



Delivering advice in times of uncertainty: Helping clients overcome financial fears

We are clearly living in uncertain times. The coronavirus has spread worldwide, the financial markets have responded with record drops, and many clients are paralyzed by fear. As a licensed psychologist, I am regularly tasked with helping individuals manage fear. In times of uncertainty, financial professionals too must serve as “financial psychologists” as they help clients overcome their financial fears. Simply delivering well-founded investment advice is not enough. When fearful, clients will resist, avoid, refute and even reject your advice. It is during these times that you must proactively reach out and connect with your clients. As you do, draw upon four skills used by psychologists to move clients from fear to action.



For each skill, I've provided specific actions that you can take as you help clients deal with uncertainty.



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Empathize

As clients are swamped with news of the coronavirus outbreak and its impact on the global economy, it's understandable why they would be overwhelmed with anxiety. Rather than conveying that clients' fears are unjustified, or that all will be okay in due time, take a different approach. Put yourself in your clients' shoes and empathize. Inquire about your clients' concerns and fears, reflect how they are feeling, and meet them where they stand.

Say things like . . .

- I understand why you feel as you do.
- It is normal to have such reactions.
- Many people are responding just as you are.

Prepare

When financial markets tumble, you are likely to see opportunity where clients see threat. You see buying opportunities where clients see exit doors. As a trained financial professional, your exceptional preparation provides you with a readiness to act that far exceeds that of your less prepared clients. Your advanced knowledge, experience, and education allow you to be calm when clients are fearful, informed when clients are unaware, and proactive when clients are reactive. Before advising clients to act, it is critical that you take the necessary steps to prepare them to hear and heed your advice. Deliver your advice prematurely, and you may receive a good dose of client resistance in return.

As the coronavirus disease has spread, health professionals have directed people to the Centers for Disease Control and Prevention and the World Health Organization. These organizations provide facts about what the disease is, how it spreads, who is at highest risk, and prevention and treatment strategies. Health professionals understand the value of providing citizens with the knowledge and information needed to prepare citizens to act. Proactive preparation provides a foundation of "readiness to act" that is essential in times of uncertainty.

Before advising clients to act on a recommended financial strategy, ask yourself: "Is the client sufficiently prepared to act?" and "What financial knowledge, information, and experience do you have that the client does not?" Consider how you can better prepare clients to see things as you do. What facts and resources are you referencing that support your recommended course of action? What historical trends and evidence can you share with clients? What were the economic impacts and recovery periods around similar uncertain times in the past? How did different financial strategies work during these times?

Provide clients with . . .

- Known and unknown facts
- Evidence-based expectations for the future
- Background information for considered actions

Focus on opportunity

Once you have adequately prepared your clients to hear and consider your advice, you must deliver your advice through a lens of opportunity. Clients often view uncertain times through a lens of threat that clouds their ability to see and act upon any opportunities that may exist. Take the time to plan the delivery of your advice by considering 1) how you have or will mitigate impending risks and 2) how you will shine light on available opportunities. Strive to ease clients' fears by calmly and transparently explaining the steps you have taken (or are taking) to manage any risks and needs that clients view as primary. As you reassure clients that their financial situation is in good hands, transition your conversation to how clients can benefit from existing conditions (e.g., low mortgage rates, refinancing, purchasing power, business lending). As clients' perceptions shift from threat to opportunity, their motivation to act heightens.

Direct clients' attention to . . .

- Opportunities, not threats
- Strategies in place to manage downside risks
- Specific opportunities that address primary needs

Act

The value of professional advice is only as good as what is executed. Thus, with opportunity on the front burner, take your clients by the hand and guide them on the pathway to what's in their best interest.

Finally, recognize that there is no suggested timeline for the four steps we have discussed. For some clients, they will be ready to act immediately, and for others, several months. Monitor and move clients along the pathway to readiness, and when they are prepared to act, deliver your advice and execute.

About Dr. Rick Jensen

Dr. Jensen is a renowned performance coach and author. In financial services, Dr. Jensen has consulted with top firms including Merrill Lynch, Morgan Stanley, UBS, LPL, Wells Fargo, Chase, and Charles Schwab. In golf, his clients have combined to win 33 major championships, and in tennis, Dr. Jensen has trained winners of all four Grand Slam championships. Dr. Jensen has been featured on ABC, ESPN, CNN, and the Golf Channel.

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