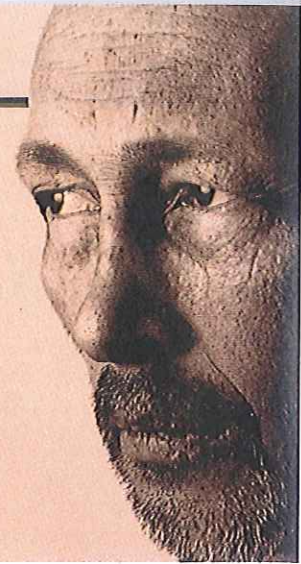


Practice Management

Practice Made Perfect:

Discussing Family Issues Is Not for the Faint of Heart



Parents with a child who has cancer or autism generally reach out for help and are met by compassionate friends. They can also reach out to professionals, including financial advisors, who can put the family in touch with services for the child.

But what if that parent is dealing with a child who is schizophrenic? Or one who is struggling with addiction? Would the parent feel comfortable bringing these issues to their financial advisor? Would you know how to deal with them if they did?

Occasionally, an adult child has a problem that could be financially and emotionally devastating to your clients, but the clients might be too embarrassed to bring it to your attention. Some conditions—such as schizophrenia, bipolar disorder, anorexia, and addiction, to name a few—are still not recognized as illnesses by large portions of the public. If you doubt that these conditions are, in fact, illnesses, then you may do damage to your clients. If, however, you understand that the clients have children who are sick and you can help them, you will make a huge positive impact on the lives of the clients and their children.

Opening the Discussion

I've consulted with other planners and their clients, as well as worked with my clients who have faced these issues. While some clients are very candid, others take quite a while to mention their child's situation. Sometimes, that's because they

are learning details in bits and pieces, and other times it's from shame.

With all my clients, I talk about aspects of their lives that don't seem to have a direct relation to their money. Talking about their kids is a normal part of our professional relationship. Letting those conversations take as long as necessary helps me learn what's important to the clients.

During some of those conversations, I've broached the idea of testing for or treating the maladies that are mentioned. If I'm the first person they've been able to talk to about it, putting them in touch with support networks has been an excellent, low-cost first step. My acknowledgment of the child's problem as legitimate in a non-judgmental way opens the door to discuss solutions. Besides, confirming that the parents are not to blame for the problem and that they aren't alone in having the concern helps them to overcome the sense of shame parents sometimes feel.

Diane Pearson, an advisor at Legend Financial Advisors, Inc., has found that her personal relationship with clients that comes from in-depth financial planning, instead of just investment management, has allowed clients to discuss these types of situations. Her firm's planning orientation also allows for productive discussions about the out-of-pocket costs of treatment and brings focus to the level of commitment that parents expect from the adult child if financial support is to be given.

It's a little different when illnesses have a large mental component. In those situations, encouraging (maybe even insisting) that your clients work with a mental health professional is important. In part, this is for our own protection: Our well-meaning opinions of what the parents should do can be perceived by

them as professional advice. Yet, most of us do not have the expertise to make recommendations regarding treatment, and we might open our firms to liability.

The way I see it, our role as financial advisors has two components: being compassionate, and pointing out the financial impacts and alternatives. I've also found that I can help my clients create a new set of expectations for their child. For instance, during the same week, one client told me how disappointing it was that a son wasn't making straight A's at college, but a different family told me that their son had stolen from them to buy drugs in the past. The latter family was delighted with the modest turnaround when their son seemed on track to get steady employment.

Not Your Average Planning Service

NAPFA member Laura Mattia, MBA, CFP®, CRPS, CDFA, a principal with Baron Financial Group, LLC, says that the firm has several clients with children who have addiction, bi-polar disorder, or other issues that allow them to be functional, but which have led to problems, including some criminal records. The adult children often "see parents as controlling or infringing on their needs," said Mattia. The fact that the child is an adult makes the parents' role even more difficult because the ability to intervene can be more limited.

The firm, with the parents' consent, works directly with the adult child on a one-on-one basis to answer financial questions and to help him or her establish a budget. It's very time-consuming for the firm, but it's a huge help to the parents because it helps remove financial concerns from the parent-child relationship. Also, says Mattia, "It's comforting for parents to

Resources

Mental illness: www.nami.org

Addiction: www.aa.org

Loved ones of addicts:
www.al-anon.alateen.org

know there's someone who will be there when the parents are gone."

Taking care of the child, financially and otherwise, is often best addressed through a spendthrift or discretionary trust, according to W. Tedd Oyler, a NAPFA member and attorney in Saugatuck, MI. Key elements of the trust prevent the incompetent from pledging or claiming

any distributions or in any other manner forcing distributions. Without strong protections along these lines, such a trust is meaningless," Oyler said. Often, he finds that the best trustee and/or guardian is a family member, such as a sibling who has good judgment, rather than institutional trustees, who are expensive and might be less personally committed.

Addictions

There is less acceptance of addiction as a disease than of mental illnesses in general. Many people who suffer from mental illness can be difficult to be around. But if someone is addicted to drugs or alcohol, many people have the sense that the addict has a choice, so they perceive the problem as just bad behavior, not illness. This may be the reason that the most well-known support organizations for addicts and their families have the word "anonymous" in the title. I've heard professionals in the recovery industry say that anywhere from 10 percent to 30 percent of the population suffers from some type of chemical addiction.

NAPFA member Rick Kahler, president of Kahler Financial Group, Inc., is a pioneer of incorporating therapeutic counselors to complement traditional financial planning. Kahler said his approach is to "normalize" the addiction by helping the parents "understand that addictions are ubiquitous and it isn't their fault." If motivated by guilt, parents may exacerbate the problem by spending more than they can afford.

Sometimes, the addict becomes financially dependent on the parent, which allows them to continue in their addiction. Kahler helps the parents identify how they can support the child in non-financial ways that aren't debilitating, "such as counsel, temporary housing, babysitting grandchildren, etc."

Being Part of the Solution

There is no shame in deciding that you and your firm don't want to get involved in helping parents of adult children with socially challenging illnesses. But if you decide to work with these families, be prepared to act above and beyond the levels of service that your other clients need. And be prepared to see your client through what may be the most traumatic decisions they make during their lives.

It isn't easy. But the impact on the lives of the families involved can be much more important than the financial returns. **NA**

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Russell 2000 Index		5.80%	7.87%	3.35%	8.57%	25.79%
NASDAQ Composite Index		3.32%	4.22%	3.52%	6.86%	15.98%
S&P 500 Index		3.18%	3.29%	2.62%	2.35%	15.65%

Gross Expense Ratio - 2.90% Net Expense Ratio - 2.02%¹

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 1-800-998-3190. The fund imposes a 1.00% redemption fee on shares held less than 90 days. Performance data quoted does not reflect the redemption fee. If reflected, total returns would be reduced. Investment performance for the fund reflects fee waivers in effect. In the absence of such waivers, total return would be reduced.

¹ The adviser has contractually agreed to cap expenses to 2.00% indefinitely.

The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The Statutory and Summary Prospectuses contain this and other important information about the investment company, and may be obtained by calling 800-366-8361, or visiting www.perkinscapital.com. Read carefully before investing.

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