



CASE STUDY

An Advisor Prepares Clients for the Unknown With Riskalyze

This advisor believes Riskalyze has been a critical factor in mitigating clients' fears during the COVID-19 pandemic.

During times of extreme market fluctuation, the emotional reactions of clients and their advisors can be felt in a variety of ways. But for those who've lived through previous down markets, the turbulence is merely a routine part of reaching the final destination – just ask Tom Gartner, CFP® who works with hardworking families at the Minneapolis, MN-based wealth management firm, **ISC Financial Advisors**.



Tom works mainly with clients who are in or nearing retirement, and for the last two decades, he's helped them navigate through some of the most extreme market downturns in recent history; such as the Dot-Com Boom of the late '90s and early '00s, and the Great Recession of 2008.

“We’ve all been traumatized by those crashes and have seen the harm they can do to people. So, as an advisor, having the capability to plan ahead and prepare clients is extremely important,” said Tom.

When he first discovered Riskalyze in 2015, Tom began using it with his clients as a way to model what would likely happen during the next major recession, using Stress Tests to illustrate a variety of stock and bond market hypothetical scenarios.



ENTER COVID-19

"Riskalyze was made for times like this," said Tom, in reference to the COVID-19 pandemic that swept the world in early 2020 and which has had a major impact on the financial markets.

Most important, he says, has been his ability to mitigate clients' fears by showing them that their portfolio allocation was built with the likelihood of a recession already in mind.

"I'm able to show my clients exactly why we should not throw in the towel on their financial plan, by modeling what would have happened if we'd worked together and stayed the course in 2008," said Tom.

"Nobody can predict the future, and they certainly can't avoid market panics. But with Riskalyze, we can ensure that our clients are financially and emotionally prepared for what's to inevitably come."

PREPARING WHEN TIMES ARE GOOD

Tom refers to the stretches of high-performing markets as the "boring times." He said that when the client sees that everything is okay, they're hungrier for more risk and to shake up their portfolio allocation.

That's why Tom has always tried to bring up the stress testing analysis during in-person meetings, especially when times are good. Here is what he tells his clients during those meetings:

"The reason I show you this projection is not to scare you. It's to see if you are okay with the level of risk we are taking with your portfolio. I don't want you to panic when the market drops, and we cannot predict when that will happen. In fact, on average, the market drops about 15% from peak to trough yearly. With the market we've had, it could certainly drop a lot more than average. So, as you need money in those times to buy groceries, we will rely on the lower-yielding investments we are holding as protection for you. We are intentionally accepting a lower level of expected return on your safe investments, and we intend to use them when the market is performing poorly. Our intention is not to throw out this plan when things get scary. Are you okay with this?"

Thankfully, these exercises have prepared Tom's clients for our current market situation. In fact, after walking through the Risk Questionnaire and using Stress Tests with a client just last year, they arrived at an allocation of only 25% stocks. And today, the portfolio seems to be working as designed.

"We've always told our clients that a crash is a feature, not a bug, of the markets. Riskalyze helps us visualize that concept in a way clients instantly understand."

CLEAR COMMUNICATION IS KEY

Tom emphasized the importance of frequently and clearly communicating with clients during turbulent times.

"Most of my clients who've worked with me through previous market corrections remember these types of conversations. Having Riskalyze makes it even easier to stay connected and show our clients that we care," said Tom.

"My intention isn't to get into the weeds about how they're invested, but rather to show them that they're okay and will get through this."

Riskalyze has Positively Impacted These 3 Areas of ISC Financial Advisors:



CLIENT COMMUNICATION



BEHAVIORAL COACHING



LONG-TERM INVESTING

Want to see how other wealth management firms like ISC Financial Advisors are deploying Riskalyze? Sign up for a product demo at riskalyze.com/advisors and get to know the power of risk alignment.

Special thanks Tom Gartner for his candor and commitment to empowering the world to invest fearlessly.

Riskalyze is the company that invented the Risk Number[®], which powers the world's first Risk Alignment Platform and was built on top of a Nobel Prize-winning academic framework. Advisors, broker-dealers, RIAs and asset managers use the Riskalyze platform to create alignment between clients and portfolios, leverage sophisticated analytics to increase the quality of their advice, automate trading and client account management, and access world-class models and research in the Riskalyze Partner Store — all with the mission of empowering the world to invest fearlessly. To learn more, visit riskalyze.com.



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