

Episode #204: How to Overcome Your Clients' Biggest Fears About College Planning

Video Transcription

Welcome back to another episode of "Money Script Monday." My name is Gabriel Lindemann, and I'll be your presenter today.

Today, we're going to be talking about how to overcome your client's biggest fears about college planning. We get a lot of concerns with new advisors wanting to incorporate college planning to their practice. They always have a lot of fears because they don't know what to expect. One of the fears is what does my ideal client look like? What should I be looking for? Well, the good news is clients in college planning can range from everything, they can range from families that make \$100,000, \$500,000, \$50,000 to a million, you never know.

Now, a lot of times people think, well, they have to be a regular W2 employee because of the tax data retrieval tool. Not necessarily. We often find that some of our best clients are...they're self-employed, or they own their own small business. The reason why is because you can do a lot more EFC, FAFSA planning, some really good strategies out there.

Another popular option, they must be family oriented. Let's be honest, its college planning, college funding. If you meet with a husband and wife about their kids, and they're not interested in helping their children, interest in helping their family, probably not a good college-planning, college-funding opportunity. In fact, we have some fact finders that we will give you and coach you how to kind of identify that early, because the worst thing you can do is spend your time with a family, end of the day, they're not on the same page, they're fighting, they're arguing, it's going to get nowhere. They're going to hold you accountable and liable for all their problems they're having. Trust me, you don't want to be a marriage counselor on top of being a college planner.

Now, \$80,000 to \$250,000, our income, that seems to be the good amount of money. The reason why, at that level, depending on the number of kids and the schools, you can still receive financial aid. Once you start getting above \$250,000 to \$300,000, you know, it's more of a college-funding, college-planning opportunity and you're not going to focus on EFC. Now, that's one of the big differences in our program. Most college-planning programs only focus on EFC. We don't. We focus on how to make it affordable, how to use the positive arbitrage in our plans so that we

can pay for school. And furthermore, that money is already earning a full rate of return. So that's why in this group, they understand that.

Honestly, homeowners are really good example, some of the best clients, because when you have a homeowner, you understand taxes, rates of return. You understand, you know, when you make a mortgage payment that, you know, if you make a \$2,000 mortgage payment, not all \$2,000 is going to go to paying down your principal, some of it is going to go into interest. Later, we'll teach you what that really means when it gets to the college funding. But again, these are reasons why these are some ideal clients that you want to look for when you're fact finding and doing your seminars and webinars.

Lastly, what are the biggest concerns? A lot of times people get so nervous. Well, a common thing is financial aid. People think that they make too much money that they won't receive any financial aid. Now, it's true. If you have a husband and wife, at combined income \$500,000, \$700,000, they're probably not good candidates to get financial aid. But from my experience, they're not looking for financial aid, what they're looking for is how to get their kids into college, and how to get them into a top school and then graduate in four years. They don't care about financial aid. So, if your pitch is financial aid, and they have no hope of getting financial aid, and you forget the most important thing is getting the kids into school, getting them done in four years or less, you're going to miss that opportunity. So again, don't focus so much on the client's assets, their income and everything, focus on...getting them to school is the most important, you know, objection that we have in the college-planning community.

Send your kid to a private school. Now, a lot of times, people, they assume sticker price is the actual price. It's kind of like buying a car. You know, I don't know about you, but when I buy a car, I never buy with the sticker prices. In fact, it's insulting to me. Now, when you go to a profile school, same things apply. But that being said, you could be going to a top-tier profile school, the sticker price, let's say, is \$50,000. Now, what they don't tell you is that if you work with a good college planner or a good firm like us, we're able to negotiate that price down. So effectively, you know, that \$50,000, after working with the college planning in the firm, your \$50,000 becomes \$30,000. And when you compare that to a UC school, where the kid will take six years to graduate, and maybe the UC school's maybe only \$28,000, \$29,000 but add on the extra two years, it makes more sense. And keep, in fact, that the profile schools, the private schools, offer a lot more opportunities as well. So that's one of the things that I think a lot of families don't realize is that sticker price is not actual pricing in the college-planning world, when you talk about admission rates.

And then 529s, I've talked to so many families, they said, "Yeah, I have a financial planner, I've got a 529." That's great. Again, a 529 is a great, great product if you have that family that's earning \$500,000, \$700,000, because that's going to be the only tax-free opportunity directly to pay for college expenses. You partner that up with an IUL, and you have probably the best combination out there, the tax-free growth in the IUL, you have the tax-free growth in the 529. The 529, you pay off the initial fees and costs and everything. And then what's left over of the fees, you have the IUL, and that money earns a full rate of return. But we're going to go over more details in another video.

But the point I'm making here is that 529 does nothing, it does absolutely nothing to get the kids into school. So, if you meet a family that says, "Oh, my financial planner does college planning, he set me up with a 529." You say, "Okay, great, how much money do you make?" If they make, let's say, \$200,000 and less, two or three kids in school, well, you can make an argument that maybe that 529 is going to hurt them as far as receiving financial aid. And most importantly, that 529 does nothing, does absolutely nothing to get the kids into school. That's the misconception is that a lot of families, they meet with their Merrill Lynch guy, and they sell them a 529. And they say, "Oh, we're covered, we have a 529." Well, that's great. How are they going to get into school? Well, they have a 529. Well, that does nothing as far as getting them into the...through the admission process. So again, having a 529 can be beneficial or it could hurt them, we won't know until we see, or we get the analysis back, all the fact finders back and we can run it through our software. But the most important thing is it's guaranteed that 529 alone will not help them get into school. You always have to talk about that in your first appointment is that, "Okay, what is your current financial planner doing to help you actually get into school, not save for school, but get into school?" That's the selling point, it's good thing to do.

Lastly, we're going to share with you some top secrets, and I have the opportunity to work with some of the best college planners in the country. In fact, Brian and Ron are doing our videos for us and they're arguably the two best college planners out there. One of the things that we learned from them is you don't buy selling facts; you buy an emotion. People are going to sign up with you because they want to believe you, you're going to help them, their family, you're giving them dreams and opportunities. If you can give them the best facts in the world, but if you don't support it with actually emotions, raw, what I would call your logos, your logic, and pathos, is your emotion, you're not going to go anywhere. And if you watch guys like Ron and Brian, time over time again, they have it down to a science, they'll connect to people with the emotion to their pace of need, they'll finish it off with logos. It's a combination,

but you have to get them emotionally involved to understand how you can make that family a big difference in their lives.

Second secret, ask a lot of open-ended questions. People love to ask questions and they love to talk about themselves. Too often, I'll be in a college-planning, you know, appointment, a sales appointment, and the new college planner, or let's just call him a financial planner, is just talking about how great he is and all the credentials on the background. And they forget to ask, "Well, tell me about your son or daughter, tell me about you, tell me about your background." It's well known that doctors that spend more time with their clients have less lawsuits. So, it makes only sense that if you're meeting with a family, you should spend more time getting to know them, not for them to get to know you. They already researched you, they've probably Googled, asked around, looked you up, but you need to get to know them so you can bond, form that bond, that connection from the start.

Then lastly, share stories. People communicate through sharing stories. Again, if you just show the facts and everything but you don't explain how you've helped other families... And if you're new in this business, that's okay too. Talk about how... The service center or your partners out there like us, we can give you stories. Use the service center stories but use stories to explain how you've been able to help them, your partners have been able to help them, and how you can also help them with a similar situation.

Again, you want emotion, sell them love, how you're going to help them. Ask them a lot of questions because you're interested in them. And lastly, use stories to convey how you're going to help them make their lives better. Again, my name was Gabriel Lindemann, and it was my honor to be here today. Happy selling.