

## MDRT CORNER

# 3-D Wealth

Look at your client's wealth in a whole new way and both of you will benefit.

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**F**or over 30 years, I thought that I was doing a good job as an advisor. I was a top producer and an educated professional with the respect of my family, peers and clients. But then I became aware of a subtle change in what my clients were saying. The traditional financial solutions that I was providing were not hitting the mark. And while I started with the objective of being the problem solver, I realized that I was actually part of the problem. Here's why.

Research in the book *Philanthropy Heirs and Values* indicates that 70 percent of transition plans fail because more time is spent on planning the transition of the family assets than on the transition of the family. In short, the money transitioned well, but the families did not. That was it. I was so focused on the "money plans" that I had missed the bigger picture.

## A new definition of wealth

It was time to help clients not only with their financial wealth but their personal and social wealth as well. So we redefined total wealth to include tangible and intangible assets.

Tangible assets are those that are wrapped in dollar signs. You can graph them, chart them and quantify them. We place a value on them, so we insure them—our cars, our boats and our lives—to protect and preserve them. But what about intangible assets? What value do they have? Think about a client's passions and values. What about his convictions and beliefs? How about his wisdom and knowledge? What value do they have? This is the wealth that comes from the heart, soul and mind. So my new definition of net worth has become: "What difference have I made?"

## A new stage of planning

The ultimate objective is to help our clients address all three dimensions of their wealth: financial, personal and social. We do this by entering a new stage in the planning process. Let's review Diefendorf's Hierarchy of Planning from the bottom up.

**STAGE 1—FRAGMENTATION.** This is the natural result of an individual beginning to accumulate financial assets such

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as IRAs, real estate, insurance and investments. Typically, financial salespeople sell these products to individuals. There's not much thought put into how these items relate to one another.

**STAGE 2—SEGMENTATION.** After realizing that a fragmented approach is not an efficient manner of handling wealth, an individual determines that he needs professional advice. So he hires an accountant, a lawyer and an investment advisor, etc. All too often, however, the advisors are acting independently, leaving the individual to pull the pieces into a comprehensive plan.

**STAGE 3—INTEGRATION.** Comprehensive financial planning is the integration of all of the financial products and financial disciplines into a well-designed strategic plan. Integration is a combination of parts or objects that work together

well. This has been the ultimate goal of the financial planner and his client. But there is more to planning than simply addressing someone's finances. A new dimension has evolved.

**STAGE 4—SYNCHRONIZATION.** To truly help clients with their total wealth planning, a new way of advising and a new kind of advisor are necessary. This advisor must understand how to counsel clients through life's transitions. An advisor can no longer be concerned about simply helping his client pass on valuables; instead, he must be equipped to help his client pass on his values. Personal wealth—a client's values and beliefs—will become part of the total wealth plan. And leaving a legacy will go beyond someone's last will and testament. An advisor will use the concept of philanthropy to help clients leave a legacy of social wealth.

Total wealth comes in three dimensions: financial, personal and social. It is only when we reach this final planning stage that a life of success can be transformed into a life of significance. **■**

This is an edited version of a much longer speech given at the 2007 MDRT annual meeting. For more information, go to [www.mdrt.org](http://www.mdrt.org). Used with permission, all rights reserved.

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