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Voices: Feroz Ansari, on Helping Clients to be Happier



Feroz Ansari

Voices is an occasional column that allows wealth managers to address issues of interest to the advisory community. Feroz Ansari is a partner and senior principal at Compak Asset Management in Newport Beach, Calif.

I've watched how the business model in the financial industry has evolved from brokerage firms to a wealth-management model. The industry is still changing and I think it has to move toward a "life adviser" concept where advisers go beyond simple wealth management to add value for their clients.

I first looked into the effects of happiness and financial advising with Dr. Sonja Lyubomirsky of the University of California-Riverside. Working with her, we had two insights. First, we realized that clients who are happier have better financial outcomes and portfolio returns. Second, more positive clients get much better service from our team: Advisers call them more frequently and they have a deeper relationship.

People invest to increase their net worth. But the long-term goal they have for investing and financial planning is to enhance their life experience--to be happier.

We find that clients who have \$5 million are not necessarily happier than clients who may only have \$500,000. So we thought why not teach some ideas that can enhance their life satisfaction in the short term.

Research shows that 50% of happiness is based on genetic profile and 10% on life circumstance such as how much money you have or where you live. The last 40% is based on our behavior and attitude. So we can significantly improve happiness by focusing on the 40%, which is our intentional activity.

Based on the work we have looked at, happiness (or life satisfaction) is primarily driven by three things: A positive outlook for the future, how we engage the present and whether we enjoy it, and finally, how we feel about the past. Good memories enhance our happiness. If we look back and have difficult memories or remember adverse situations, our happiness decreases.

We spend time talking to clients about the hedonic adaption—the human ability to maintain a certain level of happiness despite changing circumstances. Hedonic adaptation helps us overcome adversity, but it also can work against us. For instance, we can grow accustomed to the good things in our life and end up taking them for granted, such as our spouse, the house we live in and the money we have.

As advisers, we help our clients understand this tendency and develop a program to stay thankful for the good things in their lives--and then we work with them to implement that program.

Our clients often share a lot of intimate details about their financial goals with us, their advisers, which they may not share with their family. So we're in a good position to talk about the positive effects of increased happiness on their goals.

And because this information comes from their financial adviser, rather than a life coach or therapist, clients are often more open to some degree of introspection about thinking and acting differently in order to achieve greater financial satisfaction and satisfaction in life.

Money is not a problem for most of the clients we have. So if clients have adequate resources to fund their retirement, they should be able to look beyond money and enjoy their life more. And we should be able to help them do that.

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