

The science of building wealth.™

# THE VALUE OF UNDERSTANDING MONEY PERSONALITY

**FIVE WAYS  
BEHAVIORAL ASSESSMENTS  
CAN SUPERCHARGE  
YOUR PRACTICE**



# What drives financial success?

# Money mindset.

**You guide clients to help them achieve goals.**

**Each client has a unique personality.**

**Personality impacts saving, spending, and investing decisions.**

**Shouldn't you know your client's money personality?**

You've perfected the craft of creating financial plans for your clients.

So why do some clients not follow them?

Why can't your clients ignore day-to-day market news? Why can't they meet savings goals?

At DataPoints, we know client personality can get in the way of financial success. Behavioral assessments are one of the most effective ways of understanding the unique characteristics of your clients.

When you understand client personality, you can help them avoid making spending, saving, and investing choices that could take them off the path to financial success.

This guide will share five ways to consider adding a behavioral assessment to your practice to get a clear picture of your clients' financial personalities.



# #1 UNDERSTANDING CLIENT MONEY ATTITUDES



Clients seek you out for your financial planning expertise.

Not all clients love the details of personal financial planning.

**Some clients love saving money.**

**Not all clients love the word "budgeting."**

**Some clients confuse investing with gambling.**

**Some clients value long-term investing.**

Part of a client's personality includes money-related attitudes. Imagine knowing how your clients feel about budgeting, investing, and giving to others before you onboard them.

The way you communicate with a new client during the early stages of your relationship can set the stage for client retention.

By implementing an attitudes assessment with new clients, you'll be better equipped to demonstrate empathy during conversations, especially the crucial early conversations. You will be able to tailor your communications around investing, saving, and spending in a way that will align with the client's mindset.

## Review Your Practice

What types of client attitudes do you find most challenging?

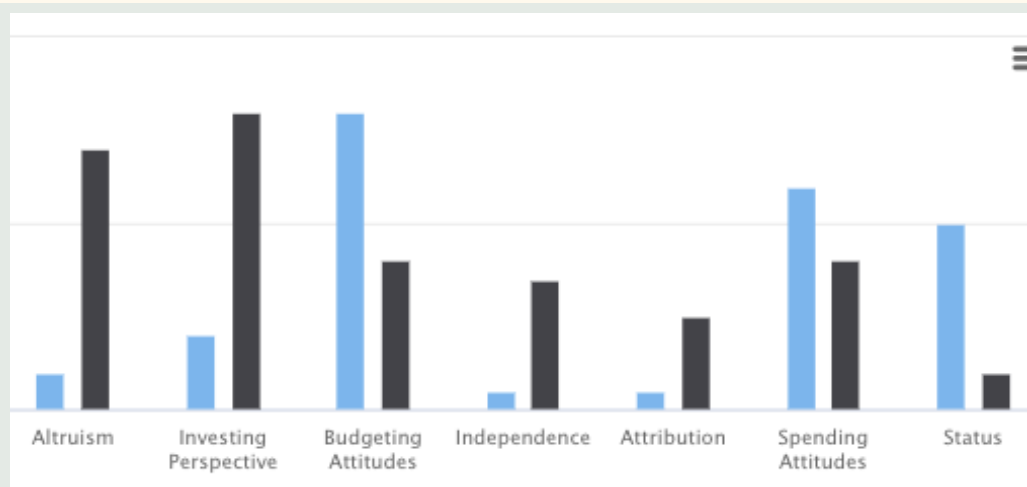
How could your communication strategy and ongoing client experience improve by understanding client attitudes?



# #2 PREP FOR MONEY (DIS)AGREEMENTS

You're onboarding a new couple into your practice.

**Imagine having profile comparisons before your first meeting?**



Getting couples on the same (money) page is critical for economic success. Households where couples are aligned on saving and spending goals tend to be more successful over time.

## Alignment is not always the norm.

Spouses may have very different perspectives on money-related matters.

As an advisor, sometimes you are caught in the middle, unprepared for disagreements that could take place before your eyes.

Behavioral assessments can help you prepare for in-depth meetings with couples.

Before your first meeting, ask each member of the household to complete a financial attitudes assessment. Compare results to determine if the couple is on the same financial page in areas like saving, spending, and investing.

## Arm yourself with profile comparisons.

Use these insights to:

1. Communicate with each individual in a way that will ensure understanding
2. Proactively address potential disagreements with empathy
3. Customize future communications to each client, especially when sharing knowledge or recommendations for avoiding pitfalls

## Review Your Practice

Consider the ways in which you prepare to meet with a couple for the first time.

What processes do you have in place to understand their congruence before the first meeting?

# ANTICIPATE BIASES TO GUIDE BETTER INVESTING DECISIONS

# #3

You work hard to create investing plans for your clients.

The problem?

Too many clients want to follow the herd, watch too much market news, and leave the plan behind at the first sign of market trouble.

**How do you help clients avoid these investing pitfalls?**

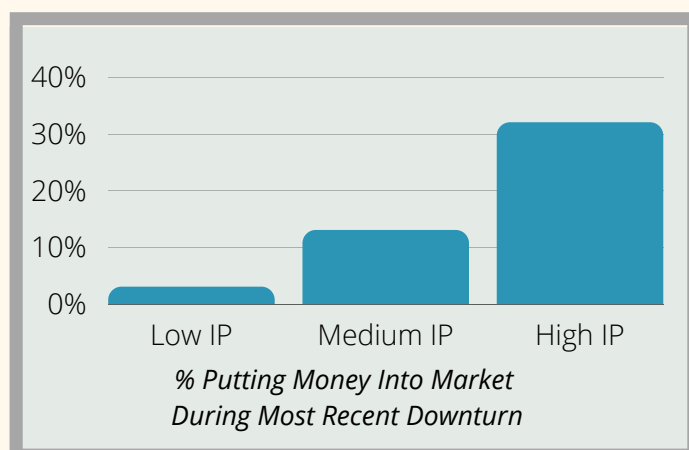
Clients have unique characteristics when it comes to investing. Understanding client personality can help you anticipate which clients may have biases in decision making.

To help clients avoid these behavioral pitfalls with their investments, first identify client personality using a carefully designed risk tolerance questionnaire (RTQ) that fully captures a client's investor profile.

## Review Your Practice

Consider the last downturn in the market. Did your RTQ predict the reactions of your clients?

Does your RTQ have a technical manual? Does it include detailed statistics that show its validity?



In a down market, clients with a certain investing mindset, measured by the Investor Profile (IP) from DataPoints, had a higher propensity to put money into the market than those with a lower score on the assessment.\*

RTQs that measure aspects of volatility composure, personality, confidence, and preference will give you a clear picture of your client's investing mindset, help you anticipate which clients may be prone to biases, and provide a roadmap to educate clients to make sound investing decisions in all market conditions.

At DataPoints, we know the right RTQ can identify the clients that are most prone to investing-related biases. When you arm yourself with this insight, you can then add value to the client relationship through your expertise and guidance.

\*Understanding Great Investors [white paper], DataPoints.

# #4 HELP CLIENTS AVOID BEHAVIORAL PITFALLS

How do you help a client who

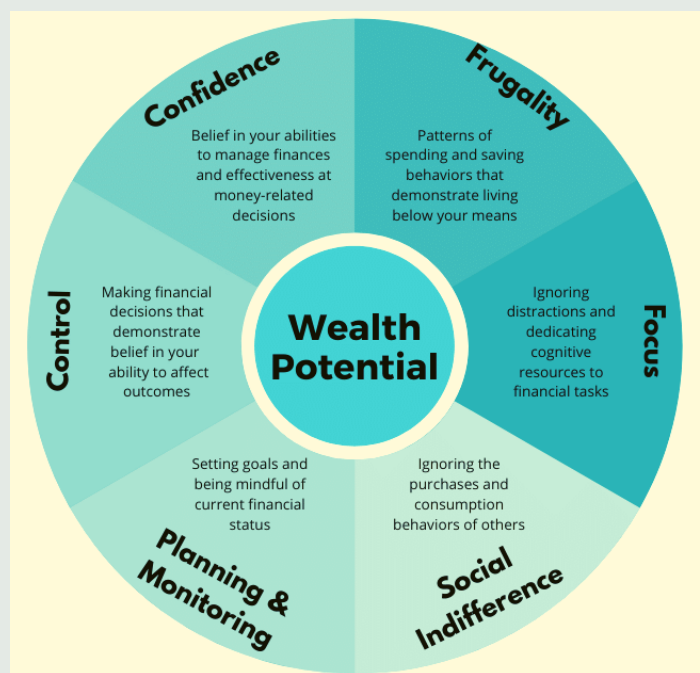
- Tries to keep up with the Joneses?
- Won't track money details?
- Misses even the smallest goals?

Putting your clients' best interests first means working to help them avoid these common behavioral pitfalls.

To help all clients avoid the pitfalls associated with achieving financial success, use a behavioral assessment that measures the competencies of wealth-building.

This type of behavioral assessment will give you a clear picture of your client's financial strengths and challenge areas. You can then help clients enhance their potential for building wealth by continually improving in each area.

Using an assessment of wealth-building strengths gives you the insight to help guide your client, and also provides the client with actionable feedback to ensure they avoid the pitfalls that could lead them off the path to financial success.



## A COMPETENCY MODEL FOR CLIENT FINANCIAL SUCCESS

Implementing the "behavioral side" into financial planning can be tough.

We created the Building Wealth assessment with a straightforward yet powerful framework to help you engage clients to improve their ability to accumulate wealth over time.

### Review Your Practice

What processes do you use to help clients avoid behavioral pitfalls in saving and spending?  
What frameworks do you use to help clients improve their wealth-building potential?

# #5

## GUIDE THE NEXT GENERATION OF MILLIONAIRES NEXT DOOR



**What does it take to help your clients build and sustain wealth?**

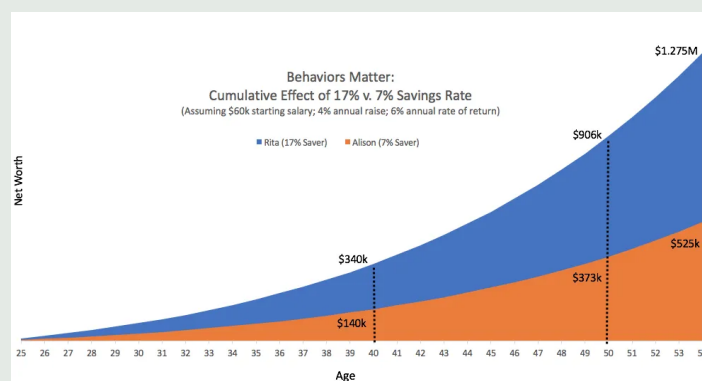
**Consider 40+ years of data.**

In the perennial bestselling book, *The Millionaire Next Door*, several key characteristics separated the prodigious accumulators of wealth ("PAWs") from under accumulators of wealth ("UAWs").

The main difference? Saving and living below their means. We know that improving the personal savings rate can dramatically improve a client's chances for financial success in the future.

Other than urging them to "save more!," how can you help your clients become the next millionaire next door?

Assess a client's financial personality. Identify areas that could prevent them from increasing savings. Build ongoing recommendations and education into your client communications to help them improve.



Clients with high Wealth potential, or higher than average scores on the [Building Wealth assessment](#) save 143% more than lower-scoring clients.\*\*

### Review Your Practice

Review how you approach the next generation of clients.

What programs, processes, and workflows do you have in place to help emerging affluent clients, heirs, and others achieve financial success?

\*\*Financial Behaviors and Wealth Potential. [white paper]. DataPoints.

# BEHAVIORAL ASSESSMENTS: REVIEW YOUR PRACTICE RECAP

## **#1 Identifying Client Attitudes**

What types of client attitudes do you find most challenging?

How could your communication strategy and ongoing client experience improve by understanding client attitudes?

## **#2 Couple Comparisons**

Consider the ways in which you prepare to meet with a couple for the first time.

What processes do you have in place to understand their congruence before the first meeting?

## **#3 Building Better Investors**

Consider the last downturn in the market.

Did your RTQ predict the reactions of your clients?

Does your RTQ have a technical manual? Does it include detailed statistics that show its validity?

## **#4 Avoiding Behavioral Pitfalls**

What processes do you use to help clients avoid behavioral pitfalls in saving and spending?

What frameworks do you use to help clients improve their wealth-building potential?

## **#5 Guiding The Next Generation**

Review how you approach the next generation of clients.

What programs, processes, and workflows do you have in place to help emerging affluent clients, heirs, and others achieve financial success?



# TRY FOR YOURSELF.

Try DataPoints free for two weeks to see the power of behavioral assessments for yourself.

Our insights provide advisors with a clear roadmap to help clients avoid the behavioral challenges to achieving financial success.

What are you waiting for?

Start your free trial today at  
[datapoints.com/start](https://datapoints.com/start).

## Mission

At DataPoints, we know human behaviors get in the way of financial success.

We've created a suite of tools for financial professionals to identify client financial personality so that clients avoid behavioral pitfalls and ultimately achieve financial success.

Learn more at [www.datapoints.com](https://www.datapoints.com).



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