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Advisers Reassure Clients on a Big Down Day

Wealth managers respond to calls, prepare reassurances for clients after U.S. stocks tumble



The S&P 500 suffered its biggest daily percentage drop in nearly four years on Friday. Here, a trader at the New York Stock Exchange. *PHOTO: BRENDAN MCDERMID/REUTERS*

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The market's sharp drop on Friday had financial advisers fielding questions from some clients and preparing messages to reassure them.

The clients who called “just want to make sure we know what’s going on. They kind of need that hand-holding,” said Bijan Golkar, chief executive at FPC Investment Advisory Inc. in Petaluma, Calif.

When clients asked if the firm would get more conservative, Mr. Golkar and associates told them no. The firm considers U.S. stocks to be reasonably priced, with the decline this week bringing the price/earnings ratio of the S&P 500 below its 25-year average, Mr. Golkar said. “We are heavily rebalancing our portfolios to take advantage of the volatility,” he added.

Most calls came from younger clients who are new to investing, rather than from people who experienced the 2007-09 bear market, Mr. Golkar said.

On days like Friday, Michael Smith, president of STA Wealth Management in Houston, said, a financial adviser’s role “is kind of like becoming a psychologist.” It is all about reminding people to stay calm and not to let emotions lure them into making mistakes, he explained.

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At HighTower Advisors’ Las Vegas office, “we are reaching out to people, but they aren’t panicking,” said Mike PeQueen, one of the managing partners. He received an email from a client Friday who wanted to increase stock exposure, he said, and a few others indicated they have been waiting for a drop to inch up their equity positions.

Joe Heider, president of Cirrus Wealth Management in Cleveland, said he may use the market’s drop to urge some clients with cash in their portfolios to invest. “I’m close to making that call to some clients early next week,” he said.

Barry Glassman, president of Glassman Wealth Services in Vienna, Va., late Friday was preparing an email to send to clients to remind them that corrections are normal and that this pullback just takes major U.S.-stock indexes back to where they were at the beginning of the year. He was engaged in “tax-loss harvesting” this week: selling securities that are down since purchase, thus booking losses that can offset gains, while moving into similar holdings. He said he would continue to do that.

Gilbert Armour, a financial planner with Sagepoint Financial in San Diego, said he hadn't received phone calls or emails from clients worried about the market decline but was expecting such calls on Monday. "Folks will have had time to stew over the newspaper headlines," he said. He doesn't plan on making any changes in portfolio allocations.

—*Veronica Dagher, Karen Damato, Daisy Maxey and Anna Prior*

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