

Richard T. Feight, CFP

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Sent: Thursday, February 26, 2009 10:55 AM
Subject: Here's the story we just published. Many thanks for your help.

PRACTICE MANAGEMENT: Advisers Hear More From Family, Friends

By **Kristen McNamara**

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NEW YORK (Dow Jones)--James Holtzman is an especially popular party guest these days.

A certified financial planner, Holtzman is being sought out for opinions - often second opinions - by friends and family concerned about their portfolios. Some of them already have advisers but want additional assurance in today's topsy-turvy markets.

Holtzman, who works at Legend Financial Advisors Inc. in Pittsburgh, says investment questions at social events aren't a new thing for him but "it's happening more."

Other financial advisers say they too have been fielding more inquiries from skittish friends and relatives: Is their money housed at a safe institution? Do their investment strategies and specific holdings make sense? Are their losses due to broad market conditions or flawed portfolio construction?

"There are so many people looking for second opinions," said Jim Tracy, director of business development at Citigroup Inc.'s (C) Smith Barney. "They have to be able to understand the difference between what's happening to everyone in the world and what's happening to them personally."

BBR Partners, a multi-family office in New York City, serves clients with at least \$20 million to invest. The needs of these clients differ from those of less wealthy investors whose concerns are likely to include saving for college or retirement.

Still, BBR founding partner Arthur Black says he's been able to help people he knows personally with matters such as evaluating asset allocations and examining fees.

Advisers who offer second opinions say they frequently find a lack of investment diversification and a mismatch between an investor's holdings and risk tolerance.

After reviewing their investment statements, Holtzman has, on occasion, emailed friends or family questions to ask their financial advisers.

Investors often seek out a friend or relative to be their financial adviser, but not every adviser wants to mix business with an existing personal relationships. Instead, they suggest making referrals to other trustworthy and competent financial advisers.

Advisers who agree to work with friends and relatives say they treat them as they would any other client. This means explaining the scope of their services and their approach to investing and entering into a formal agreement. Assuring new clients they'll keep their financial information confidential is also key.

Setting boundaries, such as limiting investment talk at social events and non-emergency after-hours phone calls, is also important.

Handling a stranger's cry for help can be delicate, as certified financial planner Richard Feight learned recently.

When Feight, of IAM Financial in Michigan, placed an office supply order, the company owner divulged details of his finances and asked: "Should I stay in this market?"

Feight replied that panic isn't a sound investment strategy and suggested the man make a decision when he was feeling calm and could think objectively.

This conversation is likely to continue, whether Feight likes it or not: he has to pick up his order in a couple weeks.

(Kristen McNamara writes Practice Management, a column that looks at ways financial advisers can build and improve their business. She can be reached at 201-938-5392 or by email at **kristen.mcnamara@dowjones.com**.)

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