

IT'S EASY TO BE A HERO WHEN THE MARKET IS GOING UP
By Arthur Rottenstein, General Securities Principal

Well, here we are, a year after what was the most dangerous and unprecedented time in America's financial history where the Dow dropped to 6547, credit was frozen, and we all came about this close to the abyss. The worst case scenario could have been a depression that would have made the Great Depression seem like a tea party, where unemployment could have exceeded 25%, and could have taken perhaps a decade or more to have recovered.

Whether you agree with the political side or not, the Treasury department made sure that the major banks had the necessary liquidity to withstand any type of financial demand.

So here we are, a year later, with the banks mostly repaying the TARP funds (and mostly with a profit to the American taxpayer), the Dow at 11,165 as of this writing, and, for the most part, the panic is over. While values have not necessarily reached the previous peak, they certainly are a lot better than they were a year ago.

Undoubtedly some of you might receive a phone call from your financial advisor that might go like "See how much better we're doing than a year ago?" as he pats himself/herself on the back.

We in the industry are all guilty of that to a certain extent (myself included). It's easy to call a client with good news. It's much more difficult to call a client when things are not so good.

My question to you then becomes "how did your financial professional behave when things were uncertain?" Did he/she make an effort to call you and discuss the current economic environment? Did he/she suggest reviewing the portfolio in view of the fact that market conditions had changed? That doesn't mean that there necessarily should have been changes, but certainly a review under the circumstances would be warranted.

If your financial professional did not return your calls, if he/she did not make an effort to educate you as to the grave circumstances that prevailed at the time, you have to ask yourself "Why am I continuing this relationship? Why deal with someone who, when the chips are down, hides?"

I hope that is not YOUR situation. But if it is, time to make a change.

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