



**Between the Issues
Advising Worried and Anxious Clients
by Brent Kessel, CFP®**

“I suspect that if you grow up wondering if there will be enough money to pay the bills on the first of the month, you never entirely outgrow that.” —Rabbi Harold Kushner

Many financial planners have noticed that clients have been more anxious over the last few months than at any time since 2003, when the last bear market ended. The war in the Middle East, the prospect of bird flu spreading to the United States, an inverted interest rate yield curve, and the continuing threat of terrorism are all fueling client concerns about the economy, and more importantly, about their own financial security. Most professionals who have been in the business of advising affluent individuals for more than a few years have noticed a decided trend—certain clients never stop worrying, they just shift the focus of their worries to different causes, be they of the global or personal variety. For ease of description, I’m going to give these clients an archetypal name: the *Worriers*.

I will not focus this article on the external circumstances that cause Worriers their angst, the probabilities that each circumstance will or won’t occur, or how to use financial strategies to defend against their insecurity. Instead, I will explore

- A simple checklist to use to identify clients who are perpetual Worriers
- What the Worrier feels
- What the Worrier thinks
- Exercises that can help create more relief and happiness for Worriers

How to Identify Perpetual Worriers

Your client is probably a Worrier if

- Their financial decision-making style falls into one of two extreme camps: (1) they feel frozen, unable to make financial decisions even when they know they’re right for them, or (2) they are constantly making rash, impulsive financial decisions (such as too much trading in their investment portfolio) that they hope will alleviate their anxiety, but which don’t, at least not for long.
- They are focused on financial doomsday scenarios, whether for the world or themselves, which causes them to ask you to analyze what-if scenarios much more often than most other clients do.
- They abide by certain fear-driven “rules,” such as never having debt, being retired and living only off their interest and other income—never their investment

principal—or working because they feel like they'd probably go crazy if they didn't.

- Their emotional responses and level of worry are out of proportion to the actual financial circumstances they are in. For example, they might obsessively worry about having enough to pay their bills even though they've never actually had the experience of not having enough money to pay them.

What the Worrier Thinks

The human mind is a problem solver, always on the lookout for a problem it can solve, a way to explain why things aren't going well. Worriers experience a whole host of unpleasant feelings, as you'll see below. What better problem to have to solve than a set of feelings that are, at best, highly disagreeable and, at worst, intolerable? When any of these negative feelings arise, the mind initially sets about trying to answer the question, "Why am I feeling this way?" Here are the most common thoughts that Worriers' minds latch onto in order to justify and amplify their anxious feelings:

- My money is going to run out because _____.
- There is going to be a world disaster or major change the likes of which we've never seen and which will _____.
- My investments are too _____.
- I spend too much (or my spouse/child does).
- If I stop working, my finances will fall apart.
- If I'm not vigilant, I (or my financial planner) might make a mistake that could ruin me.

But as I'm sure you've noticed, gearing our advice and financial analysis around answering these types of questions generally does little to assuage the Worrier's underlying feelings, because the feelings are where the action really is.

"The larger lesson is that nothing that you're thinking about is as important as it seems when you're thinking about it." —Nobel-Prize-winning behavioral finance professor Daniel Kahneman

What the Worrier Feels

A client calls up saying, "I just read that we might be heading into a recession and I want to know what you think." Meanwhile, their emotional body is saying something like "I'm terrified about my financial security." As planners, we often first encounter our clients' questions, beliefs, or opinions and think that that's what really needs to be addressed. While we are not therapists, I have found it exceedingly helpful to at least be aware of the feelings that underlie my client's questions. Sometimes I ask, "What are you feeling right now?" There is no need to respond to their feelings—it is a great service just to get your clients to name them. Following is a list of feelings and physical sensations that are familiar to Worriers:

- Fear
- Anxiety
- Doubt
- Concern
- Depression
- Dejection
- Fretfulness
- Tension
- Panic
- Negativity
- Uneasiness
- Apprehension
- Pessimism
- Obsessive behavior
- Tight jaw
- Contraction of the solar plexus
- Nervous tick
- Neck and back pain
- Irregular sweating
- Loss of appetite
- Shortness of breath

While there are grave problems in the world—poverty, hunger, unspeakable violence—the majority of the world’s population, and most likely all of our clients, are not in a daily struggle to survive. It was only a few hundred years ago that we humans had to fear for our lives on a daily or at least seasonal basis. In 1900, 9 percent of mothers died in pregnancy or from birth-related complications and 10 percent of babies didn’t make it to their first birthday. Other historical examples of very real threats to our survival include the ruthless pogroms of Europe and Russia, the Crusades, and vicious crimes against women and children (which have gone unpunished until only recently). The physiological memory of these threats still lives in our bodies, bodies which haven’t changed all that much despite tremendous improvements in our prospects for survival. And here we find ourselves in a 21st century affluent lifestyle, and when something threatens us, the emotional warning system generally doesn’t have the ability to contextualize the threat. For this reason, the initial physiological response is often quite similar when one opens an investment statement after a losing quarter to when one sees an apparently threatening person crossing a dimly lit street toward them. If we as planners only meet our clients on the level of their thoughts, we are missing an opportunity to help them understand themselves and cultivate real, lasting relief.

Exercises to Help Create Relief and Happiness for Worriers

Worry can serve a useful purpose in that it can make us alert when we’re proceeding down a perilous financial path. In my years of practice, I’ve encountered clients who could have stood to have a bit more of the Worrier in them. But most Worriers worry *excessively* given their financial situations. There’s an unhealthy amount of fear,

anxiety, or trepidation when it comes to money, even though they themselves may not consider it unhealthy, distorted, or excessive. This excessive worry clouds Worriers' judgment, often causing them to make poor financial decisions and to experience a great deal more suffering than necessary.

When I've encountered particularly recalcitrant Worriers in my practice or workshops, I've used this analogy: Imagine that you are a single parent of a young daughter, let's say three or four years old. She wakes up one night, petrified that the sound of a tree's leaves brushing against the roof shingles is actually a group of evil giant tarantulas that are going to eat her alive. You would likely say something like, "Sweetheart, I see how scared you are. I hear those sounds too, and they *are* a bit eerie. But there are no giant tarantulas out there. It's only the big tree you love to climb in the front yard being blown by the wind. Let's listen closely together and see if we can hear the little leaves brushing the house." If your daughter persists in her terror, you might say, "Let's go out into the front yard and check it out for ourselves. I'll be right there to protect you."

But instead of soothing the most terrified feelings in themselves as they would for a child, Worriers instead let the nightmarish thoughts continue uncensored. In the worst instances, these thoughts are allowed to morph into all kinds of wicked scenarios, with no basis in reality.

Of course, most of our clients are not worrying about giant tarantulas, they're worrying about car payments, protecting their investments, or hanging onto the house they live in.

You, as financial planner, are like the parent in the above example. You need to first hear your client's "nightmare" scenario, validate their *feelings* with empathic statements like, "That must be quite scary for you." or "It sounds like you're very concerned about the economy." After you've listened and validated their concerns, show them the realistic probabilities of their feared scenario occurring. In our practice, one of the techniques we use is showing the client what would happen to their financial situation if the Great Depression were to begin tomorrow. With a few relatively small spending adjustments (or none at all), almost all clients' plans hold up just fine. Monte Carlo simulations are another way that less than optimal scenarios can be presented to clients.

Activities for your clients. The next time your clients finds him- or herself experiencing any of the difficult feeling states or body sensations described above, you might suggest that they take the following three steps:

1. Ask your worrying mind—the youngest place you can access inside you—to exaggerate its worst-case scenario. Really draw it out. What else do you think might happen? And what else? Keep going. And what would happen next?
2. Then, imagine how you would respond if that worst case scenario actually happened. What would you *do*? Not "I'd be a basket-case," but "I'd move into my

sister's garage with a sleeping bag and pad, and make money working as a shipping clerk.”

3. Finally, ask your worrying mind what it thinks you ought to do, *right now*. If it can't come up with anything concrete, then—just as you would say to one child telling terrifying stories to another child—put your foot down and tell your worrying mind to stop speaking until it can suggest something you can do right now.

Insist on change. If, as a result of your planning, you and your client identify a concrete financial change that will create more financial security, insist that your client make that change. In certain rare cases, I've suggested that if a client is not going to follow my advice, and I'm convinced it will alleviate their cause for concern, then I can't help them find relief, and perhaps there is another planner who might get through to them.

Worriers need boundaries—need to know when it's okay to feel unsafe—otherwise, they feel unsafe all the time. Depending on the nature of your client's concerns, set up specific boundaries which, if crossed, will trigger you and your client to evaluate that aspect of their financial situation.

If their concern is investment performance, then set a parameter such as “If your portfolio has under-performed its benchmark by more than 2 percent over a three-year period, or has lost money over the past 24 months, we'll re-evaluate.” This is just an example. You can set your own boundaries around investing, spending, income, insurance, charitable giving—whatever areas cause your client to experience feelings of worry. Of course, setting boundaries means that if the boundary hasn't been crossed, the Worrier can feel safe. Write these boundaries down for your client to keep with them, or bring them up in each update meeting to remind them that you have your eye on what's concerning them most.

Make sure you've removed your own biases. If you are a Worrier yourself (and many practitioners are), you might tend to make your client's portfolio more conservative than *they* would want or need. But if you're not as much of a Worrier as they are, make sure you're not advocating a more aggressive stance than they need. With the increases in our clients' portfolios over the last three years, we have been advising certain Worrier clients to trim back to a more conservative stance, not because of any prediction about the markets, but because Worriers should take on as little investment risk as possible, provided that they will still reach their goals within *their* desired time frame. There's nothing wrong with care and prudence when it comes to money. But many clients of financial planners are plagued by levels of anxiety and worry that are disproportionate to their financial situations. By understanding the roots of what they feel and think, we can become much more effective as advisors in helping them cultivate a life of security and peace of mind around money.

Brent Kessel, CFP®, is the president of Abacus Wealth Partners LLC and the author of *It's Not About the Money™*, to be published by HarperCollins in December 2007.