

Transcription details:

Host: Bill Coppel, First Clearing Chief Client Growth Officer  
Guest: Dr. Carolyn McClanahan, founder and director of financial planning at Life Planning Partners

Transcription results:

Intro Welcome to The Next Frontier, where we examine what the role of the financial advisor will be in a world that's being disrupted by artificial intelligence and algorithms. Our mission is to spark new conversations that create stronger connections and build greater client confidence. Join us as we look at our industry and others through a new lens and explore the opportunities emerging at the intersection of high-tech and high-touch. It's time for a new conversation. Are you ready?

BILL COPPEL Hi, I'm Bill Coppel and I'd like to welcome you to this episode of The Next Frontier. It's no secret that much of the value once the purview of financial professionals is being challenged-- and I might add, quite aggressively --by digital alternatives. In fact, investment management may be better served today leveraging algorithms in artificial intelligence coupled with data analytics than, perhaps, the traditional methods. Even planning can be effectively handled by chatbots able to create an interesting and entertaining and intuitive online experience. Clearly, technology has empowered investors to accomplish nearly everything once served up by investment pros.

BILL COPPEL What's next for today's financial advisors? That's the question we're posing our very special guest today, Dr. Carolyn McClanahan. As an emergency medicine physician and has an interesting story about how and why she made the transition to help people with their financial life. As a physician, Carolyn saw firsthand the negative consequences when patients who failed to plan experienced a health crisis and family members didn't always agree on the next steps. As a financial planner, she's developed an approach that can help get family members on the same page with client decisions. And that can reduce the risk of fraud and abuse, and in some cases, even preserve assets.

BILL COPPEL Carolyn speaks nationally to planners and physicians on the interplay between health and financial issues. She's been quoted in numerous publications including The Wall Street Journal, Money magazine, and Kiplinger's and has appeared as a guest on NPR and CNBC. I think our listeners can learn a lot from Carolyn's professional journey, and I'm excited to hear her thoughts on how we might think differently about how we interact with and care for clients in answering the question I stated earlier. What's next for today's financial advisor? Carolyn, welcome to The Next Frontier.

DR. CAROLYN MCCLANAHAN Oh. Thank you so much for having me, Bill. It's a pleasure to be here.

BILL COPPEL Well, thank you for joining us. Let me share a couple of other things that I've learned about you in your career. First of all, I understand you're the Founder and Director of Financial Planning at Life Planning Partners, which is a boutique advisory firm in Jacksonville, Florida. Have I got that right?

DR. CAROLYN MCCLANAHAN                      Yep. That's right.

BILL COPPEL                                      And in 2017, you co-founded Wealth Care Planning, LLC to help advisors and their clients address issues related to aging including, when to turn over financial decision making, get help with healthcare decisions - perhaps even stop driving - and consider different living arrangements. Sounds like a pretty exciting business.

DR. CAROLYN MCCLANAHAN                      Oh, it's very exciting. It's work that I've been doing for the past decade finally in a tool that advisors can easily use. So that's exciting for me.

BILL COPPEL                                      So let me start with this; what I think is a very interesting question. So tell us a little bit about this very special journey from emergency medicine to financial planning.

DR. CAROLYN MCCLANAHAN                      Well, it was all unintended, to start. My husband and I-- he's an aerospace engineer-- we had our parent became ill and died in our mid-20s to early 30s. He inherited some money from his parents in the mid-90s, and we invested that. And like everybody in the mid to late 90s we thought we were brilliant, right, because we turned that little bit of money into more money. Not enough to quit work, but plus we were fairly young. But he hated engineering and didn't want to be an engineer anymore. So we tried to find a financial advisor to help us figure out, does he have enough to quit? Because I wasn't going to support him the rest of his life. I said, "You can't run out of your parents money, right?"

DR. CAROLYN MCCLANAHAN                      And so we interviewed financial advisors and they were all about just investing. Now we needed a real financial plan. We needed to have somebody help us figure out were his goal attainable. And then they didn't and we never felt comfortable with any of the people that we interviewed and so I went back to school for fun. That's the beauty of the emergency medicine is you do shifts, so you can do other things in between those shifts. And I fell in love with financial planning and opened my firm in 2004 and it's been a huge deal. And what's been really fun about it is, didn't realize all the intersections of health and personal finance. And so through the years, started recognizing all these ways that we can help clients better by understanding all the interplays between health and personal finance.

BILL COPPEL                                      So that's really interesting because well, money is one aspect of what you needed, perhaps, some help with from an investing perspective. It was really, as you just stated-- I want to make sure I understand it clearly because I think it's a very important point, Carolyn-- is that it goes beyond that. It's really broader than just simply investment management, which it sounds to me like which was predominantly what advisors are trying to do for you. But really, putting in place a plan or a guide that helped you and your husband decide when it was right to transition how to do things in life that were important to you. Have I got that right?

DR. CAROLYN MCCLANAHAN                      No. Exactly right. And to me, that's when I realized financial advice and financial planning isn't about helping people get the most money or pick the best investments, it's about helping them figure out what their goals are. And money is the tool, not the object, so how to use your money effectively to have a life they want to have. And so it's not about accumulation and making the most, it's how do you make and use your money wisely.

BILL COPPEL                                      So based on this experience, you started, you went back to school-- as you said, for fun --and studied this area. Tell us a little bit about Life Planning Partners - this is your advisory firm - and what it looks like. What's that experience like?

DR. CAROLYN MCCLANAHAN                      So when I started, it was just going to be me and I was going to take care of like 20 of my ER buddies. That was the plan, right? And then after I got into it-- so we're a fee-

only firm and one of the things that I did early on is decide to charge based on how much work I'm doing. So we have a flat-fee model and it's based on complexity. After I got involved in the profession because I had so many people that helped me learn and guided me as I opened my practice I thought, "How can I help give back to financial advisors?"

DR. CAROLYN  
MCCLANAHAN

And so I started doing these talks on these intersections I saw between health and personal finance and sort of realized I was good at it. And I had fun doing it, so started speaking at more conferences on different things like insurability, aging issues, and all that. And I realized I just couldn't be in a practice by myself anymore. And I worked with a business coach and she was fantastic. And I decided to create an ensemble model. So now we actually have four advisors, and we all take care of all the clients. And the way that works is I just do basically estate and tax now. And then another advisor does insurance planning. Another does projection planning and another does the investments. And I'm, in fact, going to be turning over estate to one of the other advisors soon. So I'll just mainly be doing the tax planning and the big picture planning.

BILL COPPEL

Wow. So you really took a very interesting approach in terms of figuring out what the scope of services ought to be and then bringing in partners that had expertise in those areas.

DR. CAROLYN  
MCCLANAHAN

Correct. Correct. And it's funny how my practice evolved. At first, I was just going to take care of my ER buddies, right? But then I realized there are a lot of people who are high maintenance that aren't fun to work with and some people that are low maintenance and are fun to work with. And if you're charging right you should charge those people who are not fun to work with more money because they take a lot more energy. And what ended up happening is instead of physicians-- because people laugh about how mean physicians can be or how they think they're so smart and for a lot of them that's true. But there are a lot of wonderful ones too. So people think our firm's about taking care of physicians, but our niche is actually the millionaire next door who became too complicated to do it themselves well anymore.

BILL COPPEL

Makes great sense. You know, I was struck by a statement that was featured prominently on your website. I want to read it to you because I really found it insightful. "If we are lucky, our lives start with people who love us and fill us with confidence and knowledge. If we are smart, we take what we have learned to form dreams and goals for how we want to live our lives." Why does this statement resonate with you, and how does it inform the work you do?

DR. CAROLYN  
MCCLANAHAN

That's exactly what I was looking for when I was looking for a financial advisor. We wanted somebody to help us figure out what our goals and dreams are and a lot of people they just plow through life doing what they're being told to do. You have to go to this career. You have to save this much money. You have to invest this way. And they don't understand the endpoint, so really stepping back and saying, "What brings joy to your life?" And so when we get a client that's one of the first questions we ask is are you happy with where you are right now with what you're doing. And making certain that they enjoy their career because if they don't, you don't want to talk about retirement plan you want to talk about let's find something that you enjoy. What can we do to help you where what you're doing now is a great life and help you plan for those goals you want to have in the future? So it's really switching the focus of planning on not planning so much for the future, but planning more for now and being prepared for whatever the future delivers.

BILL COPPEL

Perfect. You know, there's obviously-- or you have identified this parallel you've seen between practicing medicine and interacting with clients as a financial planner. I want

to reflect on an article and for our listeners, this is how I actually met Carolyn. It was an article from October of 2017 in Financial Advisor, and it's a profile on your business. And in the article the person interviewing you was kind of getting at this intersection. And you tell this story about one of your clients who happened to be a 72-year-old man and from a health profile perspective he probably was on a trajectory that was not good and he was probably not going to live as long as he thought he might live. Can you share with the listeners kind of what you stepped through there?

DR. CAROLYN  
MCCLANAHAN

Yeah. One of the tools-- so with the wealth care planning, which is the tool that we developed to help people with aging planning. It has a health assessment and gives a better idea of longevity. So it's not that Pollyanna life expectancy calculator that you use on the internet. It asks really some basic questions that are important, and one of the things I discovered about this client is that one, I was shocked by his life expectancy when he did the calculator, but number two is that I didn't know that he drank a lot. And he basically drank a 12-pack of beer a day and I'm like, "Well, this is why your life expectancy"-- because he was upset by his life expectancy. I'm like, "Well, this is why your life expectancy numbers are so low and we really need to get you help for this. And it was a problem he had had for a while and nobody knew about. His wife knew about, and his wife was in the meeting. And she was just so happy that we opened this can of worms and allowed him to go get help basically. And now he's on a much better trajectory than he was in the past, which that's the sort of rewarding thing.

DR. CAROLYN  
MCCLANAHAN

And I say advisors say, "Oh, well I'm not a doctor. I can't talk about those things." Well, everybody talks about health issues. You don't have to be a doctor to talk about health issues, especially old people. You know, they love to tell you about their latest trip to the doctors, their colonoscopy and their prostate problems. And if you are a good listener-- and I say to advisors, if you're comfortable talking about health, clients are comfortable talking about it to you. You don't have to fix their problems. The key though is when there is a problem, you have to have resources available for them to get help. So we're really, we make certain we know who all the therapists are and where to get them help that they need for the situation that they have. And that can just create such client loyalty and happiness and you get clients for life that way.

BILL COPPEL

Well, you know it's interesting is that, if you think about it, right, we're all clients. All financial professionals are actually clients. And if you take it one step further, we all have concerns about our health. And one of the things I often chuckle over is-- your point is well taken here. The fact is that we're not asking or suggesting that anyone practice medicine without a license here, but certainly there are signals, there are triggers. We personally face them, and our clients are sharing in many cases the same kinds of things. So it's just being a little bit more mindful perhaps or a little bit more observant and willing to have conversations that share with clients how much you actually care about them based on your own personal experiences.

DR. CAROLYN  
MCCLANAHAN

Yeah. Learning to have these hard conversations is so important. And I mean, to me, the whole world would be a better place if we all opened up all the cans of worms and we were just truthful about who we are. And I say this often and hopefully nobody will take offense, but everybody has their poop. I mean, we all have issues. And if we can approach our issues and the issues of others from a place of compassion and concern and caring, the world would be a better place. And I tell advisors, a great place to start to learn how to have these conversations-- there's a book I read years ago and it just has been invaluable. It's called Fierce Conversations, by Susan Scott. I've never met the woman. I don't think she knows how many books I've probably sold for her [laughter], but it teaches you and it's a practice. And once

you become comfortable at the basics of having non-threatening caring conversations that are hard, but you're coming at them from the right place, it just changes your world and it changes the world of your clients and your family and those people around you.

BILL COPPEL

Oh. Maybe one day I can get both you and Susan Scott on the same podcast. That would be a lot of fun.

DR. CAROLYN  
MCCLANAHAN

Oh. That'd be fun. Yeah. I could tell her how much I admire her and her work for sure.

BILL COPPEL

Well, one of the things about this story that I truly enjoyed-- and I think really hit home for me --was the fact that you not only saved one life, you actually saved two lives. And the comment that you made around the positive impact it had on his wife-- they're at a point in their life where clearly this should be the golden years as they call them and they should be enjoying life together.

DR. CAROLYN  
MCCLANAHAN

Right. And you know he was on a track to stop that pretty quickly and hopefully by changing his behaviors that's been turned around.

BILL COPPEL

I'm going to challenge our listeners for a moment on this Carolyn because I think we think these are hard questions. But how many times have I sat around in a room with a bunch of contemporaries who are sharing their cholesterol levels and their blood pressure levels and all kinds of other statistics about them. I really don't think they're terribly hard. I think that's the lens we put over them. I think that if we think about it from the perspective of our own lives, all of a sudden, we're all on a level playing field. So I'm going to challenge our listeners to take your words and really go out there and really begin to have those kinds of conversations, so they'll serve their clients better.

BILL COPPEL

Let me go down another path here. You mentioned wealth care planning, I believe, in answering that question, which is this questionnaire you've built into that process. Let's go a little bit deeper into what-- I guess it's an application or software, how that works and what led you to developing that?

DR. CAROLYN  
MCCLANAHAN

Through the years, I've had clients that have issues. Like one client refused to quit driving and she had two accidents and it was the only time in my life a client actually ended up having to access their umbrella. And so if people don't think driving is a financial issue then they're wrong. It is. And then I had another client where she refused to move from her home and even though it was getting to that point that she really couldn't live safely and she had an accident so we had to scramble to get her placement. We had another client that was being taken care advantage of by her daughter. So all these little things that happened and it's like, how can we prevent this? I'm big into prevention because once the problems start it's hard to fix them.

DR. CAROLYN  
MCCLANAHAN

And so I developed these processes through the years to take people through questions about when are you going to move to something that's more safe? When will you quit driving? When will you get help with healthcare decisions? When will you turn over financial decision making? And I put all this together and I've given talks through the years to advisors about here's what I'm doing. And they're like, "Wow. This is overwhelming. If you ever develop a tool." And I said, "Okay. I'm going to write a book." And I'd started writing a book on how to plan for aging and that's when I met my partner in my software firm, Chris Heye. He and his team had developed a tool-- they did a study at Massachusetts General Hospital --that identified when clients were having cognitive issues affecting decision making. And this was totally around

financial decision making, not around dementia or any of that. When is somebody having a problem making financial decisions?

DR. CAROLYN  
MCCLANAHAN

And so I tested his tool-- and we met through a mutual friend and I tested his tool in my practice. Like I said, "Chris, this is fantastic because it helps identify early when people are having problems so you can hopefully keep them out of trouble." I said, "The problem with your tool is you don't have solutions of, well, how do you fix this." And I had shared with him all the work I was doing and how I was writing a book. He says, "Oh. Forget the book. You've got to put that in software." So we formed a joint venture, and we spent a year and a half or so building this software. We released it a year ago and so, gosh, it's a year anniversary and I've been using it with clients since then. So I've been doing all these processes for a long time, but never in an organized fashion the way that the software allows me. So we released it to advisors, and they can buy it. And to me it's doing a great job. The advisors that are using it have been very pleased to help them pre-plan for their clients for these aging issues.

BILL COPPEL

So talk about tough questions. It almost makes asking someone some questions about their health profile seem de minimis when you really start to challenge them on cognitive function, or driving, or are they in appropriate living conditions. What's been the response you've experienced? Those are tough questions. I mean, I can remember having a conversation with my grandfather about having to take his keys away. And what I was basically doing is stripping him of his identity.

DR. CAROLYN  
MCCLANAHAN

You're exactly right.

BILL COPPEL

Those are the tough questions I think because we identify ourselves often based on our "independence". I don't think necessarily people who may be in their late 80s or early 90s necessarily view themselves that way. They recognize some of their shortcomings, but at the same time it's very difficult to digest that kind of news. How is the software and your approach handling that? What's the--?

DR. CAROLYN  
MCCLANAHAN

Well, the beautiful part is the advisors don't have to ask any of these hard questions. You know the way the software works is you send them three separate questionnaires. Each only takes about 15 minutes. There's a financial caretaking questionnaire goes through who's their future financial caretaker? How are they currently paying bills? Does anybody else know where to get to their bills? Have they done their estate plan? Have they thought through things like pet care plans, funeral arrangements? So it takes them through this list of questions and then it prints a report. Here's where you are now, here are the holes you need to fix. And that's what the advisors get and they get to help the clients with the solution.

DR. CAROLYN  
MCCLANAHAN

And then the other one is their risk profile-- that's the tool that Chris and his team developed. Again, the advisor isn't asking any questions, but they get a report and they say it has green, yellow, or red. Green is good, and that's where 99% of your clients are going to be. Yellow means there's areas of concern. And red is really bad. Red, they'd have to be pretty bad. You already know there was a problem. But it's those yellows you really want to look out for because those are clients at risk of fraud and abuse and even more importantly, their own mistakes. That's where a lot of elderly people get in trouble. They just don't realize they can't take care of their money and make good decisions the way that they used to.

DR. CAROLYN  
MCCLANAHAN

And then the proactive aging claim goes through the driving healthcare decision making and living transitions. And it also gives people an idea of what are the costs of those transitions going to be. So if somebody wants to live in their home until they're dead and they have a high risk of Alzheimer's, that long-term care need is huge as

opposed to somebody who agrees that when they're no longer able to take care of themselves that they're willing to move to an assisted living or skilled care unit. And the nice thing about this Bill is that it is based on behavioral psychology. If you can get people to go through this thought process when they're well, it sets that pathway in their brain, so that when the bad things start happening your not having to have a fresh conversation like you did with your family member about, oh, we got to take away the keys. The persons already created this report saying, "Hey, if I'm starting to have trouble driving, I agree to get my driving evaluated." And when they see that they've documented it and agreed to it, they're actually more likely to follow through.

BILL COPPEL

Ah. That's the behavioral psychology piece.

DR. CAROLYN  
MCCLANAHAN

Yup.

BILL COPPEL

I want to go back to this theme of this sort of intersection between practicing medicine and financial planning. And one of the things I wanted to run by you was, does this intersection embrace, perhaps, this notion of skills that include empathy and communication? What are some of the other things that you see in that intersection?

DR. CAROLYN  
MCCLANAHAN

Well, basically, practicing medicine is almost the same as doing financial planning. We call it the SOAP notes in medicine. You're subjective, you're getting the patient's history. O is objective, you're doing their exam. A is the assessment, what's your diagnosis? And P is the plan, what are you going to do to take care of it? Financial advisors do the same thing. We should be getting the story of our client's lives. What their goals are. What they've done. What they haven't done. And then we pick apart their financials and that's when you look through everything. What are their investments? What are their savings? How are they spending money? Are they insured appropriately? Have they done estate plans? So that's the technical nitty-gritty you get down into and say, assessment, here's what you're doing now. And here's maybe what you should be doing. And then work collaboratively with the client to come up with a plan. How are we going to get you to where you want to be? And so going through and creating those task lists of here's what we got to fix and here's what we have to do going forward. Exact same thing, you're just taking care of money instead of health.

BILL COPPEL

And what's interesting about you said and I want to highlight this because I think it's really insightful is that, what is it you want to do? What's important to you in life. And I think often times we start with the portfolio. I like the SOAP acronym as an approach because in assessing and learning as much as you can about the people and the family-- this is the empathy side, right? --set you up to better diagnose, which could include fixing or preparing for something they'd like to have been able to do and they haven't been able to do yet. That's a neat way to think about it.

BILL COPPEL

Let me ask one final question because I want to be sensitive to your time and I again want to thank you for taking the time today. It's a question I try to ask all of our guests, sort of that one takeaway. And it's how can an advisor be more intentional about running their business in a way that leads to better personal and professional outcomes? And I want to emphasize personal because so much of what you've talked about today applies to us as financial professionals. So what's that one thing that would lead to better personal and professional outcomes in your opinion?

DR. CAROLYN  
MCCLANAHAN

Well, the number one thing I tell people over and over is, you have to take care of yourself first before you take care of anybody else to be able to do it well. And so an advisor to me needs to look inside and say, "Where am I happy, where am I not happy

with my practice?" And parsing out what it is that they want to do and what brings them joy. And it may be for them that they need to make a change in how they're doing their practice. Maybe they need to do like I did and the first thing I did was hire out the things I didn't enjoy doing. And then once you have that joy in your life and you're feeling good about what you're doing, that passion really shows through to the people you have to work with. That includes your co-workers, includes your clients, and when they see that you're having the joy and that you're enthusiastic about what you're doing, that's going to attract all sorts of goodness to you to help keep you better and keep you moving forward in a great direction so you that you're happy with your life.

BILL COPPEL

Outstanding. Thank you, Carolyn. And thank you for sharing your insights and giving me and our listeners a lot to think about. If you'd like to learn more about Carolyn's work, you can access her websites, there are two. There's [whealthcareplan](http://whealthcareplan.com), one word, [whealthcareplan.com](http://whealthcareplan.com) and [lifeplanningpartners.com](http://lifeplanningpartners.com).

DR. CAROLYN  
MCCLANAHAN

Hey, and that wealth care plan is with a WH, we incorporated wealth and health. So that's [whealthcareplan](http://whealthcareplan.com) with a WH .com.

BILL COPPEL

That's right. W-H-E-L-T-H care plan .com. Thank you for pointing that out. Once again, thank you Carolyn. Until next time, be well.

Outro

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