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INSIDE:

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Journal

- Information and Privacy
in an electronic age
- Language Engineering



CAIFA



Opportunity Knocking

Difficult times can create lasting relationships

This is the official first year of the new millennium. This is the year when all the changes will take place and the tone is set for the first decade of the next one thousand years. Whoa... that sounds like a big deal! Well it is.

The computer age and Internet global communication are staples of life now. No investor with any amount of human reasoning can deny the potential of this new strain of investment. The real world (stock markets) will not sustain cosmic price to earnings (P/E) ratios and will refuse legitimacy to any company that does not have the fundamentals of earnings and a management team that has a history of at least a modicum of success.

Throw into that mix the aging of the richest population anomaly in history (boomers), and you have action. Season that first wave of new economy, where the "dot.coms" are now the "dot.gones," and you have confusion. Stir in the great bewilderment of what exactly most of the mutual fund portfolio managers are doing to justify the management expense ratios (MERs), as they collectively and silently watched all the markets tank before they sold, and you have anger and fear. Now, turn up the heat from the clients as they phone asking you to explain why they were in these funds in the first place, and bring to a boil. Boil just long enough to "mantra," BUY... HOLD... PROSPER... three times and let simmer.

It sounds like a recipe for disaster, but it isn't. While I am not trying to trivialize the loss and the grief that has been sustained, this is historic. Markets move; they ebb and flow. Money is energy and

must go somewhere. Some clients, feeling unbalanced, are becoming distrustful and wary of their advisors. But it is the savvy investors and their gatekeepers who know that wherever there appears to be disaster, there is also opportunity. This is one of those times. Fact: Down markets are first of all historic – and historically temporary.

This is the time for the advisor to be visible, not by getting in your clients' faces, but by simple being available. Let them know you are. It is "getting through" the difficult times that creates the relationship that allows customers to become clients in a real sense – or not. Hey, some of these people are going to make a change and walk. That is their right and, while it is never easy, it is what it is. But you have to know what if some of your people are moving, so are others. You are a wiser, more humble planner now and you actually may have more to offer in the way of advice and experience – not to mention how biblically prophetic you look with that new gray hair you earned participating in the deluge.

This might be a great time to revisit the page in your client's file that discusses risk tolerance. It is easy to talk like a "cowboy" in a bull market but, if your client is feeling little foolish having brought the "mother-in-law's" RRSP into the "tech world," empathy and handholding will score big here.

From the advisor perspective, we are still very much in the people business. An advisor's sincere, heartfelt understanding during tough times, is both an unmistakable and welcomed sentiment to worried people. This is especially true if the people were just processed as a business transaction the first time in order to move quickly through the lineup of those who were looking to get in before they *missed it*. Well, the lineup is a lot more manageable now, and a sober second thought is the order of the day.

The recent events are part of our industry evolution. This will cull the heard of some advisors who are still just touting the

company line, and provide the impetus for those who ventured out to far, to go back to the knitting that made them their book in the first place.

I recently caught the road show put on by Synergy Mutual Funds with Nick Murray as the guest speaker. This was a smart and gutsy presentation to put on in the course of the gut-wrenching and fearful market (April 28). It helped breathe life and hope into all who attended. It explained the stock market through the eyes of Nick Murray, but more importantly, it showed the bottom line inner thinking of this particular mutual fund company and how they manage. One can make real decisions when you *get it* straight.

For those advisors who can't stand the heat or the roller-coaster ride either for themselves or their clients- can you say "seg funds"? I know that they're not as sexy and don't come with all of the market hyperbole as do straight mutual funds, but they do work. Having 75 or 100 per cent protection on the downside of a market, and the full potential to participate in the upside ... spells RELIEF, and is unique in terms of equity participation. There is no other market vehicle that allows this privilege. They are especially suitable for those new converts (clients) who are just now understanding that guaranteed investments certificates (GICs) and Canada Savings Bonds (GSBs) don't cut it over the long term. Then, when the phone calls start coming in because of market gyrations, you can, with all the confidence in the world, say, "Don't worry," without offering a silent prayer to the stock-market gods under your breath.

...Just a thought

John Eitel is a writer and a speaker whose 25 years experience in the stock market, offshore, venture capital and insurance worlds, has given him insight into tax efficient solutions to protect preset and estate wealth. For more information, go to www.johneitel.com or contact him at john@johnetel.com