



## SYNOPSIS

### LIFETIME FINANCIAL PLANNING – THE CAUSE WAY

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**Key words:** Financial planning, financial advice, cause, cause way, cause-based thinking

**Purpose of your paper:** To assist people in maximising their investment into their “causes” and the cause outcomes through their lifetime, in parallel with ensuring that their needs and the needs of their family are met.

**Synopsis:** We all have things that we care about, which we could call our ‘causes’. For most of us, our investment into causes gets crowded out by other demands on our time, assets and money. Two key questions are, “What is the return on investment, in our eyes, of the other activities, compared to the return on investment of spending time investing in our cause?” and “What is the return on investment of my financial investments, versus either cause-based investments or cause donations?”

For many people, the answer to these questions is that there is a much higher return on cause-based investment of time, assets and donations, compared to the accumulation of financial assets, usually because most people’s cause improves human lives and is therefore of great value in their eyes. The upshot of this higher return on investment is that it suggests that lifetime cause outcomes will be maximised if we start to invest in our cause sooner rather than later.

Of course, this introduces a tension between wanting to invest in one’s cause now, and wanting to ensure prudent provision for oneself and one’s family, now and into the future, under a range of adverse scenarios. This paper investigates three different paths of financial accumulation (as fast as possible, working towards a retirement target, and nil accumulation) over a lifetime and assesses the cause and personal financial outcomes under each path.

Most of us will accumulate assets for older age – and this paper discusses whether those assets could be invested in social impact or cause impact investments. It also considers whether our “soft assets” such as our intellectual property and social networks, could be utilised by our causes for impact.

The paper finishes by listing five possible new initiatives that could contribute to increased cause outcomes – better financial literacy and understanding of cause-based thinking, a property trust for social organisations that can free up their capital to go towards their mission, a residential property trust that can free up capital for social entrepreneurs, a marketplace that links social entrepreneurs to social investors, and an inventory and matching service that links those with soft assets with social organisations that can benefit from those assets.