Specific Elements of Communication That Affect Trust and Commitment in the Financial Planning Process

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This study used survey data from 554 planners and 128 clients of those planners to examine the relationship between specific communication tasks, communication skills, communication topics, and client trust in and commitment to their financial planner and to the financial planning process. Communication skills significantly correlated with client trust and commitment were identified, providing an empirical basis for best practices in the financial planning process. Results provide empirical support for CFP® Practice Standards relative to planner-client communication tasks and for planners taking a life planning approach to the content of planner-client discussions.

Key Words: commitment, communication, financial planning, life planning, trust

Introduction

Effective communication is vital to successful financial planning (Goetz & Bagwell, 2006; Lee, Pulvino, & Forman, 1984). Within the profession, the Certified Financial Planner Board of Standards' [CFP Board] (2006) *Topic List for CFP® Certification Examination* and *Financial Planning Practice Standards* (CFP Board, 2003) affirm the importance of communication in the financial planning process. Recent research has underscored the fundamental role of communication as an antecedent to client trust and commitment (Christiansen & DeVaney, 1998; Kirchmajer & Patterson, 2003; Sharma & Patterson, 1999). Among practitioners, a growing interest in life planning (a holistic, values-based, client-centered approach to financial planning) focuses attention on communication as a critical tool for building enduring and productive planner-client relationships. To date, however, little work has been done to identify which specific elements of communication are correlated with client trust and commitment.

The purpose of this study was to use survey data from a sample of financial planners and their clients to provide an empirical basis for identifying best practices in planner-client communication. Specifically, this research endeavored to answer these questions:

1. Is the practice of certain communication tasks and skills and the discussion of specific topics significantly and positively correlated with client trust in and commitment to their financial planner?
2. Do planners and clients have similar or dissimilar views of the specific elements of communication that affect trust and commitment?
3. Are conversations centered on life planning topics significantly and positively correlated with client trust in and commitment to their financial planner?

Relevant Literature

Publications in financial planning and related fields suggest that planner-client communication can be subdivided into communication tasks, communication skills, and communication topics. Literature related to each of these aspects of communication is discussed first. Then, recent research using service marketing models to evaluate the impact of communication on client trust and commitment is reviewed.

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Communication Tasks

The communication tasks of a financial planner are mainly outlined in the professional guidelines established by the CFP Board. The *Topic List for CFP® Certification Examination* (CFP Board, 2006) delineates the tasks that a financial planner should accomplish when initiating a professional relationship with a client. These tasks are (a) establish the client-planner relationship, (b) determine client goals and expectations, and (c) obtain information about a client's basic attitudes and characteristics. The *Practice Standards* further specify that during initial meetings the financial planner and the client should mutually define and agree upon the scope of work to be completed (CFP Board, 2003).

Planners decide the specific scope and content of these initial client conversations. Some prefer to focus on client financial and demographic data (Pullen, 2001). Others believe that stating their own values, priorities, and expectations helps a client decide if the relationship will be a good fit (Pulvino, Lee, & Pulvino, 2002). Advocates of the life planning approach gather data beyond a client's financial and demographic characteristics. Communication tasks for these planners also include gathering data on a client's personality, cultural background, values, attitudes, and beliefs about money (Anthes & Lee, 2001; Kinder, 2000; Levin, 2003; Pullen & Rizkalla, 2003; Wagner, 2000; Walker, 2004).

Communication Skills

Pulvino et al. (2002) described the "facilitative communication skills" that are essential in a financial advisory relationship. Although their work is intended to train financial counselors, the tenets of effective communication are the same in both types of financial advisory relationships (Langrehr, 1991). Both financial counselors and planners must communicate skillfully with their clients in order to define specific objectives and develop workable plans (Langrehr, 1991; Lee et al., 1984; Pulvino et al., 2002).

There are three parts to skillful communication: nonverbal, verbal, and spatial arrangement for client meetings. Deliberate, specific, and tactical use of these three elements of communication helps increase efficiency and effectiveness of the financial advisory relationship and can enhance development of trust and commitment (Pulvino et al., 2002).

Nonverbal and verbal communication skills are called "active listening skills" because by using these skills, the listener "actively engages the speaker" (Pulvino et al., 2002, p. 94). In nonverbal communication, messages are conveyed without words. Openness to an idea or unspoken emotions such as fear or anger can be evident in a client's body posture or facial expressions. A planner can convey acceptance, warmth, and interest by eye contact or leaning toward the client when listening (Pulvino et al., 2002). Acceptance fosters client openness and "form[s] the basis for developing the trust and understanding necessary for effective long term relationships" (Pulvino et al., 2002, p. 96).

Verbal communication has two components: pacing and questions. Verbal pacing is reflecting back to the client what has been heard. The client is assured that their message has been received. When a client feels accepted and understood, trust and commitment are fostered. The planner has opportunity to confirm accurate understanding of the client's statements, enhancing efficiency in the planning process. Verbal pacing can also have a calming effect and facilitate movement toward profitable resolution when clients express strong emotions (Pulvino et al., 2002).

Basic verbal pacing tactics are restating, paraphrasing, or summarizing a client's statements. Focus can be on factual content and/or the underlying emotional theme. Using words that reflect a client's learning style is an advanced verbal pacing technique. Clients typically reveal their learning style in the words used to describe their situation (Pulvino et al., 2002). Visual, auditory, and kinesthetic learners tend to use images of sight, hearing, and action, respectively. Thus, a planner would comment to a visual learner "I see what you're saying" but "I hear you" to an auditory learner. Another advanced verbal pacing tactic is using terms and language that a client understands instead of professional jargon.

A final aspect of verbal communication is the strategic use of questions. Questions can be used to encourage client openness, to clarify meaning of client statements, or to direct the gathering of important client information.

The spatial arrangement of the place in which planner-client conversations take place can enhance client comfort and encourage openness. Pulvino et al. (2002) stressed the importance of creating a place that is comfortable, nonthreatening, and private.

Communication Topics

Certainly, numbers and financial issues will be a central component of financial planner-client conversations. However, the literature indicates that discussion of other topics can be just as important. The CFP Board's (2003) *Practice Standard* 200-1 directs planners to initiate conversations about "the client's values, attitudes, expectations and time horizons as they affect the client's goals, needs and priorities" (p. 8). The rationale given for this standard is that clients' personal values and attitudes shape goals and objectives and the priority placed on them. These qualitative issues create an emotional connection to the financial plan. Lacking that, a client is unlikely to make the commitment necessary to achieve financial goals and objectives.

In addition, advocates of a life planning perspective encourage further exploration of the qualitative aspects of client's lives. Life planning is defined as

> a process of helping people focus on the true values and motivations in their lives, determining the goals and objectives they have as they see their lives develop, and using these values, motivations, goals, and objectives to guide the planning process and provide a framework for making choices and decisions in life that have financial and non-financial implications or consequences (Anthes & Lee, 2001).

Life planning is also referred to as "interior finance," "client-centered planning," or "values-based planning" (Anthes & Lee, 2001; Diliberto & Anthony, 2003; Katz, 1996; Kinder, 2000; Levin, 2003; Pullen & Rizkalla, 2003; Wagner, 2000; Walker, 2004). It is a holistic, client-centered, values-based approach to financial planning. Much attention is given to helping clients to articulate values and to ensure that those values are purposefully integrated into all aspects of the planning process. Planner-client conversations go beyond quantifying financial resources and strategizing ways to achieve financial goals. A life planning approach explicitly recognizes that the process and outcome of financial planning and the non-financial aspects of a client's life interact (Pullen, 2001). A client is viewed as a whole person with a history, a set of relationships, and attitudes and feelings. Planner-client conversations focus on subjects such as the meaning of money in a client's life and the relationship between money and the client's overall quality of life.

Support for the life planning approach is mixed. Although some planners find a holistic, values-driven approach to financial planning quite appropriate, others fear that discussing the psychological aspects of a client's life will quickly take them beyond their professional expertise (Pullen, 2001; Taylor, Bernes, Gunn, & Nixon, 2005). Taylor et al. (2005) noted that financial planners always have the professional responsibility to refer a client to other experts if the client's needs extend beyond his or her professional training. Precedent has been set by sending clients to lawyers for estate planning or to tax accountants for tax planning. Taylor et al.(2005) also recommended including a trained psychologist in the group of professionals with whom planners collaborate to meet client needs. Similarly, a planner could refer clients who have marital issues regarding finances to a licensed Marriage and Family Therapist.

Connecting Communication to Client Trust and Commitment

Interestingly, research on the impact of communication on client trust and commitment has come from marketing research rather than the financial planning profession. Financial planning services are "high credence services" (Sharma & Patterson, 1999). That is, due to the technical complexity and highly customized nature of the services, it is hard for clients to assess service quality, even after purchase and use. To maintain clients, sellers of "high credence" services must develop enduring, value-based relationships (Berry, 1983; Darby & Karni, 1973). Thus, identifying antecedents of client trust and commitment become important (Kirchmajer & Patterson, 2003; Sharma & Patterson, 1999, 2000).

Sharma and Patterson (1999) considered the impact of effective communication and perception of technical and functional quality of financial planning services on client trust and commitment. They defined communication effectiveness as "formal as well as informal sharing of meaningful and timely information between a client and adviser in an empathetic manner" (p. 158). They made a distinction between technical and functional quality. Technical quality referred to the core service or "what" the financial planner delivered to a client. It was indicated by factors such as the planner's ability to achieve the "best return" on investments or to recommend the "best" insurance options to protect a client's assets. Judgment of technical quality tends to be objective. In contrast, functional quality referred to "how" the financial planner delivered the core or technical service to a client. It was "conceptualized as the responsive, courteous, caring, and professional behaviour [sic] displayed by an adviser during the many 'moments of truth' in the course of creation and delivery of the core service" (p. 157). An important indicator of functional quality is demonstrating genuine concern for a client's circumstances. Judgment of functional quality tends to be highly subjective.

Sharman and Patterson (1999) mailed surveys to 900 financial planning clients of two medium size independent Australian financial planning firms. Usable data was obtained from 201 clients. Following data analysis, Sharma and Patterson concluded that trust and technical quality had the "largest direct effects on relationship commitment but, overall, communication effectiveness [had] by far the greatest impact due to its large indirect effects [on client trust and commitment]" (p. 162).

Sharma and Patterson (2000) also investigated the strength of association between trust, service satisfaction, and relationship commitment with the same data set. They found a stronger association between satisfaction and relationship commitment than between trust and relationship commitment. Switching costs, attractiveness of an alternative, and expectations based on prior experience moderated the relationships between relationship commitment and antecedents of trust and service satisfaction. They concluded that financial advisors should carefully nurture client relationships when the cost to switching to another advisor was low, when other alternatives were attractive, or when dealing with a client who was highly experienced in the use of financial services.

Kirchmajer and Patterson (2003) examined interpersonal communication as an antecedent of trust and of closeness. Interpersonal communication was subdivided into communication clarity, social communication, and information provision. Trust consisted of credibility trust (trust in the financial advisor's technical competence) and benevolence trust (confidence that the financial advisor will act in the client's best interest, especially in new situations where no prior agreement has been made regarding advisor actions). Analyzing survey data from 325 financial planning clients, they found communication clarity (described as listening, enthusiasm, and open and honest discussion) had the largest impact on a client's perception of a financial advisor's technical competence (credibility trust) and on closeness to a financial advisor. In addition, benevolence trust was best explained by social communication. Therefore, they concluded that interpersonal communication was vital in fostering long-term client relationships.

Christiansen and DeVaney (1998) used part of a path model developed by marketing researchers Morgan and Hunt (1994) to evaluate several antecedents to client trust and commitment in a financial planning environment. They proposed that a client's level of commitment to a planner is determined by the level of trust, relationship termination costs, relationship benefits, and shared values in the relationship. Further, trust was thought to be the result of shared values, communication, and the lack of opportunistic behavior on the part of the planner.

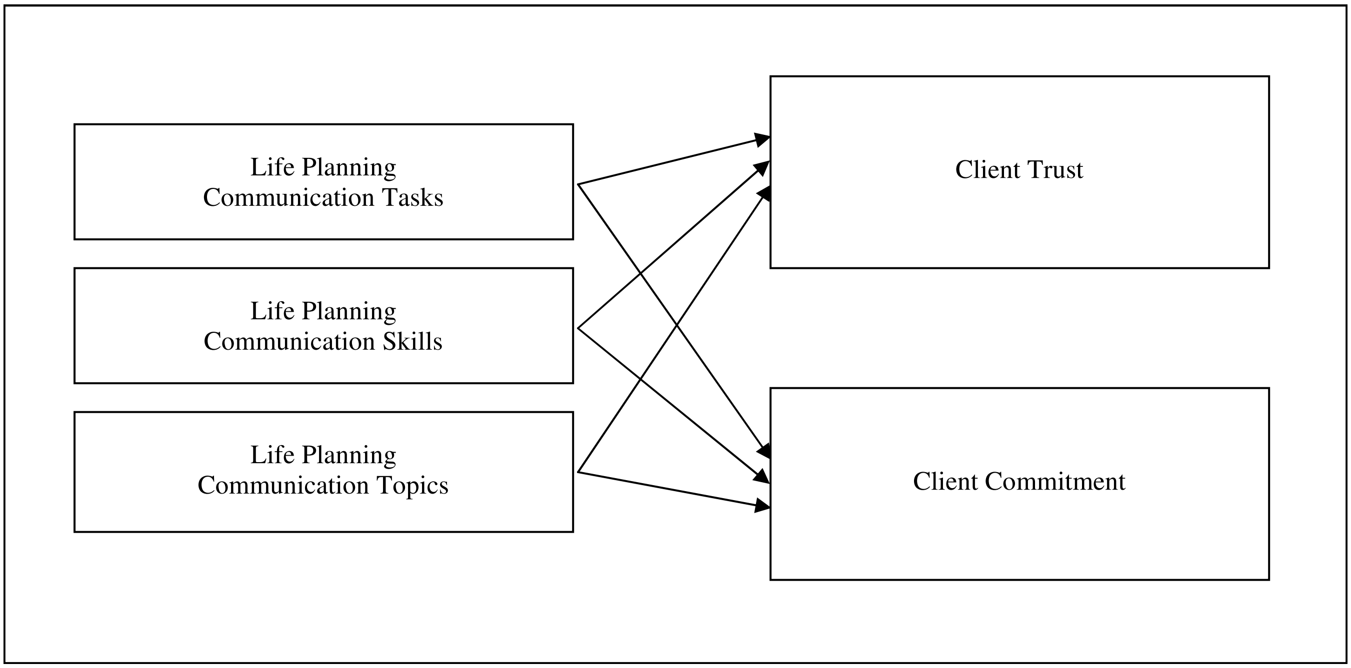
Christiansen and DeVaney (1998) contacted financial planners via several professional organizations in the United States and asked them to distribute a survey to a portion of their clients. Evaluating useable responses from 318 financial planning clients, they found that trust had the greatest impact on client commitment level, followed by communication. Path coefficients from communication to trust to commitment were relatively larger than other significant path coefficients in the model. Christiansen and DeVaney concluded that planners who were more successful at developing client relationships were also more likely to experience higher levels of commitment than planners who did not attend to the interpersonal aspects of their businesses. Thus, higher levels of commitment should lead to higher levels of client retention and more referrals.

A shortcoming of the research based on service marketing models was that communication was defined in terms of exchanging facts. No attention was given to use of specific communication skills or to the more qualitative aspects of conversations with clients.

Proposed Conceptual Model

Prior research has established a significant and positive connection between communication and client trust and commitment (Christiansen & DeVaney, 1998; Kirchmajer & Patterson, 2003; Sharma & Patterson, 1999). In this previous work, communication was largely operationalized as the exchange of factual information. Trust was considered as an antecedent of client commitment. This study extends this work in three ways. First, the professional financial planning literature is used to specify particular communication tasks, skills, and topics. Second, use of these communication tasks, skills, and topics in a life planning context is considered. Third, the direct relationship between these communication tasks, skills, and topics and client trust and client commitment is evaluated. Figure 1 illustrates the conceptual model used in this

Figure 1. Model of the Relationship Between Specific Elements of Communication and Client Trust and Commitment



study. Another contribution of this study is that congruence between planner and client perspectives is evaluated.

Three hypotheses were proposed:

- H1: Completion of (a) specific communication tasks, (b) practice of tactical communication skills, and (c) discussion of particular communication topics is positively and significantly correlated with client trust in and client commitment to his or her financial planner.
- H2: Planner and client perspectives of the specific elements of communication that engender client trust in and commitment to his or her financial planner are congruent.
- H3: Discussion of topics associated with a life planning perspective and approach are positively and significantly correlated with client trust in and client commitment to his or her financial planner.

Questionnaire Development

Survey items were developed to measure communication tasks, skills, and topics; trust; commitment; and planner and client characteristics. Question content was based on financial planning practice standards (CFP Board, 2003, 2006), instructional material on facilitative communication skills (Pulvino et al., 2002), prior research on antecedents of client trust and commitment (Christiansen, 1998; Sharman & Patterson, 1999), and the professional expertise of life planning practitioners and coaches.

In general, the planner questionnaire mirrored the questionnaire administered to clients. For example, clients used a 6-point Likert scale anchored at *strongly disagree* to *strongly agree* to respond to the statement "I am very committed to maintaining a relationship with my financial planner." Planners were asked to indicate on a similar scale a response to the statement "My clients are very committed to maintaining a relationship with me." This questionnaire structure allowed assessment of congruence between planner and client perspectives. Demographic information was gathered from each group. Planners were asked questions specifically related to their professional practice. Pilot study results were used to adjust question wording as necessary.

Survey Dissemination and Sample Sizes

As co-sponsors of this study, the Financial Planning Association (FPA), a national professional association, sent an electronic mail message on February 2, 2006, to a national random sample of their membership that included a link to the Internet-based survey. Financial planners who completed the survey were asked to invite up to 15 of their clients to participate in the client portion of the survey. This approach to reaching clients was similar to that used by Sharma and Patterson (1999) and Christiansen and

DeVaney (1998). Those that indicated a willingness to ask their clients to complete the survey were sent an email to forward to their clients that contained a link to the client survey. There were 554 planner responses and 128 client responses. Response rate for planners was 11.08%.[1]

Variable Measurement

Measurement of Dependent Variables: Trust and Commitment

Trust was defined as "the belief that the financial planner can be relied on to behave in such a manner that the long term interests of the client will be served" (adapted from Crosby, Evans, & Cowles, 1990; Sharma & Patterson, 1999). Commitment was defined as "the intent and assurance of a financial planning client, implicitly and explicitly expressed, to have on ongoing relationship with his or her current financial planner" (adapted from Morgan & Hunt, 1994; Sharma & Patterson, 1999).

Following Christiansen and DeVaney (1998) and Sharma and Patterson (1999), Cronbach's alpha was used to develop four additive scales that measured trust and commitment from planner and client perspectives (Hatcher & Stepanski, 2001). For each scale, higher values indicated higher levels of trust or commitment from the perspective of planners or clients. Survey items for trust and commitment were largely drawn from Sharma and Patterson (1999). These items and the statistical analysis used to create each of the four scales are reported in the Appendix.

Measurement of Independent Variables

Professional practice standards, instruction in facilitative communication skills, prior research, and expertise of life planning practioners and coaches guided item development. Measures of communication tasks focused on specifying the scope of engagement, collecting quantitative and qualitative client data, and explicitly aligning recommendations to the client's values, goals, needs, and priorities as defined in *Financial Planning Practice Standards* (CFP Board, 2003). Communication skill measures were specifications of Pulvino et al.'s (2002) facilitative communication skills. Measures of communication topics were developed from professional practice standards and the life planning literature.

A 6-point Likert scale anchored at *strongly disagree* and *strongly agree* was used for response to questions regarding trust, commitment, and communication tasks and topics. A 5-point Likert scale anchored at *never* and *always* was used for responses to questions about communication skills.[2]

Empirical Analysis

Analysis of the scaled dependent variables using Proc Univariate in SAS indicated that the trust and commitment measures were highly skewed toward the high end of the distribution. This skewness precluded use of the parametric multivariate analyses used in prior research on the antecedents of client trust and commitment. Consequently, a nonparametric method had to be used for data analysis. Spearman correlation was selected because it could emulate the Pearson product moment correlation in determining the sign and significance of correlations of interest to this study but with fewer restrictions on the character of the data used (Hatcher & Stepanski, 2001).

Results and Discussion

Planner Characteristics

In general, planner respondents were well educated, seasoned professionals (see Table 1). Almost half (48.9%) had a bachelor's degree; about a third (35.4%) had a master's degree. Over half (54.8%) were aged 46 to 65. Close to three quarters (72.5%) of planner respondents were male. One third (33.0%) reported being a financial planner for 15 years or more.

Virtually all planner respondents (99.0%) were CFP® practioners. Additional professional designations varied. Almost half were Registered Investment Advisors (49.0%) or worked in a firm that was a Registered Investment Advisor (81.0%). About 1 in 5 was a Chartered Life Underwriter (CLU) (22.0%), a Chartered Financial Consultant (ChFC) (23.0%), or a Certified Public Accountant (CPA) (19.0%). Five percent had a law degree, and another 6% held a Personal Financial Specialist (PFS) designation.

About a fourth (27.1%) held the CFP® designation for 3-5 years; 15.5 % had held it for 15 years or more. Almost 6 in 10 (56.9%) had completed their CFP® education in a self-study or on-line course. Because this mode of education usually does not include communication training, it was interesting that 34.5% said it was important to have training in client communication skills, whereas 47.0% said it was very important. Almost 4 in 10 (36.9%) said it was important to have training in life planning; 37.5% said it was very important. Close to two thirds (63.8%) reported having some continuing education during the past 2 years in either communication or life planning skills.

Table 1. Planner Demographic and Professional Characteristics

Variables	%
Demographic characteristics	
Education level	
High school	0.2
Some college	8.3
Bachelor's degree	48.9
Master's degree	35.4
Doctorate degree	4.2
Other	3.0
Age	
< 35	12.5
35-45	29.2
46-55	36.4
56-65	18.4
> 65	3.4
Gender	
Male	72.5
Female	27.5
Professional history	
How long have you worked as a financial planner?	
< 1 year	0.6
1-2 years	3.4
3-5 years	21.3
6-9 years	23.9
10-14 years	17.9
15 years or more	33.0
Professional designations held (can check more than one)	
Certified Financial Planner™, CFP® Certificant	99.0
Registered Investment Advisor	49.0
Part of a firm that is a Registered Investment Advisor	81.0
Chartered Life Underwriter, CLU	22.0
Chartered Financial Consultant, ChFC	23.0
Personal Financial Specialist, PFS	6.0
Certified Public Accountant, CPA	19.0
Lawyer, JD	5.0
Other	56.0
How long have you held the CFP® designation?	
Not a CFP® certificant	2.1
< 1 year	13.0
1 – 2 years	20.0
3 – 5 years	27.1
6 – 9 years	11.8
10 – 14 years	10.5
15 years or more	15.5

Variables	%
Professional history	
How did you complete the education required for the CFP® exam? (Check all that apply)	
Did not complete education for CFP® designation	2.8
Self-study course/on-line	56.9
Adult education program	4.5
Certificate program	24.6
Classes at college or university	22.9
College major or minor	1.9
Other	9.1
How important is it to you to have training in client communication skills?	
Not at all important	2.8
Somewhat important	15.7
Important	34.5
Very important	47.0
How important is it to you to have training in life planning?	
Not at all important	3.0
Somewhat important	22.6
Important	36.9
Very important	37.5
Topic areas completed continuing education in last 2 years (can check more than one)	
Insurance	93.0
Investment	98.4
Tax planning	86.5
Retirement planning	95.8
Estate planning	92.7
Client communication skills/life planning	63.8
Ethics	96.2
None of the above	8.6
Number of clients served	
50 or fewer	28.8
51-100	22.2
101-200	22.8
201-300	9.6
301 or more	16.4
Total assets under management (AUM)	
None	6.9
< $3 million	9.9
$3 million - $10 million	16.9
$11 million - $25 million	19.5
$26 million - $50 million	15.8
$51 million - $100 million	13.5
$100 million - $250 million	9.9
> $250 million	7.7

Table 1 (continued). Planner Demographic and Professional Characteristics

Variables	%
Professional history	
Compensation (could check more than one)	
Fee, retainer	20.7
Fee, hourly	27.4
Fee, project	26.1
Commission	22.5
Fee and commission	37.5
Percentage of assets under management	45.1
Other	3.4

Client base of the planners tended to be relatively small. Close to three fourths (73.8%) had 200 clients or less. A little over one fourth of the planner respondents (28.8%) had 50 or fewer clients, 22.2% had 51 to 100, and 22.8% had between 101 to 200. Over half (52.5%) had assets under management (AUM) between $3 and $50 million. About half of the planners in the survey (45.1%) used percentage of AUM as a basis for their compensation.

Client Characteristics

Clients responding to the survey were middle-aged or older: 56.1% were age 46-65 and 25.4% were over age 65 (see Table 2). The majority were male (68.1%), married (83.3%), and well educated. About two thirds had a bachelor's degree (33.3%) or a master's degree (30.7%). About a fifth of client respondents (16.7%) had a Ph.D.

Many of those responding (36.8%) were retired. Twenty-two percent were professionals; 19.3% were executives or managers. The annual income of most clients was between $50,000 to $100,000 (30.0%) or $100,001 to $150,000 (24.5%).

These were loyal clients. Over half (58.8%) had not worked with any other planner in the past 5 years: 24.3% had worked with their current planner for 3-5 years; 39.2% had worked with their current planner for more than 5 years.

Communication Tasks: What Mattered

Overall, findings related to communication tasks reported in Table 3 supported the hypothesis (H1a) that completion of specific tasks was positively and significantly correlated with client trust and commitment. Consistent with the CFP Board (2003) *Practice Standards*, mutual definition of the scope of work prior to service delivery was positively and

Table 2. Client Demographic Characteristics

Demographic characteristics	%
Age	
< 35	5.2
35-45	13.1
46-55	30.7
56-65	25.4
> 65	25.4
Gender	
Male	68.1
Female	31.8
Marital status	
Single	3.5
Married	83.3
Divorced	5.2
Widowed	6.1
Other	1.7
Education level	
High school	2.6
Some college	14.9
Bachelor's degree	33.3
Master's degree	30.7
Doctorate degree	16.7
Other	1.7
Current occupation	
Executive, manager	19.3
Professional	22.8
Business owner	6.1
Government	2.6
Education	2.6
Retired	36.8
Other	9.6
Total annual household income before taxes	
Under $50,000	10.9
$50,000-100,000	30.0
$100,001-150,000	24.5
$150,001-200,000	13.6
$200,001-500,000	15.4
$500,001-1,000,000	4.5
More than $1,000,000	0.9
Number of financial planners worked with or consulted in the last 5 years NOT including your current financial planner	
0	58.8
1	27.2
2	12.3
3 or more	1.8
How long worked with current financial planner	
Under 1 year	16.5
1-2 years	20.0
3-5 years	24.3
6-9 years	17.4
10-14 years	18.3
15 years or more	3.5

significantly associated with trust and commitment from the perspective of planner and client.

Other positive and significant items aligned with both the CFP Board (2003) *Practice Standards* and the life planning perspective for planners and clients (supporting H2 and H3). These items were (a) having a systematic process in place to help clients to clarify values and priorities and to identify meaningful personal and financial goals and objectives; and (b) explaining to clients how specific financial planning recommendations align with and support their personal and financial goals, needs, and priorities. Interestingly, having a planner tell a client his or her values, priorities, and expectations so the client can evaluate the relationship fit was significantly and positively related to trust and commitment from both planner and client perspectives.

Planners and clients differed on some items, however. This lack of congruence on all items tested reduced support for H2. Having a financial planner communicate to a client that it is very important to link the financial recommendations to the client's personal goals, needs, and priorities was positively and significantly associated with client trust and commitment from the planner perspective and with commitment only from the client perspective. A similar outcome was observed for having the planner help the client identify meaningful personal and financial goals and objectives.

Table 3. Results of Spearman Correlation Between Specific Communication Tasks and Trust and Commitment, for Planners and for Clients

Communication tasks	Planners		Clients	
	Trust	Commitment	Trust	Commitment
Before providing service, financial planner (FP) has an accurate idea of scope of task client wants done	.24**	.24**	.28**	.37**
Before providing service, FP and client mutually define and agree on scope of work	.26**	.30**	.18*	.37**
FP communicates his/her values, priorities, and expectations so client can decide if relationship would be a good fit	.23**	.34**	.25**	.45**
FP communicates to client that it is very important to link his/her recommendations to client's personal goals, needs, and priorities	.18**	.25**	NS	.35**
FP investigates client's				
cultural expectations or biases	NS	NS	NS	.33**
personality type/traits	NS	NS	.26**	.39**
spending patterns	NS	NS	NS	NS
attitudes and beliefs about money	NS	NS	NS	NS
family history and values	NS	NS	.19*	.21*
FP gathers more than demographic and financial data from client	NS	NS	.23	.22
FP uses a systematic process to help client clarify their values and priorities	.14**	.17**	.19*	.45**
FP helps client identify meaningful personal and financial goals and objectives	.20**	.24**	NS	.53**
Believe that it is FP's job to uncover client's values, priorities, attitudes, and beliefs	.13**	.19**	.20*	.37**
FP gave client financial advice that is consistent with client's values, goals, needs, and priorities	.29**	.31**	.36**	.56**
FP explained to clients how their financial planning recommendations align with and support client's personal and financial goals, needs, and priorities	.26**	.21**	.34**	.39**

Note. NS indicates not significant.
*$p < .05$. **$p < .01$.

Planner inquiries regarding a client's spending patterns or attitudes and beliefs about money were not related to client trust or commitment for either planners or clients. Interestingly, other aspects of "interior finance" mattered from a client perspective but not from a planner perspective. These items included inquiry about client's personality type/traits, family history and values, or cultural expectations or biases that might color a client's view or use of money.

Communication Skills: What Mattered

Results for about a third of the specific communication skills supported our hypothesis (H1b) that a positive and significant correlation would be found between practice of communication skills and client trust and commitment from planner and client perspectives (see Table 4). Significant and positive correlates of client trust and commitment for both planners and clients included (a) making eye contact, observing body language, and taking notes (nonverbal communication skills); (b) pacing client language and his or her level of understanding; (c) asking strategic questions to encourage client disclosure and verify client understanding; (d) facilitating difficult conversations about money (verbal communication skills); and (e) strategically arranging office space to facilitate open, comfortable atmosphere (spatial aspects of communication).

Table 4. Results of Spearman Correlation Between Specific Communication Skills and Trust and Commitment, for Planners and for Clients

Communication skills	Planner		Client	
	Trust	Commitment	Trust	Commitment
FP communicates recommendations to client using terms and language that client can understand	.25**	.31**	.35**	.44**
FP asks client questions to be sure client understands FP's recommendations	.18**	.21**	.41**	.54**
Easy to engage in conversation with FP	.24**	.27**	.41**	.54**
FP comfortable with client expression of strong emotions	NS	NS	.34**	.33**
FP asks thoughtful questions that allow client to open up	.23**	.26**	.42**	.57**
FP facilitates communication between client's spouse/partner and client regarding sensitive financial issues	.21**	.22**	.27*	.42**
FP watches client body language to help FP understand client	.13**	.14**	NS	.26*
FP maintains eye contact with client	.15	.29	.28	.36
FP leans toward client when client talks	NS	NS	.27**	.23*
FP does not answer phone or deal with other business during a client meeting	NS	.11*	NS	NS
FP does not multitask while listening to client talk	NS	.08*	.09**	NS
FP restates or paraphrases the factual content of client conversation	.11***	.18***	NS	.30**
FP restates or paraphrases the emotional themes of client conversation	.09*	.15**	NS	.24*
FP takes notes on what client says during a meeting	.09*	.16**	.34*	*NS*
FP does not allow others to enter or exit office during client visit	NS	.09	NS	NS
FP withholds judgment on what client says	NS	NS	NS	NS
FP uses strategic questions to gather important information about client	.14**	.17**	NS	.28**
FP strategically rearranges office furniture to create open, comfortable atmosphere	.20**	.26**	.37**	.29**
FP deliberately uses client's preferred learning style when communicating with client	.11*	.10*	NS	NS

Note. NS indicates not significant.
*$p < .05$. **$p < .01$. ***$p < .001$.

Table 5. Results of Spearman Correlation Between Specific Communication Topics and Trust and Commitment, for Planners and for Clients

Communication topics	Planner		Client	
	Trust	Commitment	Trust	Commitment
Quality of life issues	.15**	.12**	.33**	.26**
Financial information	.37**	.42**	.34**	.32**
Client's personal goals, needs, and priorities	.35**	.40**	.39**	.55**
What client values most in life	.35*	.38**	.25**	.58**
Wide variety of client's personal issues	.24**	.30**	.24**	.52**
Wide variety of client's financial issues	.27**	.33**	.29**	.56**
FP keeps in contact with client to see if life changes alter client's financial plan	.19**	.37**	.35**	.62**
FP keeps client well informed about investment performance, especially when the market is down	.25**	.38**	.35**	.44**
FP explains pros and cons of recommended investments	.30**	.26**	.29**	.44**
FP gives as much information as client desires about financial matters	.24**	.27**	.34**	.45**
Clients expect a holistic or "life planning" component to FP practice	.14**	.19**	.31**	.47**
Consideration of all areas of life when creating a client's financial plan	.23**	.28**	.24*	.42**

*$p < .05$. **$p < .01$.

Communication skills that influenced client trust and commitment from the client perspective but not from the planner perspective included the planner's comfort with the client expressing strong emotions and the planner leaning toward the client when listening. Conversely, deliberate use of a client's preferred learning style was positively and significantly correlated with client trust and commitment from a planner perspective but not from a client perspective.

Results for other communication skills were mixed. Forgoing phone calls and other business and not multitasking during a client meeting were not significant factors for client commitment from a client perspective, but they were positively and significantly correlated with the other dependent variables. Restatement of factual and emotional content of client conversations and use of strategic questions to gather important client information were not significant factors for client trust from a client perspective but were positively and significantly correlated with the other dependent variables. Withholding judgment on client statements and not allowing others in the office during a client visit were not significant factors from the client or planner perspective.

Communication Topics: What Mattered

Interestingly, planners and clients appeared to agree completely regarding the topics that engendered trust and commitment, supporting H1c and H2 (see Table 5). Supporting H3, conversations centered on life planning topics, such as client values and quality of life, were significantly and positively associated with client trust and commitment from planner and client perspectives. Parallel to Sharma and Patterson's (1999) assessments of communication effectiveness, providing sufficient information about financial matters, explaining pros and cons of recommended investments, taking initiative to contact clients to learn about life changes, or discussing investment performance especially in down markets were all positive and significant factors in engendering trust and commitment from planner and client perspectives.

Limitations

Planners recruited for this study were all members of FPA. Members may differ in important ways from nonmembers, biasing the sample results. For example, members might be more open to the concept of client communication, how to build value in the planner-client relationship, and the use of the life planning approach to deliver financial planning services because these topics are frequently discussed at FPA's professional meetings and in their publications.

The number of client respondents was disappointingly small. Much effort was made to clearly explain the research procedure and to assure potential participants that responses would be strictly confidential. Still, comments made on the pilot survey suggested that confidentiality remained a concern for some. Likely this concern reduced the number of invitations extended to clients and the number of client responses.

Because clients were contacted indirectly, it is not possible to know on what basis planners selected clients. Invitations may have only been extended to clients with whom a planner had a good working relationship. The extent to which the clients receiving and accepting an invitation to participate were representative of the clientele of planners who did not participate in this research is also unknown.

Another limitation previously mentioned in the methodology was the skewness of the dependent variable scales. This skewness precluded the use of parametric multivariate tests that could assess the degree of influence of the independent variables (elements of communication) on the dependent variables (trust and commitment).

Conclusion

In financial planning, effective communication is about more than money. Therefore, financial planners need to be equipped to successfully navigate both the emotional and rational realms that influence financial decisions and behaviors. The findings of this study contribute to both the art of developing successful planner-client relationships and the science of creating "best practices" in the financial planning profession.

This study found that specific communication tasks, skills, and topics that integrate the qualitative realm into financial conversations are positively and significantly correlated with client trust and commitment. Also, at least for the planners and clients in this survey, there were relatively few differences in the correlates of trust and commitment when planner responses were compared with client responses.

Current interest in life planning topics and training by financial planners and their professional organizations appears warranted and worthy of continuing attention and support. Findings of this research provide empirical support for the CFP Board of Standards' (2003) heuristic practice standards related to client communication. The results can also provide guidance for those developing continuing education programs on the communication skills needed by financial planners.

Expanding the view of communication from exchange of facts to specific tasks, skills, and topics contributes to the body of knowledge on planner-client relationship building. In this expanded view, the specific elements of communication that contribute to building trust and commitment in the planner-client relationship can be identified.

Future research on planner-client relationship should survey more diverse planner and client populations. Additional elements of communication such as conflict resolution should be investigated. Alternative research methods should be used to identify the communication tasks, skills, and topics that are the most highly effective in developing client trust and commitment.

Implications

This exploratory study was the first attempt to specify components of communication in financial planning practice and to link those components to important outcomes of planner-client interaction. In general, findings supported the proposition that planners can act in ways that engender client trust and commitment. Considerable support was also found in this study for the value of a life planning approach in planner-client interactions.

The areas of disconnect in the perceptions of planners and clients, which were identified in this study, could point to missed opportunities for planners. For example, discussion of cultural biases, personality type, and family history and values were significant factors for clients but not for planners. Perhaps these are conversations that planners should pay more attention to and ensure they have with clients.

It is interesting to note that about half of the planners in the survey had completed their financial planning education on-line and not with a format supportive of training in developing relationships. Perhaps recognizing this limitation, about two thirds of the planners had completed continuing education in client communication skills and life planning. Close to half of the group stated that it was very important to have training in communication skills, whereas nearly a third indicated it was very important to have training in life planning. Evidently, many of the planners in this study recognize the importance of communication.

Results of this study have several important implications for the financial planning profession. First, a unique contribution was the opportunity to observe the extent to which the financial planner's perspective of a client's position on various matters matched the report that clients gave of their own views. In this study, planners and clients were largely in agreement regarding the aspects of communication that engendered trust and commitment. Differences between planner and client perspectives may indicate aspects of communication to which planners need to give greater attention.

Second, results of this study affirm that communication in financial planning is a multifaceted construct. Client trust and commitment are tied not just to the collection of objective financial facts but also to the efforts planners make to understand the context of a client's life and the subjectivity that often surrounds value-based decisions about money.

Third, the proposition that incorporating a holistic or life planning perspective into the financial planning process contributes positively to the planner-client relationship was supported. Planner-client conversations benefit from discussions of client values and quality of life issues. Using a life planning perspective, the planner's role shifts from maximizing a client's investment return to helping the client utilize financial resources to construct a meaningful life. Client retention may be encouraged by the practice of the life planning communication tasks, skills, and topics associated with client trust and commitment. If so, planners and clients both benefit because most financial plans take time to come to fruition.

Finally, as financial planning develops as a profession, research is important in identifying best practices. Empirical support was found for CFP Board (2003) *Practice Standards* regarding planner-client communication. This empirical support for specific communication tasks, skills, and topics contributing significantly to trust and commitment provides direction for financial advisors who wish to improve their client relationships. It also gives guidance for those developing education and training programs centered on best practices for financial planners.

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Endnotes

[1]It was not possible to calculate the client response rate because planners did not report the number of clients that they had invited to participate.

[2]The specific items used to measure communication tasks, skills, and topics are listed in Tables 3, 4, and 5.

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Appendix
Construction of Scale Measures of Trust and Commitment

Construct	Measurement Items (Anchors: *Strongly Disagree/Strongly Agree*)
CTRUST[1]	1. I have confidence in my financial planner's integrity
	2. I have confidence in my financial planner's skills and expertise
	3. I can rely on my financial planner to follow through on his/her commitments
	4. I trust my financial planner
	5. I view my financial planner as a sincere person
PTRUST	1. My clients have confidence in my integrity
	2. My clients have confidence in my financial skills and expertise
	3. My clients can rely on me to follow through with my commitments
	4. My clients trust me
	5. My clients view me as a sincere person
CCOMMIT	1. I am very committed to maintaining a relationship with my financial planner
	2. I intend to stay with my financial planner indefinitely
	3. I have a strong sense of loyalty towards my financial planner
	4. I could be persuaded to transfer to a different financial planner*
	5. I put maximum effort into maintaining my relationship with my present financial planner
	6. My financial planner is my primary advisor
	7. I have no interest in transferring to a different financial planner
PCOMMIT	1. My clients are very committed to maintaining a relationship with me
	2. My clients intend to retain me as their financial planner indefinitely
	3. I believe my clients are loyal to me
	4. I am my client's primary financial advisor
	5. I am confident that my clients have no interest in transferring to a different planner

*Reverse coded
[1]CTRUST: client trust in their financial planner from the client's perspective
PTRUST: client trust in their financial planner from the planner's perspective
CCOMMIT: commitment by the client to their financial planner from the client's perspective
PCOMMIT: commitment by the client to their financial planner from the planner's perspective

Results of Reliability Analysis

Construct	ITEM	Cronbach's Alpha	Item to Total Correlation
Client Trust in Planner	CTRUST1	.93	.87
	CTRUST2		.79
	CTRUST3		.75
	CTRUST4		.87
	CTRUST5		.86
Planner Perception of Client Trust	PTRUST1	.89	.77
	PTRUST2		.68
	PTRUST3		.61
	PTRUST4		.78
	PTRUST5		.73

Appendix (continued)
Construction of Scale Measures of Trust and Commitment

Results of Reliability Analysis (continued)

Construct	ITEM	Cronbach's Alpha	Item to Total Correlation
Client Commitment to Planner	CCOMMIT1	.87	.77
	CCOMMIT2		.37
	CCOMMIT3		.74
	CCOMMIT4		.59
	CCOMMIT5		.64
	CCOMMIT6		.59
	CCOMMIT7		.57
Planner Perception of Client Commitment	PCOMMIT1	.84	.67
	PCOMMIT2		.69
	PCOMMIT3		.67
	PCOMMIT4		.64
	PCOMMIT5		.61