



## **Beyond Annuities:** Unlock the power of behavioral coaching in your financial practice

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# Unlock the power of behavioral coaching

Market volatility is often seen as a primary obstacle for financial advisors. Yet, a deeper challenge—and opportunity—lies within the minds of your clients. In today's complex landscape, your value is measured not only by the returns you deliver, but by your ability to guide clients through the emotional currents that shape their financial decisions.

Research shows that up to 90% of financial decisions are driven by emotion.<sup>1</sup> Despite this, many advisors hesitate to address the behavioral side of investing, viewing it as outside their comfort zone. But this is precisely where you can set yourself apart. Behavioral coaching isn't just a buzzword—it's a proven competitive edge.




By embracing behavioral coaching, you can lend your expertise beyond numbers to the human side of wealth. This brochure provides insights and practical tools to confidently integrate behavioral coaching into your practice, transform client relationships and enhance outcomes.

<sup>1</sup>Source: "How Emotions Can Influence Your Financial Decisions" (2026) City National Bank. <https://www.cnb.com/personal-banking/insights/emotions-and-financial-decisions.html>

# Why behavioral coaching matters

A Vanguard study<sup>2</sup> found that behavioral coaching can add approximately 1.5% in net annual returns for clients—a value-add that often surpasses investment management alone. By helping clients stay disciplined, avoid emotional pitfalls, and maintain a long-term perspective, you can transform not only their portfolios, but their financial futures.

**Behavioral coaching can:**

		
<p><b>Prevent costly mistakes</b></p>	<p><b>Build deeper trust</b></p>	<p><b>Differentiate your practice</b></p>
<p>Decisions based on emotion can lead to panic-selling and market-timing, which can significantly erode wealth over time.</p>	<p>Addressing clients' fears and goals on a human level helps build more trusting relationships.</p>	<p>In a world of robo-advisors, your ability to manage human behavior can offer a unique value proposition.</p>

<sup>2</sup>How well do financial advisers know their clients? October 25, 2025  
<https://www.vanguard.co.uk/professional/insights/how-well-do-financial-advisers-know-their-clients>

# Behavioral coaching basics

Behavioral coaching in financial advising involves using psychology and neuroscience to help clients separate their emotions from their investment decisions. It focuses on preparing clients for stressful market events, mitigating biases that can lead to costly mistakes, and reinforcing discipline through consistent check-ins.

## How to navigate behavioral coaching



### Managing Emotions

Behavioral coaching is about helping clients manage the emotions that naturally arise during their investment journey.



### Mitigating Bias

Certain cognitive and behavior biases can impact decision making for investors.



### Building Discipline

Maintaining a disciplined approach can help clients recognize emotional triggers and develop strategies to avoid impulsive moves.

## Managing emotions

At its heart, behavioral coaching is about helping clients recognize, understand, and manage the emotions that naturally arise during their investment journey. Advisors who prioritize this aspect of their role empower clients to remain focused on their long-term objectives, rather than reacting to short-term market fluctuations.

### Create a pre-commitment plan

Work with clients to create a formal, written document with agreed upon steps to protect against market-driven impulses. A pre-commitment plan can help your clients stick to their goals and help you implement their financial plans with less resistance.

#### What to include:

##### If/Then rules:

“If the market drops by 20%, then we will rebalance according to our predetermined schedule, not sell.”

##### Cooling-off clause:

Require a 24-48 hour waiting period between the desire to make a reactive trade and the execution.

##### Reminder of long-term goals:

List the client’s top three goals (e.g., retirement, college funding) at the top of the document.

##### Designated decision-making roles:

Clearly define which decisions require advisor consultation versus which actions are pre-approved. This helps reduce emotionally-driven, unilateral moves during volatile periods.

##### Emotional check-in prompt:

Include a brief self-assessment question (e.g., “What emotion is driving this decision right now?”) to help clients pause, identify emotional triggers and refocus on their plan before taking action.



**Advisor tip:** How to present the plan: “This is our game plan for when the headlines get scary. It’s our agreed-upon strategy to ensure we don’t let short-term emotions derail your long-term future.”

## Mitigating biases

Certain cognitive and behavior biases can impact decision making for investors. Awareness of these can help you coach your clients to overcome them and build defenses against costly errors.

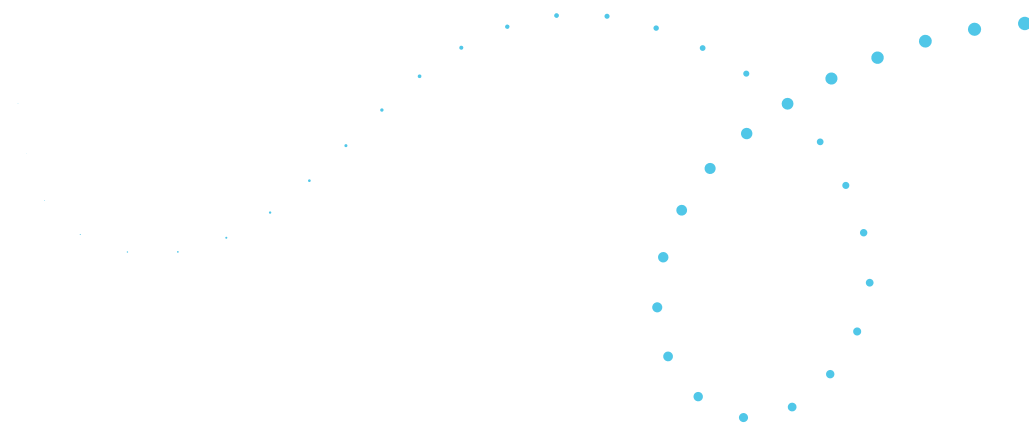
Anchoring Bias		
WHAT IT MEANS	COST TO YOUR CLIENT	COACHING INTERVENTION
The reliance on the first piece of information encountered (the “anchor”) when making decisions.	Fixating on a past price (“I won’t sell until it gets back to \$100”).	Reframe decisions using ranges and probabilities instead of single-point targets.

Confirmation Bias		
WHAT IT MEANS	COST TO YOUR CLIENT	COACHING INTERVENTION
Our propensity to seek, interpret and remember information to confirm our pre-existing beliefs.	Ignoring red flags on a favored investment.	Seek out one credible source or data point that challenges the original thesis moving forward, to ensure the decision is balanced.

Recency Bias		
WHAT IT MEANS	COST TO YOUR CLIENT	COACHING INTERVENTION
The habit of weighing recent events more heavily than earlier events.	Chasing performance after a rally, selling after a crash.	Review past cycles to show how markets have historically reverted after periods of strong gains or losses.



## Overconfidence Bias

WHAT IT MEANS	COST TO YOUR CLIENT	COACHING INTERVENTION
The tendency to overestimate our own knowledge, skill and ability to predict market movements.	Trading excessively, under diversification, taking on inappropriate risk.	Compare confidence versus actual outcomes using historical data to highlight the role of randomness.

## Herding Bias

WHAT IT MEANS	COST TO YOUR CLIENT	COACHING INTERVENTION
A natural tendency to look to others for cues on how to behave, especially in uncertain situations, which can lead to “herding.”	Buying overvalued assets during a bubble or panic-sell during a crash, simply because everyone else is doing it.	Compare “popular investment ideas” to the client’s existing plan, asset allocation and goals to assess alignment before taking action.

## Loss Aversion

WHAT IT MEANS	COST TO YOUR CLIENT	COACHING INTERVENTION
The pain of losing is psychologically about twice as powerful as the pleasure of gaining.	Holding losing investments too long, selling winning investments too early.	Reframe losses as “tax-loss harvesting opportunities.”

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## Building discipline

When markets become turbulent, clients often feel compelled to act. Maintaining a disciplined approach can help clients recognize emotional triggers and develop strategies, such as pausing before making decisions or reviewing past successes, to avoid impulsive moves.

Advisors can help clients recognize emotional reactions as signals to slow down rather than act. Through proactive communication, regular check-ins and ongoing education, you'll reinforce trust and help keep clients aligned to their long-term plan.

### Make discipline a system, not a trait

Discipline is more reliable when it's embedded into processes rather than relying on willpower. By **automating behaviors**, you reduce the need for clients to make emotionally charged decisions.

#### AUTOMATING BEHAVIORS:

- Rebalancing
- Systematic contributions
- Scheduled reviews

### Use emotions as signals, not instructions

Help clients **recognize heightened emotions** as cues to slow down rather than act. Teaching clients to label what they're feeling can create distance between emotion and action, making it easier to return to a rational decision framework.

#### HEIGHTENED EMOTIONS:

- Fear
- Excitement
- Regret

## Create a shared language for market stress

Develop common phrases to help clients quickly re-anchor when emotions run high. Familiar language reduces friction and shortens recovery time during turbulent markets.

### COMMON PHRASES:

- This is plan-testing noise
- Volatility is the price of long-term returns

## Reinforce progress through reflection

Revisiting past periods of volatility and how the client successfully stayed the course builds confidence and resilience. **Highlighting “wins” from disciplined behavior** reframes patience as an active, positive choice rather than inaction.

### HIGHLIGHTING WINS:

- Builds confidence
- Reframes patience as a positive choice
- Not inaction

## Shift the focus from outcomes to behaviors

Rather than emphasizing short-term performance, **reinforce adherence to agreed-upon behaviors**. This helps clients judge success by what they can control, not by unpredictable market results.

### BEHAVIOR ADHERENCE:

- Staying invested
- Rebalancing
- Avoiding reactive trades

## Use proactive touchpoints, not reactive outreach

Discipline is strengthened when advisors check in before clients feel compelled to act. **Proactive communication during periods of volatility** lets clients know that uncertainty is anticipated and already accounted for in the plan.

### PROACTIVE COMMUNICATION:

- Reinforces trust and confidence
- Reassures clients
- Minimizes misunderstandings

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# Your path forward

Implementing behavioral coaching into your practice is a journey, not a destination. The following steps can help you integrate these tools and build confidence.



## **Start small.**

Pick one tool and practice in your next client meeting.




## **Document your success.**

When behavioral intervention helps a client avoid a mistake, note it. Acknowledging success can help build your confidence and keep the momentum going.



## **Commit to continuous learning.**

The field of behavioral finance is always evolving and coaching improves with intentional repetition. With continued practice, you'll build intuition, increase confidence and make an impact for clients.



Behavioral coaching can transform your role from simply managing portfolios to guiding clients through the psychological challenges of investing. Use the strategies outlined in this brochure to better understand your clients' decision-making, guide them confidently and help them stay on track to achieve their goals.

Learn more and find additional resources at [MassMutualAscend.com/beyond-annuities](https://MassMutualAscend.com/beyond-annuities).

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