The Importance of Staying Invested: How to Ease Investor Concerns in a Down Market

Over the past year, investors and their portfolios have been dealt with a blow of volatility—which is why it's so important for financial advisors to be reaching out to their clients and educate them on the importance of staying invested.

So, what's the best way to do that?

In one of our most popular webinars to date, we rounded up a team of Orion experts to provide their insider tips on *How to Engage Clients in a Down Market*.

Tip #1: It's not just the financial market that causes clients to be emotional.

When meeting with clients, remember that there's always something more to the conversation than just the markets. Whether it's worrying about not being able to pay their mortgage, not being able to retire on time, or struggling with a personal family or health crisis — there is always something else causing them anxiety and stress. The role of the financial advisor is to listen to them, find out what is really causing their concern, empathize, and let them steer the conversation.

You may have had a ton of data you wanted to share with them or additional agenda items, but they won't be able to hear it until you address the real root of the problem. Once addressed, the conversation can move on to your additional points and reiterate the importance of staying invested, particularly during market and life uncertainties.

Tip # 2: Don't plant seeds of doubt.

Being proactive during all market conditions is imperative when building and maintaining client relationships but when reaching out during volatile markets, don't automatically assume that clients are worried. Oftentimes, clients may not be focused on the short-term losses in their portfolio or have become immune to the 24/7 doom and gloom financial news stories. It's best not to lead with market turmoil and to make sure that clients are concerned before planting worries that don't exist. Focusing on their longer-term goals, re-educating them on the importance of staying invested, and engaging in a conversation about what matters to them most, is what will help clients achieve their financial goals.

Tip # 3: Take a temperature check.

An easy way to determine a client's level of concern for market volatility is to take a "temperature check" at the start of a meeting. One idea would be to ask the client on a scale of 1 to 10, with one being "I'm not concerned at all" and 10 being "I'm highly concerned", where do you see yourself right now with respect to the markets? You might be a little surprised by their answers.

We've heard from advisors who use this method that the typical response they receive from clients is somewhere between a 3 or 5 — it's not an 8, 9 or 10, as you might expect. One reason why advisors might not be seeing the level of panic that they might expect is that clients may be somewhat inoculated against market volatility and have learned the lesson that markets will bounce back and it's best to stay invested.

Tip # 4: Build trust over time.

Use times of market volatility as an opportunity to build even more trust with your clients. Always listening to client concerns is a given but during volatile periods especially, normalizing those feelings is a must. As an advisor, your role is to reassure those concerns. One way is by stating, "The fear and uncertainty you are feeling is normal. Let's talk about your goals and decide how we want to act in order to continue to stay invested and achieve those goals."

Remember, not all clients are created equal, so it's your job to treat clients differently based on their individual needs. Trust is built by meeting clients where they are emotionally, showing empathy, and then presenting the facts in a way that will resonate — but only when they are ready to listen.

***Watch the full on-demand webinar** for more insightful tips on how to communicate with clients.*

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