



## The Gresham Company

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### The Words Not Spoken

If you are like most advisors, you usually approach client meetings in one of two ways: If the market is up, you underscore the recent growth in the client's assets, and the progress made toward the achievement of his or her financial goals. If the market is down, you emphasize how a diversified portfolio shielded the client from significant losses.

Either way, you have demonstrated your value by giving the client a greater sense of financial security. Or have you? A recent survey by Prince & Associates found that 89 percent of millionaire households feel that they are vulnerable to a financial reversal, yet only 15 percent of advisors were aware that their clients harbored such fears. That is a staggering disconnect — but an understandable one.

Addressing issues of vulnerability can be uncomfortable for both client and advisor, and doing so during the regular client review meeting — an encounter that by its very nature is meant to be a positive experience for both parties — can seem tantamount to raining on your own parade. Imagine saying to your client, “Your portfolio is up another 5 percent this quarter, Mr. Smith. Of course, you do realize you could lose everything, don't you?”

That is not a message that anyone wants to provide — let alone hear — yet for many affluent clients, it is undeniably true.

#### **Protecting Against Catastrophe**

Many advisors can identify with the reality of not having raised the possibility, however remote, of catastrophic financial losses caused by extended illness, personal liability lawsuits, or other similar occurrences. But these fears are on your clients' minds, even if neither they — nor you — bring them up.

Clients turn to financial advisors to not only manage their expectations, but also alleviate their fears. How can you do that if you don't know what those fears are? You need to ask — something that's admittedly difficult to do. However, there are ways to make the process a little less painful:



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- **To get personal, get impersonal**  
Sometimes it's better to raise difficult issues by using a third-party approach. You might say to clients, "A recent survey of affluent households found that an overwhelming majority were concerned about the possibility of catastrophic health care expenses. Is this a major concern of yours?" Don't be surprised if your clients answer your question with a question of their own: "Should I be worried?" More often than not, they are looking for information and reassurance.
  
- **To get specific, be general**  
To get the conversation started, you might find that a general inquiry is more successful than tackling a subject head on. Try asking, "Your portfolio has grown XX percent. Do you feel more secure in your financial situation now than you did a year ago at this time?" Chances are the client will say, "Yes, but ..." The way the client finishes that sentence will give you insight into what's weighing on his or her mind.
  
- **To focus on the client, focus on yourself**  
Another indirect way of addressing client concerns is by raising your own plans for expansion. This approach works especially well in writing. Send your clients a letter telling them that you are looking for ways to expand your practice, and highlight a list of products and services you might offer: long-term care insurance, estate planning and so on. Ask them to identify the ones that interest them. If they are accustomed to viewing you in a particular light — say as a financial consultant — then they might not even realize that you are able to provide multiple other services (or put them in touch with allied professionals who can offer services you don't currently offer).

It's entirely possible that the majority of your clients will not need any additional services at the present time, but by giving them the opportunity to discuss their concerns — and at the same time giving yourself the opportunity to demonstrate your ability to address those concerns — you will go a long way toward proving to clients you truly are their advisor for life.

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