

CHARACTER STUDIES

Your financial tendencies likely depend on which of these nine archetypes fits you best

by Reese Harper

Reese Harper is host of the Dentist Money Show, a weekly podcast dedicated to helping dentists make smart financial decisions. He is



also founder and CEO of Dentist Advisors, a registered investment advisory firm with an exclusive focus on dentists and specialists. His trademarked planning methodology, Elements, is used by dentists all over the country to plan, invest, and retire better.

In the movie *Braveheart*, Mel Gibson's character starts a revolt against the English, who killed his wife, brother and father.

First-time viewers might not have been able to predict the tale's specific twists and turns, but they pretty much knew how this man would behave. With all odds against him, he put everything on the line. He faced incredible opposition along the way, but he never gave up.

Why? Because that's what heroes do. Rocky Balboa, Luke Skywalker, Indiana Jones, even Dorothy from *The Wizard of Oz*—all fit into the hero archetype and share a stereotypical set of attributes that drive their behavior.

Hero isn't the only movie archetype, of course. There's the villain, the mentor, the lover, and a long list of others. By associating characters with archetypes, their strengths and weaknesses become more apparent and their behavior becomes more predictable.

Archetypes aren't limited to storybooks and silver screens. Financial experts have spent years researching the relationship between personality types and financial behavior. Because I work so closely with dentists, I take special interest in applying that research to the unique challenges of managing personal and practice finances.

The analysis here will refer to nine financial archetypes, which were developed by private wealth experts Russ Alan Prince and Brett Van Bortel.¹ Each section will describe dentists who fit the archetype, explain the associated state of mind, and offer recommendations for how to avoid some common mistakes that these personality types tend to make.

A quick disclaimer: People are much too complex to be defined solely by a simple archetype, of course. But if you recognize yourself in any of the examples below, I hope you'll also heed the related advice, to help stave off any possible destructive tendencies.

1. The family steward

"Good financial management allows me to take better care of my family."

A family steward's primary financial concern is taking care of family. Most of the goals for dentists who align with this financial archetype are linked to obligations such as paying for children's college, having a nice home for family gatherings, and transferring wealth to the next generation. These individuals find emotional satisfaction in bringing their children into dentistry and facilitating a generous succession plan, even if it means sacrificing their own financial health.

If family stewards aren't careful, their generosity to their families may compromise the quality of their own retirement. In addition, they may give their kids a crutch that precludes them from learning to work hard and make sacrifices like their parents had to.

Advice: Like flight attendants explain before takeoff: "Put your own oxygen mask on first before assisting others." Make sure your personal finances are in order before you start spoiling your children.

2. The independent

"Successful financial management means freedom."

Independents seek the freedom (and financial security) to do whatever they want. They could be associates working for a large group, or independent practice owners, but the common thread is a dream of financial freedom that allows them to enjoy hobbies, travel the world and pursue entrepreneurial ventures. They may be less engaged in financial planning and rely on others to effectively manage their money.

Advice: Independents should be aware of their tendency to neglect practice responsibilities in the name of lifestyle experiences. While a work/life balance is healthy, these dentists need to deliberately allocate time to practice-building activities.

3. The phobic

"The last thing I want to talk about is my money."

Because they have such a dislike for dealing with money, phobics are hard to miss. Instead of taking personal responsibility for their finances, they'd rather delegate important decisions to a trusted wealth manager (who was usually hired on a gut feeling). Phobics might have a really hard time letting a team member go, for example—even if doing so would help the practice. They'd rather kick the can down the road and hope that things work themselves out.

Advice: Those who identify with the phobic archetype need to take the emotion out of their financial decisions. They should also be more deliberate about who they hire to manage their wealth.

4. The anonymous

"My money is my business and no one else's."

Anonymous types are intensely private people who resist disclosing their financial positions

Continued on p. 56



THE
FAMILY
STEWARD



THE
INDEPENDENT



THE
PHOBIC



THE
ANONYMOUS



THE MOGUL



THE VIP



THE ACCUMULATOR



THE GAMBLER

Continued from p. 54

to anyone. They're hesitant to seek help or expose their finances to the scrutiny of others.

Dentists who align with this archetype generally lack financial experience but often will try to go it alone, without getting feedback. The problem with holding your cards too close to your vest is that you'll miss out on great advice from professionals who have valuable experience in finance.

Advice: It's OK to be private, but it's not OK to rely solely on your own judgment. For those who have anonymous tendencies, find someone you trust who can give you sound feedback.

5. The mogul

"Wealth means power."

Moguls are motivated by power. They seek control, influence and power in their families, practices, communities and finances. While they may lack a certain degree of interest in finance, they have some financial knowledge and use it as another way to flex their power and control. This could be the dentist who made an investment that isn't performing well, but because he made the decision he'll defend it to the grave.

Advice: Those in the mogul category need to recognize their limitations and admit to not having all the answers. They should be willing to cede control of some decisions and delegate to qualified parties.

6. The VIP

"There are lots of ways to get respect, and having money is one of them."

VIPs are status-oriented, enjoying prestige and the respect of others. They like the appearance of looking rich, and running a lucrative practice is a vehicle for getting attention that comes from having nice things. VIPs are not especially knowledgeable about finances and tend to rely upon others for advice and insight.

The problem is there's only so much money to go around—even for a dentist. A luxurious lifestyle feels great in the short term, but ultimately puts a secure retirement at risk. Those who overspend during their careers may have to work beyond their ideal retirement date to maintain the lifestyle they're accustomed to.

Advice: If you have VIP tendencies, watch your spending and make compromises so you can accumulate adequate wealth for retirement. Just because something is high-end or luxury doesn't mean you have to buy it.

7. The accumulator

"I don't want to run out of money."

Accumulators save more than they spend, and tend to live well below their means. Like most dentists, they make plenty of money, but never exhibit any outward displays of wealth (and have a disdain for those who do). Accumulators find great satisfaction in watching their money grow. The more they have, the better they feel.

Because accumulators hoard money, they have a difficult time changing their mode of operation even after retiring with plenty of wealth. As a result, they often pass away with more money than they could have ever spent.

Advice: If you're an accumulator, give yourself the green light to spend without feeling guilty. You've worked hard for your money and should be willing to purchase things that will make your life more enjoyable. Also, consider hiring an adviser who can help you put a more dynamic financial strategy in place that goes beyond saving.

8. The gambler

"I love watching my portfolio. The market has better odds than Vegas."

Gamblers love the excitement and drama of investing. For gamblers, investing is a

hobby. Some even consider investing their second job. You'll often find them sitting in their offices reviewing their portfolios. They're more performance-sensitive than any other group but while they're very knowledgeable about investing, they're not always wise. (They believe, for example, that it's possible to consistently beat the market.)

Not surprisingly, they often have a higher-than-usual risk tolerance and lack a solid foundation in the science of investment management. The danger in the gambler's approach is the possibility of squandering many years of hard-earned money on a bad deal.

Advice: If you're a gambler, wait until you've built a stable portfolio of diversified and predictable investments before you go after something cool. You should also hire an adviser who understands your tendencies and can protect you from yourself.

9. The innovator

"I like trading my own investments using the latest technology."

Innovators have a high level of confidence in their ability to analyze complex financial issues, and are quick to defend their experience level when it comes to investments. They may have even picked up some financial training before or during their dental career.

Innovators like to be at the cutting edge of wealth management and are always aware of new products, innovative services and sophisticated analytical methods.

Innovators often dabble in side businesses, even when they don't have a technical background. An example of an innovator is a dentist who invests in a limited partnership to drill for oil, primarily because it's tax-deductible. But when the deal goes south, he justifies the investment by thinking the tax deduction offset the losses—which it didn't.

Advice: In the words of Albert Einstein, "Simplicity is the ultimate sophistication." To all the innovators out there, be aware that some of the most "complex" financial strategies have proven disastrous. There's nothing wrong with your passion for investing, but before you start over engineering your finances, be sure to build a foundation of time-tested investment strategies.

Conclusion

In 2010, the American Dental Association issued a nationwide survey to more than 12,000 dentists and specialists.² Among other findings, it concluded that the average retirement age for a dentist is 67 ... which seems reasonable until you compare it with the retirement age of the average American, which according to Gallup is 62.³

Think about that for a second—a dentist retires five years later than the average person, whose salary is considerably less. Seems a little backward, doesn't it?

Over the years, I've learned that successful financial planning is much more about behavior than it is about knowledge. Recognizing and addressing the personality traits that stunt financial growth is a critical step in developing better habits that lead to earlier retirement. I hope you'll start improving your relationship with money so that when it's time to hang up the drill, you can do your best impression of Gibson's character in *Braveheart* and declare, "Freedom!"

References

1. *The Millionaire's Advisor: High-Touch, High-Profit Relationship Management Strategies of Advisors to the Wealthy*, Russ Alan Prince & Brett Van Bortel, 2002
2. *American Dental Association 2010 Survey on Retirement and Investment*
3. *Gallup.com, Average U.S. Retirement Age Rises to 62*, Rebecca Riffkin, April 2014



THE
INNOVATOR

Landlord wants you
OUT?

That could mean
BIG MONEY
in your pocket!

STOP
talking to the landlord and
Call George **TODAY!**

GEORGEVAILL

DENTAL OFFICE LEASE NEGOTIATIONS

800-340-2701



FREE FACTS, circle 12 on card