



Set expectations and manage risks

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Being a financial advisor is an extremely difficult job. There are times it seems easier, like this past year when the market's going up and, seemingly, everything's going up. That certainly helps your business. Clients are happy, and they're making money. But then there's other times, where there's opportunities to make money in the markets, for sure, but it's not as easy. And trying to make sure your clients' expectations are set properly is always a challenge. Making sure they have a good asset allocation plan and that they're not taking too much risk, and especially after a period of high returns, sometimes that can be hard to get clients to understand that.

In an environment like I feel like we're in now, where policies have changed, volatility is increasing, that's trickier. So you want to spread your bets around more. You want to diversify internationally more. You want to be smarter about how you approach fixed income because you're not going to make money in the same way, probably, than you had in the past, with falling rates, because the Fed's raising. So you just want to be really well diversified.

I like models in this environment where you're outsourcing some of the investment management to professionals. There's a lot of choices. You can gain back time in your day to do that prospecting by outsourcing some of that investment management.

So I think it's really about getting back to the basics, reviewing people's investment plans, making sure that they're properly diversified, rebalancing where appropriate, make sure they understand that returns like this that have been happening recently, while great, aren't to be expected over the long term, to kind of reground the clients in what's realistic.

Diversification does not assure a profit or protect against loss.

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