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**FIVE QUESTIONS: BRIAN MURPHY**

## ***Hartford Life Executive Brian Murphy: Investment 'Attitudes Need To Change'***

By DAVID HOLAHAN

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Brian Murphy is executive vice president of Hartford Life's Individual Markets Group and chairman of its subsidiary, Woodbury Financial Services, part of The Hartford Financial Services Group. He is also a board member and past chairman of the Financial Services Institute, an industry group. Murphy has been outspoken in commenting on the investment advisory industry, whose clients have watched their nest eggs shrink as the Dow has lost roughly half its value over the past 17 months.

Q: The mantra of financial advisers has been trust in the markets, stay the course, keep your eye on your long-term goals — you don't want to miss the next upswing. That seems like pretty thin gruel in this market, doesn't it?

A: That's been the argument, stay in the market because if you are out for even the best four or five days, then your absolute return is cut in half. With the financial hurricane over our heads, it's pretty difficult to see that there's going to be a sunny sky again. But we do know there will be a recovery. Attitudes need to change. It's not just waiting for things to clear. Advisers have to broaden their practices. Sadly, many are only addressing one part of their clients' financial life needs. Take another example: My parents used to save first and spend what was left. My generation went to spend first, save if you can, and if not, don't worry about it. We have to go back to saving first. I also think that we have learned out of all this that you have to have a balanced, comprehensive investment plan.

Q: Another mantra is, "You can't time the market." Why not? Shouldn't financial advisers know that an all-time high is a pretty good time for their clients to pull back, to take profits, to lie low for a spell, especially if they plan to retire soon?

A: When is an all-time high? In the '90s, the Dow blew through its all-time highs and kept adding points. So that's why I think balance is the best approach. If you look at the various investment classes over the decades, you'll see that large-cap stocks can be way at the bottom, and then the following year they're on top.

Q: What was Woodbury Financial telling its clients to do 18 months ago based on its reading of the markets?

A: First of all, have a plan — that's extremely important — a plan that takes care of your major life-cycle needs. Accumulation is important. Another phase is income, and I believe that is the biggest change we're seeing, that income is becoming its own asset class. Income is important because there are different phases that people go

through now in retirement alone. People can't just invest and let it ride.

Q: What are some alternatives to staying the market course and watching the roller-coaster take our money for a ride?

A: Whether you are a moderately conservative investor or an aggressive investor, you should pick investments that match your profile. It's a little like the Tower of Terror ride at Disney World; the only thing scarier than going down the first time, when it free-falls, is going down the second time. It's a test of your fortitude. If people can't sleep at night investing in the stock market, then they shouldn't invest in it.

Q: How have your own personal retirement accounts fared since October 2007?

A: I'm half the man I used to be. But I'm still bullish.

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