

## **Example of Leveraging Cognitive Behavioral Therapy (CBT) in a Client Conversation**

*\*\*THIS IS MEANT FOR ILLUSTRATIVE PURPOSES ONLY\*\**

**Advisor:** I've noticed you seem quite concerned about the possibility of a market downturn. Can you tell me more about your worries?

**Client:** I'm afraid that if the market crashes, I'll lose all my money. I've been hearing a lot of negative predictions and I'm starting to get really nervous.

**Advisor:** I see. It's completely normal to feel nervous given the uncertainty in the markets. What I'm hearing is that you're worried about losing all your savings if there's a downturn, is that correct?

**Client:** Yes, exactly. I worked hard to build my savings and I can't afford to lose it all.

**Advisor:** That's a valid concern. Let's examine it a bit closer. When you say "lose it all", are you imagining a scenario where a market downturn would wipe out your entire savings?

**Client:** Yes, that's my fear.

**Advisor:** It's crucial to remember that while markets do have periods of downturn, historically, they've also always recovered. In fact, market volatility is a normal part of the investment cycle. What we can do is develop a diversified investment strategy, which can help protect against the volatility of a single asset class and minimize potential losses.

**Client:** I understand that, but the fear is still there.

**Advisor:** That's normal, and it's okay. What if we examine some historical market data together and discuss how diversified portfolios have performed during different market conditions? This may provide a more balanced perspective on potential losses during a market downturn.

**Client:** That sounds like a good idea. I think it would help me to see the bigger picture.

Breakdown:

In this example, the advisor first validates the client's fears, helping them feel heard and understood. Then, the advisor challenges the client's fear of losing all their money by providing a more realistic perspective based on historical data. Through this process, the advisor helps the client replace their distorted belief with a more accurate one. The advisor also offers to help the client implement a diversified investment strategy, giving the client a proactive step they can take to reduce their anxiety.