

First, you get along

Karin Mizgala is not your typical financial planner. Her clients are mostly couples. And before they talk money, they talk about themselves

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Claire Filafilo was stressed. Her husband, Darrell, was off work following a back operation, which meant their family of four was relying on Claire's income and Darrell's disability cheque. The cash crunch exacerbated the couple's long-simmering concern that they didn't know how to prioritize their financial goals: paying off the mortgage, buying a new vehicle, saving RRSPs for themselves and RESPs for their children. It didn't help that Claire felt her husband was a "big spender."

She worked at a bank, but Claire was wary of the way the planners pushed financial products, and wanted some independent advice. When a colleague told her about Karin Mizgala, a certified financial planner who had been a social worker, Claire was intrigued. "I needed some guidance as to where we should be going," she says.

Many couples who butt heads over money seek help from a financial planner. But those who end up sitting on a couch in Karin Mizgala's office in Vancouver get financial advice that goes beyond the ordinary. Mizgala describes herself as a "financial social worker."

While most planners incorporate some life goals and planning into their service, often it's just a cursory set of questions or a questionnaire. Mizgala, however, has built a business that formally combines financial planning with life planning and marriage counselling. And judging by the way it's catching on, her service fills a need that more practitioners might soon want to address.

A year and a half after Mizgala founded Life Design Financial, she's swamped with business. Her clients pay \$1,200 to \$3,500 for a six- to 12-month program, where they set goals and develop a financial plan. Half of her clients are couples in long-term relationships; the other half are women, most of whom are recovering from divorce or the death of a partner. "When I worked as a more traditional financial planner, clients came to me, and there was an assumption that they knew who they were, they knew how money operated in their lives, they knew their goals and objectives, and it was my job just to manage the money," says Mizgala. "I felt some pieces were missing. What I've created is a hybrid, marrying the softer side of the issues to the more practical aspects of finances."

The Filafilos first met with Mizgala in 2001 — before she'd launched Life Design, but after she'd started to combine counselling with financial planning. At the outset, Claire says, Mizgala went through their budget with them, pointing out where the money needed to go in order for them to achieve their goals. Today, that guidance has helped the family grow their savings and eased their anxiety. Darrell's spending habits still aren't great, Claire says, but they are improving. "It helped hearing it from Karin, and not just hearing it from his wife," she says.

Mizgala says overspending is the most common reason couples end up in her office. Often, there is a conflict between a "spender" and a "saver," and the latter is usually the woman. "If one person is out of control in terms of spending, it needs to be dealt with collectively, within the context of an overall plan," she says. "You establish a reasonable amount of money that will go to that person each month." She recommends having individual accounts for personal spending, in addition to a shared account for common expenses.

According to Mizgala, financial issues are a common source of strife in relationships. "It's very rare that couples have the same values around money," she says. "Most people operate unconsciously and don't think about what they've picked up from their family. Add our own confusion to somebody else's, and it's an explosive situation."

In addition to fixing problems, Mizgala counsels couples on how to avoid them. A key here is dealing with financial issues in the early stages of a relationship. "It may seem unromantic, but perfectly sane people do very weird things when they're hurt emotionally," she says. "A pre-nuptial agreement protects both parties from having an additional unpleasant situation." If a couple is in the beginning stages of a relationship and one person has a significant amount of debt, Mizgala says an open discussion about the situation is essential. The couple can keep their finances separate while the debtor carries out a plan to get out of the red. She says it's a bad idea for the other person to agree to pay off the debts because it can easily lead to resentment.

Mizgala works for a fixed fee instead of a commission from the sales of financial products. These days, most fee-for-service planners specialize in technical areas such as tax or estate planning. However, Mizgala — who also has an MBA — says she chose the less lucrative route of helping people deal with the practical and emotional side of money, because it's more personally rewarding.

Chris Robinson, finance professor at York University's Atkinson School of Administrative Studies, thinks Mizgala's approach is an idea whose time has come. "The personal element is critical in financial planning," he says. "Money is a huge issue that couples have to deal with. If they don't deal with it, any financial plan, however brilliantly conceived, will fail."

Claire and Darrell Filafilo would agree. While now on track with their own plan, they continue to see Mizgala to get help with new goals. "I want to eventually work part-time. Karin makes sure I'm going in the right direction," says Claire. "She gives me support and says, 'Go for it!' She takes into account my goals and my husband's goals and looks at things we can do to achieve them."

Classic Conflicts Solved

Problem 1: A couple decided the wife would stay at home with their two young kids. Now they're constantly fighting over money. The husband feels the wife is asking for too much; she says he doesn't understand how much it costs to run the household.

Solution: Karin Mizgala says the working partner could pay the homemaker a "salary." A fixed amount would go into the homemaker's account each month, so she wouldn't need to ask for cash every time she needs to buy something. "Money needs to be looked at as a family resource," says Mizgala. "If one person controls all the money, it sets up an unequal dynamic."

Problem 2: A wife doesn't like to control money and doesn't think she's good at it, so the husband handles all the bill payments and investments. That might seem fine for now, but if they later divorce or the husband dies, the wife doesn't know what the family assets are or even where they are held.

Solution: Mizgala warns that an arrangement like this is a bad idea. "If one person doesn't like paying bills, that's fine, but there needs to be some reporting back to them," she says. "One person is the financial specialist, but both are joint CEOs."

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