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# Planners feel the Squeeze



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**The squeeze is on as financial planners find themselves caught in a vice of unhappy clients, falling investment markets and growing business stress, reports JANINE MACE.**

It's not a happy time and anxiety levels are rising. New research by Australian Unity has found the economic environment is currently the single largest negative influence on Australians' sense of wellbeing.

The firm's latest Wellbeing Index found satisfaction with the economic situation down 8.5 per cent, according to David Bryant, head of Australian Unity Investments. "High interest rates, falling superannuation balances, investment market uncertainty and the spiralling cost of living (including high petrol prices) – these are major concerns," said Bryant.

He said people feel a lack of control. "Economic pressures make it increasingly difficult for people to manage their financial situation, which understandably causes worry and concern."

All this anxiety is finding its way to the doors of financial planners across the nation and, with markets continuing to fall, it's not just confined to the odd client. According to Beyondblue (an organisation that provides information about depression to consumers, carers and health professionals), nearly one in 10 Australians experience some type of anxiety disorder each year.

Australian Unity general manager of retail Adam Coughlan agrees people are anxious. "With the people we talk to, everyone is under enormous pressure at the moment," he said. "Planners are getting more client calls and clients are very concerned. In the case of super the reaction can be hostile."

### Range of emotions

Financial pressure can create acute anxiety and exposes a range of emotions for planners to deal with, according to Prof Dianna Kenny from the University of Sydney's School of Behavioural and Community Health Sciences.

"Finances are an integral part of life and therefore a lot of personal issues come into such discussions," said Kenny.

"It is not like an accountant talking to a company about cutting expenditure. It is a much rawer situation - you are one-on-one with people in financial difficulty."

According to Coughlan, clients who have been with a planner for a long time tend to cope better with market volatility.

However, newer clients - particularly those arriving as a result of the 2007 superannuation changes - have not had the chance to build a similar understanding. Coughlan believes the problem is magnified when it comes to pre-retirees and those recently retired, due to the impact on their income stream.

The distress felt by clients can create significant psychological pressure for planners.

Much of this stems from the close working relationships planners forge with their clients. As Coughlan notes, "A financial planner is a financial coach. It is a very personal relationship and when a goal is shared, it makes the pressure more acute."

### Cost of empathy

Like most professionals, financial planners provide not just technical and professional advice, they also provide support and empathy - but this comes at a price.

Professionals generally face considerable pressure to help others and this can result in depression and burnout. Late last year, Beaton Consulting and Beyondblue released the Annual Professions Survey and it showed this group experienced more depressive symptoms than the general population.

The rates were substantial, with six per cent to almost 16 per cent of respondents in different

professional groups indicating they were experiencing moderate or severe symptoms of depression. A significant proportion of respondents also indicated they used alcohol or other (non-prescription) drugs to manage feelings of sadness, anxiety and depression.

"Professionals often exude the aura of professionalism and need to look as if they are on top of everything," Kenny explained. "It is difficult for them to say they are not coping and this often leads to using alcohol to wind down."

She believes the occupational stress experienced by professionals such as planners can be enormous. "The worst feeling for 'helpers' is to feel helpless and this can lead them to become over-involved and overstep professional boundaries."

The empathetic skills and desire to help that make someone a good planner can set the stage for professional burnout and stress. "When helpers feel more helpless than helpful, they can tip over the edge and it can lead to burnout," Kenny cautions.

"They can then become disengaged with clients and distant or dismissive to defend themselves against feelings of helplessness."

Planners need to remain attuned to their psychological processes and watch for the signs of burnout, she said.

Australian Unity's Coughlan believes the current environment is tough for many planners. "It is difficult to tread the line and encourage clients to put money into the market when you do not know when it will turn around," he said.

Many new planners have never seen a market like the current one and it may lead to some exiting the industry. "My prediction is there will be younger financial planners that decide it is not the career for them," Coughlan said.

Business stress on planners is also increasing. "It is important to remember that planners' own businesses will be suffering too. They share the pain with clients."

Enrich Australia director of training services Mandy Lamkin agrees the current environment holds significant risk for planners. "I don't think you can avoid the personal impact."

She believes practice employees are also being affected. "Advisers need to think about their staff and understand the problems they are having," said Lamkin. "You need to show leadership and allow your staff to be heard."

### **Striking the right balance**

In stressful situations, maintaining the right balance is hard, Kenny said.

"It is a fine line between giving the best advice in your area of expertise without stepping over the line into inappropriate areas."

Listening is the key, she added. "If clients feel at least minimally heard they are more likely to be willing to accept boundaries."

To assist distressed clients, Kenny believes practices should offer lists of free professional help services that clients can turn to for support.

"Financial planners need to be very clear that they are not trained to provide emotional support," she explains.

"They need to set boundaries around the consultation with the client. It is important to remain clear on the purpose of the meeting."

In emotionally fraught situations such as divorce, it can also be valuable for planners to make it clear they need to know the facts about a situation but not why it happened. This way the focus remains on the financial implications, rather than where the blame rests.

"If you set boundaries, it helps people contain their emotional distress." Kenny advised. "You can express sympathy but don't engage with those issues."

Coughlan agreed balance is vital. "It comes down to your experience as a financial planner," he said. "It is a difficult situation, but they have to draw the line. It can be a very emotional role and it is important not to become too emotionally involved."

Older planners are often better equipped to deal with stressful situations. Coughlan believes their role in mentoring younger planners by discussing their experiences is invaluable.

Nick Cleal, a young planner with the RGA Financial Group, agrees this can be important.

"When I first started I was warned [by older planners] that I would be dealing with death and disability," he said.

### Techniques for coping

When it comes to planners coping with the impact of client anxiety, the experts emphasise the need to share. "People who work in financial planning companies need to create opportunities for people to share their experiences - not to talk about their performance, but about the things they have experienced," Kenny urged.

"Peer support can be more important than outside counselling. Sharing experiences can relieve distress and normalise the feeling and restore equilibrium for planners."

RCA's Cleal agreed this is vital, as is taking time out and focusing on life outside the practice. "You need to do your best to leave it at work, as you have your own life as well," he said.

To cope with the stress, Enrich Australia's Lamkin feels planners need to think about how their work assists clients. "You need to know your value and relevance, as that makes it easy to call clients and discuss problems," she said.

"Advisers need to sit and reflect on why they came into this business and ensure the client is at the centre of it."

For Lamkin, the key to coping with distressed clients - particularly in the current market situation - is to emphasise the areas the planner can control in the relationship. "Put the emphasis on the advisory role rather than the financial planning role."

Coughlan points to the training planners undertake within their dealer group as being an important tool for dealing with difficult situations. "Financial planners undergo rigorous professional development on an ongoing basis and that helps."

### TIPS for ADVISERS

When it comes to the current market turmoil, planners need to be proactive in dealing with clients, said **Enrich Australia director Mandy Lamkin**. Her suggestions for dealing with client distress include:

Be pro-active and make the first contact - This puts you in a position of strength and reassures clients you are not avoiding the situation.

Permit clients to talk - "Allow clients to express themselves so they feel that they have been heard," said Lamkin.

Explain your own situation – Be prepared to show your own vulnerabilities. This will create empathy ... don't dominate the conversation, but be prepared to show your humanity."

Educate clients - Help clients understand the changing nature of the advisory relationship.

Think about your staff - They need opportunities to debrief and feel supported.

Be consistent to build trust - "Start putting the emphasis on the things you can control in the client relationship."

Consider sending handwritten communications - the personal touch means a lot to clients.

Avoid isolation and ask for help if you need it - talk to others and share your experiences.

## SYMPTOMS OF BURNOUT

**P**rofessionals need to be alert for the signs of burnout, as they tend to be more mental than physical. They include feelings of:

- Powerlessness
- Hopelessness
- Emotional exhaustion
- Detachment and isolation
- Irritability and frustration
- Being trapped
- Despair and failure
- Cynicism and apathy

*Source: [www.workingwell.org.au](http://www.workingwell.org.au)*

### One adviser's experience

Dealing with a terminally-ill client and then having another commit suicide two weeks later has not been easy, according to Nick Cleal, a planner with the RGA Financial Group in Kew East.

"There is no formal training for it," he said. "It's not taught. You prepare for it through life experiences and your natural empathy."

Cleal believes the key to dealing with distressed or anxious clients is to listen. "The only thing to do is listen and offer advice to them about seeking further help. You listen but then you need to say, 'I am putting on my planning hat now and let's focus on how I am going to help you!'"

In the case of the client who died of leukaemia, Cleal worked to maximise her available benefits and save considerable tax for her non-dependent beneficiaries. The strategy involved claiming the AMP Terminal Illness Benefit and implementing a cash out and re-contribution strategy for both her superannuation benefit and the funds from the TIB policy. "This allowed her to maintain her Disability Support Pension and saved \$30,000 in tax."

While knowing his advice would make a big difference to the client's family, it was not an easy time for Cleal. "It's very hard, as some clients become your friends. I would take a deep breath before making the phone calls. You just use your natural human instincts on how to react in these situations.

"When I got off the phone I had a quiet moment, but then you just have to get on with it."

In the case of the client who committed suicide, Cleal is pleased the insurance cover he recommended six years ago means the client's wife will receive a cheque for \$300,000.

He believes painful situations are part of being an adviser. "Financial planners are in a people business; we are in the business of helping and assisting people."

However, it is important to draw the line. "You can't think about it too much; you need to step away from it. You deal with it at the time but you also need to shut off."