Financial DNA
Certified Wealth Mentor Experience
Today’s Webinar
Objectives

• Define wealth mentoring
  – The client beyond the numbers or a portfolio
  – Relationship & Values

• The Assessment
  – Natural Behavior v. Learned Behavior

• Tools & Resources
  – Unlocking Guide
  – Setting up a Meeting

• All the Financial DNA Discovery Processes
93.6% of financial planning is Behavioral Management.

Source: The 93.6% Question of Financial Advisors, Meir Statman, 2000
Financial Planning
Portfolio or Behavioral Management?

Wealth Mentoring is not just about dealing with the money. It is also about an investor's purpose, passing down the values, creating a legacy and importantly a great Quality Life based on healthy relationships.

To be successful, very experienced and non-biased advisors are needed.

Some of the leading Wealth Mentors have been using the behavioral finance systems to master the ability to address a unique blend of:

1. Relationship continuity (the priority)
2. Values continuity (the priority)
3. Business continuity
4. Financial continuity
5. Philanthropic continuity
The Family of Financial DNA Discovery Processes and Applications

- Communication
- Natural Behavior
- Goals-Based Planning
- Learned Behavior
- Quality Life Discovery
- Quality Life Planning
A Quicker and More Reliable Method
Predict How You Will React to Life, Business and Market Events

Observations Do Not Get Below the Surface

FDNA – 46 Questions (10 to 12 Mins)
What Financial DNA Does
To Help Build Client-Centred Businesses

### Behaviorally SMART™ Performance Model

<table>
<thead>
<tr>
<th>Enhancing relationships and unlocking human potential based on the 3 pillars of performance:</th>
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<tbody>
<tr>
<td>Know: behavior, personality and purpose</td>
</tr>
<tr>
<td>Engage: emotionally connect to others</td>
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<tr>
<td>Grow: build decision-making confidence and wisdom</td>
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### People Insights

Building a sustainable “Know, Engage and Grow” business culture using 3 solutions:

- Financial DNA – Behavioral Finance
- Communication DNA – Behavioral Marketing
- Business DNA – Behavioral Talents

### Behavioral FinTech Platform

Delivering practical and scalable behavioral intelligence across every employee and client for:

- Behavioral awareness using discovery processes
- Real-time behavioral management using apps

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**Turn Personality into Performance**
Decision-Making Style Connected to Natural Behavior

Risk Taker/ Goal Setting

Spender/ Lifestyle

Saver/ Information

Moves Carefully

Cautious/ Stability

R: Risk Taker
G: Goal Setting
S: Saver
I: Influencer
C: Cautious
F: Fast Paced
O: Orientated
M: Moves Carefully
B: Builder
L: Lifestyle
A: Adapter
T: Thinker
Ten (10) Financial DNA Natural Behavior Styles

- Adapter
- Community Builder
- Engager
- Facilitator
- Influencer
- Initiator
- Reflective Thinker
- Relationship Builder
- Strategist
- Stylish Thinker

<table>
<thead>
<tr>
<th>Factor</th>
<th>Description</th>
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<tr>
<td>C</td>
<td>Cooperative</td>
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<td>R</td>
<td>Reserved</td>
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<td>F</td>
<td>Fast-Paced</td>
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<td>S</td>
<td>Spontaneous</td>
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<td>S</td>
<td>Skeptical</td>
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Behavioral Biases Connected to Natural Behavior

Consolidated View/ Over Trading/ Optimism Bias/ Risk Taker

Results Oriented

Saver/ Mental Accounting/ Pattern Bias/ Benchmark Focus

Fast Paced

Influencer

Initiator

Spender/ Herd Follower/ Instinctive/ Status Quo

Engager

Community Builder

Relationship Builder

Facilitator

Adapter

Risk Aversion/ Loss Aversion/ Fear of Regret/ Disposition Effect

Moves Carefully
The matrix on the following page is intended to be a guide only and will not guarantee good Wealth Mentor/Client relationships in every case.

The matrix is based on the similarities and preferences of each behavioral style. People who share similar behavioral styles will usually experience significant synergy, although this is not always the case (for example, if two people both want to take charge, they may experience conflict). People with significantly different behavioral styles may need to adapt their behavior in order for communication to flow effectively.

Most people prefer to deal with those very similar to themselves. However, some may prefer dealing with those people who are opposite to them in behavioral characteristics.

When two people have very similar behavioral styles, they are likely to share similar struggles and may benefit from another perspective at times.
<table>
<thead>
<tr>
<th>Advisor/Client Compatibility Matrix</th>
<th>Facilitator</th>
<th>Reflective Thinker</th>
<th>Influencer</th>
<th>Initiator</th>
<th>Community Builder</th>
<th>Engager</th>
<th>Strategist</th>
<th>Stylish Thinker</th>
<th>Relationship Builder</th>
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<td>Reflective Thinker</td>
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<td>Stylish Thinker</td>
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<td>Relationship Builder</td>
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Colors: Minimal modification needed (Light Blue), Some modification needed (Medium Blue), More modification needed (Dark Blue).
Building the Plan and IPS – Summary of Clients
Selected Portfolio Risk Aligned to Goals, Capacity

Your Assessment of the Client’s **Current Portfolio Risk Profile** Group

Your Assessment of the Client’s Portfolio **Risk Need** Group to Achieve Goals

Your Assessment of the Client’s Portfolio Risk Group based on Current Financial **Risk Capacity**

Financial DNA **Natural Behavior Portfolio Risk Group** (based on Risk Propensity and Tolerance)

Financial DNA **Learned Behavior Portfolio Risk Group** (From Financial Personality Discovery or Advisor’s Assessment of the client)

Overall Selected Portfolio **Risk Profile** Group (Selected by You with Client Discussion based on the aggregate of all scores)
Adapters are unique in that they have the unusual ability to adapt to the needs of their environment, and display whatever behaviors are necessary for success. They are very versatile and will generally partner and team well with others. They can generally perform well many tasks relating to achieving their goals and managing their performance, and they operate most effectively when they have very clearly defined expectations and boundaries.

**Performance Environment:**
Create a relaxed environment. Do not mistake their lack of response for inattention. Use written policies and procedures. Present specifics – facts, figures, data. Look for ways to minimize the risks.

**To Challenge Them:**
Encourage them to articulate firm boundaries regarding their investment preferences.

**To Maximize Their Potential:**
Encourage them to set clear goals and priorities.

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**Description**

- **Compliant**
- **Respectful**
- **Courteous**

**Wants – Products**
- Reliable products with a balance between security and results.

**Wants – Mentor**
- Professionalism and to-the-point approach.
- They prefer a balanced and serious approach.

**Fears**
- Being given advice that leads them to commit to products out of line with their goals.

**Decision-Making Style**
- Rational and focused on the facts at hand. They are likely to be guided by their Mentor in areas they know little about, but will do their homework to ensure they are making the right decision.

**What Alienate Me**
- Being given the run-around or being offered products that are obviously not related to their needs.

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www.financialdna.com
Specific Measurement of Each Behavioral Bias
Insights for Behaviorally Managing Client Decisions

<table>
<thead>
<tr>
<th>Behavioral Bias</th>
<th>Influence on Client's Financial Decision-Making</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimism Bias</td>
<td>55%</td>
</tr>
<tr>
<td>Consider the potential worst case.</td>
<td></td>
</tr>
<tr>
<td>Over Confidence</td>
<td>50%</td>
</tr>
<tr>
<td>Don't think they are more successful at investing than they really are.</td>
<td></td>
</tr>
<tr>
<td>Consolidated View</td>
<td>57%</td>
</tr>
<tr>
<td>Prefers to look at the aggregate portfolio rather than individual positions.</td>
<td></td>
</tr>
<tr>
<td>Mental Accounting</td>
<td>57%</td>
</tr>
<tr>
<td>Likes to put money into separate buckets for specific purposes.</td>
<td></td>
</tr>
<tr>
<td>Over Trading</td>
<td>80%</td>
</tr>
<tr>
<td>Tends to be impatient to get results and may sell at the wrong time.</td>
<td></td>
</tr>
<tr>
<td>Overcontrolling</td>
<td>63%</td>
</tr>
<tr>
<td>Tends to control decision making and take action without advice.</td>
<td></td>
</tr>
<tr>
<td>Benchmark Focus</td>
<td>70%</td>
</tr>
<tr>
<td>Can be fixed on keeping in line with established benchmarks.</td>
<td></td>
</tr>
<tr>
<td>Pattern Bias</td>
<td>60%</td>
</tr>
<tr>
<td>Decides on the face of choice by looking for predictable patterns in markets.</td>
<td></td>
</tr>
<tr>
<td>Instinctive</td>
<td>42%</td>
</tr>
<tr>
<td>In adversity tends to make decisions quickly and emotionally based on instinct.</td>
<td></td>
</tr>
<tr>
<td>Newness Bias</td>
<td>24%</td>
</tr>
<tr>
<td>Likely to give more weight to recent information and ideas.</td>
<td></td>
</tr>
<tr>
<td>Disposition Effect</td>
<td>3%</td>
</tr>
<tr>
<td>May sell winners and hang on to losers for too long.</td>
<td></td>
</tr>
<tr>
<td>Herd Follower</td>
<td>33%</td>
</tr>
<tr>
<td>Tends to stereotype investments in accordance and out of fear.</td>
<td></td>
</tr>
<tr>
<td>Risk Aversion</td>
<td>2%</td>
</tr>
<tr>
<td>Overly hesitant to take the necessary risks to make the required returns.</td>
<td></td>
</tr>
<tr>
<td>Loss Aversion</td>
<td>1%</td>
</tr>
<tr>
<td>May not realize losses to avoid pain even though values may fall further.</td>
<td></td>
</tr>
<tr>
<td>Fear of Regret</td>
<td>1%</td>
</tr>
<tr>
<td>Hesitates in case will miss out on a potential gain from the next best thing.</td>
<td></td>
</tr>
<tr>
<td>Status Quo Bias</td>
<td>3%</td>
</tr>
<tr>
<td>Likely to take notice of information which will keep their world the same.</td>
<td></td>
</tr>
</tbody>
</table>
DNA Natural Behavior
The Financial Discovery Process

Completed on any device

Results in 10 minutes

46 forced-choice, independently validated questions
Understanding the Uniqueness of Financial DNA Discovery
Increased Depth and Customization of Reporting

**Traditional Behavioral Assessment**

**DNA Behavior Discovery, addresses all dimensions of behavior in multiple areas.**

**Measurement of 8 Factors and 24 Sub-factors of Natural Behavior**
- Separate measurement of natural hard-wired behaviors and learned behaviors
- Expansion of natural behavior factors: Trust, Pioneering, Risk, Creativity, Left / Right Brain
- Simple to understand and reliable
- Specific reports for progressively deeper experience

**Scalability and Sustainability of Solutions**
- For use across whole organizations and their clients
- Management tools
- Performance plans
- Technology integration

**Multiple DNA Behavior Brands Include**

www.financialdna.com
Goals Discovery
The Client Dashboard & Reporting

Clients complete process separately

Uses:
- Identify misaligned goals in families
- Deepen goals discussions
- Drive deep thinking on Needs and Wants.
Learned Behavior
The Financial Discovery Process

How have your instincts for investing recently changed?

Results in 10 minutes
Completed on any device

15 Learned Behavior Discovery Questions
Learned Behavior Discovery
The Client Dashboard & Reporting

Risk Behavior

Financial Relationship Management

Financial Planning Management

Wealth Building Motivation

Financial Emotional Intelligence

Your Natural vs. Learned Behaviors

Risk Behavior:
To what degree you will behaviorally take chances and also be able to tolerate the losses associated with higher levels of risk. Higher scores are associated with higher risk takers.

Financial Relationship Management:
To what degree and which areas the investor wishes to rely on professional advice and expertise. Higher scores indicate the more time and energy the client wishes to spend working with and managing the professionals, this is often also loosely correlated with how relationship oriented the client will tend to be in measuring the success of the relationship.
The Family of Financial DNA Discovery Processes and Applications

- Communication
- Natural Behavior
- Goals-Based Planning
- Learned Behavior
- Quality Life Discovery
- Quality Life Planning
How Do You Manage Client Emotions in Volatile Markets?

Market Mood
Elevating the role of Financial Advisor to Wealth Mentor

• The fundamental challenge is that virtually all the “traditional” domains of financial planning, including retirement, insurance, estate, taxes, and investments misses the needs of a large number of investor/clients.

• The problem is half about financial literacy, and half about behavior change. And then forming good financial habits around spending and cash flow... neither of which are part of the engagement with a typical financial advisor.
Questions?
Contact Us

For more information about Financial DNA

Contact:
DNA Behavior International
5901 Peachtree Dunwoody Rd
Suite A375
Atlanta, GA 30328
(866) 791-8992
support@dnabehavior.com

Goals Discovery Process
https://dnabehaviorinternational.desk.com/customer/portal/articles/2778916

Learned Behavior Discovery Process
https://dnabehaviorinternational.desk.com/customer/portal/articles/2778907