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Canadian Financial Advisors Face Real Impact From Client Mental Health Issues— Bridgehouse Seeks Industry Support for Research-Driven Recommendations

TORONTO, ON, April 25, 2018 – Research unveiled by [Bridgehouse Asset Managers](#) shows that client mental health issues have a negative impact on financial decision-making; the company is seeking industry support for practical recommendations to help advisors and their clients.

In [research](#) conducted with advisors for Bridgehouse by [Navigator Ltd.](#), almost three-quarters (72 per cent) reported encountering clients suffering from anxiety; 64 per cent, diminished financial capacity; 54 per cent, depression; and 34 per cent, substance abuse. In *all* cases (including four other identified conditions), advisors found the issue negatively affected sound financial decision-making. The survey is one of several phases of research on the theme of mental health in financial advisory relationships that included in-depth qualitative interviews and advisory panel input.

Drawing on these insights and practical mental health guidance from the [Canadian Mental Health Association \(CMHA\) Toronto Branch](#) and Bridgehouse’s advisory panel, Bridgehouse has issued key recommendations for the industry to address client mental health issues (see below).

“The [research](#) shows that client mental health takes a bite out of sound financial decision-making and that advisors are seeking insight and practical tools to respond effectively. Several key recommendations emerged from it that we’re sharing with the industry that we can act on now,” says Bridgehouse President and COO Carol Lynde. “They cover educating advisors about recognizing warning signs, responsibilities related to privacy considerations/escalation, as well as strategies/skills training that adapt best practices from mental health experts.”

The research found that 85 per cent of advisors spend more time with clients suffering from a mental health issue relative to others. The majority of advisors expressed an interest in solutions to support relationships with affected clients. For example, 88 per cent want a “transition kit” for dealing with Alzheimer’s/dementia and also continuing education (CE) related to mental health; more than 80 per cent cited the need for a behaviour primer, community resources information, seminar and other identified supports. [Among other resources](#), Bridgehouse is developing CE webcasts and practical tools and checklists that help advisors empower their clients to stick to their plans despite dealing with a range of mental health challenges.

“I want to acknowledge the CMHA and our Mental Health Advisory Panel who made us aware of an important fact: Financial advisors who work face-to-face with their clients can read subtle clues that suggest mental health conditions and situations that may be driving unwise choices. This is a key advantage over robo-advisors and other digital options,” notes Lynde. The issues highlighted by the research call for further policy development, she says, so Bridgehouse is recommending that support be delivered at the firm, peer and industry levels. “We—that is the industry as a whole—need to rally around the financial advisor community because money, emotion and mental illness make for a risky mixture. Bridgehouse is developing a series of practical advisor tools and we need to respond at an industry level with policy, guidance, clarity and process that helps advisors help investors going through mental turmoil,” she adds.

Annually, one-in-five Canadians will experience a mental health or addiction problem. When Canadians reach 40, one-in-two have—or have had—a mental illness.¹ Financial difficulties or vulnerability are a trigger for and a potential consequence of mental illness.

On behalf of Bridgehouse, Navigator conducted a national online survey between Dec. 18, 2017 and Feb. 13, 2018 to understand the relationship between mental health and financial advice. The sample was collected via an open-link format: Bridgehouse/its representatives sent advisors an email seeking their participation, and it was completed by 193. All sample surveys and polls may be subject to multiple sources of error, including but not limited to sampling error, coverage error and measurement error. An earlier research phase conducted in November 2017 included 16 in-depth interviews with advisors across Canada. Bridgehouse has also drawn on the insights of an advisory panel consisting of a psychiatrist and a lawyer with expertise in health law and health privacy.

Recommendations Flowing from the Research

Bridgehouse believes the impact of mental health on the advisory relationship calls for a policy-based response. To support the search for solutions, Bridgehouse is sharing the following preliminary recommendations which flowed from the research:

1. *Advisor Support*

- *Continuing Education*; Recognizing warning signs
- Responsibilities/privacy
- Escalation strategies/skills training: adapt best practices from mental health experts
- Tools/checklists

2. *Firm/Peer Support*

- *Investor Well-Being Roundtables*; escalation process
- Case review (no-name basis): Management/peers; legal/compliance; experts (psychiatrists/mental health specialists)

3. *Industry Support*

- Incorporate mental health into investor policy
- Guidance on Trusted Contact Person (TCP)/Power of Attorney (POA)
- Guidance on privacy/consent
- Guidance on existing regulations/PIPEDA exemptions
- Implement legal safe harbour

Quotes from Advisory Panel

“Financial services and health care may seem worlds apart but the research makes the connection—they share similar challenges. Bridgehouse approached CMHA with an unrecognized truth: That mental health affects health decisions *and* financial health. We welcome doing what we’ve now been doing for a century: Promoting best practices for mental health.” — **Adam Wiseman, Manager, Forensic ACT Program, CMHA Toronto.**

“Advisors experience real stress dealing with clients who have a mental illness. They’re unsettled by the behaviour, unsure about the boundaries and don’t want to be intrusive. But they do want to help

¹ Smetanin et al. (2011). *The life and economic impact of major mental illnesses in Canada: 2011-2041*. Prepared for the Mental Health Commission of Canada. Toronto: RiskAnalytica.

and must work in their clients' best interests: that makes them hungry for strategies, tools and support from their peers.” – **Anne Kilpatrick, Principal, Navigator Ltd.**

“Advisors who service long-term clients, multiple family members or multiple generations are in a unique position. They see clients at different life stages, so they can recognize personality changes. They may be able to identify early warning signs of dementia, diminished financial capacity, addictive disorders and substance abuse. The trust they earn over time means they can credibly discuss a sensitive subject.” – **Dr. Anne Ferguson, Psychiatrist and Bridgehouse Advisory Panel Member.**

“Advisors need industry and government guidance and tools to know when and to whom they can disclose personal information in order to assist their clients suffering from mental health challenges, without contravening privacy legislation and industry requirements and regulations. They need a legal safe harbour from civil and regulatory action when acting in good faith and with reasonable care to assist their clients.”— **Shelley Birenbaum, Health Law and Health Privacy Counsel.**

About Bridgehouse Asset Managers

Bridgehouse Asset Managers (Bridgehouse), a trade name for Brandes Investment Partners & Co., is the manager of the Bridgehouse Funds. Bridgehouse is a Canadian independent investment platform featuring Brandes Investment Partners, LP, Sionna Investment Managers Inc., Lazard Asset Management (Canada), Inc., Greystone Managed Investments Inc. and Morningstar Associates, Inc. For more about Bridgehouse, visit bridgehousecanada.com. Connect with Bridgehouse on [LinkedIn](#) and [Twitter](#).
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About The Canadian Mental Health Association (CMHA)

CMHA is a nationwide organization formed in 1918 that promotes the mental health of all and supports the resilience and recovery of people experiencing mental illness. CMHA Toronto is Canada's largest community-based mental health agency and serves more than 8,000 clients each year through 12 sites across the city, helping them to live, work and belong in our community. For more: cmha.ca.

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