Clients can and need different financial planning for different stages of life — or at least for different states of mind. A nimble advisor can adjust to different types of saving or spending, which can happen multiple times for the same client, or family. Here’s one example of those types of differences.

A rudimentary ledger system helps my wife and I manage our children’s allowance and chore money. The ledger lives in blue marker on a dry erase board hung in the laundry room.

Almost daily we adjust balances as our four children get paid for the extra chores they do or when they “buy” something where my wife or I use a credit card to make their purchase. We add and subtract and circle the new balance and occasionally erase and start with the new balance again at the top.

Our oldest daughter is 15 and is proving to be a reluctant spender. She evaluates each item prior to purchasing it, weighing whether she truly needs the item or just wants it. She’s become familiar with buyer’s remorse and the consequences of impulse purchases, thus is a judicious spender.

Our 13-year-old, lives with a zero balance. He spends everything he earns as soon as he gets it. If he decides he wants something, he begins asking for extra chores to find ways to earn more. He calculates the total cost of the items he wants, including tax, and earns only that amount. We’ve learned that we can’t allow him to go into debt because he’s unconcerned with paying it back — he’d prefer the consequences of debt to the work to stay out of debt or to pay what he owes. He’s a spendthrift.
Our twins, aged 10, are a mixed bag. One is the impulse purchase king of the world. His bedroom is littered with the fad items that he and his buddies deem “cool” at the moment – fidget spinners, aluminum water bottles, etc. He spends to fit in with the in-crowd.

His twin sister likes crafts. She especially likes to draw and color. Prior to coloring she was into sewing and a child’s sewing machine sits in the corner of her room covered with fabric scraps. Now on every flat surface of her room are pens of different types and colors. The pens also are everywhere in the house. If I stood up and removed this chair cushion I’d probably find a few of her misplaced pens. She spends on her transient hobbies.

Advisors certainly see these characteristics in their clients, too. They may bite their tongues to not offend the client with a judgmental reaction. They’ll see a client’s hard work or good fortune vanish as the client wastes their money, spends to fit in, or spends on something that won’t last. It must be hard to watch, knowing what they know.

But people change. They usually do, anyway. The spendthrift should someday realize their money habits aren’t healthy and will make a change. I did. Similarly, others will realize that trying to keep up with fads is expensive, as are hobbies that are fun to explore but can be short lived.

Different behaviors can manifest in a family unit, illustrating the variant behaviors an advisor can have overall with his or her clientele. Although an advisor can provide direction, clients may or may not take it depending on their needs – or wants – at that stage in their life.

That’s the key: Understanding client needs at different life stages. At one point I was a spendthrift, but that changed when one, two – four kids came into my life. Advisors who understand this can help clients better prepare as they move through these life cycles.

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