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## Sometimes The Most Precise Answer is “It Depends”

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*This time we hear from **Jeff Speight**, a planner at **Tanglewood Wealth Management** in Houston. He recalls helping a client realize that optimal financial and emotional decisions aren't always the same.*

A client I've worked with for about a year recently called me up with a question. He had just retired, and was trying to make some financial decisions. At the forefront of his mind was his mortgage. He still owed \$100,000 on his house, and was weighing whether he should pay it off or not.

In terms of this client's total assets, the \$100,000 he still owed on the mortgage was essentially a rounding error. He could've easily afforded to pay it off. But he was only paying 3.3 percent interest on it, and the mortgage provided tax advantages. I explained that from a financial standpoint, it made more sense to keep the mortgage. The loan was not sizable, and it gave him more flexibility.

The client probably thought that my answer would end there — but it didn't. I went on to explain that there was another aspect he needed to consider before making a decision, and that was the emotional side of things.

I had met with this client and his wife before, and I knew that she was very uncomfortable holding any debt in retirement. I explained to him that while the financial answer to his question might be that he should keep the mortgage, the emotional answer might well be the opposite — and neither was more “correct” than the other.

We talked it over for a little while, and it became clear that his wife's feelings on the subject were quite strong.

In my experience, clients often come to advisors because they want an answer. They call up and present a problem, and they're essentially hoping you'll act like a fixer. They want you to present them with a clear-cut, unequivocal answer.

And sometimes when it comes to finances, there *is* a solution that makes more sense, at least monetarily. It can be very tempting to provide that kind of clear-cut advice, and to just tell the client what to do.



But if we're really thinking about our clients' lives from a holistic point of view, the answer more often than not is, "It depends." In many cases, there is a "better" financial answer that might be very different from what the "better" emotional answer is. As advisors, we can't really determine which path is correct for our clients. But we do have to make sure they're considering all the contributing factors — including the non-financial ones.

I work with a lot of engineers, and sometimes they can be baffled by this approach, at least at first. They tend to like cut-and-dried solutions; they just want an answer. In these situations, the advisor's role is even more important. We can help the client be mindful that there often isn't one right choice. By doing so, we're providing the added value that leads to a deeper relationship with our clients.

In this situation, my client left our conversation with a more complex understanding of what it would mean to pay off his mortgage, including not only the financial considerations, but also the emotional ones.

In the end, the couple decided to pay off the mortgage in full. Weighing the financial and emotional ramifications, they felt satisfied that that was the correct decision for them.

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