

## Insanity – doing the same thing and expecting a different result.....

By Phillip Win (Director and Senior Financial Planner, Profile Financial Services)

Generally speaking, the start of the financial year does not herald the celebrations that 1 January is afforded. Some of us may be tempted to make some “Financial New Year” resolutions, but like the traditional New Year, they are often abandoned within a few months. While the January New Years resolutions would often be “lifestyle” resolutions, and the July resolutions will most likely be financial ones, my own experience and observations of many clients over the years has led me to believe that our financial objectives *allow* us to also achieve our lifestyle goals.

For those of you who have a good adviser (accountant, financial planner), the approach of 30 June was a planned affair where the foundations were discussed and agreed upon early in the financial year, with the final touches being laid to rest in May/June. Those without good planning in stark contrast, will be heard saying comments such as “I wish I had done this, or that” or “I am not going to let this happen next year”.

While I have the title “Financial Planner” noted on my business cards, I enjoy the strategic advice that we provide to our clients. I recall the character of Hannibal in the television series “The A-Team,” saying “I love it when a plan comes together” which is how I feel in the months of June and July each year. Planning involves a thought process of mapping out where you are headed, and how you want it to look along the way. We often justify our lack of planning by saying that we are too busy. How is it that the most successful clients of our Practice always find the time to sit down with us (and their other advisers) to plan the year ahead?

Albert Einstein once said “The definition of insanity is doing the same thing over and over again and expecting different results.”

For many people, going to a financial planner is like going to the dentist... the smart people know it is good for them, and nowhere near as bad as people make it out to be. Going regularly can help you avoid problems, and nip in the bud any little things that might turn nasty if left unattended, such as tooth decay, or a massive tax problem! In a similar way to a Dentist, we have a program of meeting and communicating with our clients on a regular basis. Just like with your patients, our clients either meet with us under duress or because they see the value in meeting with us to review the plan in place and revise targets and objectives. Regular review and assessment of your plan is just a sort of financial “preventative medicine”. I am sure you have the same experience with your patients.

I am sure you will have worked with patients who (from the chair) gargle, “Why does it always happen to me?” You may respond with “well have you been taking care of your

teeth?” to which the reply is “no, not really.” We both know what Albert Einstein would say!

The main reason a client seeks the advice of a financial planner is to formulate a financial “road map” or plan to ensure that their strong earning capacity can be converted into wealth accumulation. Having a third party to guide and hold you accountable is a very powerful strategy.

I am proud to say that a plan has come together for a dental client of the Practice, who first came to us at the age of 50 to solve a problem. His problem was that he was in debt to the tune of \$60,000 to the tax office, and had no assets as these were all sold to meet his obligations. At the outset, we formulated and agreed on a plan which has been reviewed and implemented over the past 15 years. The client is now independently wealthy (ie he does not need to work) and in a position where his investment portfolio will generate in the order of \$80,000 per annum tax free.

This is an example of:

- A plan was agreed to ***and*** implemented;
- A third party (financial planner) was engaged to hold the client accountable; and
- Making a conscious decision to change the status quo – it was obviously not working!

Why not contact us to tap into our wealth of knowledge and strategy to assist you to formulate a financial road map and minimise any tendencies of insanity?

#### **About Profile Financial Services**

Profile is an independently-owned boutique financial planning firm with offices in the Sydney CBD and North Parramatta. We have operated for over 20 years, and specialise in serving the wealth creation and protection needs of professionals and small business owners. Many of our clients are dentists, and we run regular education seminars on financial planning specifically for dentists. To find out about upcoming seminars, or to book an obligation-free meeting with a Profile planner, call Aine Love on 02 9683 6422 or email [aine@profileservices.com.au](mailto:aine@profileservices.com.au)

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