

# INDIANAPOLIS BUSINESS JOURNAL

JANUARY 5-11, 2009 VOL. 29 NO. 45 © IBJ MEDIA



## Keeping CALM in the STORM

Emotional investors look to therapists, wealth managers

By **Peter Schnitzler** • [pschnitzler@ibj.com](mailto:pschnitzler@ibj.com)

**W**hen people suffer catastrophic losses, such as the death of a spouse or child, psychologists help them work through five distinct stages of grief. The cycle starts with denial and proceeds through anger, bargaining, depression and, finally, acceptance.

These days, wealth managers are seeing the same cycle. Many investors endured appalling financial losses this year, as markets soured and the economy slipped into recession. Now they're grieving over money once intended to fund retirement, their children's education or major philanthropic gifts.

"They look to us for some assurance that the world is not coming to an end—

that the world has suffered a major shock, but it will recover," said Mark Green, chief investment officer for Carmel-based Oxford Financial Group Ltd. "People are going through a grieving process over the way they thought the world was supposed to be.

"It's grief for a time that's now passed," Green continued. "And they don't know the

See next page

Continued from front

rules of the game going forward.”

Of course, financial planners still spend the bulk of their time researching investment opportunities and recommending strategies to rebalance portfolios. And the top priority of most money managers is the downturn’s potential silver lining: Now may be a great time to buy undervalued stocks and bonds.

But hand-holding, always a big part of their job description, has become a daily demand. Longtime clients and prospective customers alike don’t know how to react to the daily dirge of bad business news. Some turn to licensed medical professionals. Others seek help from trusted financial counselors, though their concerns are much the same.

Psychiatrist Chris Bojrab, whose Carmel-based Indiana Health Group practice serves high-end clients such as corporate managers, media personalities and professional athletes, said stress over money is always on his patients’ minds. But money woes have become so commonplace that Bojrab now asks related questions routinely, the same way he asks about workplace or family relationships.

Bojrab said patients closest to retirement age are the most depressed about the state of the economy. They’re already feeling the pinch in their pocketbooks, and worry there isn’t enough time to recover their losses.

Some are retreating into a “bunker mentality,” Bojrab said, feeling overwhelmed by the speed and depth of the downturn. Many respond positively when he points out the things that remain valuable in their lives, such as health, family and relationships.

“I’m hearing more stories about people who are not in great financial shape reaching out to help family members who are worse off,” Bojrab said. “It has refocused people on what’s important.”

Others are adjusting their goals. Patients whose aim used to be to optimize every aspect of their lives have become more realistic, Bojrab said. Two years ago, they focused on striving for the corner office and the CEO’s title. Now their ambitions have been curbed to job retention.

Whenever conversations turn away from emotional concerns and toward actu-

al financial guidance, Bojrab has the same recommendation: See a professional.

“Don’t just sit and fret at night,” he said. “If you don’t have a financial planner, seek out their expert advice. It may go a long way towards buying you a better night’s sleep.”

### **‘No silver bullet’**

Meanwhile, wealth managers are crossing into some of Bojrab’s turf.

“The main thing that we’re doing is just listening, said Ron Rich, president of Indianapolis-based Capstone Wealth Advisors. “Most [clients and prospective customers] have resigned themselves to the idea there is no magic adjustment we’ll make to their portfolio. There’s no silver bullet. But they need somebody to talk to.”

Oxford’s Green said clients have two common types of emotional reactions to market woes. Some become paralyzed, unwilling to admit the new reality and adapt. Others are consumed by fear, acting as if “their hair is on fire,” Green said, and are desperate to do something, anything. He tries to address both types with facts and analysis.

“For a long time, people were in denial, then angry. I’m surprised there isn’t more outrage. Then people were bargaining, looking for deals,” Green said.

“A lot of people are depressed. They feel their hopes and dreams have gone up in smoke, and they’re not sure what to do, or even what they want going forward. And finally, we’re beginning to see some people accepting the new world now. That’s what we’ve got to get people to: acceptance.”

But it’s difficult to achieve closure when the news media day after day are reporting what seems like a never-ending stream of bad news.

Elaine Bedel, president of Indianapolis-based Bedel Financial Consulting Inc. pointed out that market turmoil doesn’t affect everyone equally. Just because the Dow Jones industrial average drops by 5 percentage points over a few days doesn’t mean your own portfolio necessarily has. It just sometimes feels that way.

“There is just way too much news media, from the CNNs to the MSNBCs 24/7 talking constantly about how terri-

ble it is,” Bedel said. “The worse they make it sound, the more terrible [investors] think it is.”

The tumult is inspiring financial soul-searching, Bedel said. It’s easy for investors to consider risky investments when stocks are climbing. But when they go down, many dramatically adjust their feelings of risk-aversion.

“They’re learning a lot about themselves, because they don’t like the feeling of seeing their nest egg that they depend on go down,” she said. “It’s understandable that people are anxious. I keep telling them I’m in the same situation.”

### **A little perspective**

Sometimes, a little humor can go a long way toward granting perspective. Rich described a pair of clients who retired several years ago and planned to spend their sunset years living in a boat and sailing it across the Bahamas. They’re worried their lifestyle has become impossible.

“They came in and were really doom and gloom. ‘What if the market went to 4,000?’” Rich said, less than half of where the Dow now stands. “I told them if the market goes to 4,000, you don’t need to worry about your investments. You need to get a good rifle and a sharp knife and become a hunter-gatherer.”

“We try to get them to laugh,” he continued. “[After that] clients want to hear reality. They don’t want to hear a bunch of smoke and mirrors. They want you to confirm the reality of where we are, and engage in straight talk.”

Sometimes, simple steps can make investors feel better, even if the impact on their portfolio is slight. For example, several wealth managers say they now often talk to clients about deals they can get on cell phone service, gasoline or goods at Costco. The savings may not amount to much in dollar terms, but they can help people regain the feeling that they control their fortunes.

“When people can get control of their situation, if nothing else it makes them feel better,” Bedel said. “People do look at their portfolios a little bit and say, ‘I had all this wealth, and now I don’t.’ I tell people, ‘You’re still wealthy. It’s all just relative.’ Everyone is down a notch from where they used to be.”•