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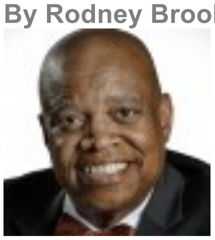
# Stock tip: Turn off the television and call your financial adviser

By Rodney Brooks | January 30



Columnist

*Nervous about your nest egg? Call your financial adviser.*

Triple-digit fluctuations in the stock market can prove disconcerting for anyone, but especially people in or near retirement, who are at or near the end of their wage-earnings phase. So they are understandably worried about their portfolios, which must provide income for the rest of their lives.

“I’ve had calls from a few clients who wanted to liquidate everything,” says Andrew Rafal, president of Bayntree Wealth Advisors in Scottsdale, Ariz. “I tell them to take a step back, breathe and think about 2008: If they had tried to time the market then, they would have missed the returns when the market finally stabilized.

“It’s more of an emotional roller coaster for these clients,” he says. “They are in a period of de-accumulation. That sector will be more inclined to get nervous and revise their entire portfolio and make emotional changes.”

Some advice from planners on getting through the rough runs in the market:

**Talk to your financial planner.** During times like this, many advisers make sure they stay in touch with their customers.

“We are trying to be proactive,” Rafal says. “We have been doing face-to-face meetings, calls and emails. We are also sending out videos. Even if clients are not calling, they are reading about volatility.

“Clear the clutter, disengage from the media and focus on why we built the financial plan,” Rafal says. “Your financial plan should have market volatility built into it.”

Eric Bailey, president of Bailey Wealth Advisors, says he has been calling clients for weeks.

“Whenever you have more than 5 percent volatility, you need to talk to people,” Bailey says.

“All markets have natural ebb and flow,” he says. “You have to build your portfolio before the storms to handle ups and downs.”

**Do not panic. Stay the course.** “Part of our job with clients is to help them take a step back and look at the bigger picture,” Rafal says. “We look at the plan, discuss why we put it in place and have them stick to it. We help them to disengage from the noise and understand that the markets do what they do.”

Lazetta Rainey Braxton, founder of Financial Fountains in Baltimore, says many of her clients have much of their wealth in retirement accounts. She talks to them regularly, so they are familiar with her strategy.

“Historically we have seen consistent upturns with equity markets climbing, even though there have been dips,” she says. But, she says, that is not a guarantee of future performance.

**Stop watching the financial news.** “Everybody’s DNA is different,” says Stephen G. Davis, president of S.G. Davis Financial Group in New Hampshire. “If it bothers you to listen to the news on regular basis, turn it off. Let’s keep the bigger picture in mind. That strategy we’ve put together has taken into account that we will have market volatility. Stop looking at statements every day. Check it every month or every quarter.”

**Retirees should already be somewhat insulated.** “The good news is the ones we have already in retirement,” Davis says. “Those people are planning on money from income. We put them in financial strategies that are not affected by market.”

Bailey also says his customers who are retired have the least to worry about. He says if his clients are within five years of retirement, they begin working on a distribution strategy. With that strategy, the portfolio is separated into three periods, each representing one eight-year phase of retirement.

“Breaking your portfolio down into three tranches, the first one should be little or no volatility,” he says. “The second could stand more volatility because you won’t need it for eight years. The third you won’t need for 16 years.”

**Younger clients have plenty of time.** “Of our younger clients, for some it’s the first time they’ve dealt with risk,” Rafal says. “We have the time and horizon to stay in an asset allocation and to tell the younger clients you have to stick to plan. They do have 20 to 30 years left.”

“We have a lot of clients with assets in the markets not relying on that money yet,” Davis says. “First we make sure they don’t lose perspective of big picture, making sure they understand that the market historically has its cycles. We don’t want them caught up in micro picture. The macro picture takes into account market fluctuations.”

And finally, it may be time to look at selling some of your underperformers for tax purposes and look at whether your portfolio is now out of whack.

“Just sit tight and rebalance,” says Mark Hebner, president of Index Fund Advisors. “If equities get too far out of the target allocation, we advise clients to sell some of the fixed income and buy more equities. “

“If you are fortunate to work with advisers, lean on them at this time,” Rafal says. “Don’t let emotions get in the way. That’s why you pay them.”