‘Money Jobs’: Is Your Money Working for You?

By Michael Liersch, PhD
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When we talk about money, what comes to mind? Many people discuss dollars and cents, products and solutions, risks and rewards. However, the rise of goals-based investing over the past decade has helped to shift that narrative. Rather than starting the financial conversation around the money itself, goals-based investing implores advisors and clients alike to start with the purpose for the capital. In doing so, the argument is that we can better determine the dollar amounts, solutions, and risks that will help the investors achieve that desired purpose.

For example, imagine that you have a retirement goal of $250,000 in annual cash flow that starts 20 years from now, and you expect to live 35 years in retirement. You may have a fundamentally riskier allocation, larger amounts dedicated to that portfolio, and a deliberately different mix of account types than if you were already 10 years into your retirement for the exact same goal. Goals-based investing is innovative in that it does not ask the investor to choose between identifying what matters most or getting the best investment returns—in other words, it does not force a choice between talking about the purpose for investing and the investments themselves (see figure 1). Instead, both the purpose and the investments need to be connected explicitly and revisited early and often in order to ensure the right strategy is constantly in place. This approach flies in the face of the old behavioral finance adage “set it and forget it” because the parameters around the purpose for the capital are likely to change—just by the mere passage of time. In the retirement example above, the investor who has not yet reached retirement will be adding to the portfolio, whereas the one in retirement is likely taking from it. Those dynamics highlight fundamentally different advice frameworks (e.g., “next best” dollar-in strategies versus “next best” dollar-out strategies).

Although a goals-based framework moves us in the right direction, how do we start helping human beings become even more specific about what they want to accomplish with their money? For those wondering why this matters, two people decumulating money in retirement may have fundamentally different things they want to get done with their $250,000. One may want to secure a mortgage on a second home (for the grandchildren to visit), but the other may want to pay for the grandchildren’s education; both might require the same cash flow annually ($100,000) and a similar time horizon (15–20 years), yet each would require a completely different strategy. The house would necessitate a down payment, mortgage, and cash flow to pay that mortgage, but ongoing expenses such as taxes, upkeep, and renovations would have to be considered as well. The education decision would be complex, too—from 529s to direct payment for education. In addition,
the grandparents would need to be clear about the degree of certainty with which the parents and grandchildren could rely on their generosity, or if there was a chance that it could be taken away. (Remember, there are ways to stop having to pay a mortgage for a second home, e.g., by selling that home; alternatively, discontinuing educational funding for grandchildren, if the parents are not prepared to take over, doesn’t leave many options). Knowing the details of how the $250,000 is being used can further refine the approach the retiree puts in place, which then can be expanded to include investing, all assets, and all liabilities (i.e., the balance sheet) as well as transactions (inflows and outflows) that feed or detract from that balance sheet.

DIGGING DEEPER: HOW ARE WE DOING?

When it comes to the types of conversations that would get us to the specifics of what the money is going to be used for, we should ask ourselves: How are we doing as advisors in bringing up critical money-related topics? To that end, in February 2021, Wells Fargo & Company surveyed 2,303 affluent investors who had financial advisors to find out (see figure 2). In that survey, we asked participants to tell us the last time they talked with their financial advisors about important money-related topics—but not just around the money itself. We wanted to know about other aspects of life connected to money such as family, work, and the community. To that end, we also asked how valuable it is (or would be) to talk with their advisors about each of these areas, even if they had not been discussed.

The data suggest that as advisors, we have an opportunity to have broader—and more in-depth—discussions with our clients about topics that matter most to them. Although clients report having financial conversations with their advisors, and they say they very much value those conversations, advisors do not appear to have other types of money-related dialogues that clients would find valuable. Very foundational topics to providing great financial advice including a clients’ work and family life, as well as their health, are not discussed by the majority of clients and advisors. In contrast, the majority of clients say they would find those discussions valuable.

Some might object in the following way: Because the data is self-reported by clients, perhaps clients simply do not remember having had those conversations with their advisors. My argument would be that if a client does not remember the conversation, from the perspective of having received and considered advice, the conversation did not actually happen regardless of whether it occurred. This highlights the need to go beyond conversation and actually codify what a client wants to accomplish in a standardized questionnaire, tool, or system.

Others might object that only certain client types want to have these types of conversations that go beyond the targeted financial discussion. However, even with very basic cuts of the data such as gender, it becomes very clear that there are no meaningful differences in what men and women are discussing with their advisors and ultimately would find valuable. This suggests that humans broadly speaking would value their advisors helping them in broader aspects of their lives.
HOW TO BROADEN AND DEEPEN THE DIALOGUE: HELP CLIENTS IDENTIFY ‘MONEY JOBS’
Research suggests that when clients interact with organizations, they are looking to accomplish something. In other words, they have an outcome-driven focus. Take, for example, someone who wants to buy a home. The job to be done: “Buy a home.” But that’s just the beginning. Now, the client has to figure out: What type of home do I need? Where will it be? When will I find it? How much will it cost? Can I afford it now and over time? Do I need a mortgage? A down payment? Where should I get a mortgage? What type of mortgage should I get? This is only a subset of questions that need to be answered to get the job done.  

Inspired by this approach, figure 3 highlights a stylized set of jobs that many humans say they want to get done with their money. It’s interesting that these jobs are initially independent of the actual vehicle that will get the client to the desired outcome. To that end, note that investments are not the only way to get these jobs done, and in most cases are only part of the narrative. That is what is so powerful about the jobs framework and focusing in on the jobs themselves: It can enhance the frame for advice from a narrow lens of investing to a full view of how the client can get the job done.

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When advisors meet with clients, how can they begin to unpack their clients’ money jobs so that they can get into these discussions? The conversation can be led via a variety of mechanisms from direct, yet unusual, questions such as:

- What are the jobs you want to accomplish with your money?
- Do you feel you have enough to get those jobs done?
- Who should be involved in this discussion?

Alternatively, more-formal intake forms can get to an understanding of all the jobs clients want to get done with their money. Regardless, once the jobs are documented and more fully

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Understanding is the first step in helping clients make incrementally better money decisions

**AN ADVICE FRAMEWORK**

The jobs are, of course, only one part of the equation. Identifying and codifying the jobs just provides a level of understanding (see figure 4). Next, it’s important to take that information and plan for the client, which essentially provides a data-driven analytical framework to give real-time, actionable advice. Then there are proposed actions to either stay the course or do something different that can be explored through scenario testing. That leads to choices around implementation: Based on those scenarios, what actions have been intentionally accepted, dismissed, or deferred, and who is responsible to carry forward the actions? Finally, incrementally revisiting those actions on a regular, proactive schedule—and the jobs themselves—keeps the client on course to achieve desired outcomes by asking the ongoing question: How am I doing? This purposeful approach can lead to a true connection between money and its meaning, which can help humans stay on track to make the most of their money.

Simply put, assigning jobs that money is meant to accomplish can reframe money as a tool to get humans where they want to go. Instead of focusing on how much money clients have, it can be more empowering to outline the jobs they want to get done by labeling the job, along with other critical elements such as its importance and when it needs to get done. Then, there’s an opportunity to identify how much money it will take—and see if there’s enough now and in the future—and make the appropriate trade-offs.

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**ENDNOTE**


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