

Two Sides of Money

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“Both sides are equally important and complex. . . but it’s the personal side that drives decision-making” – Susan Bradley

I was introduced to the concept of two sides of money by Susan Bradley of the Financial Transitionist Institute. The FTI is a professional education and advocacy organization that offers the Certified Financial Transitionist (CeFT[®]) designation for advisors, which I attained in 2019. A CeFT is defined as a “professional with an established career in the financial services industry who recognizes the importance and the power of the personal side of money and the unique challenges of transitions.” The two sides of money are the Technical and the Personal.

The Technical side is one that consumers of the wealth management and financial planning industry are very familiar with. This would include all the analysis, strategy, calculations, financial plans, alpha, beta, ratios, etc. This is a CRITICAL part of financial advice and money

management.

The Personal side includes our emotions, relationships, upbringing, self-esteem, hopes, dreams, and biases. Logic, evidence, and analysis are not primarily how human beings make decisions. We make decisions based upon how we FEEL.

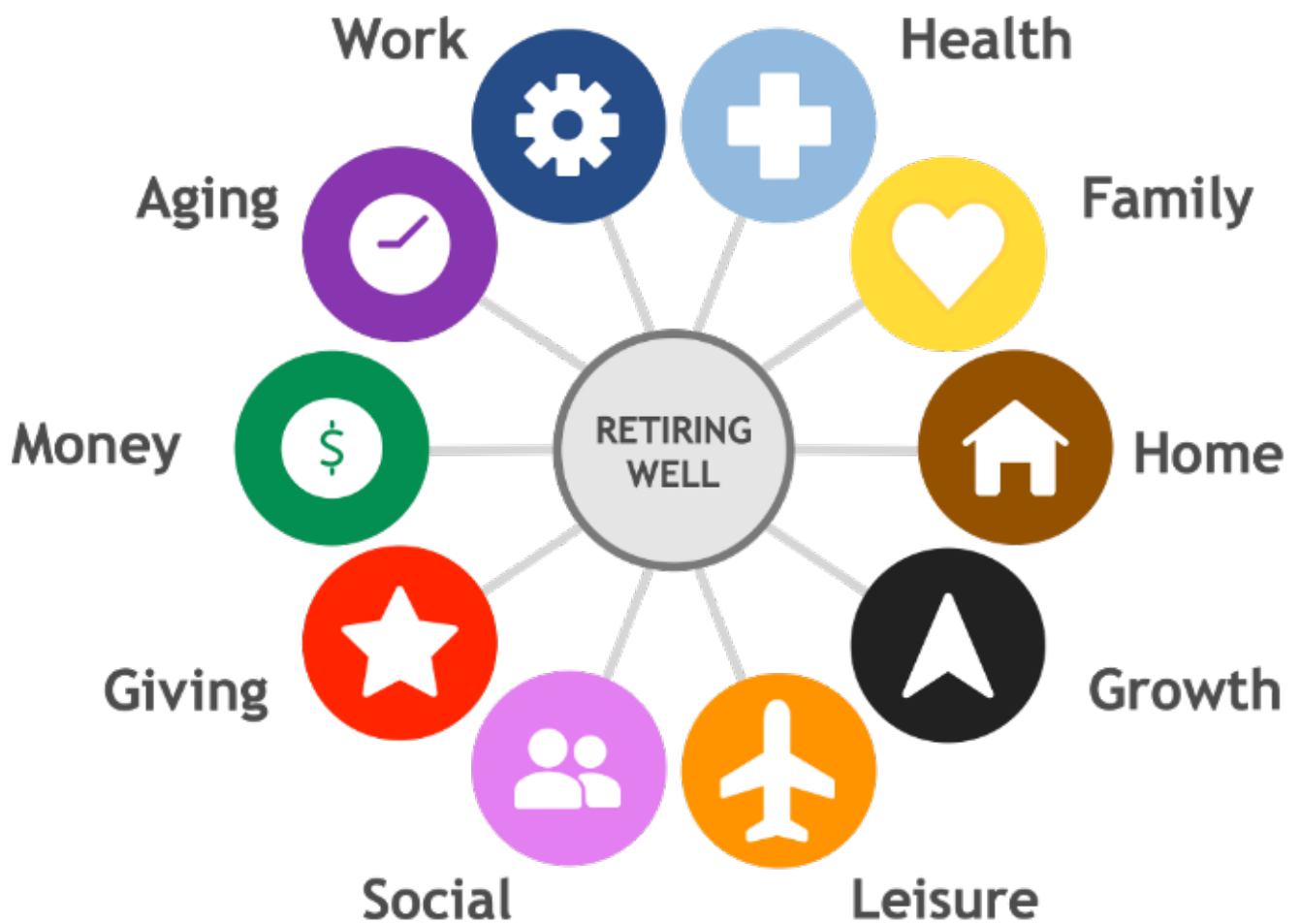
So, why is this concept important when planning for retirement?

Between the ages of 50-75, people will experience in-between 5-15 major life transitions. These include empty nest, becoming a grandparent, sale of a business, relocation, liquidity event, retirement, loss of a parent, loss of a spouse, etc. These life transitions can be both positive and negative, but change creates stress. Stress can have a negative impact on your emotional state and cognitive decision-making before, during and after a transition. Recognizing the role the personal side plays in your money decisions can help you better prepare for and protect against a path that could be harmful to your financial situation.

Here is a thought-provoking exercise to see how the two sides work in your own personal financial life. What you will likely see the technical focuses on the What and How while the personal tends to focus on the Who and the Why.

For each of the 10 Elements of Retirement [2]:

- Identify the technical aspects.
 - What is the strategy for using money?
 - How much are you spending?
- Identify the personal aspects.
 - How do you feel about this element?
 - How does your upbringing influence how you feel?
 - What expectations do you have of yourself or others?



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