
Financial Advisors: Where Are Values in Your Value Proposition?

Getting clients to talk about their values can drive better understanding and fulfilling outcomes.

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Articulating your value proposition as an advisor is harder than ever due to changes in the industry that have advisors both racing to increase their breadth of services and compete against new technology. To stand out from the crowd, some advisors are exploring alternative fee and niche services structures, but others are taking a different approach and leaning more on unpacking clients' life values.

What does a holistic "Know Your Client" approach look like? Below, we illustrate this style and why it works through research and firsthand testimonials.

How Does Values-Based Planning Help Advisors Differentiate Themselves?

Traditionally, advisors may ask clients if a plan reflects what's important to them without first defining what this means for clients. This approach is problematic because most [people don't know what's important to them](#). Therefore, advisors who have these conversations with clients may be helping them explore something they haven't even addressed with their closest family members. As Todd Fithian of think-legacy.com puts it, "It's an entirely different way to open relationships and help them build a vision of the future." This difference means advisors who focus on life values can distinguish their service from others by getting to know their clients in a way other advisors don't and building plans that reflect this insight.

What Do Values Bring to Financial Planning?

Our core (or life) values motivate us, guide our behaviors, and help us recognize what's important. To illustrate, let's turn to social psychologist Shalom H. Schwartz's theory of 10 basic values—a framework designed to document values universally held by humans. One value is [self-direction](#), which is being able to act independently and develop original ideas and opinions. A self-directed person may be motivated to pursue a freelancing role with the freedom to work autonomously.

Uncovering values takes time because [we tend to take shortcuts](#) when faced with big, demanding questions, so a structured process can help clients dig deeper into their values. Something like the [PERMA + V](#) framework, where clients are asked to reflect on six elements of well-being, can help clients uncover values they may initially miss. Though it might seem daunting to bring up such deep topics with clients, Jim Boyd of CANE Financial Group points out it can be fun and engaging for clients because "at the core, most humans want to learn more about themselves, and fundamentally we all want to be loved."

Advisors add further value by helping clients craft goals that honor their values. There are no hard and fast rules for how goals should reflect values. For some, there is a direct connection to the goal—like relocating to a neighborhood with more outdoor space because health is valued. The relationship between other values and goals may be less apparent. For example, a client who values integrity might find themselves working at a company that doesn't reflect their morals;

therefore, they might develop the goal of starting a personal business that better reflects what they believe in.

Clients find value in working with an advisor who can bring their financial decisions and values in line with each other, as this isn't something easy to do on their own. We are all familiar with that guilt we feel when we don't exercise even when we want to. This stems from a disconnect between our behavior and our values—a psychological phenomenon known as cognitive dissonance. Clients may be uncomfortable with how their finances don't align with their values, but without guidance, it can be difficult to resolve this disconnect. An advisor can help clients overcome this problem just as a personal trainer can help us stay committed to our exercise goals. Becky Gustafson of Eternal Wealth Partners finds centering values can take away the guilt in decision-making and give her clients peace of mind. For example, she says, "We have business owners who want to take care of people and leave a legacy beyond wealth, so they prioritize compensation and benefit planning and take a hit to the bottom line." Furthermore, clients may be better able to stick to a financial plan that reflects their values when the going gets tough because there isn't additional friction between their plan and their values.

Values-based goals also tend to be more stable because our values don't often change. Even major events like the [global financial crisis](#) and the recent [pandemic](#) only had small effects on peoples' values. To illustrate, US clients of advisors who used [Legacy's tool designed to help them identify their values](#) showed no major changes in their overall top 10 values before and during the pandemic. "This is consistent with our experience—we didn't see a lot of change in people's values, but some values became more crystalized," commented Fithian. Furthermore, refocusing clients on their values and goals can keep clients on track and avoid reacting to current noise.

Top 10 Investor Values During and Prior to the Pandemic

Top 10 values for US clients based on the percentage of clients who identify with that value from May 2018 to December 2022. Source: The Legacy Companies Qualitate(TM) application.

Value	Prior to Pandemic (May 2018-March 2020)	During the Pandemic (April 2020-December 2022)	Change
Family	74%	75%	1%
Health	47%	49%	2%
Happiness	30%	32%	1%
Security	27%	31%	4%
Faith	26%	26%	-1%
Integrity	21%	23%	2%
Independence	20%	21%	7%
Wealth	19%	19%	-1%
Friendship	14%	15%	-4%
Meaningful Activity	14%	14%	0%

However, values-based planning does come with its own set of difficulties. Some clients may be overly focused on the technical side of planning and not understand the value such an approach brings. These clients might not be the right fit for a values-based advisor. Even receptive clients might push back on in-depth discussion. Gustafson tells such clients to focus on the long-term gain, stating, "We're embarking on a possible 20- to 30-year relationship ... the time spent now will pay off in years to come."

Advisors Who Lead With Values Will Have an Advantage

Incorporating value discussions into your engagement process requires more upfront investment. It's hard, personal, and makes people feel vulnerable, but the payoff is the loyalty of a client for life and an opportunity to form real connections. It also gives advisors a clear *human* advantage over technology and advisors who just provide nuts-and-bolts financial advice. ■■