

DFZ

Decision Free Zone

Workbook

Developed by

Sudden Money[®] Institute

Financial Transitions Planning for Life Transitions and Good Decisions



*"The reality is that money is more complex than we generally give it credit for and having a liquidity event or sudden money from a major life transition event **magnifies the complexities** -- much to the surprise of both the recipient and their advisors."*

Susan Bradley, CFP
Founder Sudden Money Institute

The first step is to create order by identifying the essential decisions that need immediate attention.

The second step is to list the non-essential decisions and agree not to act on them until you have had more time to understand your new circumstances.

The Decision Free Zone (DFZ) creates an environment that is free from emotion-based decisions and free from the influence of others. This is **your time-out** from making many important future decisions, such as investing, home buying, and making commitments to others.

Once you have created and committed to the DFZ, you will have the mental energy and freedom to proceed with the organizing and stress testing the new finances and ideas for how you want to live.

Benefits of a DFZ:

- Creates a **safe space** for orientation and self- discovery
- Allows for time to organize** paper work and information
- Find boundaries
- Establish **priorities**
- Take care of essentials
- Discover** personal reference point
- Run scenarios to see **the long term** consequences

The DFZ will **help you manage the expectations** of your family, friends, as well as your own. Once you have created your NOW, SOON and LATER list be sure to share your DFZ plan with family, friends and advisors.

A *Decision Free Zone* is a **pro-active time out** from making any non-essential decisions. The idea is to **isolate the few decisions that are time sensitive and most pressing**. All others are divided into the Soon or the Later categories.

Now List

List action steps you feel are **essential and need immediate attention**. You could also note who you need to meet with to complete each item.

Soon List

Action steps or items that are **important to do soon, but do not have the same urgency** as the Now List items.

Later List

Your **Later List** may have important items and decisions that **need to be postponed** until you have more time to organize and plan. It may also include some Bliss List items that **would be nice to accomplish** once your priority objectives have been achieved.

SAMPLE

Now List

List action steps you feel are **essential and need immediate attention**. You could also note who you need to meet with to complete each item.

Decide how to take your settlement
Open an account to receive the money
Meet with a financial planner
Let others know you won't be able to make commitments for awhile
Review insurance needs
Review your will, and need for trusts with an estate planning attorney
Meet with a CPA to manage new tax rate

Soon List

Action steps or items that are **important to do soon, but do not have the same urgency** as the Now List items.

Deal with debts
Work out how much you can spend on a home and take time looking
Look for needed insurance coverage
Set up a spending plan and test it out for 4 months

Later List

Your **Later List** may have important items and decisions that **need to be postponed** until you have more time to organize and plan. It may also include some Bliss List items that **would be nice to accomplish** once your priority objectives have been achieved.

Donations to non profits
Gifts and support commitments to family
Trips, vacations, and other expensive celebrations
New car



Tell Family and Friends

Sample DFZ Statements

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"You know I have waited a long time to buy a new home, but I will make a better decision if I take a few more months to figure out how much I can afford and find the house for me/us."

"Managing the money part is more complicated than it looks from the outside. It may be a year before I know exactly how it all works and what I can do and can't do."

"The money looked infinite before I got to this point but now I see it would be possible to go through it and be worse off than before if I don't get it right. I might not be able to give/donate/support others the way I had hoped to, it will be more than a year before I know."

"I am sorry if you had expectations I can't meet. I had no idea how serious the financial part would be and how much I will need to take care of my self for the rest of my life. I don't want to be a burden on anyone."

My Decision Free Zone Statement:

Advisor and Client Decision Free Zone Agreement

This agreement between _____ and _____

my/our financial advisor, addresses our mutual understanding of what decisions are essential and require immediate attention, and some of the decisions that will be intentionally delayed until the end of the DFZ period.

I/we will refrain from making commitments to others, major career decisions, change in marital status, and buying a new home until I/we have completed the scenario planning and touchstone phase of the DFZ.

_____ my advisor, will not recommend that I make long term investments, irrevocable estate planning, or purchase insurance until I have completed the touchstone and scenario planning exercises.

Essential Decisions

Non Essential Decisions

Signature

Date

Signature

Date

Signature

Date

The End of the DFZ

In a perfect world it is over after completing the touchstone work; the right scenario has been identified, the advisor team is in place and functioning, and you feel stabilized, feeling grounded, informed and confident.

The process is usually not that sequential or linear.

Some big decisions may need to be made before everything is in place. When you are required to make any big decision before you are ready it is generally good to go in the direction of least commitment, building in flexibility whenever you can.

Even though decisions might be made, the DFZ can and should continue. Keep the framework in place moving towards more clarity on touchstone and scenarios. Keep the big questions open and alive until the answers feel like a perfect fit.

When Is The Money Invested

Phase One, Two and Three take as long as they take - there is no magic or required time period. You might need to have an interim portfolio of very conservative, short-term investments while other things are getting sorted out.

If current income is needed from the new money, consider setting aside a small lump sum for the first few months or use very short term government or municipal obligations.

Going Forward

It may take many years for you to really feel stable. Keep the advisor team in place with annual meetings. Run scenarios periodically to keep on track and test out new ideas.

Expect set backs, confusion with the statements, and change in family relations. There are usually a few more pivotal transitions before a new normal sets in. Find coaches, therapists, workshops and other resources that might be helpful to you along the way.

Early Confidence

Once the DFZ seems to be over, and all the necessary information is organized; scenarios have been run, the family and friends conversations have happened and the long term investing and estate planning is implemented, you may find you have entered a new stage of confidence and begin to make decisions that don't line up with the plan and agreements made during the DFZ.

It may be useful to compare this stage to being a college freshman - they have arrived but they are still too new to really know the way things work in their new community.

This stage may seem to happen suddenly, usually exposed when a big decision that runs contrary to the plan that was co-created; frequently it is the purchase of a large house. It helps if you discuss this stage as a natural stage that may be part of the natural progression.

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