

Financial Planning: The Remedy for Reactive Decisions During Market Volatility



Remember the old Boy Scout adage, “Always be prepared?”

Traditionally, that wisdom referred to bringing an extra water bottle on a long hike. But as COVID-19 panic spreads across the nation—and the markets—it’s worth examining in the context of our industry.

Are you prepared for a volatile market? And more importantly, are your clients?

In times like these, it’s essential to ground your clients in the big picture—their long-term goals and progress trajectory—instead of short-term hysteria.

Financial planning provides that critical foundation by:

- Establishing long-term client goals as the basis for investment decisions, which helps to keep clients from becoming reactive in response to what they’re seeing on the news every day.
- Helping to ease concerns about the future with Monte Carlo simulations and “What If” scenarios that take into account situations like COVID-19. The ability to look at projected outcomes based on actual facts and figures can keep clients from spinning out the absolute worst cases in their imaginations.
- Increasing transparency—and therefore trust—by giving your clients the ability to check their progress anytime via a client portal and mobile app. Access is empowerment, and in times like these, it’s important to reduce factors adding to uncertainty.

A study conducted by the Journal of Financial Planning found that financial planning tools and techniques added measurable value for clients during another period of financial stress and uncertainty: the Great Recession in the early 2000s. At its core, the study states, financial planning puts clients, not portfolio issues, at the center of recommendation development.*At its core, financial planning puts clients, not portfolio issues, at the center of recommendation development. Click To Tweet

Orion is offering free self-guided access to our financial planning platform as part of our Business as Usual program, developed to help advisors continue serving their clients during these uncertain times. Learn more here.

Ready to get in touch? Contact us for a personalized demo of our financial planning platform.

*<https://www.onefpa.org/journal/Pages/AUG14-Reducing-Wealth-Volatility-The-Value-of-Financial-Advice-as-Measured-by-Zeta.aspx>

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