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ADVISER ALERT

News for Brokers, Wealth Managers and Their Clients

Messed Up by Emotions

How advisers to the rich feel about wealth and its owners can affect their ability to build professional relationships and provide sound counsel.

Journal Reports

Read the complete [Investing in Funds](#) report .

Chicago-based consultant Gary Shunk tells of an adviser who was so overcome by the celebrity of a particular client that he couldn't concentrate during meetings. But negative emotions are just as common,

says Dennis Jaffe, a psychology professor at Saybrook University in San Francisco. For instance, contempt for inheritors can show up as disdain for the desires of the beneficiaries of a family trust.

The problem isn't just that advisers can be perceived as dismissive or groveling. Feelings of awe, contempt or jealousy can skew advice.

Consultants like Messrs. Jaffe and Shunk usually start by helping advisers understand what prompted them to work with the wealthy in the first place. Becoming more self-aware can enable advisers to help clients manage their own emotions concerning wealth—including feelings of vulnerability about the very act of seeking advice.

Bigger Role for Cash

Independent financial advisers surveyed by [Charles Schwab Corp.](#) are showing an increasing tendency to sideline some client money. Fourteen percent of advisers surveyed in mid-July said they were likely to increase their cash allocations in the coming months. That compares with 10% in a January survey and 8% in July 2009. Still, the current figure is a far cry from the 28% in January 2008.

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