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PRACTICE AND CLIENT MANAGEMENT

Voices You're going to be OK: 5 tangible ways to instill confidence in clients

By **Eden Lopez** July 26, 2022, 1:33 p.m. EDT



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Between soaring inflation, sky-high gas prices and ongoing market volatility, we financial advisors have been navigating some difficult conversations with anxious clients lately.



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And that's a good thing. Now more than at any time in recent memory, our clients need us to be that calm voice that helps them to avoid impulsive, emotional decisions and guides them toward the opportunities created by the down market. To do so, it's essential to pull back the curtain and make sure clients understand how – and how hard – you are working to secure their financial goals.

Reach out

Check in with clients more often than usual and walk them through exactly what you do on a daily and weekly basis to

carefully monitor their investments. Talk about your research process. Remind them that you take the trust they've placed in you seriously and are staying up to date with all changes as they occur. Assure them that you will proactively contact them if changes to their portfolios are needed.

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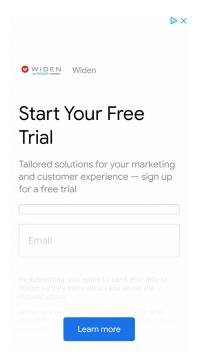
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Share personal experiences

Confide your experiences during past market downturns and how you got through them. Many of us were practicing advisors during the 2008-09 crash, and many more of us remember the 1990s tech bubble. Sharing your first-person stories can help forge a bond of trust and build up confidence in your abilities, and give clients the perspective they need to appreciate the bigger, cyclical picture.





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The 5 most revealing questions advisors can ask their clients

From childhood memories to "finish lines." advisors can learn a lot about how their clients think about money.

Cash on hand

If possible, reassure clients that they have sufficient liquidity/cash flow to ride out the volatility. If you can demonstrate the minimal impact of potential market changes to their portfolio, day-to-day market fluctuations will likely seem less daunting.

Trust the plan

Articulate the value of a goals-based investment approach and show them how the investment process is structured to weather turbulence. This will remind them why they chose to work with a financial advisor in the first place.

Get into the weeds

Explain the value of diversification and demonstrate how you've made it a priority in setting up their portfolio. Stress that volatility is an expected feature of equity markets rather than an anomaly, and call up the historical data that shows the best investment strategy is a long-term one, regardless of market conditions. Many clients aren't aware that bear markets can provide a brief window of opportunity to purchase stocks at discounted prices, as well as harvest tax losses. Reframing the conversation to focus on the opportunities presented by the down market can help put their minds at ease even as it reinforces your value as an advisor.

Get real

Now is the time to have personal, deep conversations with clients. Above all, they want and need to know you're there for them. They need more than market commentary — they need us to listen to their fears with empathy and to be a voice of reason amidst the onslaught of negative headlines and social media.

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