



Market Crises Have Made Me a Better Financial Adviser

What I Learned from the Financial Crises of the 2000s and My 96-Year-Old Grandfather

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RIGHT ABOUT THE TIME the tech bubble burst, I started working for a financial adviser. It was 2000, and for three years, all I experienced

were negative returns at a time when I was just trying to learn about financial planning and investing.

I'll never forget putting money in my own 401(k) account and watching the balance continue to decline. I thought, "What the heck is this about? Does this actually work?" After that, the markets had five years of positive returns until the financial crisis of 2008–2009.

By late 2008, I was a junior adviser working for an independent adviser. My boss was on vacation on a catamaran in the British Virgin Islands the week that the markets had five consecutive negative days. He was unreachable, and I was the only one in the office to talk to clients who were nervous, scared and only seeing their portfolio values decrease. The phone calls that came pouring in were nonstop, and I was doing my best to keep myself together.

This was absolutely one of the hardest weeks of my life. I was emotionally drained and not sure I truly believed what I was telling the clients (because I was also questioning whether the market would really come back). This period seemed to last forever. It was hard to go to work every day, hearing the same concerns from clients. It made me re-evaluate how clients were invested. Was there too much stock exposure?

Despite our best efforts, some clients tried to time the market. Ultimately, these clients realized they made a big mistake and lost a significant amount of money.

My experience in 2008–2009 made me reconsider the investment approach. I couldn't sleep well knowing many of our retired clients were losing so much money and large percentages of their net worth. When I decided to leave the firm in 2012 to build my own book of business, many of my decisions were based on my experiences from the 2008 financial crisis.

For example, we didn't rebalance client accounts at my previous firm, so accounts were stagnant. At the firm where I am now a partner, we rebalance when the client is out of balance, so throughout the current financial crisis, I have been able to tell my clients we are taking advantage of discounted stock prices. I explain that we are selling bonds and buying stocks that are on sale right now in their portfolio. They love hearing this as it is the definition of buy low, sell high.

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Last week, I called my 96-year-old grandfather. Naturally, he asked how work was going. When I told him that I'd been talking to my clients about the current situation, he said this to me: “Make sure you tell your clients the numbers they are seeing are only on paper. It's not until you sell that it's real.” This isn't his first rodeo.

Take Care of Yourself to Take Care of Others

You cannot take care of your clients and be the calming voice they need to hear if you are not of sound mind. Because of the coronavirus and social distancing guidelines, I have been working from home for a few months now. It can feel lonely, as if you are fighting all this uncertainty alone. That is why it is so important for advisers to connect with other advisers and colleagues that they can call and commiserate with.

Some additional ideas:

- Find a mentor who you connect with if you don't already have one.

- Pay attention to what is happening in the news but stay away from too many news programs as they tend to focus on the negatives.
- Find different ways to relieve stress including exercise and meditation.
- Eat good meals and don't skip eating. (I think it messes with your brain.)
- Sleep.
- Get outside (even if you have to take the phone with you). Nature is wonderful for your soul.
- Talk to other advisers. It is worth repeating because we understand more than anyone else what it is like to be in this role day after day.

Your Clients Appreciate What You Do for Them

In the past few months, I have called more than 100 of my clients. I realized that as much as they thanked me for calling them, I needed to hear their voices, too.

The connections we have with our clients are personal and important. I know which clients need a call to reassure them their plan is working and that I am there to support them. Just as important, I know which clients to call when I need to laugh or want to take a moment to listen to the latest proud grandparent story or big fish tale. Talking with my clients has actually helped me work through some of my fears during this time.

When we get through this, it will be because we all worked together. This too shall pass.

Karma Forrestal, CFP® is a partner for Forum Financial Management, a Registered Investment Adviser firm with more than \$4.5 billion of assets under management and serviced (as of January 2020). Karma joined Forum in 2012. With more than 19 years of experience in the financial planning and tax planning fields, she has experience working with individuals, small business owners, divorcees and retirees.