

Fear, Finance & The High Anxiety Client



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- **CFP Board and NASBA require that an evaluation form be distributed**



Life Tomorrow

- Based within MIT's School of Engineering's Engineering Systems Division
- Challenges and opportunities of longevity
- Consumer behavior and decision making
- Trends in demographics, technology, and lifestyles





Stress

Behavioral Outcomes

Advisor Therapy

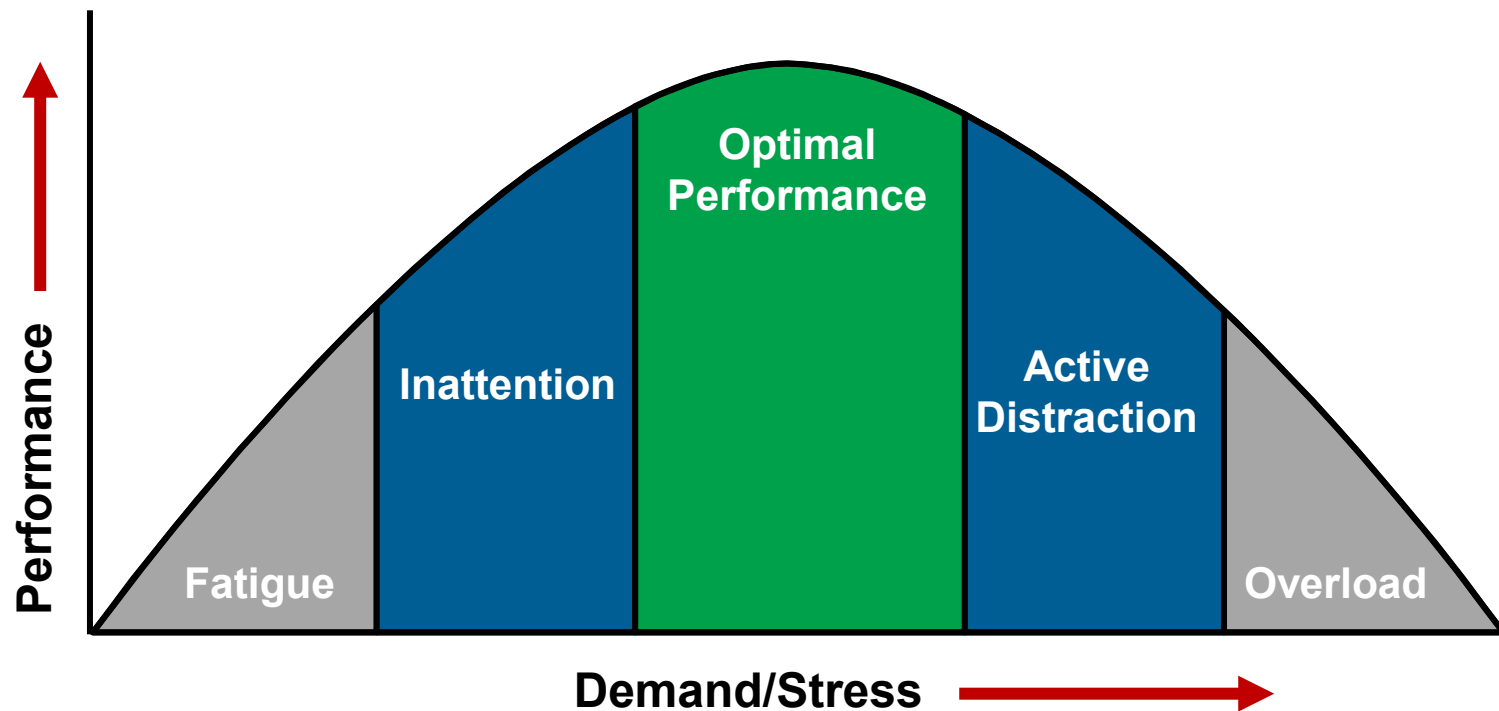
Stress

- Stress:** Anything that disrupts homeostasis
- Fear:** Clear and present danger
- Anxiety:** Anticipation of a clear or present danger, whether real or not
- Crisis:** A stage in a sequence of events at which the trend of all future events depends

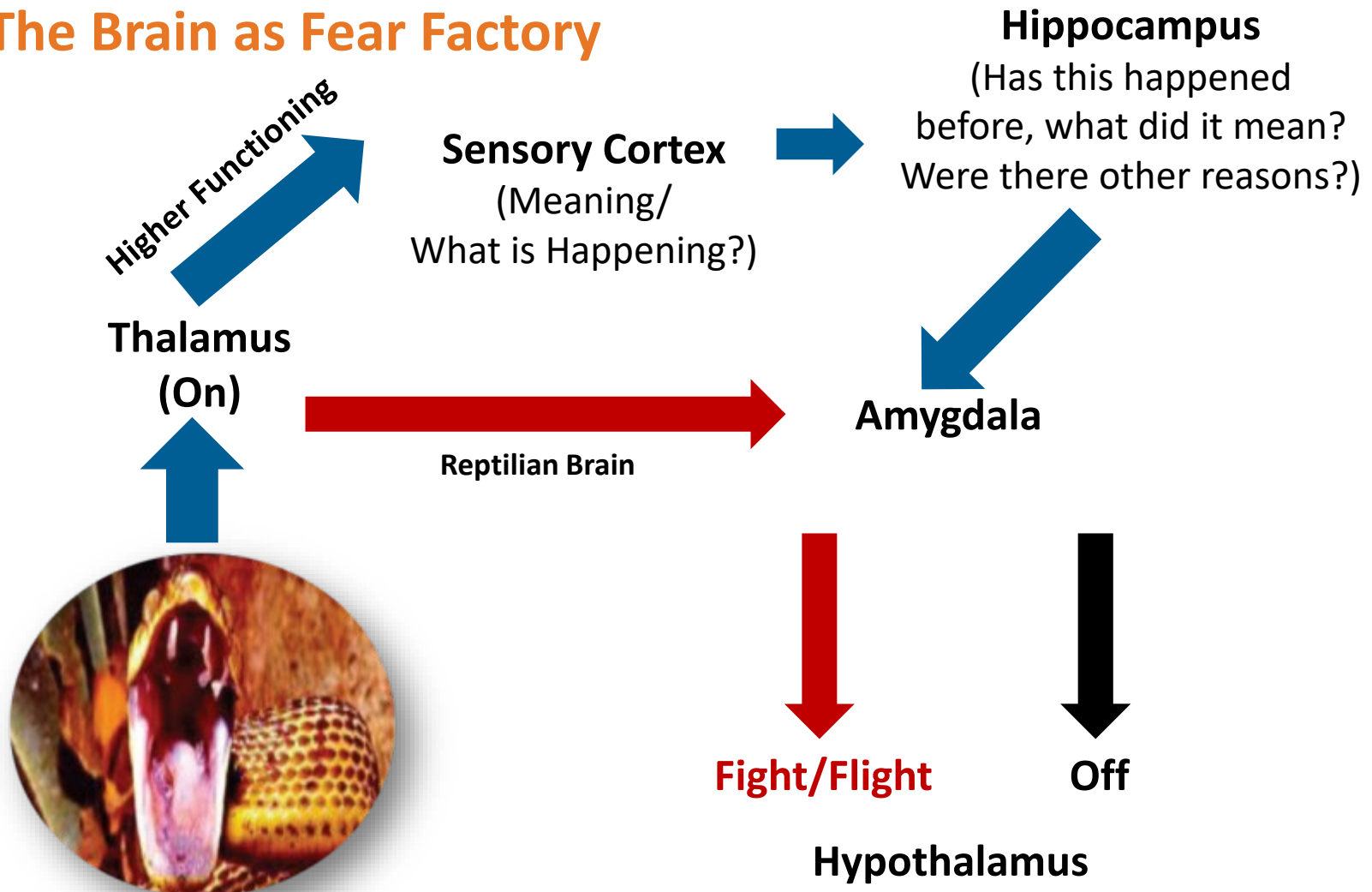
Is Stress a Bad Thing?

Yerkes-Dodson Law

The relationship between performance & physiological or mental arousal or stress

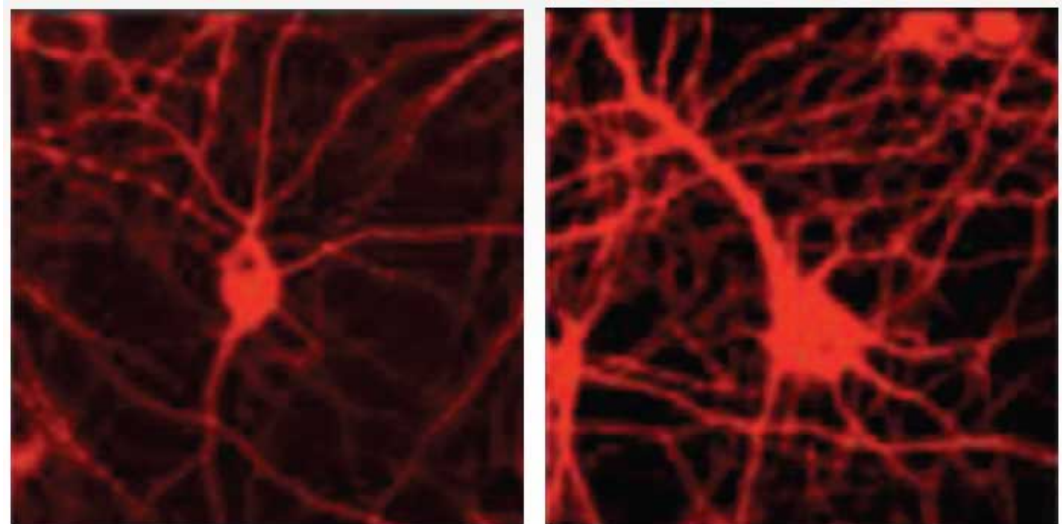


The Brain as Fear Factory

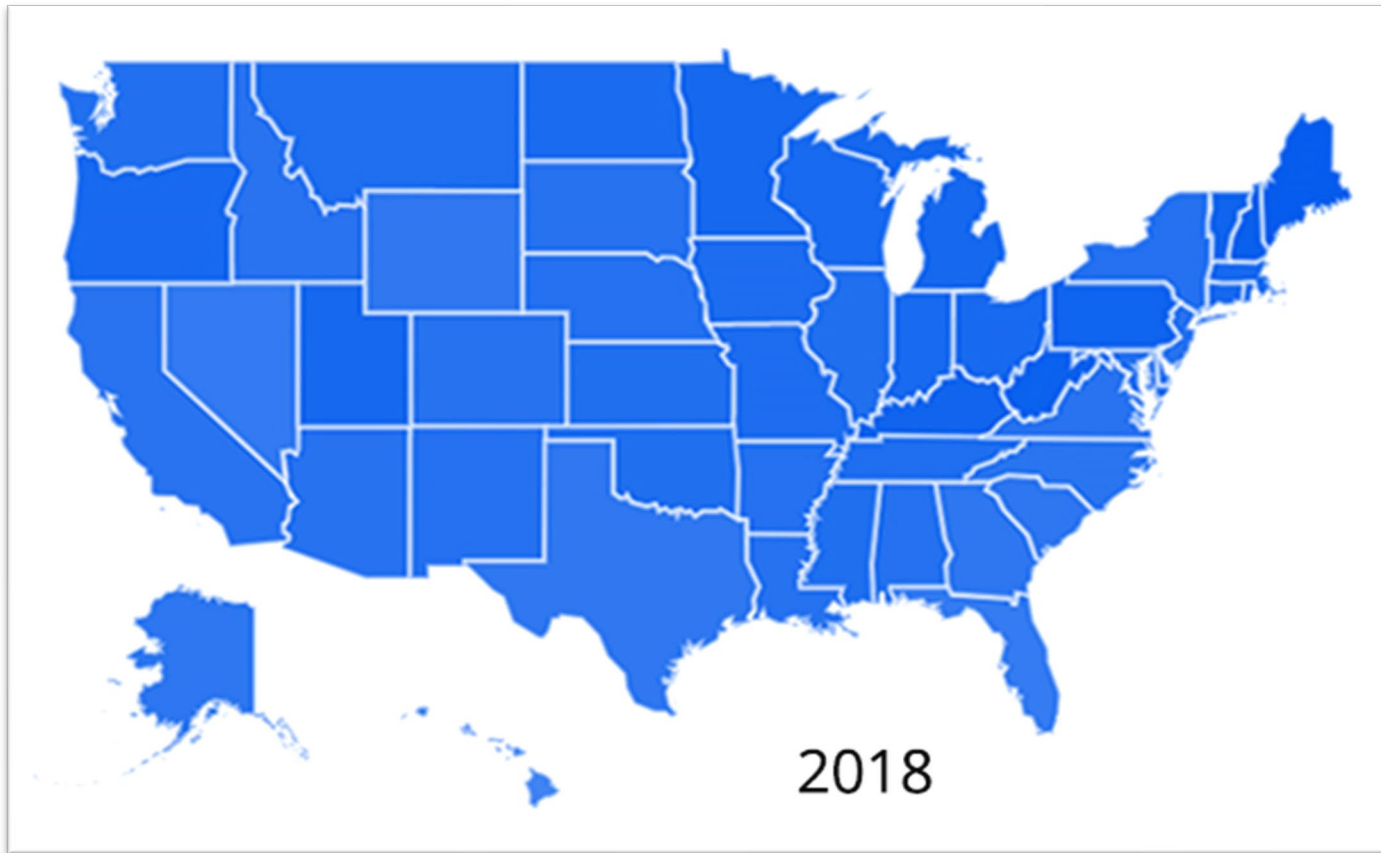


Anxiety & Reduced Situational Awareness

- Tunnel vision or narrowed information seeking behavior
- Auditory “exclusion”
- Reduced learning & connections



Google Searches for “Anxiety” in United States



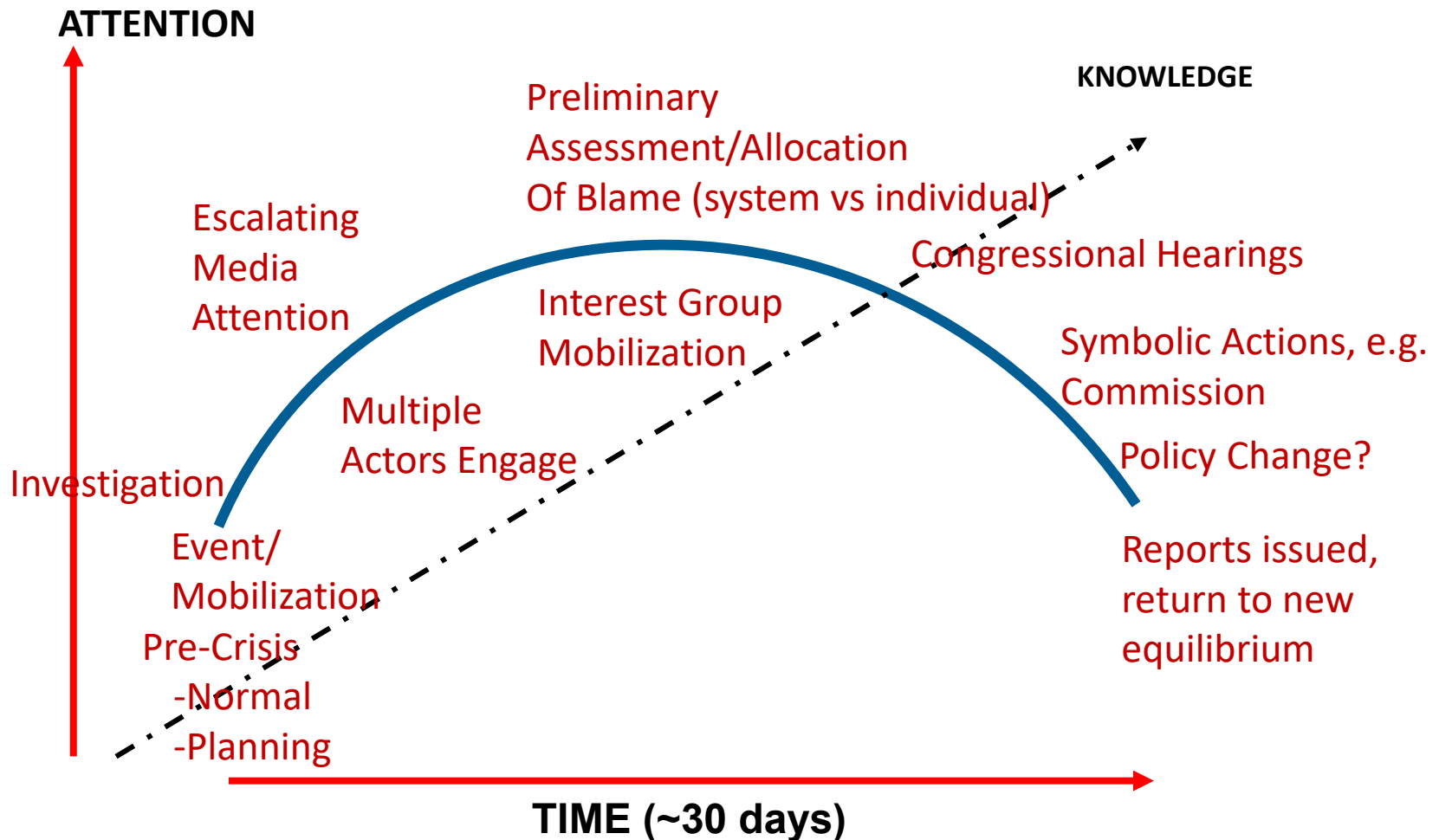
Source: Google Trends, 2019. Most recent data available used.

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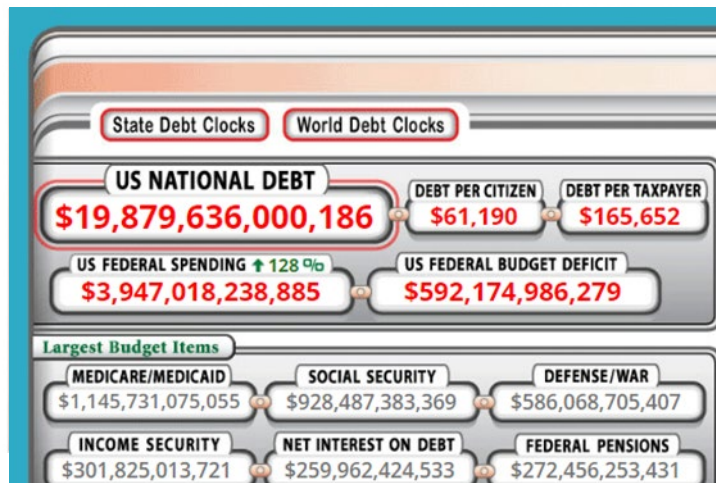
CRISIS!



Issue Lifecycle



System Failure



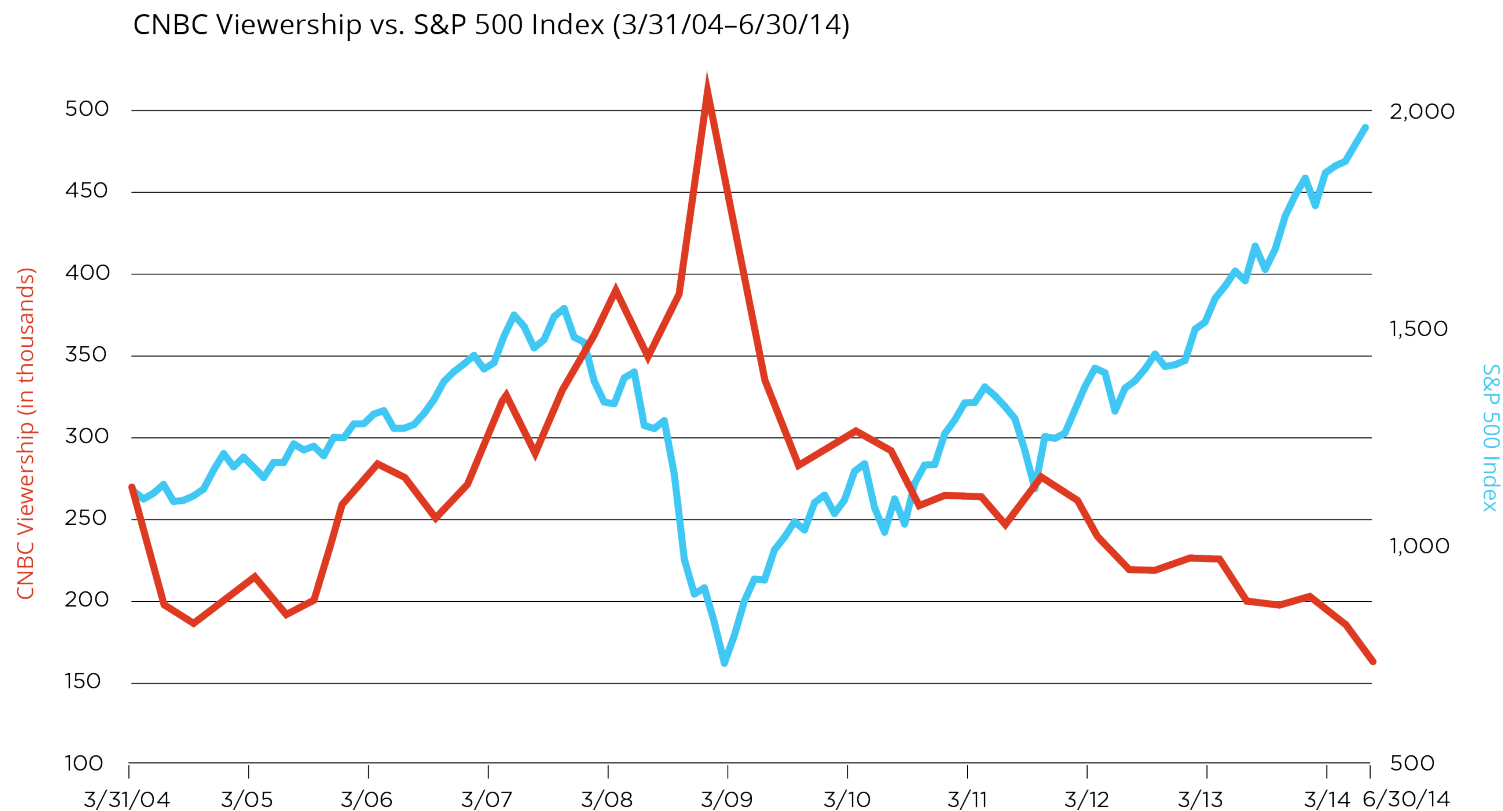
Impact of Anxiety on Client Perception

- **Meaninglessness**
The system has lost any meaning, it no longer makes sense
- **Normlessness**
The rules are broken, or there are no longer any rules
- **Powerlessness**
There is little that I or anyone can do to impact/influence outcomes



Behavioral Outcomes

Investing Attention In The Negative



PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. Index descriptions are included on last slide.

For illustrative purposes only. The performance shown is index performance and is not indicative of any Hartford mutual fund. Investors cannot invest directly in an index. ¹Data Source: Nielson Media Research/Zero Hedge, June, 2014. CNBC viewership graph uses the most recent data available and is for illustrative purposes to show how CNBC viewership increased during a significant market drop. ²Data Source: Yahoo Finance, 1/14.

Ambiguity as a Negative

- High anxiety clients prefer to choose (or invest) in “known” risk
- Knowledge reaffirms the client’s self-perception of their own expertise or competence
- In a chaotic environment, client’s perception of competence may be exaggerated and believed to be as great as a professional



Risk Averse: Just Don't Lose It!



Loss Aversion

- Priority is placed on minimizing loss
- The greater the anxiety, the greater the emphasis on making loss-averse choices



Advisor Therapy



Caring, Coping & in Command



Action Steps

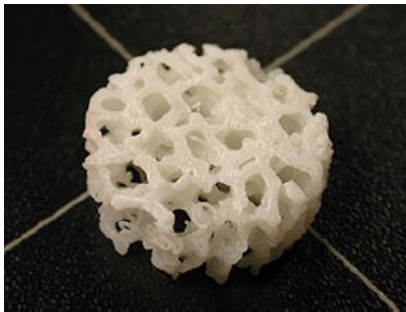
- Discuss current events and family dynamics
- Point to the positive
- Become an engaging educator

Action Steps

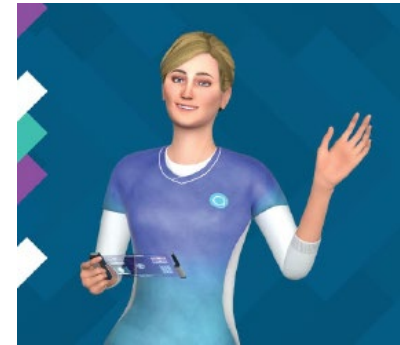
- Discuss current events and family dynamics
- Point to the positive
- Become an engaging educator
- Provide informed insights on future trends

Insights on Future Trends

**3D Printed
Bones**



**Virtual
Caregivers**



“Alexa, Mow the Lawn”



**Fixing Plane Engines
Remotely**



**Vegan
Shrimp**



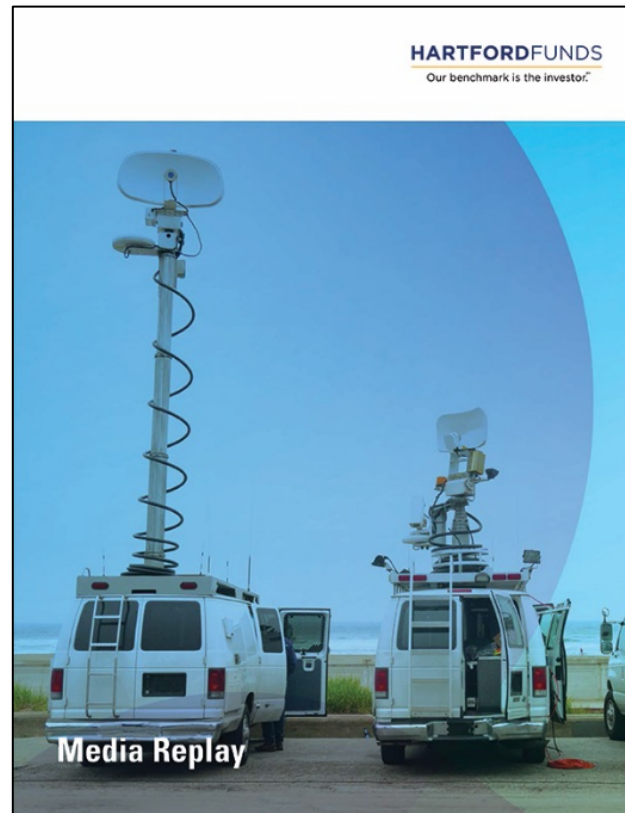
**The Future of
Transportation**



Action Steps

- Discuss current events and family dynamics
- Point to the positive
- Become an engaging educator
- Provide informed insights on future trends
- Facilitate action

Facilitate action



Client Brochure (MF914)

Stress

Cognitive & physical effects

Behavioral Outcomes

Symptoms of high anxiety

Advisor Therapy

Effective treatment



You can help make clients aware of the impact of stress, and help them avoid making common, fear-based mistakes.

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