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2011 FPA NorCal: Sold Out!

by Eric M. Flett
FPA East Bay

Almost 700 financial professionals, speakers, and sponsors filled the Palace Hotel on May 31st and June 1st for some of the best educational sessions of the year. This is the second time in the past three years that the event has sold out well in advance of the conference and attendees were not disappointed.

Killer Keynotes

Neel Kashkari kicked off the conference with an insightful look at the financial crisis. In his view, the financial system was like an obese patient suffering a heart attack. The good news is that the patient lived, but the bad news is that the patient is still obese.

At lunch, Clorox CEO Donald Knauss, shared his perspective as the leader of a \$5 billion company trying to balance the challenges of corporate responsibility and financial success. On Wednesday morning, Michael Lewis shared his colorful assessment of the financial crisis. For more on this session, please see Bob Veres' article entitled "Michael Lewis vs. Wall Street" on the other side of this page.

Tradition of Success

For 39 years, leading financial professionals have gathered in Northern California to discuss areas of mutual interest. One of the unique aspects of our conference is that it

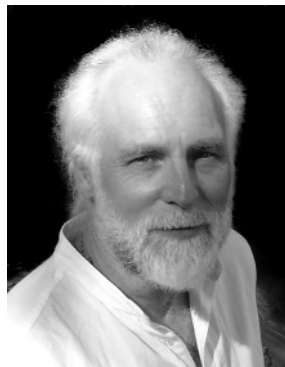
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Eric Flett is a past president and member of the board of directors of the FPA East Bay Chapter. He is a principal with Concentric Wealth Management in Lafayette.

Michael Lewis vs. Wall Street

by Bob Veres
Publisher, Inside Information



Bob Veres, publisher of the Inside Information service for financial planners (www.bobveres.com), will speak (twice) at the FPA NorCal Conference on May 27.

Meanwhile, most of you missed one of the really entertaining conference sessions of the year--Michael Lewis, author of 'Liar's Poker' and 'The Big Short' (and 'Moneyball'), onstage at the Northern California Regional Conference. He was interviewed by one of our own, Eric Flett, of Concentric Wealth Management in Lafayette, CA.

In the first part of the discussion, Lewis talked about why he had written 'Liar's Poker,' which is basically an expose of how Wall Street does business. Lewis said that he had always found it ridiculous that the large brokerage firms (in his case, Salomon Brothers) would hire a kid out of college, an

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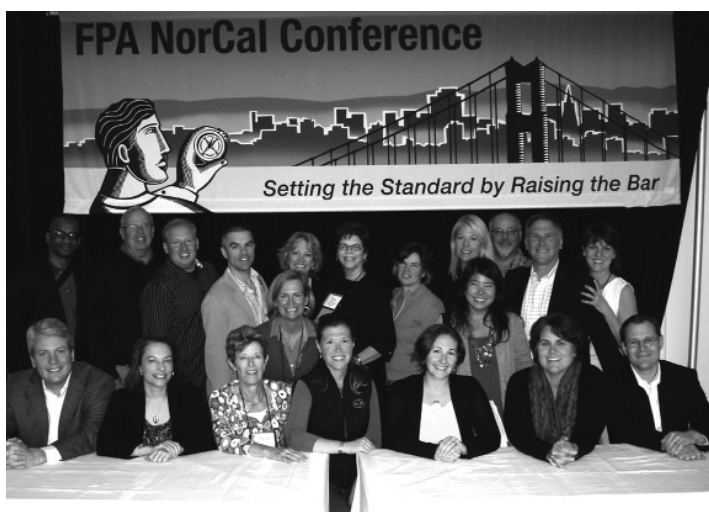
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2011 FPA NorCal: Sold Out! *Cont'd*

designed by FPA members for the benefit of our members. FPA NorCal is organized by a committee of FPA members who volunteer their time to serve throughout the year. For the past two years, FPA San Francisco member **Sabrina Lowell** has successfully led the committee. Sabrina's vision and superior leadership skills resulted in two of the best conferences ever held.



In addition, we would like to thank the rest of the 2011 Conference Committee:

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40th FPA NorCal Conference

At the 2012 FPA NorCal Conference, we will be celebrating our 40th anniversary. Stay tuned for more information. The dates are set: Tuesday, May 29th and Wednesday, May 30th, 2012 at the Palace Hotel. We'll see you there!

Michael Lewis vs. Wall Street *Cont'd*

Art History major who knew nothing about finances, and set him to work giving financial advice to institutions and wealthy people, deploying significant amounts of capital in the American economy.

Lewis wrote the book because he saw Wall Street money derailing so many rightful careers. "I had a college roommate who should have been an oceanographer," he said. "He had a passion for it. But he was offered so much money that he ended up working for Bear Stearns."

Lewis's assumption was that he had forever burned his bridge with Wall Street, by telling the world how ridiculous (and, often, pernicious) it was in a NY Times best seller, and at the same time warning young college graduates against the siren song of a huge salary. Yet when the credit default crisis swept through Wall Street, Lewis became interested again. "I had no idea that Wall Street could ever get more absurd than it was when I worked there," he told the audience. "But back then, if a big Wall Street firm designed a zero sum trade, you did NOT want to be on the other side of that trade. But with all the amazing losses from the credit default swaps and CDMOs and everything else,

somehow Wall Street had become the dumb money. Incredibly bright people had created doomsday bonds that brought down the finances of the bigger firms."

So Lewis tentatively called up some of the players in Wall Street, and was astonished to find that they were willing—even eager—to talk to him. Then he got what he described as the shock of his life. "They would say to me, the only reason I'm talking to you is because you're the reason I got into this business," he said. "They



would tell me, I was in college and didn't know what I wanted to do with my life until I read Liar's Poker."

Somehow, Lewis realized, his intentions had been subverted. "I discovered that my book had a dog whistle effect of calling people into Wall Street," he said, "which was exactly the opposite of what I intended."

Lewis said that early in the process of writing *The Big Short*, he turned away from the "clowns" (his term) who had lost so much money for the larger firms and their customers, and decided to focus on

the people on the other sides of the big trades, the people who made billions taking positions that were being sold at high commission by the brokers of the larger Wall Street firms. "These were the people who realized that the insurance on the collateralized bonds was being sold much too cheaply," Lewis told the audience. If you've read *The Big Short* (it's a wonderful book) then you didn't need Lewis's description of the characters, but they were all strange, all independent thinkers, and none of them had any financial incentive to

just put their heads down and keep selling stuff without looking too closely at it.

And that, ultimately, is what Lewis believes was one of the most important lessons of the book: that Wall Street's incentive structure is (this is the term he used) "badly screwed up."

"The only people who did any real analysis ended up shorting those instruments," Lewis told the group. On the other side, Lewis puts the executives and brokers, who told themselves, 'Just let it last until the end of the year, and I'll get my bonus.' Then they would say, 'Just let it last one more year, so I can get my next bonus.' "If you incentivize people not to see something, they won't see it," said Lewis. "It is amazing what people won't see if they're paid not to." By mid-2005, the structured product departments at the Wall Street firms were generating so much money that they had virtually taken

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Michael Lewis vs. Wall Street *Cont'd*

over their companies. They had even taken over the ratings agencies, giving them ever-more-fanciful analyses of the products they were selling, and then paying for the companies to ratify the analyses that they had created.

The analysts who made billions betting against this dumb money actually took their analyses to the Wall Street Journal and laid out the reasons why Wall Street had to implode eventually, and the paper's editors refused to listen. They went to the SEC, and the SEC's top inspectors had no idea what they were talking about. (Later, Lewis told the audience that "the only thing the SEC knows how to do is prosecute insider trading.")

Lewis had some suggestions for how to clean up what he described as the awful mess on Wall Street. The problem, he said, is incentives. Some are more pernicious than others. Lewis said that he was particularly disturbed that Goldman could create securities that were designed to fail, and then sell them to their customers at a profit, and then profit some more by betting against them.

Other incentives are less obvious. For instance, the executives right below top management, who are in the middle of creating profitable securities that eventually fail spectacularly, usually find themselves in a sweet spot. Their customers lose everything, their bosses are called on the carpet and sometimes fired (though seldom given jail terms), but these people right below the bosses profit on both ends of the crisis. In

the runup, they pocket millions as the flawed securities are shoveled into customer portfolios. Then, when the securities blow up, they are the indispensable experts who are called on to fix the mess--and earn millions more during the cleanup phase.

Meanwhile, the government has been bailing out Wall Street every ten years or so. "We have a capitalist system except for the highest-paid capitalists, who enjoy the benefits of socialism," said Lewis. "They were massively subsidized, and as soon as they got back on their feet, they started undermining the people who were trying to fix the problem. It's like a patient in the emergency room who wakes up and immediately attacks the doctor who saved his life."

Meanwhile, brokerage firms are permitted to pose as agents of the customer when in reality they are serving as agents of their firms.

Some of this may be changing. "People are starting to suspect that Goldman doesn't have their best interests at heart," Lewis told the group. "When I did my book tour, the first thing I noticed is that people were angry. They wanted to know who to lynch."

Nevertheless, Lewis said that he fully expects another crisis within ten years, at one point saying "I can see that the next collapse is being built now, though we can't see it yet." In response to one of Flett's questions, he said that individually, there are a lot of really nice people working on Wall Street. But the incentives have to be changed before the crises will end. "When people are rewarded for behavior that is just horrible for society, then the one thing you know is that this will happen again and again and again," Lewis told

the audience. "Today, on Wall Street, you can get rich doing creative things that are absolutely disastrous for investors and society."

Is there a solution? Lewis said that if he were made the top regulatory of the securities word, the first thing he would do is break up the big firms, and then forbid the industry from making bets for themselves when they are also advising investors on those same securities--basically ending the practice of trading for their own accounts. He would ban credit default swaps and some other derivatives, and absolutely forbid firms from betting against the securities they have sold to their investors. "Today, we allow Goldman to buy insurance on somebody else's house," Lewis said. "That gives them an incentive to throw lighted matches at your house and be rewarded handsomely if it burns." And he would require people who run hedge funds to have their own wealth in the fund, taking the same risks that they were exposing their investors to.

Lewis's next book is about the European debt crisis.

CHECK THIS OUT!

Check out the final conference schedule for the *Business & Wealth Management Forum* on **October 13-15** in **Chicago** (www.signupforconference.com).

With a remarkable speaker lineup that includes entirely new presentations from **Mark Tibergien, Don Phillips, Tom Giachetti, Stephanie Bogan, Matt Lynch, Michael Kitces, Harold Evensky, Bill Bengen, and Jo Day**. We are also introducing several speakers that are not household names (yet) such as **Gary Miller, David Marcus, Jerry Miccolis, Raj Udeshi** and **Dr. Michael Phillips**.

The technology side of the program has a great session on financial planning after the Great Recession, how to streamline your practice using CRM, rebalancing, 21st century document management and the newest tools to facilitate retirement distribution planning.

Regional Government Relations Column

by Robert Finke, CFP®
FPA Monterey Bay

Greetings from your Regional Government Relations Representative.

The following is a list of important items on the Government Relations front:

SEC Issues Order Raising Performance Fee Rule Dollar Limit

Pursuant to this order, an adviser can only charge performance fees if its client has at least \$1 million under the management of the adviser or a net worth of \$2 million. The previous thresholds were \$750,000 and \$1.5 million respectively. Under Dodd-Frank the SEC was directed to adjust these thresholds for inflation and will continue to revise them every five years to account for inflation. This order becomes effective on September 19, 2011.

Social Security Board of Trustees: Projected Trust Fund Exhaustion One Year Sooner

The Social Security Board of Trustees today released its annual report on the financial health of the Social Security Trust Funds. The combined assets of the Old-Age and Survivors Insurance, and Disability Insurance (OASDI) Trust Funds will be exhausted in 2036, one year sooner than projected last year. The DI Trust Fund, while unchanged from last year, will be exhausted in 2018 and legislative action will be needed soon.

At a minimum, a reallocation of the payroll tax rate between OASI and DI would be necessary, as was done in 1994. The Trustees also project that OASDI program costs will exceed non-interest income in 2011 and will remain higher throughout the remainder of the 75-year period.

In the 2011 Annual Report to Congress, the Trustees announced:

- The projected point at which the combined Trust Funds will be



Robert Finke is co-founder of the Center for Financial Studies. He has since created the Center for Financial Affairs as a way to provide integrated fee-based financial planning services and financial education.

exhausted comes in 2036 – one year sooner than projected last year. At that time, there will be sufficient non-interest income coming in to pay about 77 percent of scheduled benefits.

- The point at which non-interest income fell below program

costs was 2010. Program costs are projected to exceed non-interest income throughout the remainder of the 75-year period.

- The projected actuarial deficit over the 75-year long-range period is 2.22 percent of taxable payroll – 0.30 percentage point larger than in last year's report.

- Over the 75-year period, the Trust Funds would require additional revenue equivalent to \$6.5 trillion in present value dollars to pay all scheduled benefits.

"The current Trustees Report again reflects what we have long known to be true – we need changes to ensure the long-term solvency of Social Security and to restore younger work-

ers' confidence in the program," said Michael J. Astrue, Commissioner of Social Security. "The report also highlights the more near-term shortfall in the Disability Insurance Trust Fund. Our disability programs are complex, and there is a long history of well intended 'reforms' causing unintended consequences. The President sent to Congress our Work Incentive Simplification Proposal, which would be a good start for bipartisan debate. I urge the House and Senate to review this proposed legislation carefully and schedule hearings this year."

Other highlights of the Trustees Report include:

- Income including interest to the combined OASDI Trust Funds amounted to \$781 billion (\$637 billion in net contributions, \$24 billion from taxation of benefits, \$117 billion in interest, and \$2 billion in reimbursements from the General Fund of the Treasury) in 2010.
- Total expenditures from the combined OASDI Trust Funds amounted to \$713 billion in 2010.
- The assets of the combined OASDI Trust Funds increased by \$69 billion in 2010 to a total of \$2.6 trillion.
- During 2010, an estimated 157 million people had earnings covered by Social Security and paid payroll taxes.
- Social Security paid benefits of \$702 billion in calendar year 2010. There were about 54 million beneficiaries at the end of the calendar year.
- The cost of \$6.5 billion to administer the program in 2010 was a very low 0.9 percent of total expenditures.
- The combined Trust Fund assets earned interest at an effective annual rate of 4.6 percent in 2010.

The 2011 Trustees Report will be posted at www.socialsecurity.gov/OACT/TR/2011 by Friday afternoon.

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Regional Government Relations Column *Cont'd*

Changing Social Security Numbers

The Social Security Administration (SSA) is changing the way Social Security Numbers (SSNs) are issued. This change is referred to as "randomization." The SSA is developing this new method to help protect the integrity of the SSN. SSN Randomization will also extend the longevity of the nine-digit SSN nationwide.

The SSA began assigning the nine-digit SSN in 1936 for the purpose of tracking workers' earnings over the course of their lifetimes to pay benefits. Since its inception, the SSN has always been comprised of the three-digit area number, followed by the two-digit group number, and ending with the four-digit serial number. Since 1972, the SSA has issued Social Security cards centrally and the area number reflects the state, as determined by the ZIP code in the mailing address of the application.

There are approximately 420 million numbers available for assignment. However, the current SSN assignment process limits the number of SSNs that are available for issuance to individuals by each state. Changing the assignment methodology will extend the longevity of the nine digit SSN in all states. On July 3, 2007, the SSA published its intent to randomize the nine-digit SSN in the Federal Register Notice, *Protecting the Integrity of Social Security Numbers* [Docket No. SSA 2007-0046].

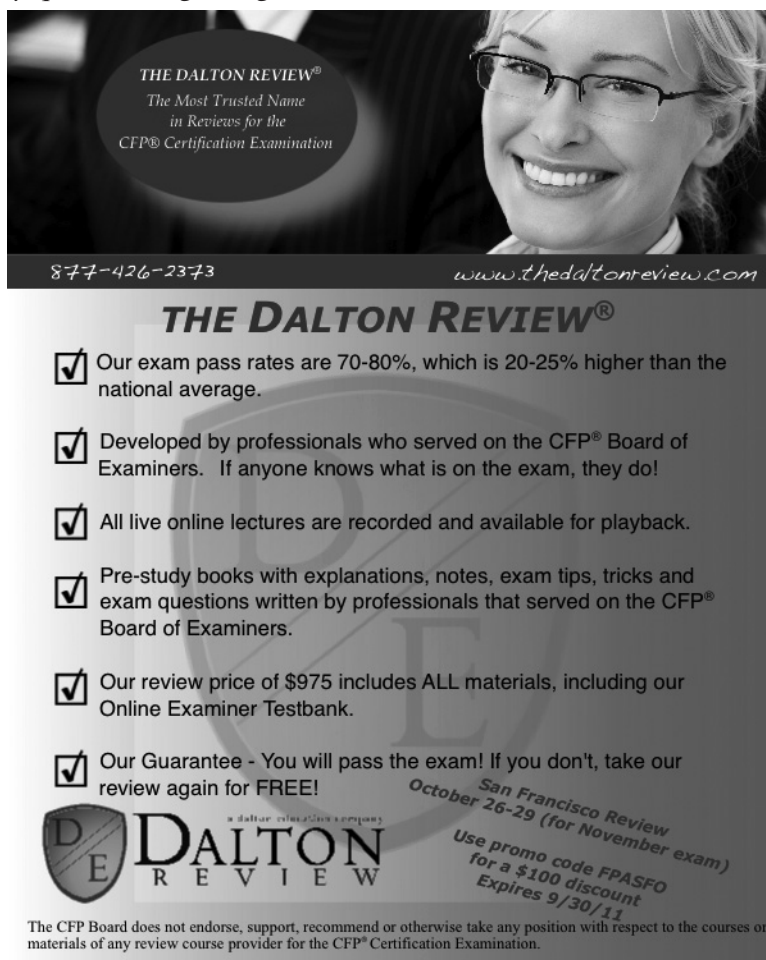
SSN randomization will affect the SSN assignment process in the following ways:

- It will eliminate the geographical significance of the first three digits of the SSN, currently referred to as the area number, by no longer allocating the area numbers for assignment to individuals in specific states.
- It will eliminate the significance of the highest group number and, as a result, the High Group List will be frozen in time and can be used for validation of SSNs issued prior to the randomization implementation date.
- Previously unassigned area numbers will be introduced for assignment excluding area numbers 000, 666 and 900-999.

These changes to the SSN may require systems and/or business process updates to accommodate SSN randomization.

If you have any questions regarding

SSN randomization or its possible effects to your organization, please see the related [Frequently Asked Questions](#) or email your question(s) to ssn.randomization@ssa.gov



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In Service

by Ralph Latza JD, LLM, CFP®
President's Column
FPA San Francisco

The recent political wrangling over the debt crisis and the failure of our political elite to put the future of the country over their own agenda, raise questions about what it is to be in service to another. As financial planners, we are uniquely positioned to focus on our clients' needs and desires. By maintaining a voice of calm and reason, we are typically able to overcome the obstacles in the markets and in clients' lives. Yet as markets and lives become more out of control, and the situations facing clients grow in complexity, how are we positioned to respond? What do we do when we no longer have "experience" to draw from, or when our own fatigue leads to uncertainty and fear?

Less face it, we do not earn our money when all boats are rising. Pitchers are able to rack up more strikeouts when the count is in their favor, and even Mount Everest appears approachable on a sunny day. It is when the pitch count rises, and when the fog comes in, that our ability to serve is tested. Patrick Lencioni, author of "Getting Naked" and a variety of easily accessible business practice books, calls upon advisors "to be vulnerable, to embrace uncommon levels of humility, selflessness and

transparency for the good of a client." While I respect Lencioni's words, I am reminded of the difficulty posed by situations which trigger impulse reactions. For example, how many of us respond with "I'm sorry" when learning about the death of a loved one, despite the instruction of Amy Florien, who specializes in training financial professionals in how to interact with grieving clients? We are at our core human (thank goodness!), which brings with it foibles and imperfections.

So, too, when we consider the service we now provide to clients, how many of us view ourselves as being in the upper echelon? I would imagine most of us do, as we are affected by the same bias which affects drivers and health assessments. We all know the research: seventy-six percent of drivers consider themselves more skillful than the average driver; this same bias causes people to understate their likelihood of developing cancer or of suffering an early heart attack.



Ralph Latza, JD, LLM, CFP® is the President of the San Francisco Chapter and a wealth advisor with Private Ocean in Marin.

Should it come as a surprise, then, when people feel they can pick winning stocks, or trust their "active" managers to outperform? And shouldn't it be surprising that many of us (half, actually) are not above average in the service we provide?

Service goes beyond attentiveness and responsiveness to our clients. There is an expectation of competency and awareness, as well.

Planners must be able to deliver what they say; our relationships cannot be based on "faking it" and resting on our laurels.

If we are not learning and staying relevant, then we are not able to best meet the needs of the clients. A recent survey posed by Dave Yeske, of Yeske-Buie, to assess the role of financial planners as strategists, offered planners a chance to self-evaluate their familiarity with a number of tools and trainings which are out there to assist planners. Of course, tools themselves do not suggest one is equipped to handle the emergencies and transitions in our clients' lives--we need to be personally present for our clients, in good times and in bad. Yet it is this desire to know and to improve, whether from signing up for a Money Quotient workshop, attending monthly FPA meetings, or taking classes on coaching, which keeps us engaged in the game.

The choice to serve requires a steadfast awareness and acceptance of another's best interest, over and above our own personal gain. This is not to suggest there is anything wrong with making money in law, medicine, and personal finance, let alone politics; rather, this is a gentle reminder that the choices to enter into relationships built on trust carry obligations which extend beyond our usual assessment.

Leadership carries great responsibility. Whether as a parent, as part of a

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San Francisco Chapter Executive Director

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Marion Briggs

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New address?

Has your membership information changed?

In Service *Cont'd*

company, or for one's own life (or as an advisor), we feel the impact of our decisions when things do not go well. We have all experienced times when it was easier to back away from something new, and to hide behind the shield of "not having the expertise" or "beyond the

scope" of the engagement. If service is about stepping outside of our comfort zone, then we are called upon to challenge ourselves, even fail, for the sake of the client. If we do not know an answer, then let's find out. As Woody Allen puts it, "Eighty percent of success is showing up." Let's show up fully for those we are privileged to serve, and recognize the power of our financial planning community and the won-

derful resources available.

Please feel free to share your feelings and thoughts with me at ralph@privateocean.com. Life is an ocean, let's show up and enjoy it!

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FPA San Francisco Chapter Meeting

Commercial Real Estate: Current Landscape and Opportunities

Diane Olmstead, Founding and Managing Partner, W3 Partners

Lawrence A. Souza, CRE/RICS/CCIM, Adjunct Professor, Real Estate,
Finance & Economics

Date:

September 13, 2011

Time:

4:00pm – 6:00pm

Location:

City Club of San Francisco, 155
Sansome Street

CE credits:

1.5 pending approval by the CFP Board

Cost:

Early Registration \$45 members \$65
non members.

At the door \$65.00 for FPA
members, \$85.00 non-members.

For more information:

www.fpasf.org

How to register:

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Overview:

In the wake of the financial crisis and recession, commercial real estate experienced a deterioration of market fundamentals and steep value reductions. 2010 proved to be a welcome turning point. But what does the landscape of commercial real estate look like today? Where can financial advisors find opportunities for their clients now? Please join our speakers, Lawrence Souza and Diane Olmstead, as they offer their perspectives on these critical questions.

Lawrence Souza will review how the increase in systematic risk has challenged institutional real estate portfolio managers. He will delve into the origins of this systematic risk and methods to navigate an environment of increased political, capital market and economic-employment volatility.

Diane Olmstead will provide us with a broad overview of different real estate investment products, vehicles and strategies. She will discuss which sectors/markets currently present the most attractive potential return opportunities, the associated risks as well as the keys to successful real estate investing. She will also take a closer look at the West Coast markets for office investing.

Presenter's Bio:

As a founding partner at W3 Partners, Ms. Olmstead oversees financing, fundraising and client relations. Diane has 30 years of experience in investing, corporate finance, and capital-raising.

Mr. Souza has 22 years of experience in CRE. He provides economic insights and investment consulting services to investors, brokers, operators and suppliers.

This meeting is sponsored by Redwood Mortgage

*For information on future meetings please refer to the Chapter Meeting Calendar at the back of this issue.

Inaugural East Bay Golf Tournament

by David Borrelli MBA, CRPC®
President's Column
FPA East Bay

Summer is quickly passing us by and now it's time to look forward to the Fall and our Inaugural East Bay FPA Golf Tournament at Round Hill on Sept 19th. If you are free that day to join us for fun and networking we would love to have you join us. Please sign up online

www.fpanet.org/Chapters/EastBay or call Krysta at 925-935-9691. Based upon early registrations we expect to have over one hundred golfers to support our financial planning scholarship program and we hope you can join us! If you can't make the golf then consider joining us for dinner at 5pm to network and enjoy a great meal.

I am proud to announce some great news at the East Bay Chapter. First, I would like to congratulate our very own Frank Pare for being acknowledged for all his great work by being selected from National as the "Heart of Financial Planning Award Recipient" This is a very prestigious award and very few individual planners are selected every year to receive this award. Frank will be attending the National Conference in September to receive this award. If you are attending make sure to congratulate Frank on this wonderful achievement. The other news in the chapter is the redesign of the chapter's

website. After talking with national we have incorporated the newer and easier to navigate FPA approved template. We hope that this will make it easier for the members to find all the tools and resources you are looking for.

As we head into the Fall I would like to share with you some of my favorite ideas for Practice Management for your practice. I just got back from a wonderful week long trip to the Midwest where I spent most of the time in Chicago at our midyear investment conference for OppenheimerFunds. This year I was really looking forward to the conference not only to hear about the outlooks for the rest of the year but as a big baseball fan I was able to squeeze in three baseball games while I was there. First at Miller Park in Milwaukee where I saw Bernie the



David Borelli is the President of the East Bay FPA. David has served on the board for the past five years and he is a VP with Oppenheimer Funds.

Brewer slide down the giant yellow slide in centerfield as the Brewers beat the Astros. After that I saw the Yankees dismantle the Chicago White Sox's at US Cellular Field (Comisky Park) in Chicago and finally a trip to the holy land of baseball as I sat in the bleachers and watched the Cubs beat the Reds and

witness the first ever inside the park home run by a rookie for the Cubs at Wrigley Field! It was quite an experience and I suggest it to any baseball or sports fan to make this a bucket list item for your future trips. Quick Baseball Trivia Question that I learned while I was in the Midwest:

How long have the Cubs gone without winning a World Series? ...Last title was in 1908 – so it's only been a 103 years and counting!

As you get your practice into gear for the fall consider doing one of the three following ideas:

1) Back to School Workshop on College Savings. We all know the cost of going to college is soaring. Why not help educate clients, friends, and prospects of the enormity of college costs and what are the best ways to start saving for this large investment. By running with the common theme of Back to School Nights you can change the title and call it "Back to School for College Planning!"

2) Global Theme Office Parties. The next time you host an office party or an open house, consider having each room in your office catered with different food around the world. One room can be Asian food, one room can be South American, and one room can be European. Include information on investment ideas as well as timely marketing information and clients will not only get the food experience but also the investment experience.

3) CPA CE credit meetings. This is the time of year to offer CE credit presentations to your COI's. Many firms offer a 1 hour CE credit presentation. Host a small brown bag lunch at your top CPA firms and educate them and help to expand your relationships

Continued on page 13

East Bay Chapter Executive Director

East Bay
Krysta Patterson
EastBayFPA@gmail.com
925-935-9691

New address? Has your membership information changed?

CFP® Certification: Time Is Running Out!

Did you know that at least one 2012 prediction is coming true? Beginning in 2012, CFP® Board is requiring the successful completion of a new Financial Plan Development course as a prerequisite to taking the CFP® exam.

While this will bring even more credibility to this prestigious designation, it will have other implications for you as a prospective CFP® certificant:

- An additional **45 hours**, or the equivalent of 3 semester credit hours
- Added assessment based on **written and oral presentation**

If you want to advance your career with CFP® certification by this time next year, now is the time to start. All you need to do is begin your required education before 2012 to avoid the new requirement.

Classes start in September!

Kaplan Schweser's Traditional and Virtual Classroom programs can be completed in nine months and are comprised of six courses. Upon successful completion of all six courses, you will be eligible to sit for the comprehensive CFP® exam.

Are you eligible to challenge the exam?

If you have an advanced designation (ChFC®, CLU®, CFA®), a Ph.D. in business or economics, a Doctor of Business Administration, or are a licensed CPA or attorney, you will automatically be eligible to apply for the CFP® exam without completing the required education...as long as you sit for the exam before the new course requirement kicks in for 2012.

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FPA East Bay Scholarship Program - Now Accepting Applications

By Barbara Gray
Career Development Co-Chair
FPA East Bay

The FPA East Bay Chapter is committed to supporting students working and studying to attain the Certified Financial Planner designation. If you or someone in your office is taking financial planning courses, they may be eligible for an East Bay FPA Scholarship in 2011.

In order to be eligible, applicants must meet the following qualifications:

1. They must be a member of the East Bay Chapter of the Financial Planning Association.
2. They must be admitted to a program administered by an accredited university or college registered with the CFP Board;
3. They must have the intention to take all required courses and a review course for the CFP Board of Standards certificate examination, and become a CFP designee;
4. They must demonstrate a high level of academic accomplishment; and
5. They must furnish a letter of support from either a professor or practicing CFP professional.

Funds for the East Bay FPA 2011 scholarships are being raised through the introduction of our Annual Golf Tournament taking place September 19, 2011. Thanks to all Chapter members who plan to participate in the event for your

support of this worthy cause. If you are a qualified applicant or know of someone who may be, consider the upcoming scholarship opportunity in 2011 please complete the application at: www.fpaeastbay.org/Scholarship2011.pdf

Submission Information:

Applications must be received by October 15th 2011 and scholarship(s) will be awarded at FPA East Bay December monthly meeting in 2011. Send application to:

*FPA East Bay Scholarship Program
1485 Treat Boulevard, Suite 202B
Walnut Creek, CA 94597*

Inaugural East Bay Golf Tournament

Cont'd

while helping them complete their CE credits.

I look forward to seeing you in the fall at our next meeting on September 7th as we welcome our very popular speaker Chip Roame to speak on the Future of the

Advice Industry. As I wrap up this month's article email me if you can answer this final question: What are the odds of passing the CFP exam on your first try? Email if you know the answer – dborrelli@oppenheimerfunds.com

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(706) 295-8265
Steve.Staab@gs.com

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Jack Roddy
(415) 772-3052
jack.rodny@jpmorgan.com

CFP® Certification: Time Is Running Out! *Cont'd*

Your last chance to challenge the exam while avoiding the additional module will be November 2011.

Even if you are able to challenge, real-life knowledge may not be enough to get you through the exam if you haven't been immersed in CFP® exam prep. Kaplan Schweser's expert instructors pre-

pare you for what to expect; most of their students report that taking their Live Review class was what reinforced their learning and led to their success.

Call a Designation Specialist at 877-311-9768 to learn more about all of your options...and get on the fast track to success as a CFP® professional!

FPA East Bay Chapter Meeting

The Future of Advice: Defining the Winning Product, Channel, & Tactical Strategies

Chip Roame, Managing Partner, Tiburon Strategic Advisors

Date:

September 7, 2011

Time:

7:15 am

Location:

Round Hill Country Club,
3169 Round Hill Rd.,
Alamo, CA

CE Credits:

1 Hour

Cost:

General Meeting:
\$30 FPA Members
\$40 Non Members -
Advance Registration

Overview:

This presentation will provide a comprehensive understanding of the future of the brokerage, investments, private banking, & wealth management markets. In short, this report defines the future of advice.

Presenter's Bio:

Charles ("Chip") Roame is the Managing Partner of Tiburon Strategic Advisors and a leading strategic consultant to CEOs, other senior executives, & boards of directors in the brokerage, investments, banking, & insurance markets. Prior to forming Tiburon in 1998, Mr. Roame served in similar capacities, first as a management consultant at McKinsey & Company, and later as a business strategist at The Charles Schwab Corporation. His particular expertise is that of corporate strategy for larger financial services firms, designing broad multi-faceted strategies and making trade-offs between alternative businesses, products, & markets.

How to register:

You can register for the General Meeting with check or credit card online at: www.123signup.com/event?id=vnzyn

For more information:

For more information go to www.FPAEastBay.org or contact Krysta Patterson 925.935.9691

This meeting is sponsored by our 2011 Gold Sponsor: JB Walker of Franklin Templeton

*For information on future meetings please refer to the Chapter Meeting Calendar at the back of this issue.

President's Column

by Bob Adams, CFP®, MBA, MSFP
FPA Silicon Valley

I hope everyone had a great summer. My son and I went to several concerts (mostly '70 rock bands that are still touring) and we had a great time. It was a summer of milestones as he graduated from high school and he landed his first job. He applied to McDonalds when they had their national job fair in April and he was lucky enough to get hired. It has been a tremendous experience for him and one I would recommend them as a good summer-time employer for teens.

One of the more interesting experiences for me came one day when he told me that an older fellow McDonald's employee had asked him whether he was planning on going onto college. My son replied he was starting locally in late August and the fellow employee in a very well-meaning way offered the advice that going to college was good and that he should pursue a career. I regularly tell clients as we speak about their children and 529's that "education is your best investment" and I truly believe that. I chuckled to myself as my son told be the story of the well-meaning fellow employee. He was preaching to the choir.

Numerous studies have shown that the lifetime earning power of a college-degree is at least twice as great

as someone with only a high-school diploma. What is even more striking and these days more important, is that the unemployment rate of the college-degreed candidate is only about 5% whereas the unemployment rate of the "high-school diploma" only is almost 20%.

Today, having a college degree is pretty common in California in the cities and towns where most of us live. The challenge going forward is to keep up those skills, either through college classes, other professional development classes or other methods. Continued professional development is the key, especially in the global world in which we live. Professional development knows no bounds.

I have a 60 year-old client who spent considerable time and money to complete an executive MBA (he paid the entire tuition). In 2003, when I graduated from Golden Gate University with an M.S. in Financial Planning I noticed at the ceremony a 75 year-old student who had graduated after earning his PhD in business. In 2003 I also attended the FPA Residency Program at Lake Arrowhead and I still remember a fellow student who was pursuing his CFP and a new career at the young age of 75. Bravo to these three as they all got it and all will be successful.

A few years ago at an FPA Retreat one of the themes was "human capital". The emphasis was educating us to the importance of human capital and the need to have that discussion with our clients.

I think each of us understands the

importance of education as many of have pursued the CFP or other designations within our chosen profession, but how many of us have had that talk with our clients?

Most of my clients are retired or close to retirement so I find that conversation for me happens most often during the planning process with the adult children of clients. Going back to school, especially if you have children, is never easy. It can be the quickest route to strengthening an existing career or building a new one.



Bob Adams is the President of the Silicon Valley FPA. Bob has served on the board for the past 3 years and he is President of Armstrong Retirement Planning in Cupertino

Do1Thing.
One Thing Leads to Another.

**Silicon Valley Chapter
Executive Director**

Silicon Valley
Marion Briggs
execdirector@fpasv.org
877-808-2699

New address? Has your membership information changed?

Silicon Valley FPA Brown Bag Lunch Event

Note: Silicon Valley FPA Brown Bag Lunch Events require FPA membership to attend. FPA members from other chapters are welcome to attend as well as guests of FPA members.

What To Do When Your Expiration Date Comes: End of Life Planning

Speaker: Zoe Crawford Alameda, 3rd generation owner and funeral director of Alameda Family Funeral and Cremation located in Saratoga

Date: Friday, Sept 23rd, 2011

Time: 12:00 noon to 1:30 pm

Location: Saratoga

Cost: \$15

RSVP: Skip Frenzel - Info@AgapeLTC.com

Zoe's presentation at this session will cover the range of considerations needed upon death, options offered, and legal matters. Topics such as cremation, organ donation, shipping human remains, urns, caskets, burial, memorial services, legal documents, religious and cultural variances, and much more, will be covered. A tour of the funeral parlor will follow the presentation. *A \$10 fee will be collected at the door.*

Note: Silicon Valley FPA Brown Bag Lunch Events require FPA membership to attend. FPA members from other chapters are welcome to attend as well as guests of FPA members.

Special Needs Trusts and Conservatorship: What You Need to Know

Speaker: Ann Marshall Robbeloth, JD/MSW

Date: Friday, Oct 21st, 2011

Time: 12:00 noon to 1:30 pm

Location: San Jose

Cost: \$15

RSVP: Dan Taylor - DanTaylor@Yahoo.com

Ann will briefly address the two basic estate planning resources available to special needs families. Special Needs Trusts function differently than traditional estate planning vehicles, and are a crucial component of planning undertaken by a parent of a special needs child. These trusts can allow for government benefits to be obtained, while assets are set aside to assist with other needs that cannot be met by these benefits. Conservatorship is a method for parents to both protect and assist their children. Families often seek Conservatorship in order to strengthen their ability to advocate for a special needs family member. A brief presentation on these topics will be followed by Q&A. *A \$10 fee will be collected at the door.*

FPA Silicon Valley Chapter Meeting

The Impact of a Client's Death: Estate Planning Panel

Jeanne Smith, Exit State Right LLC

Richard Dayton, The Dayton Law Firm

Teresa Scagliotti, CFP®, Scagliotti & Associates

Moderator: Kent Noard, CFP®, EA, KLN Financial Group

Date:

September 9, 2011

Time:

11:30am - 1:30pm

Location:

TechMart, 5201 Great America Parkway, Santa Clara

CE credits:

1.5 hr CE available pending approval by the CFP Board

Cost:

Early Registration

\$35 members \$40 non members.

At the door

\$55.00 for FPA members,

\$60.00 non-members.

Overview:

Ever wonder what happens when a client dies; what is really the process that comes about? If you have never been an executor of an estate or the successor trustee responsible for settling an estate then you will want to attend this discussion. Rich Dayton will cover the legal aspects in terms of critical pre-death documents and then what happens based upon those documents post-death. Jeanne Smith will cover how Exit Stage Right can make the process less painful and provide insight into how complicated disposing of property can really become. Teresa Scagliotti will cover the pre- and post- death financial issues. If you have never gone through the process, this program will open your eyes and give you important information to help your clients before and after the crisis.

Presenter's Bio:

Moderator: Kent Noard, CFP® EA - KLN Financial Group, Principal

Panel: Jeanne Smith - Exit Stage Right LLC, Estate Organization Specialist

Richard Dayton - The Dayton Law Firm, Certified Specialist in Estate Planning,

Probate and Trust Law by the State Bar of California, Board of Specialization

Teresa Scagliotti, CFP® - Scagliotti & Associates, Principal

How to register: Register now via credit card at www.fpasv.org

For more information: www.fpasv.org

This meeting is sponsored by The Dayton Law Firm

*For information on future meetings please refer to the Chapter Meeting Calendar at the back of this issue.

FPA Silicon Valley Chapter Meeting

Financial Planning Ethics Course

Gregg Clarke, CFP®

Date:

September 9, 2011

Time:

1:45pm – 3:45pm

Location:

TechMart, 5201 Great America Parkway, Santa Clara

CE credits:

2.0hrs Ethics Credits

Cost: *Early Registration*

\$35 members \$40 non members.
At the door \$55.00 for FPA members,
\$60.00 non-members.

Overview:

CFP® certificants are required to complete 30 hours of CE each reporting period, including 2 hours from a CFP Board-approved program on CFP Board's Code of Ethics and Professional Responsibility. This course will meet the Code of Ethics requirement.

Presenter's Bio:

Gregg Clarke, CFP®, is founder of Meritas Wealth Management with offices in Larkspur and Santa Rosa, past President of FPA of San Francisco, and mentor in the Masters in FP program at Golden Gate University in San Francisco. Gregg has an MBA in Financial Planning from Golden Gate University.

How to register: Register now via credit card at www.fpasv.org

For more information: www.fpasv.org

*For information on future meetings please refer to the Chapter Meeting Calendar at the back of this issue.

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Heffernan Insurance Group
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Silver

Wells Fargo - Reverse Mortgage Specialist
Greg Hacker
408-483-2225
Gregory.hacker@bankofamerica.com

Redwood Mortgage
Diana Mandarino
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diana@redwoodmortgage.com

Chapter Meeting Calendar

2011	East Bay FPAEastBay.org	San Francisco FPASF.org	Silicon Valley FPASV.org
SEPTEMBER	Wednesday, September 7th 7:15 am Round Hill CC <i>The Future of the Advisory Business</i> Chip Roame	Tuesday, September 13th, 4:00 pm - 6:00 pm City Club <i>Commercial Real Estate</i> Diane Olmstead	Friday, September 9th, 11:30 am - 1:30 pm TechMart <i>The Impact of a Client's Death: Estate Planning Panel</i> Jeanne Smith - Exit Stage Right LLC, Richard Dayton, Teresa Scagliotti, CFP® 1:45 pm - 3:35 pm TechMart <i>CFP Board Code of Ethics Course</i> Gregg Clarke, CFP®
OCTOBER	Wednesday, October 5th 7:15 am Round Hill CC <i>Helping to Secure Your Clients' Retirement, Transforming Social Security into a Winning Retirement Strategy</i> Rob Kron	Tuesday, October 4th, 11:30 am - 1:30 pm City Club <i>The Game Plan for the Estate Administration Team - From Spring Training to Game 7, Bottom of the 9th</i> Lucinda Lee	Friday, October 14th, 11:30 am - 1:30 pm TechMart <i>Retirement Withdrawal Strategies for the Silver Tsunami of Boomer Retirements</i> Jack Gardner, CIMA®, AIFA® President, Thornburg Securities Corporation
NOVEMBER		Tuesday, November 15th, 9:30 am - 1:30 pm City Club <i>Business Transition Planning for Clients</i> TBA	Friday, November 11th, 11:30 am - 1:30 pm TechMart <i>Using ETFs to Implement 529 College Savings Plans</i> Vivian Tsai, BlackRock

For advertising opportunities, please contact
Brenda Herrington at 650-851-4414 or brenda@greatorgs.com
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Chapter Executive Directors

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- TECHNIQUES TO DEEPEN CLIENT RELATIONSHIPS
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Presenters: Helga Hayse | Denise Hughes

November 2, 2011 12:00-4:30 pm

25 Metro Dr. Suite 600, San Jose, CA 95110

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