

PREPARED FOR: Jane Smith ADVISOR: {FA Name}





MOTIVATORS

- Collaboration with others
- Creativity and new ways of thinking
- Hope with an optimistic view of the future
- · Top question: WHO
- Demotivators: Excessive detail, feeling pushed too quickly, and micromanagement

UNCONSCIOUS NEED

- Freedom to choose and have options with financial decisions
- Patience when fully exploring all options
- Reassurance and acceptance feeling they are in it together with others when it comes to making financial decisions

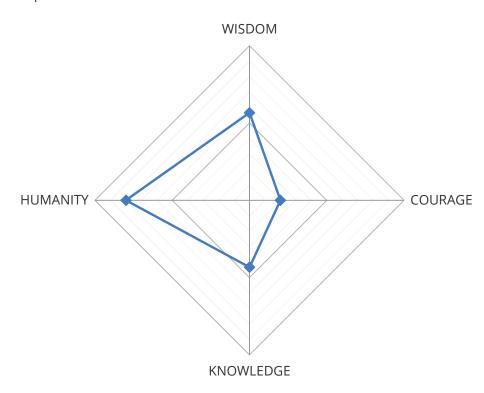
BLUE BULL BIASES

 Herding Bias - tendency to follow the course of action because others are doing it

Jane's Financial Virtues Profile

A Blue BullTM investor is curious and receptive to new ideas. They are generally optimistic about the future and tend to balance their enthusiasm with patience and kindness. Their natural compassion for others factors into their generous and supportive nature.

Their top financial virtues are **Humanity** and **Wisdom**. Blue Bulls are typically socially intelligent investors who want to collaborate and make diplomatic financial decisions.



WHAT ARE FINANCIAL VIRTUESTM?

Financial Virtues help you to improve your overall financial well-being and quality of life. Each virtue (Wisdom, Knowledge, Courage, and Humanity) combines a unique set of character strengths that we all exercise by varying degrees to make financial decisions. Virtues and the associated strengths are based on character science and positive psychology.

Everyone has a combination of all four virtues and strengths, yet we tend to express some more than others. This report is a window into how your client's unique expression of virtues and strengths may impact their financial decision making.



ADVISOR: {FA Name}



Blue Bulls need an accountability partner who will collaborate on a high-level plan and help clarify financial decisions needed in a timely manner.



COMMUNICATION STYLE

This investor's preferred style is approachable and enthusiastic. They need a financial advisor who is patient, supportive, and inclusive. Financial structures that provide consistency with some time constraints is something that this investor needs but may not always want. When it comes to their money, they are receptive and curious and value an authentic and friendly approach.

This investor welcomes new ideas, but if you give too much detail, they may tune out or start to create "mental buckets" with the highlights. They are looking for a strategic financial solution, good ideas, and not too many details. They tend to seek reliable and authentic advice.



DECISION MAKING

This investor's financial decision-making style is respectful and intuitive. Collaborating with others is natural and desired. This person works to gather ideas and balance new concepts with the most diplomatic choice. This investor may tend to seek multiple opinions before they make a final financial decision and may appear non-committal in the decision-making process.

This investor needs plenty of room to make changes. They prefer to fully explore before landing on their final decision. When this investor feels supported and feels that they are in it together with you, they will be more confident in making financial decisions.



UNDER STRESS

In a time of financial stress, this investor may start to feel <u>overwhelmed</u>. While this person is typically comfortable with uncertainty, their desire for more choice can create swirl. A fear of being stuck or of missing out on a good idea may creep in if too much detail is shared and time constraints are too aggressive. Under pressure to make a rapid decision, they may seek to "follow the crowd." Absent a financial plan and you as their accountability partner, they may even avoid making the decision altogether.

CLIENT INTERACTIONS

- Collaborate
- Be friendly and allow for personal storytelling
- Provide high level insights and ideas
- ASK: What level of detail would you like to see?

CLIENT INTERACTIONS

- Be patient and supportive
- Do not push too aggressively
- Do not overwhelm with too much detail; simplify the choices
- Demonstrate you are in it together to move things forward
- ASK: (Who questions) Who do we need to include <as we explore the options together>?

CLIENT INTERACTIONS

- Help clarify and simplify the choice
- Demonstrate that you are in it together (e.g. attend the estate planning meeting vs. sending more data for review)
- Be an accountability partner



Based on their Financial Virtues assessment, this investor may also be susceptible to the following biases.

RECENCY BIAS

Recency bias is a predisposition to emphasize recent events and extrapolate patterns where none exist. This often causes investors to chase performance and buy high and sell low because it is easier to emotionally validate our choices when we follow trends.

RECENCY BIAS IN ACTION:

During a period of market volatility, this investor may want to move their assets to cash to avoid substantial losses. When the market begins to rally, the investor waits to buy back in and misses out on the gains.

CLIENT INTERACTIONS

BE A TEACHER: EDUCATE YOUR CLIENT

- Help clients take a step back and make investment decisions in context of macro trends and their portfolio objectives.
- Encourage implementing systematic processes (e.g. automatic rebalance, auto savings plan, etc.).

LOSS AVERSION

Loss aversion is the tendency to feel the pain of losses more deeply than the pleasure of financial gains. This often prevents investors from unloading unprofitable investments, thus taking on unnecessary risk.

LOSS AVERSION IN ACTION: This investor may hold on to a losing investment simply because they do not want to realize a loss in their portfolio.

CLIENT INTERACTIONS

BE AN ACCOUNTABILITY PARTNER

- Change the paradigm by shifting the way the investor sees the loss.
 Consider using an analogy to explain the loss.
- Depending on the decision-making style of the investor, they may need an accountability partner to help them to move forward or to slow down and refrain from taking impulsive action.

HERDING BIAS

Herding is the tendency for an investor to follow the Herding is the tendency for an investor to follow the decision of others vs. using their own judgement. It is emotionally painful for the investor with a herding bias to go against the crowd.

HERDING IN ACTION: During the .com bubble of the late 1990's and early 2000's, many investors bought into companies, not because they were sound businesses, but because others were investing in them.

CLIENT INTERACTIONS

BE A TEACHER: EDUCATE YOUR CLIENT

- Make note of what others are doing and then share an alternate perspective on how that may not be aligned with the client's stated goals.
- Provide emotional support and demonstrate that you are in it with them, and they are not making the decision alone.



ADVISOR: {FA Name}



UNDERSTAND POSSIBLE IRRATIONAL BEHAVIORS

Everyone creates mental shortcuts to accelerate decision making. These biases have been developed over millions of years to help human beings survive and thrive. The biases that are checked below may limit investment performance and are the ones for which this investor is most susceptible.

- ✓ Affinity
- ✓ Anchoring
 - Confirmation
- Conservatism
 - Endowment
 - Familiarity/Home Bias

- ✓ Herding
- √ Hindsight
 - Illusion of control
- √ Loss aversion
 - Mental Accounting
 - Outcome

Overconfidence

✓ Recency

Regret aversion

Self-attribution

- ✓ Self-control
- ✓ Status quo

✓ - Bias which this respondent is likely susceptible

BOLD - Top rated bias for this investor



ASSESS WHERE YOUR CLIENT IS ON THEIR FINANCIAL JOURNEY



If the focus is to build a financial nest egg then, elements of selfdoubt and a fear of going it alone may be present for this client.



EXPLORE & LEARN

If the financial base is solid and the focus is on expansion, then a **fear of** being trapped or missing out can be present for this client.



WELLBEING

Having achieved desired financial success, the focus is on higher purpose and meaning and how best to leverage their unique strengths to make a difference.

REVIEW STRENGTHS AND DISCUSS DESIRED IMPACT



IHI JANE'S FINANCIAL STRENGTHS

CURIOSITY

This client is receptive to new ideas and is flexible to make financial adjustments as needed.

SOCIAL INTELLIGENCE

This client's approachable and generous nature makes them more likely to "read people" well and helps to anchor their financial decisions.

KINDNESS

This client's compassion for others along with their patient and respectful style makes them more open to hear and support new ideas.



WHERE IS YOUR C	LIENT ON THEIR FINANCIAL	JOURNEY?
SECURE	EXPLORE & LEARN	WELLBEING
		REVIEW STRENGTHS AND

P EXPLORE HOW YOUR CLIENT'S MONEY ALIGNS WITH THEIR WELLBEING

PERMA¹ theory provides five elements (Positive Emotion, Engagement, Relationship, Meaning and Accomplishment) that, when combined, measure wellbeing and how much a person thrives. Research has also shown that improving each element contributes to higher feelings of control, influence, and emotional resiliency related to finances no matter where you are on your financial journey.

- Understand your client's aspirations. Ask questions using the reference below and chart on STEP 1 page 11 as a guide to understand where they currently spend money and their aspirations for the future.
- STEP 2 If your client is in transition (e.g. life event, job change, retirement, etc.), consider having them fill out the chart on page 11 as a homework assignment. They are encouraged to journal and keep notes as they complete the template.
- STEP 3 Discuss the completed chart with your client and make appropriate adjustment to their financial plan.

¹Flourish: A visionary new understanding of happiness and well-being

PERMA	DEFINITION	FINANCIAL PLANNING EXAMPLE
POSITIVE EMOTION	General tone	Travel, dinner, clothes, jewelry, sporting events, etc.
ENGAGEMENT	Application of unique strengths	Hobbies, work, etc.?
RELATIONSHIPS	Healthy relationships and support structures	Who? What do you enjoy doing together?
MEANING	Desired higher-level impact	Passion projects, charities, etc.
ACCOMPLISHMENT	Pursuit of success and achievement	Goals – education, hobbies, etc.



PERMA	DEFINITION	FINANCIAL PLANNING EXAMPLE	NOTES
POSITIVE EMOTION	General tone and emotional evaluation from the Past (satisfaction), Present (comfort / happiness) and Future (optimism)	Travel, dinner, clothes, jewelry, sporting events, etc.	Where are you today?
			Where do you want to be?
	Reviewing financial Finding more enjoyment strengths, how do IGAGEMENT in work or tasks by using these show up in strengths your hobbies, work, etc.?	strengths, how do	Where are you today?
ENGAGEMENT		your hobbies, work,	Where do you want to be?
			Where are you today?
RELATIONSHIPS	Experience of healthy relationships, active	Who are your trusted friends, close family members, work	
RELATIONSHIPS	constructive listening and general support	colleagues? What experiences do you enjoy (e.g. travel)	Where do you want to be?
			Where are you today?
MEANING	Feelings of purpose and contributing to something	What charities, political interests,	
MEANING	bigger than oneself, higher level impact	church, etc. are you passionate about?	Where do you want to be?
			Where are you today?
ACCOMPLISHMENT	Pursuit of success and	What goals do you have for education,	
ACCOMITED INVERVE	achievement	hobbies, career development, etc.?	Where do you want to be?



APPLY WHAT YOU KNOW TO CONTINUE THE CONVERSATION AND DEEPEN THE RELATIONSHIP WITH YOUR PROSPECT OR CLIENT



GIFTS OF VALUE FOR THE BLUE BULL

Your investments need to align with what is valuable to your prospect/ client.

POSTIVE DEPOSIT

(a 5-minute gift)

Connect this investor with a resource (attorney, accountant, community member) or share an insight on a new concept

STRATEGIC INVESTMENT

Schedule and attend a meeting with the investor (e.g. estate planning)

GIFTS OF VALUE IDEAS	

Position the **PROBLEM**, your **SOLUTION** and how you are **DIFFERENT** from your competition. Follow a 3-step process to create your unique position statement.

- 1. Work through the position statement (fill in the blank) framework
- 2. Make note of your 3-big differentiators
- 3. Create a personalized message that clearly states the problem, your solution and how you are different.

POSSIBLE POSITION STATEMENT	
I understand you need and and	
without this face a challenge of lear	ving
you feeling I can help you avoid FEAR	
by providing	
FAILURE PLAN	
so you can,,,,	<u></u> .
Use the framework as a quide when creating your actual position staten	nent

Fill in the blank:

- NEEDS Stated needs uncovered through your discovery process
- CATALYST What life event is the person facing now or preparing for in the future?
- FEAR Based on the person's financial journey (secure to wellbeing) what are the likely unconscious fears
- **FAILURE** Note what is at risk if the person fails to act
- PLAN Break down your solution into simple steps
- SUCCESS What does success look like based on the person's financial wellbeing journey



Important Disclosure Information

The Financial Virtues Profile ("Report") is provided on a confidential basis and exclusively to you as the recipient for your immediate use. The Report is for discussion purposes only.

The Report is based on the answers to questions in the Financial Virtues survey. The Report does not reflect other information that you may have provided to your Financial Advisor, such as your age, time horizon, liquidity needs, and investment experience.

The Report is not intended to assess your risk tolerance, recommend any specific security or securities, identify investment strategies or to be deemed as providing any legal or tax advice, and you should consult with your lawyer, accountant or other professional advisors about such questions.

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