

PRACTICE MANAGEMENT: Financial Advisers Endure Stress Test

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NEW YORK (Dow Jones)--It's tough to radiate calm to worried clients when you're stressed out yourself.

While clients are looking for reassurance, many brokers and investment advisers are struggling with their own emotions - including guilt for not having insulated clients from investment losses and worry over their own personal portfolios and declining business revenue.

"The number one thing financial planners can do for their clients is to get their own emotional house in order," said Brad Klontz, a licensed clinical psychologist who runs Klontz Coaching and Consulting from Kapa, Hawaii, with his father, Ted, who's based in Nashville, Tenn.

Brad Klontz is researching financial advisers' feelings for an upcoming book. Of the 40 or 50 he's surveyed so far, most exhibit some symptoms of traumatic stress: anxiety, numbness, difficulty sleeping, strong waves of feeling and inability to block out worrisome thoughts.

On the bright side, most of those financial advisers retain some sense of hope about their ability to take advantage of market opportunities, serve their clients and expand their business, Klontz said.

Ted Klontz recalled a recent workshop for a half-dozen planners that turned into a support session when one veteran planner asked if he could share his fears about the effects of the market downturn on his personal and professional life. Others in the group spoke up, too, and were relieved to realize they weren't alone. "They're not the only ones who are doubting themselves," Ted Klontz said.

An adviser in denial about his own feelings is likely to transmit that same aloofness to clients through rote responses such as: "Everything will be fine." That can seem dismissive.

Investors want to feel their financial adviser understands how troubled they are. Klontz suggests the adviser convey this with a sincere and open acknowledgment like, "I can see you're really upset." The adviser can then outline steps to reclaim control, such as reviewing clients' goals, risk tolerance and portfolio construction.

Alden Cass, a licensed clinical psychologist and co-author of "Bullish Thinking: An Advisor's Guide to Surviving and Thriving on Wall Street," said financial advisers are highly self-critical. He has referred stressed-out brokers, some of whom are experiencing migraines and high blood pressure, to physicians and psychiatrists for medication. Some financial advisers are frozen and unsure how to adjust client portfolios amid the current market uncertainty, Cass said. Others are inclined to appease clients by simply following their instructions.

A more constructive approach would be to keep in frequent touch with clients and discuss strategies for rebuilding client accounts safely over time.

"In order to deal with that breach of trust, you have to face it head on," Cass said. "Passivity will not help us move forward with the healing process."

George Johnson, who runs coaching firm Entrevi in Lake Elmo, Minn., reminds his financial adviser clients they're not God. They're not responsible for clients' total investment gains or losses.

He encourages advisers to eat properly, exercise regularly and sleep adequately. Time away from work is also important. Johnson said one of his clients spent a day and a half reading in a cabin in the country, and returned refreshed.

(Kristen McNamara writes Practice Management, a column that looks at ways financial advisers can build and improve their business. She can be reached at 201-938-5392 or by email at kristen.mcnamara@dowjones.com.)

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