planning.*

### The Interview

*Mitchell: What constitutes transition planning?*

von Borstel: Broadly speaking, transition planning means helping clients progress through their lives with confidence instead of apprehension. It is the change involved in every significant event throughout our life: changes in our family, relationships, careers; starting, running and selling a business; relocations, illnesses, accidents, achievements, even our retirement.

We are constantly experiencing transitions, even when we may not be aware they are occurring. Transitions manifest themselves in many ways. They govern our emotions, physical and psychological health, lifestyle, attitudes, perceptions, and our wealth and security. They are reflected in our everyday lives and daily habits: what we care most about, what worries us, what we look forward to, what gives us comfort, how we make decisions, how we invest.

Transition planning is different for each person, and yet is the same. People in different circumstances or phases of their lives may experience different transition issues, but over the long haul, we all face a similar set of challenges, it's a matter of when and to what degree. The critical consideration is how we react to them.

People have to find a reliable way to work through these transitions without jeopardizing their physical or emotional wellbeing. Most people need someone to help guide them through this lifelong process, to help keep them aligned with what they value most, and to help them move past fear and apprehension to confidence in the future.

*Mitchell: I imagine many people today are dealing with the erosion of their retirement savings as a result of the market meltdown.*

von Borstel: That's certainly true. But it's not only the loss of money that can cause mental anguish; the responsibility for managing money can be just as stressful without transition planning support.

People who have worked and religiously saved their entire lives one day realize they have accumulated hundreds of thousands or perhaps millions of dollars and that money has to last them the rest of their lives. Some have never before made a financial decision involving more than a few hundred dollars. Now, in their 50's or 60's, they have to make the most significant financial decisions of their life. That's enormous pressure, especially for those who never developed a true trust relationship with a financial advisor.

*Mitchell: What about people who come into money?*

It's just another form of transition. Consider a successful businessperson, whether an attorney, physician, homebuilder or someone with a couple of MacDonald's franchises. They sell the business that has been the center of their non-family life for decades. Now what do they do for a life? They suddenly have a pile of cash and have to decide what to do with it, not to mention dealing with the long-lost relatives or new friends that pop out of the woodwork? How do they maintain their mental equilibrium? How do they avoid decisions that could cause much of what they worked for all their lives to disappear?

Financial transitions like this cause some people to experience such fear that they simply shut down. Or, they postpone decisions indefinitely, which only deepens and prolongs their anxiety. The money intended to provide their freedom from worry becomes the source of it.

As to your comment about what happened during the market decline, that was a different form of transition. Many people approaching retirement thought they had everything in place for a comfortable late life when suddenly, the rug was pulled out from under them. What they experienced was fear kindled by a loss of control; things went south and they couldn't understand what was happening. They felt helpless to stop it.

*Mitchell: It sounds like emotional paralysis.*

Von Borstel: In a way it is. Much of it is caused by information overload. People are fed a daily diet of hogwash by the major media, for whom a daily financial crisis is the kindling for high ratings and advertising revenues. Financial analysts on TV are often employees of major brokerage companies. The stocks they tout may be the same ones that are gathering dust in their firm's trading accounts. Then you have people like Suze Orman offering simplistic solutions to complex financial issues: "You don't need to pay a financial coach; just buy my book." Sort of a do-it-yourself prosperity kit.

It wasn't long ago the airwaves were filled with shows telling the masses how to make a fortune flipping houses. Before that it was day trading, or stuffing envelopes on your kitchen table.

When the economy is sinking and people are losing money, they desperately seek answers in the wrong places. Even friends and associates who have no better ideas offer advice anyway. A feeling of hopelessness sets in and, not wanting to make any further mistakes, people become immobilized.

*Mitchell: Doing nothing seems better than doing something that might be wrong?*

It's like sitting on the bench at a football game. You're waiting for the coach to tell you to go in but you're watching everyone on the field getting whacked around and you tell yourself you don't want to go in there and get hurt. But you know you can't win the game sitting on the sidelines. You have to get in and play, and you have to believe you can win. If you have a plan and a good coach, you have the confidence to play.

The world's greatest athletes have coaches who monitor their performance to make sure their fundamentals remain sound and they don't develop bad habits. The financial game everyone must play throughout life is far more complicated and difficult than any sport, yet people try to win at the game without professional help. I know people who have tens of thousands of dollars invested in golf or skiing equipment and lessons, but can't justify paying a financial coach to help them overcome money worries and have a secure retirement. It makes no sense because an experienced coach can help avoid the kinds of bad decisions that throw people into depression and paralysis. What's the value of a great golf swing compared to the value of moving from financial worry and apprehension to contentment and confidence? Financial clarity!

*Mitchell: I hope some people had their TVs turned off and were listening, Wayne.*

*Michael Mitchell is an independent financial writer based in San Diego.*