



Achieving Financial Wellbeing

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Racine was the site last month for a gathering of financial planners from around the country to explore the blending of life planning with traditional financial planning as an opportunity to better align people's money with their values and goals. Financial Service Group served as the host with a number of other planning firms from Southeastern Wisconsin represented.

While the purpose for the three-day seminar was to provide tools to practitioners, I think many consumers could benefit just as much from a better understanding of some of the concepts and tools discussed. One concept is a key idea described as MQ. MQ is the blending of practical knowledge, IQ, with an understanding of one's self, EQ, to lead to financial wellbeing, or MQ.

Practical knowledge includes understanding your past decisions around money as well as clarifying your financial priorities. This can include a review of your current relationships with advisors and your level of satisfaction. Thinking about past financial decisions could include reflecting on some of the best decisions as well as ones that didn't work out as expected. Reflecting on who helped shape your beliefs around money may be helpful as many people received powerful lessons either as children or later in life that may be still unconsciously influencing their decisions today.

The emphasis on self-awareness may appear to some as counseling or therapy. However the objectives for financial life planning versus therapy are significantly different. One relies on a treatment model while the other simply uses the knowledge to provide context for making better financial decisions based on a person's unique goals and values versus externally imposed guidelines such as media advertising or peer pressure.

So what does someone do with the data gleaned from thoughtful reflection? Create an action plan for the future! If you know that you are a procrastinator, then establishing automatic actions is crucial to achieving your goals. A common example is opting for automatic increases to retirement plans each year. Within a paycheck or two, a 1 percent increase each year is easier to digest than a 5 percent increase or more for someone who waited five years to start.

If you discovered your tendency to micromanage or neglect your investments has led to suboptimal performance, then maybe it's time for another approach. Not sure where to start to increase your MQ? Then visit our website, www.toyourwealth.com/books, for a list of my favorite personal finance books.