



## NEWS

**CONTACT:** Brett Ellen, CFP®  
23975 Park Sorrento, Suite 250  
Calabasas, CA 91302  
Phone: 818.264.4644  
Toll Free: 800.585.3326  
Email: [bellen@afn-net.com](mailto:bellen@afn-net.com)

# Financial Professional Advises Investors to Follow Plan, Not Gut

## *Brett Ellen Offers Six Tips for Keeping Emotions in Check and Preparing for Turbulent Markets*

CALABASAS, CA (December 2, 2009) — According to Calabasas-based Brett S. Ellen, investors prone to making emotional decisions should be especially on guard this year. Many are mourning 2008 losses, yet simultaneously hopeful about the market's broad gains in so far in 2009. This unprecedented combination of fear and greed could significantly impede rational decision making. In fact, behavioral finance research shows that no matter how long someone has been investing -- or however vehemently they insist they will be guided by reason -- they will likely repeat their past emotionally-driven blunders. People follow the crowd and cash out at the wrong time or jump on the bandwagon too late.

“Just consider how you behave in rush hour traffic,” explains Ellen, President of American Financial Network. “Your lane comes to a near halt, but it seems the next lane is moving fairly well. Convinced that you have greater insight than the other drivers, you maneuver and switch lanes. Of course, as soon as you do, your original lane starts moving and you find yourself sitting still. It's a futile exercise you repeat day after day, although you know you've failed in the past and have no proof that your current maneuvering will be successful.”

Lanes of traffic are the investment strategies or asset classes that move in and out of favor about as predictably as rush hour traffic. In the end, the same emotional instincts that lead to frustration during a

traffic jam can curtail the ability to make rational financial decisions. “As a financial advisor, I offer a helpful and comforting bird’s eye view of traffic as I am evaluating the big picture rather than just comparing your rate of speed with the car next to you,” says Ellen. Because investors’ irrational behavior is at least predictable, professional advisors often provide a more rational, and beneficial, framework for financial decision-making.

Ellen offers the following advice to help keep emotions in check:

- **Understand the root of stress.** When under stress, adrenal glands release adrenaline and cortisol hormones that affect the brain and cause a short- term focus, increased pessimism, impaired concentration, a reduced attention span, and decreased patience. Accordingly, with perspective altered by stress, individuals are more likely to make impulsive decisions that can negatively impact their finances. Understanding the biology behind emotions may help avoid having short-term market volatility play on emotions and destroy the discipline necessary for successful long-term investing.
- **Stay engaged.** Behavioral finance suggests that the more complex the problem, the more likely individuals are to choose the default option, or in the worst case do nothing. Plenty of investors still seem frozen, afraid to make financial decisions. However, doing nothing to respond to today’s transitioning market is, in fact, a decision -- and one that could result in significant missed opportunities. Focusing on the many things that are right with life, as well as emerging market opportunities can help maintain involvement with personal finances.
- **Return to your plan.** An investment policy (IP) statement should spell out short- and long-term goals, the investments to best achieve those dreams, and actions to be taken in the event of a market downturn. Collectively, the IP answers the question: Why am I investing? When asking, “Should I move to cash?” Ellen asks, “What are your goals?” and “Is your current investment mix still appropriate for those goals?”
- **Focus on specifics.** Whether deciding on 401(k) options or salad dressing at a restaurant, too many choices can make the job more difficult. In an environment where investors may be energized by the market’s gains, but cautious about how to move forward, be more specific about what is owned. Each investment should have a particular role to play in the portfolio, and the more transparency the better.
- **Lengthen the time horizon.** To avoid making a quick fix portfolio move in response to some newspaper headline, lengthen perspective by reviewing long-term goals. How will a decision made

today impact life over a five-, ten-, or 15-year time horizon? Given that timeframe, does the current allocation need tweaking to capitalize on opportunities or mitigate risk?

- **Embrace the process.** If sailing from Point A to Point B, it's impossible to travel in a straight line. In fact, sailing is nothing more than a series of corrections to get back on course towards the ultimate destination. Because the market is as unpredictable as the wind and weather, it's important to look at the need to make a portfolio change as necessary and expected, rather than as an unexpected negative.

Above all, especially in this transitioning market environment, be careful of investment advice. "It never ceases to amaze me how many people follow their neighbor's advice," says Ellen. "Think about it. You probably don't drive the same car as your neighbor, spend your leisure time in the same way, or share the same retirement goals. So why would his investments be a good match for you? What's more, he certainly has limited information about your long-term goals and risk tolerance." Instead, Ellen recommends seeking a professional advisor whose values center around putting your needs first and committing to ongoing financial planning. The planning process can help investors overcome emotional biases, think positively, and make more rational investment decisions to maintain the long-term investment perspective that is essential to meeting individual goals.

### **About Brett Ellen and American Financial Network**

Brett Ellen, founder and president of American Financial Network, is a financial planner and investment advisor representative with Securities America Advisors who specializes in wealth management and corporate benefit planning services. Additionally, Ellen established and is an active part of the Financial Solutions Alliance, a network of financial service providers from across the country that work collaboratively to address the financial and business needs of their clients. Unprecedented in his ability to serve both individual investors and corporate planners, Ellen is recognized by Securities America as their top advisor.

Ellen, who believes strongly in giving back to his community, received the 2009 Investment News Community Leadership Award in Mentoring. He and his firm actively support a variety of non-profit organizations. In 2008, the Muscular Dystrophy Association awarded Ellen the prestigious Humanitarian of the Year Award and the Investment News Community Leadership Award for his philanthropic endeavors and excellence in mentoring. In 2001 he and his wife, inspired by their children, formed their own non-profit. TKOHelpingHands.org (Turn Kindness On) promotes community involvement and social responsibilities in young children. Ellen also writes a finance blog for children - [www.KidsFinanceCoach.com](http://www.KidsFinanceCoach.com) - to help them

understand important concepts and become financially literate and responsible adults. For more information about Brett Ellen, visit [www.afn-net.com](http://www.afn-net.com).

# # #

**NOTE:**

When you need a knowledgeable professional to speak on complicated financial topics in an easy-to-understand manner, please call Brett Ellen.

Securities offered through Securities America, Inc. member FINRA/SIPC, Brett Ellen, Registered Representative. Advisory services offered through Securities America Advisors, inc., an SEC registered investment advisory firm. Brett Ellen, registered investment advisor representative. California Insurance License #0655679. American Financial Network and Securities America are unaffiliated.

**SOURCE:** Written by Brett S. Ellen, Securities America, Inc. Registered Representative, in conjunction with Impact Communications.

AdTrax # 117347