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Advisors Focusing More on Government Policy.

Government policy is becoming a more prominent topic of conversation between financial advisors and their clients, according to a recent study as well as anecdotal reports — and remarks by the Federal Reserve chairman last week on the future of the Fed's stimulus policy have spurred even more discussions about government policy.

"When Bernanke says what he says, it becomes a top-of-mind topic of discussion for us," says Paul Tramantano, chief executive of Constellation Wealth Advisors in New York. But Constellation isn't adjusting portfolios in response, he cautions: "Our clients' portfolios are positioned the way we want them to be."

Concerns about government policy ranked second among the most popular topics of conversation — behind portfolio rebalancing but ahead of portfolio performance, retirement concerns and estate planning, according to Russell Investments' latest quarterly Financial Professional Outlook survey.

And among topics initiated by clients, government policy tied for the top spot with concerns about the stock market, advisors reported.

The increasing concern with government policy "is an interesting shift for advisors," the Russell report states. "We believe the most likely reason … is interest rates. We believe that as long as the Fed maintains its current interest rate policy, advisors should be prepared to continue having similar conversations with clients."

While advisors at New York-based Altfest personal Wealth Management generally do not bring up government policy with clients, they welcome the conversation when clients initiate it, says Karen Altfest, co-principal of the firm.

"Sometimes they need to be reassured, and sometimes we have to check the accuracy of what they thought they heard," Altfest says. "But it's a good opportunity to listen to them and hear their concerns. They bring up something that's on their mind like health care which we didn't hear about before."

The Russell survey also found that nearly 90% of advisors are optimistic about their ability to attract and retain clients this year, primarily through referrals.

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