The 5-Question Concentration Risk Conversation

For clients with 20%+ in a single stock, sector, or employer position.

Do not lead with the tax bill. Lead with the risk. This script walks the client from identifying the exposure → quantifying the worst case → designing a diversification plan that respects their emotional attachment and their tax reality.

1 Frame the exposure in dollars, not percentages

Ask: *"If [company/position] dropped 50% tomorrow, how many dollars would you lose?"*

Why it works: Clients feel dollars. "20% concentration" is abstract; "$340,000 gone" is not.

2 Surface the correlation nobody talks about

Ask: *"If [employer stock] falls hard, what usually happens to your job and bonus at the same time?"*

Why it works: For employer stock: the client is triply exposed — salary, bonus, equity. This is the risk story.

3 Name the emotional anchor before you touch the position

Ask: *"What does this position represent to you — beyond the money?"*

Why it works: Founder stock, inherited stock, employer stock — identity, not math. Acknowledge it first.

4 Introduce the diversification menu

Ask: *"Would you rather do this fast and lock in today's price, or slow and manage the tax bill?"*

Why it works: Options: outright sale · 10b5-1 plan · exchange fund · collar · charitable remainder trust. Match to the client's #3 answer.

5 Set the trigger, not the schedule

Ask: *"What price, or what date, would make you agree to sell the next tranche?"*

Why it works: A trigger removes the re-decision. The client only makes ONE hard decision — today — not twelve.

→ Book a 15-minute call with Sarah Roscoe to walk through your live concentration cases: book here.