

## Six Things Your Clients Won't Tell You (And What to Do About Them)

*You don't have to be a mind-reader, instead refer to these tips when dealing with a reticent prospect or client.*

### Tina Orem

Maynard McQuiston couldn't figure out why the couple he was advising wouldn't buy the insurance they needed. "They agreed on everything I proposed," he said, but McQuiston, a life and health insurance sales director for First West Insurance in Bozeman, Mont., and a member of NAIFA-Montana Mid, couldn't get them to act. "I found out later that the spouse didn't want to give me her height and weight ... [she] was just too embarrassed to give me the information."

McQuiston's story is a great example of how mistrust, intimidation or shame can make clients withhold information that is crucial to a good advisory relationship. Here are six things clients often leave unsaid and what you can do about them.

1. "I don't understand." "Without a doubt this is the most common thing," says Dave Shepard, an Edward Jones financial advisor, also in Bozeman. "I think too many people in this business either try to impress clients with their knowledge or assume that the client knows more than he actually does and therefore don't explain the basics."

How to deal with it: There isn't one telltale signal that clients give when they don't understand, according to Shepard. "It is often something they say—it can be obvious, like using the term 'interest' when talking about equities, but it's usually more subtle." Shepard is careful to ask questions like "What do you think would happen if ...?" during client meetings to test their understanding. He says, "I feel I'm on the right track when a client tells me, 'Thanks, nobody ever really explained that to me before.'"

2. "My kids/coworkers/friends say you're crazy." Someone's bound to tell your client that his neighbor's cousin's friend was burned by advice similar to yours. This makes the client second-guess you.

How to deal with it: Mitchell Caplan, CPA, J.D., president of Caplan Financial Group, LLC, and a member of NAIFA-Baltimore, says the best route is to divulge the downsides to your advice openly before the client even asks. Get "all the details—positive and negative—on the table," he emphasizes.

3. "If I don't like what you're saying, I'm not going to tell you." Nonconfrontational or intimidated clients are more likely to withhold their disagreements. For them, it's just easier to go elsewhere.

How to deal with it: Clients with stale accounts, closed accounts or accounts with other advisors are red flags for Shepard. It's time to build trust. "I can tell that I am doing a good job and that the needed trust has developed as clients begin to seek our advice about (and move) those other assets [to us]," he says.

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4. "You're undercharging me." Clients who disregard your advice often fall into this category. Take it from Caplan; he once advised two clients from the same law firm and kept his price the same when the third came his way. But that client had a more complex situation, and because Caplan was undercharging him, the client "perceived me to be somewhat of an amateur. ... He didn't do anything I recommended," he says.

How to deal with it: Value thyself. "If the price is set at a level at which the client doesn't bat an eye or even think about the cost, he probably perceives it to be 'cheap,'" says Caplan. "If I had presented the same detailed, comprehensive, well-thought-out financial plan and charged him a more appropriate fee, I would have stood a much better chance of his moving forward with my recommendations."

5. "If my account loses value, you're gone." It's a well-known concept in behavioral finance: Investors do almost anything to avoid losses, including shouldering more risk, and they are more emotionally affected by losses than gains. This might be what's going on when a client wants to know why you didn't put him in the XYZ stock that just made a mint for his barber/brother-in-law/softball buddy.

How to deal with it: This is not only an opportunity to discuss risk and basic portfolio theory with your client; it is also a situation in which you may also have to draw the line if the trust just isn't there. "Over the years I have suggested to a small number of clients—where I felt we were really not making progress—that they would be better off somewhere else," says Shepard. "Surprisingly, one of those clients said that if I cared enough about his business to fire him then I was probably giving him pretty good advice—he is one of my best clients today."

6. "I have a secret that could cost me." It might be a mistress that could create child-support issues, a litigious business partner who could wipe out your client's assets or a gambling habit that keeps your client from investing more. Not knowing makes giving good advice harder.

How to deal with it: "I say to [clients] each time, 'Other than the fact that you feel this way, is there any other reason you can't take action today?' If I keep answering all the objections and another one pops up, I'm not getting the real reason," says McQuiston. The bottom line is that you can get a lot more information out of a client if you know what to look for, but there are some things they just aren't going to tell you.

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## But Wait—There's More

Still wondering what's really on your clients' mind? Here are four more things they probably don't want to tell you that you need to look out for.

"My weight/health doesn't really affect me financially." Surveys published in the policy journal *Health Affairs* found that obese people spend 37 percent more on health care than normal-weight people; smokers spend 21 percent to 28 percent more than nonsmokers. Clients need to do the math.

"There's a limit to what I will spend on your advice, but you have to guess." It's hard to locate a client's threshold between "acceptable" and "too expensive," and the client probably isn't much help—until she gets her account statement and gets angry.

"I just want to know how much I can spend on golf/shoes/paintball every month." This client wants permission rather than a plan and may be only interested in placating a spouse or a guilty conscience. "This may happen in couples where one "handles the money," says Dave Shepard.

"I can't control my impulses." Splurging is easy in a society that encourages immediate gratification and undervalues saving. Clients often don't realize how impulsiveness affects them financially, nor do they want a lecture about self-control.