

The Planner

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PRESIDENT'S PODIUM

Defining the Year Ahead

BY JOHN BACIGALUPI / PRESIDENT / FPA OF SAN FRANCISCO



Hello, Northern California FPA community.

Happy New Year to everyone. I want to first thank 2022 President Sheila Rabaut, who has led the San Francisco chapter for the last year, and also thank our Executive Director Holly Wilkerson. I am grateful for their dedication to this organization and appreciative of their leadership through challenging times. I am excited and eager to step in as the FPA of San Francisco president in 2023.

As I boarded my flight to the FPA Chapter Leaders Conference in Denver in November, I reflected on my last six years being involved with the FPA and the goals for the San Francisco chapter moving forward. Three words bounced around in my head: community, commitment, and content. Here is what those words mean to me at the FPA.

Community: This is your community to form lifelong friendships, mentor a younger CERTIFIED FINANCIAL PLANNER™, find an established advisor to be a resource and bounce ideas off of them, or find the best firm for you. The last few years have shown us how important strong communities can be for both personal and professional support and success. I hope in 2023 more of you will make a commitment to more meaningfully engage with the FPA, whether it be to give back or to gain from it.

It has been wonderful to see more FPA members engaging with younger members and guests. The years of experience and knowledge that can be passed on to the

future CFP® professional often start with a conversation before our chapter meetings or over a drink at a post-event happy hour.

Commitment: Our community can become stronger with growing membership and attendance at our chapter meetings. This is your chance to give back and pay it forward. Perhaps it is time for you to take an active role with the board, spreading the word with your younger associates at your firm, or to devote time to our pro bono or advocacy work. Maybe it is having a drink after a long day at the office and venting to other chapter members and friends who know exactly what you are going through with added volatility, inflation concerns, or the issue of the day.

Content: As CERTIFIED FINANCIAL PLANNERS™, there are a number of continuing education credits that you need to fulfill. By attending our chapter meetings and through our strategic partner program, you will have access to all of the credits needed to fulfill your requirements. Our Programs Committee chair, Rita Lee, has done an excellent job in finding tremendous value-add presenters that are focused on educating our members. If there is a topic that is important to you, please let us know.

Over the last few years, the board of the San Francisco chapter has discussed adding a “signature event” for

CONTINUED PAGE 2 ►

CONTENTS

President's Podium	1-2
FPA of San Francisco Photos	3
FPA of San Francisco Partners	3
Sponsor Spotlight	4-5
FPA of Silicon Valley Partners	5
Member Minute	6
FPA of the East Bay Photos	7
FPA of the East Bay Partners	7
FPA NorCal Conference	8-9
Board Blurb	10
FPA of California Update	11
Sharpen the Saw	12
Chapter Events – Featured	14-15
Chapter Events – Upcoming	15
FPA of Silicon Valley Photos	16

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◀ FROM PAGE 1

members to come together outside of a chapter meeting. After the success of the San Francisco and East Bay joint NexGen event at a San Francisco Giants game last summer, I am happy to report that the San Francisco chapter will soon announce the date for what we hope is the first of many “annual baseball games” for our members. When we finalize the date, we will make sure all Northern California chapters get the details. All are welcome to enjoy the sun (I hope), peanuts, Cracker Jacks, and baseball.

As we begin a new year, I am grateful that last year brought a return to much of what was missed in the prior two years, but we are also in uncertain economic times, which makes the work we all do so valuable and important to our clients.

I am looking forward to continuing my work with this wonderful financial planning community. I am eager to get to work with the new people we have brought onto our board, and we look forward to working with and engaging with you this year. I also want to make myself available to anyone, if you have suggestions or questions, please do not hesitate to contact me at john.bacigalupi@cantor.com or (650) 703-7180.

John Bacigalupi is a senior vice president at Cantor Fitzgerald, a global financial services firm with over 12,000 employees globally. Cantor Fitzgerald is a preeminent investment bank serving more than 7,000 institutional clients around the world, recognized for its strengths in fixed income and equity capital markets, investment banking, real estate, prime brokerage, SPAC underwriting, PIPE placements, and asset management. John brings over 15 years of experience in the financial services and the alternative investment industry. John earned his bachelor's degree from UCLA and a certificate in investment banking from NYU. Outside of work, John loves to spend time with his wife and two sons playing sports, traveling, and being outdoors, especially at his family's Healdsburg cabin on Fitch Mountain.

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December Meeting



Left: December panelists (from left to right): Lauren Stansell, CFP®, partner, senior financial planner, Yeske Buie; Joyce Franklin, CPA, CFP®, founder, senior wealth planner, JLFranklin Wealth Planning; and Sandi Bragar, CFP®, chief client officer, partner, Aspiriant



Above and below: Members and guests enjoying the presentation, "The Evolving Paradigm: Return to Office Policies and Considerations," by FPASF's esteemed panelists.



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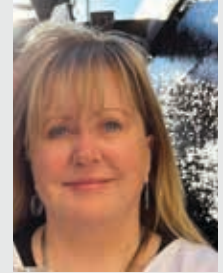
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SPONSOR SPOTLIGHT

Why Homeowners are Rethinking Buying Earthquake Insurance

BY RAMONA JOHANNESON / ARTHUR J GALLAGHER & CO.



Every article I read about earthquake insurance gives the same advice: “Earthquake insurance policies are expensive; homeowners should forgo coverage to save money.” The articles will usually cite the high premium and high deductible, which is typically 15% of the dwelling policy limit. Thus, for a \$750,000 dwelling limit, \$112,500 is the amount the homeowner will pay out of pocket towards repairs if a claim is made.

But, I believe homeowners are starting to rethink this advice. I am a producer for Arthur J Gallagher & Co. and handle personal insurance for new clients, primarily in San Francisco and in the surrounding Bay Area. I have been in this role for 30 years, and I have had many opportunities to discuss earthquake insurance pros and cons with clients; and there has been a shift in thinking.

So when did homeowners start to rethink buying earthquake insurance? Definitely in the last few months. Soon after the 4.3 magnitude and 4.4 magnitude earthquakes centered in Santa Rosa in September and more so after the 5.1 magnitude earthquake centered in San Jose in October, things changed. A number of clients—current and new—started saying, “Can you go ahead and quote earthquake insurance also...just so I know the cost?”

Once the quotes were prepared, clients asked a few questions and ultimately purchased earthquake insurance. Almost all new policies written recently are for clients who have never purchased earthquake insurance in the past.

The change in thinking relates primarily to **three** specific things:

One: The premiums are NOT as expensive as the homeowner anticipated they would be. Nearly every client said they expected a premium of \$5,000 to \$8,000 or some other big annual premium. The reality is that most premiums for these clients are far less; here are some examples:

Location: Mill Valley. Dwelling Limit: \$1,733,000, Contents Limit: \$200,000, Loss of Use Limit: \$100,000, Deductible: \$259,950 (15%)

Insurer: CEA. Annual Premium: \$1,596 (for comparison purposes, the second cheapest premium was GeoVera: \$3,266.)

Location: Kensington. Dwelling Limit: \$620,000, Contents Limit: \$5,000, Loss of Use Limit: \$1,500, Deductible: \$93,000 (15%)

Insurer: Palomar. Annual Premium: \$1,400 (for comparison purposes, the second cheapest premium was CEA: \$2,289.)

Location: Millbrae. Dwelling Limit: \$884,000, Contents Limit: \$5,000, Loss of Use Limit: \$1,500, Deductible: \$132,600 (15%)

Insurer: Palomar. Annual Premium: \$1,779 (for comparison purposes, the second cheapest premium was CEA: \$2,289.)

Location: Orinda. Dwelling Limit: \$1,223,000, Contents Limit: \$100,000, Loss of Use Limit: \$100,000, Deductible: \$183,450 (15%)

Insurer: Palomar. Annual Premium: \$3,509 (for comparison purposes, the second cheapest premium was CEA: \$6,145.)

Location: Piedmont. Dwelling Limit: \$1,714,000, Contents Limit: \$100,000, Loss of Use Limit: \$100,000, Deductible: \$257,100 (15%)

Insurer: Palomar. Annual Premium: \$5,561 (for comparison purposes, the second cheapest premium was CEA: \$8,399.)

Two: The only earthquake insurance quotes the clients had ever received, in years past, were from the California Earthquake Authority, or CEA, and oftentimes the CEA is very expensive (see the above example quotes). The CEA provides most residential earthquake insurance policies in California (about 65%).

The CEA is comprised of a group of insurance companies, and membership is required for CEA quotes to be given. Agents of State Farm, Farmers, AAA, USAA, Allstate, etc., can only provide a CEA earthquake quote and nothing else.

Unlike the insurance companies mentioned above, doing business with a brokerage like Arthur J Gallagher & Co. allows the client many more homeowners insurance company choices and many more earthquake insurance company choices. Arthur J Gallagher is the third largest brokerage worldwide, and as a producer, this gives me quoting access to all the earthquake insurance companies in the marketplace, including the CEA. This is advantageous for the clients hoping to purchase earthquake insurance for an affordable price.

Three: Their home is in an area with a higher frequency of stronger magnitude earthquake. It represents one of their largest assets, and many of these clients have 100% equity, or are rapidly approaching 100% equity. Why does this matter? It matters because many homeowners with very little equity state, "I'll just hand over the keys to the bank if an earthquake destroys my home." This is not sound advice, as not only do they lose all their equity, but they also jeopardize their credit rating. It may be difficult or impossible to borrow money for another home for years to come. Fortunately, these are not the clients I handle insurance for.

A client with significant equity thinks differently, and they should. Each client who has purchased earthquake insurance recently stated, as I mentioned earlier in the article, "The premium is much less than I anticipated." However, they also said, "I will gladly pay 15% of the cost to rebuild my home if it is destroyed, instead of paying 100% of the cost to rebuild."

Essentially, the decision to buy earthquake insurance was easy, and I learned the clients had little issue paying premium for a policy. The clients clearly understood they would pay out of pocket, regardless, if their home was destroyed by an earthquake. Just for the first example shown above, the client stated it would be far easier to absorb an out-of-pocket cost of \$259,950, rather than \$1,733,000....it wasn't a no-brainer, but more so "easy math."

Whether a homeowner decides to purchase earthquake insurance or not, it's important that they make an informed decision. Knowing what the earthquake insurance premium quotes are from ALL insurance companies in the marketplace, not just the CEA, is key. Taking into consideration the amount of equity there is in the home is also key. Finally, comparing the cost of absorbing the deductible on the earthquake insurance policy to absorbing the cost to rebuild the entire home, is important.

To learn more about earthquake insurance or to obtain quotations, regardless of the company or agent insuring the home, please feel free to contact me.

Ramona Johanneson is the area vice president of Arthur J Gallagher & Co. She has over 30 years of experience in personal insurance as a producer, consultant, and educator. She has access to an abundance of markets and extensive knowledge of insurance policies, contracts, products, and underwriting rules and regulations. Ramona is licensed in California and multiple other states. Ramona can be reached at ramona_johanneson@ajg.com or (415) 493-2502.

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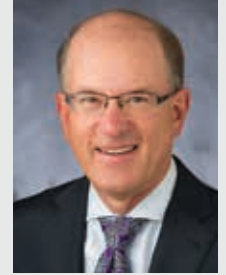
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MEMBER MINUTE

Gary Berg, CRPC

BY JACK SCHULTZ / FPA OF THE EAST BAY



Jack Schultz recently took some time to talk with Gary Berg, CRPC (pictured, above), about his start in financial planning and his involvement with FPA of the East Bay.

Gary, tell me about why you decided to become a financial planner.

I made that decision when I was 10. Before that, I wanted to be an astronaut. Somewhere in my brain I had this vision of a New York City stockbroker. Around that time, my father made a career change and got into insurance and mutual funds in the 1960s. As a kid, I would read the brochures he would bring home and think, "This is pretty cool." Somewhere along the line I got distracted and wanted to become an optometrist because a good friend's dad was an optometrist. I entered my first year of college with that career in mind, but after going through advanced organic chemistry, physics, and advanced calculus, I changed my major at Cal to business. I ended up changing to a triple major in finance, real estate, and banking three weeks before classes started.

How did you start coaching other financial advisors?

After five years of being an advisor, I was asked to be a training manager. First, I was bringing on new advisors, and eventually I coached 26 veteran advisors all over the Bay Area on how to run their practices.

What were the most important lessons you learned from those veteran advisors?

I find when you're in coaching, you get more than you give, because you learn so much from others. I built a career out of learning how other advisors did things well and not so well and brought that information back to my advisors. One of the things I became known for is training advisors on how to get staffed. I taught advisors how to bring staff on, train them, and delegate. Eventually, I quantified the value because I had enough of a database showing advisors before and after integrating their staff. The data, which was validated by Ameriprise, showed one dollar invested in staff could produce three dollars of new income. I don't know with today's salaries if that works out the same way.

How did you first become involved with the FPA?

It was the 80s when I became a member. As I was learning more about the FPA, it seemed that in order to truly advance in the career, you had to commit to the organization that represented you. There was a lot to learn from other professionals and it seemed like a must do. I think I also have been a benefactor of the FPA in that I have gotten a lot more than I've given, through reading the information shared online and going to the meetings with my peers.

Gary Berg and Associates is a team of 14. What considerations do you find most important when managing and growing a large team?

The culture as well as systems and processes are the two most important things, and they're tied at the hip. I'm a systems guy. My staff gets together every December, after Thanksgiving break, and we go into operational business planning. We take every system and process, and we break it down into each step and talk about what's working and what's not. By doing that, we understand the process, and the importance, and why we are doing things a particular way, and as a group we make changes unanimously. I am looking for the person who points out the process that doesn't work for them and why. A "group buy-in" is critical for a big team, because team members are working with different advisors and can seamlessly move from one task to another, and everyone is on the same page. Now when processes are not working, the culture suffers. Things start breaking down and you can develop tension amongst the team members. Great systems and processes on a team lead to a strong team culture.

What is the most important thing you have learned throughout your career that you want young people to know as they consider becoming financial planners?

I think a lot of us are intrigued by the technicalities and complexities of finance, and there's an allure to all of that, but I think unless you start with "you're helping people," you're missing the boat. If you start there, everything fits in nicely. That's why I'm a supporter of fiduciary standards and best interest, because if we understand our client, then everything works out. If your clients love you, they refer people to you, and you'll have more success than you know what to do with.

Thanks, Gary, for sharing your time and perspective with me today.

It was my pleasure.

Jack is the Invesco Market Leader working with financial advisors in the East Bay, Sacramento area, and Reno. He joined Invesco in 2022 after 18 years at Franklin Templeton working with advisors in the San Francisco Bay Area. Jack represents all of Invesco's investment capabilities including mutual funds, ETFs, separately managed accounts, and alternatives. He is a graduate of Vanderbilt University with a Bachelor of Arts in Economics and English. Jack resides in Orinda, California with his wife, Arran, and three daughters.



December Meeting



Above: 2022 FPAEB President Eric Flett and Marketing/PR Chair Teresa Riccobuono proudly present a \$1,000 donation to Major AnnMarguerite Jones of the Salvation Army this holiday season.

Below (left): December speaker Tim Wilkinson, executive consultant from Invesco, presents "Constructing and Managing a Synergistic Team."



Above (right): FPAEB Past President and chapter partner Susan Danzig receives the Partner of the Year Award presented by Eric Flett in recognition of leadership, passion, and dedication to our profession and the FPA of the East Bay.

Below: FPAEB members and guests enjoy the final chapter breakfast meeting of the year.

Photos this page courtesy of David Shaffer



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51ST ANNUAL FPA NORCAL CONFERENCE

2023 Workshop Sessions

BY THOMAS HOWARD, MBA, CFP® / 2023 CONFERENCE CHAIR



The 51st annual FPA NorCal Conference will convene on Tuesday and Wednesday, May 30 and 31, 2023, at The Palace Hotel in San Francisco. We look forward to welcoming our local chapter members as this conference is planned FOR YOU by your colleagues—volunteers from your four FPA chapters: East Bay, Northern California (Sacramento), San Francisco, and Silicon Valley.

We also want to welcome NexGen and Next Act Financial Planners to the 2023 conference. With a change of definition of NexGen by FPA National, this now includes aspiring financial planners and aspiring CFP® professionals from a variety of backgrounds. This group has less than eight years of experience in the financial planning profession. Historically, this group has been under 40 years of age. We at the FPA NorCal Conference define Next Act as aspiring financial planners and aspiring CFP® practitioners from a variety of backgrounds and financial professionals entering the next act of their established careers (e.g., financial planning is their second career). This group also has less than eight years of experience in the financial planning profession.

Each year the committee begins their planning process in August by getting input from top financial industry experts on topics and speakers. The committee continues in September to meet several times to identify the key topics for the 2023 conference and determine the best speakers to invite. The goal of the Workshop Speaker Sessions is to provide the most current information and education that our attendees can utilize for their businesses and their clients.

The world is always changing, so ongoing learning is a requirement to continually improve our businesses.

That is why so many attendees have been coming back year after year. What do you learn from the Speaker Sessions at the conference? You learn ways to improve your business and what you offer your clients—and how to work with your clients to provide them the best possible advice. Another main benefit of the conference is the connections you make with your peers and with our Partners, who not only help provide support for the conference and keep registrations fees low, but they also provide you and your clients with excellent services and resources. We call this benefit networking, but maybe there is a better term for it—community. Making connections in your financial planning world is valuable in so many ways. That's why our theme for 2023 is **The Power of Community.**

The lineup of speakers for our 2023 Workshop Sessions is amazing! Here are just a few of our knowledgeable speakers and their sessions. Please check out all the speakers on our website.

Speaker: Frank F. Murtha, PhD

Session: The 55 Minute PhD: An Introduction to Becoming a Financial Counselor

Investing for the future is both a financial and an emotional endeavor. The ability to navigate both aspects is vital for the long-term success of the client, but also for the professional. Frank Murtha distills his Counseling Psychology doctoral program down to the most impactful/ actionable skills for financial planners. This knowledge/ skillset, known as Financial Counseling, is designed to help clients better reach their goals, deepen the client-planner connection, and impart a proficiency to distinguish financial planners in today's environment.

Speaker: Dan Moisand, CFP®**Session: Rebalancing in the Real World in Real Time**

“Rebalancing” is a simple concept to describe, but it is not necessarily easy to implement, especially in a volatile market. This presentation will discuss what research says about rebalancing, how it is supposed to work, how it actually worked and didn’t work during the Covid-crash and the 2022 bear market, and implementation nuances that must be accounted for in real time.

Speaker: Andrew Carle, MHSA, BA**Session: Innovations, Technology, and The Future of Senior Living**

This presentation provides an overview of a worldwide aging population and the need for new models of housing and care to meet both the demographic and psychographic needs of today’s—and tomorrow’s “Boomer”—seniors. Discussion includes examples of innovative “Nana” technologies to address projected labor and resource challenges, as well as “Niche” communities for different cultures, orientations, and interests. Learn why the “Collapse of the Three-Legged-Stool of Caregiving” will drive growth of the senior living industry and how the “Golden Triangle” should drive government and consumer policy in the years ahead.

Speaker: Rod Zeeb, JD, HDP™**Session: Helping Your Clients Prepare Their Children & Avoid the Disaster They Fear**

If you ask your clients, “Are you confident that your children and grandchildren are prepared to protect, manage, and grow the inheritances they will receive?” the resounding answer will be “NO!” This session will give you tools to build deeper relationships with your top clients by helping them to clearly articulate their

desired outcomes for the inheritors of their wealth, and then engage the family to prepare the rising gens for inheritances either directly or through collaboration. This will allow you to engage the entire family as clients without disrupting what you already do.

Speaker: Sindhu Joseph, PhD**Session: How AI Will Change The Relationship-Driven Financial Planning Industry**

Financial planning relies almost entirely on relationships. How can a computer and an algorithm enhance this industry? It’s simple: artificial intelligence-enabled solutions put more time in the day to focus on clients. The complexity of the online workflows financial services firms use to perform core business tasks can force advisors and employees to spend around 40 percent of their time executing routine, manual tasks. Applied effectively, AI-enabled solutions allow planners to devote more time to serving clients while eliminating errors, mitigating costs, and providing enhanced experiences for firm employees, advisors, and their clients.

We look forward to seeing you at the 51st annual FPA NorCal Conference!

Thomas Howard, MBA, CFP® is a financial planner at Bedell Frazier in Walnut Creek, California. He is a past president of the FPA of the East Bay (2019) and is the 2023 FPA NorCal Conference chair.

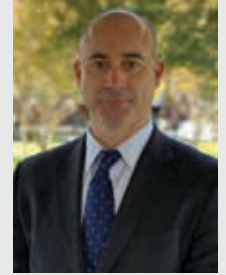
Registration is now open for the 51st annual FPA NorCal Conference!
May 30 and 31, 2023

Check the website for updates and information:
www.fpanorcal.org

BOARD BLURB

Board Updates and Welcomes

BY MIKE O'CONNOR, CWS / PRESIDENT-ELECT AND CO-SPONSORSHIP CHAIR / FPA OF THE EAST BAY



On behalf of your FPA of the East Bay board, I would like to wish everyone a very Happy New Year. As we begin 2023, I wanted to make a few acknowledgments and share some exciting announcements about the FPA of the East Bay board.

First, to our outgoing 2022 President Eric Flett. Last year was truly a transitional year as we returned to in-person chapter meetings while also continuing to offer a virtual option. As we all dealt with the Covid surge in the late spring and early summer, we were challenged with delivering the high quality chapter meetings you have come to expect while weighing the safety and comfort level of all members. Eric's hard work, commitment, and leadership were truly inspirational.

Eric Flett, as all of our past chapter presidents, set a very high bar for our 2023 President, Corey Silva. As someone who needs no introduction, Corey's longtime service to the FPA and to the East Bay board is something I personally aspire to. Corey's theme for 2023 of "Rising to the Challenge" is one that all of our board members will strive to achieve.

Finally, I would like to acknowledge two longtime board members who will be retiring after 2022, Teresa Riccobuono and Craig Kirkpatrick. Their dedication to the FPA of the East Bay is what makes this chapter a special community. I cannot think of two more dedicated, thoughtful, and gracious individuals. Both have left the East Bay chapter better for their time, and we are appreciative beyond words.

I am also excited to announce that we will have four new members joining the East Bay board in 2023.

Mary Ballin, CFP®, CDFA is a financial advisor with Perigon Wealth and has over 20 years of experience. Mary is passionate about enabling women to face their financial future with confidence. She has been an active member of the East Bay chapter and regularly volunteers to teach financial literacy classes to local libraries and foster youth organizations.

Liz Cassal is a vice president with Baron Capital, and she has worked with many RIAs in the East Bay during her career. Liz brings tremendous insight to the financial advisors in the Bay Area and also is passionate about financial planning. Liz earned her MBA at St. Mary's College and lives in Walnut Creek with her family.

Justin Pribilovics-Wade is a financial advisor with Wells Fargo Advisors in Orinda. Justin is an enthusiastic member of the East Bay chapter's NexGen community, and he's looking forward to contributing to the chapter.

Jason Terhune, CIMA, CFP® is a senior financial advisor with Capital Advantage in Lafayette. Jason is also active in the NexGen community and is involved with the growth of his firm. In addition, he's working on his Master of Science in Advanced Financial Planning as well.

Please join me in welcoming these four incredible individuals to the 2023 FPA of the East Bay board.

We are very excited about what is in store for 2023. Meetings will be back in person at Round Hill Country Club, with value-added speakers and many opportunities to socialize with your colleagues, board members, and the valuable sponsors that contribute so much to our chapter. I know I speak for your board when I say we look forward to seeing you in 2023!

Mike O'Connor, CWS is the vice president of Sales at Advisor Partners, a tax efficient direct index provider. He is also a sponsor and serves on the board of the FPA of the East Bay.

FPA PRIMARY AIM

The primary aim of FPA is to elevate the profession that transforms lives through the power of financial planning. FPA supports high standards of professional competence, ethical conduct, and clear, complete disclosure when serving clients.



2022 Reflections

BY CATHERINE MAGAÑA, CFP® / CHAIR / FPA OF CALIFORNIA



As we reflect on 2022, it was another year of pivoting and adapting to change for many of us. We moved our annual FPA of California Advocacy Day to August again in 2022 due to an increase of Covid in early 2022 and then due to scheduling and temporary space changes with part of the Capitol.

We continued the partnership with the Pro Bono Committees from FPA chapters around the state and hosted two virtual weeklong pro bono events exclusively for legislative staff.

On December 2, the FPA of California Council held its 2023 Strategic Planning meeting that included both the 2022 and 2023 council members to plan our outreach for 2023. The FPA of California looks forward to working with the national and California chapters as FPA advocates for elevating the financial planning profession and title protection.

2023 Advocacy Day Scheduled for March 7

FPA of California Council is pleased to announce FPACA Advocacy Day in Sacramento will be Tuesday, March 7, 2023. This is another one of our main initiatives and our 11th annual visit to “the Hill” for FPA of California. This is when FPACA members from around the state meet with their elected legislative representatives in Sacramento in person and virtually. The FPA of California is committed to helping our members engage in Advocacy Day on behalf of the Financial Planning Association. The FPA of California provides reimbursement of some of the travel and hotel costs, within limits (available to the first 30 members who register to join us in Sacramento.) We will provide an overview of Advocacy Day in the next issue.

The FPA of California plans to offer pro bono opportunities again in 2023, specifically for California legislative staff. We offer free one-on-one sessions with CERTIFIED FINANCIAL PLANNER™ professionals for legislative staff around the same time as FPACA Advocacy Day. We are in the planning stages and will be releasing more details after the first of the year.

Thank You!

I want to thank Steve Carder, from FPA of Orange County and our outgoing chair, for all his hard work and dedication over the years. I am delighted to introduce our next leader, Thomas Bennett, CFP®, CLU®, CRPC®, as your 2023 president for FPA of California. He has been an active member of FPA of California and is a past president and active member for the FPA of the East Bay. I will be moving into the chair position for 2023.

It has been a pleasure serving as your FPA of California president this past year and I hope to see you in Sacramento for Advocacy Day in 2023.

Get Involved!

There is still time to get involved with advocacy. Join us as we advocate for a better future in financial planning. If you are interested in getting more involved, please see your chapter's Advocacy chair or email president@fpaca.org.

The FPA of California is an advocacy-only chapter, whose chapter members are the Advocacy Committee chairpersons from all 10 California chapters.

Catherine Magaña serves as a founding member, managing partner, and CERTIFIED FINANCIAL PLANNER™ at WWM Financial and Savvy Women Wealth Management, a SEC-registered Investment Advisor. She graduated from Cal Poly San Luis Obispo with a bachelor's degree in business administration. She is active in her local community and serves on several boards as well as leads the FPA of California as its 2023 immediate past president. Catherine has been married to Joscelin since 2000. They have twins—a boy and girl, Phoenix and Madison.

SHARPEN THE SAW

The Mysterious Household Budget

BY JENNIPHER LOMMEN, CFP®, EA / PRO BONO COMMITTEE CO-CHAIR / FPA OF SILICON VALLEY



When I ask my clients if they know what they spend each month, I often receive a guilty look and a reply that ranges from “I have no idea” to “Too much” or “Oh no, you are going to tell me I have to spend less!” If a client quickly pulls out a detailed spreadsheet that includes line items for each area of spending (including a monthly savings number), we move on to the next set of questions. More often, however, clients need to focus on budgeting in order to make progress toward their financial goals.

Tackling the household budget can feel like a chore to many clients. I often encounter resistance when I first suggest that we take a look at monthly household spending. Many clients mistakenly think that by hiring a financial planner, they will magically become more organized and start meeting savings goals right away. The truth is that clients must put in effort. In order to discover ways to increase savings and reach financial goals, often the first step lies in solving the mystery of where all the money is going.

Some clients have high incomes but lack the discipline and frugality to maintain, sustain, and build wealth over time. Earning a lot of money will not increase your net worth if you spend everything you make! Others have experienced a windfall of one sort or another. These clients may have never experienced wealth and have no idea how to make it last. Others may be struggling to balance multiple goals at once: student loan debt and saving for a house or planning to save for both college and retirement. Living in a consumer society full of temptations, comparisons and near constant marketing campaigns creates tremendous pressure to spend first and save later, if at all.

Financial planners can advise on how to minimize taxes and try to maximize returns, but if a client consistently spends more than they earn or fails to adequately save for the future, they will not be successful in reaching their financial goals. Studies have suggested that those who are good at accumulating wealth are also good at spending less than they earn. These same people also tend to be good at adhering to a plan and allocating financial resources productively. As financial planners, it makes sense that we would want to do what we can to help our clients develop better budgeting habits.

The challenge for planners is to figure out how to help clients with poor budgeting skills change their behavior. In my own practice I have identified three different basic groups of clients with regard to budgeting: 1) those who do not need help, 2) those who can be helped with consistent guidance and encouragement, and 3) those who need

outside resources such as coaches, credit counselors, or financial therapists.

How can we as planners work effectively with clients so that they can change their behavior and build habits that will lead to better financial outcomes? In my experience I have found that this work requires time, patience, and follow up on the part of a planner. There is no quick fix. It is also an area that can be greatly improved with the use of nudges often referred to in the realms of behavioral finance.

I generally spend time getting to know my clients' preferences—do they want to track spending by writing down everything they spend for a month, or would they prefer to link all of their accounts to a software tool and then fine-tune the categories the software uses to sort spending? Once we have determined this preference, I request that they follow through with tracking their own spending for three months before we make any changes. This allows us to review patterns and habits and work together to develop realistic goals for cutting back, if indeed we determine that cutting back is even necessary. Taking time to look backward for three months without judgment or shame can work wonders toward helping clients take control of their own future spending.

Cash flow and budgeting work with clients can be challenging and time consuming. It requires moving beyond the role of prescriber of solutions into the messier realm of behavioral nudges. I believe that we as financial planners owe it to our clients to find ways to integrate this work into our practices in order to help counter the cultural impulses toward consumption and the temptation to think only of today. Finding the bigger picture is at the heart of what we do. Helping clients save more and spend less can bring that big picture into clear and attainable focus.

I had the opportunity to discuss this topic in the April 2019 *The Planner* newsletter, and I enjoyed revisiting it for this issue. Budgeting and communicating with clients are always going to be a critical part of the planning process.

Jennipher Lommen, CFP®, EA is co-chair of the Pro Bono Committee for the FPA of Silicon Valley and is the founder of Wildflower Financial LLC in Santa Cruz. In addition to financial planning, she enjoys having dinner with her family, hiking in the forest, and reading on the couch with a cat on her lap.



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ENERGY SECTOR SPDR ETF TOP 10 HOLDINGS*

Company Name	Symbol	Weight
Exxon Mobil	XOM	22.92%
Chevron	CVX	19.68%
Schlumberger	SLB	4.95%
EOG Resources	EOG	4.47%
ConocoPhillips	COP	4.29%
Marathon Petroleum	MPC	4.12%
Pioneer Natural Resources	PXD	3.82%
Valero Energy	VLO	3.57%
Phillips 66	PSX	3.54%
Occidental Petroleum	OXY	3.51%

*Components and weightings as of 11/30/22. Please see website for daily updates. Holdings subject to change.



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CHAPTER EVENTS

Featured Events
and MeetingsFINANCIAL
PLANNING
ASSOCIATION

Date

January 10

Time

3:00 – 4:30 pm

FINANCIAL
PLANNING
ASSOCIATION
SAN FRANCISCO**Topic****Chapter Meeting: Setting Investment Strategy for 2023****Location**

San Francisco Italian Athletic Club, 1630 Stockton Street, San Francisco

Speaker**Phillip Colmar, founding partner and global strategist, MRB****Overview**

The past year was characterized by central banks and bond investors having to abruptly adjust after finding themselves deeply wrongfooted by the surge in inflation. A softening of the U.S. economy, the war in Ukraine, Europe's energy crisis and China's Covid-zero policy all added to headwinds for multi-asset portfolios. MRB's Founding Partner and Global Strategist, Phillip Colmar, will outline what lies ahead for the global economy in 2023, and the implications for investment strategy.

>> Will the world economy sink into recession or prove more resilient over the next year? Can CPI return to the 2% area, or is that era over?

>> After hiking interest rates dramatically over the past year, how will Fed policy evolve in 2023? Are bonds attractive at current yields?

>> Which regional equity markets and sectors are the most appealing? Which are the most vulnerable?

>> After another year of U.S. dollar strength, what should FX investors expect ahead?

Speaker's Bio

Phillip Colmar has extensive experience, both as a strategist and economist. He focuses on global multi-asset investment strategy, trading opportunities, and financial market risks. His expertise is in identifying and developing macro and investment themes. Prior to forming MRB, he was the head of both the Daily Insights and Global Fixed Income Strategy services at BCA Research Inc.

CE Credits

1 hour of CE credit is pending approval by the CFP board for this session

Cost

\$30 FPA Members, \$80 Non-Members; \$10 Students; \$0 Strategic Partners

For More Information or to Register

www.fpasf.org

Strategic Partner

Sara Blandford, Dimensional Fund Advisors

2023 FPA OF SAN FRANCISCO MEETINGS

Meetings are held at the San Francisco Italian Athletic Club. Meetings are held from 3:00 – 4:30 pm.

Tuesday, January 10

Tuesday, February 14

Tuesday, March 14

No April meeting

Tuesday, May 9

Tuesday, June 13

No July meeting

Tuesday, August 8

Tuesday, September 12

Tuesday, October 10

Tuesday, November 14

Tuesday, December 12



Date

January 11

Time

7:30 – 9:00 am

FINANCIAL
PLANNING
ASSOCIATION
EAST BAY**Topic****Chapter Meeting: Successful Financial Planning Strategies for 2023****Location**

Round Hill Country Club, 3169 Roundhill Road, Alamo and online

Panelists**Lee Ann Coburn, Barry Mendelson, Kristin Nicholson, Marilyn Suey****Overview**

Join us in January as we have a panel discussion between four successful financial advisors who each bring something different to the table. We will ask our experts to discuss financial planning, client communication, tax and

investment strategies that can add value in the coming year. Bring your most challenging questions to ask our panel of experts.

Speakers' Bios

Visit www.fpaeb.org

CE Credits

1 hour of CE credit is pending approval by the CFP board for this session.

Cost

\$45 FPA Members; \$89 Non-Members

For More Information or to Register

www.fpaeb.org

Sponsor

Michael O'Connor, CWS, Advisor Partners

2023 FPA OF THE EAST BAY MEETINGS

Meetings are held at Round Hill Country Club. Meetings are held from 7:30 – 9:00 am.

Wednesday, January 11

Wednesday, February 1

Wednesday, March 1

Wednesday, April 5

Wednesday, May 10

No June or July meetings

Wednesday, August 2

Wednesday, September 6

Wednesday, October 4

Wednesday, November 1, 11:30 am to 1:00 pm

Wednesday, December 6



Date

January 12

Time

4:00 - 6:00 pm

FPA
FINANCIAL
PLANNING
ASSOCIATION
SILICON VALLEY

Topic**Chapter Meeting: Taxes****Location**Delta Hotels Santa Clara
Silicon Valley,
2151 Laurelwood Road,
Santa Clara**Speaker****Kathy Fitzpatrick****Overview**

TBD

Speaker's Bio

TBD

CE Credits1 hour of CE credit is
pending approval by the CFP
board for this session**Cost**\$40 FPA Members;
\$75 Non-Members**For More Information or to
Register**www.fpasv.org**2023 FPA OF SILICON
VALLEY MEETINGS**Meetings are held at the Delta
Hotels Santa Clara Silicon Valley
on the second Thursday of the
month from 4:00 - 6:00 pm.

Thursday, January 12

Thursday, February 9

Thursday, March 9

Thursday, April 13

No May meeting

Thursday, June 8

Thursday, July 13

No August meeting

Thursday, September 14

Thursday, October 12

Thursday, November 9

Thursday, December 14 - holiday
event

CHAPTER EVENTS

Upcoming Event Listings

FPA

FINANCIAL
PLANNING
ASSOCIATION**January 2023****FPA of San Francisco****Date:** January 10**Topic:** Chapter Meeting: Setting Investment
Strategy for 2023**Location:** San Francisco Italian Athletic Club,
1630 Stockton Street, San Francisco**Time:** 3:00 - 4:30 pm**Speaker:** Phillip Colmar, partner and global
strategist, MRB**Strategic Partner:** Sara Blandford, Dimensional
Fund Advisors**See opposite page for event details****FPA of the East Bay****Date:** January 11**Topic:** Chapter Meeting: Successful Financial
Planning Strategies for 2023**Location:** Round Hill Country Club, 3169
Roundhill Road, Alamo and online**Time:** 7:30 - 9:00 am**Panelists:** Lee Ann Coburn, Barry Mendelson,
Kristin Nicholson, Marilyn Suey**See opposite page for event details****FPA of Silicon Valley****Date:** January 12**Topic:** Chapter Meeting: Taxes**Location:** Delta Hotels Santa Clara Silicon
Valley, 2151 Laurelwood Road, Santa Clara**Time:** 4:00 - 6:00 pm**Speaker:** Kathy Fitzpatrick**See above for event details****February 2023****FPA of the East Bay****Date:** February 1**Topic:** Chapter Meeting: 2023 Economic and
Stock Market Outlook**Location:** Round Hill Country Club, 3169
Roundhill Road, Alamo and online**Time:** 7:30 - 9:00 am**Speaker:** John Tousley, Goldman Sachs**Sponsor:** John Bacigalupi, Cantor Fitzgerald
Capital**For more information or to register:**www.fpaeb.org**FPA of Silicon Valley****Date:** February 9**Topic:** Chapter Meeting: TBD**Location:** Delta Hotels Santa Clara Silicon
Valley, 2151 Laurelwood Road, Santa Clara**Time:** 4:00 - 6:00 pm**For more information or to register:**www.fpasv.org**FPA of San Francisco****Date:** February 14**Topic:** Chapter Meeting: Auditing (New Rollover
Rule)**Location:** San Francisco Italian Athletic Club,
1630 Stockton Street, San Francisco**Time:** 3:00 - 4:30 pm**Speaker:** TBD**For more information or to register:**www.fpasf.org**March 2023****FPA of the East Bay****Date:** March 1**Topic:** Chapter Meeting: TBD**Location:** Round Hill Country Club, 3169 Roundhill
Road, Alamo and online**Time:** 7:30 - 9:00 am**Speaker:** TBD**Speaker:** Clay Selland, Signet Mortgage Corporation**For more information or to register:** www.fpaeb.org**FPA of California****Date:** March 7**Topic:** 2023 Advocacy Day**Location:** California State Capitol, 10th and L Streets,
Sacramento**Time:** All day**For more information or to register:** www.fpaca.org**FPA of Silicon Valley****Date:** March 9**Topic:** Chapter Meeting: TBD**Location:** Delta Hotels Santa Clara Silicon Valley, 2151
Laurelwood Road, Santa Clara**Time:** 4:00 - 6:00 pm**For more information or to register:** www.fpasv.org**FPA of San Francisco****Date:** March 14**Topic:** Chapter Meeting: The "How to" of Elder
Care (Panel)**Location:** San Francisco Italian Athletic Club,
1630 Stockton Street, San Francisco**Time:** 3:00 - 4:30 pm**Panelists:** TBD**For more information or to register:** www.fpasf.org



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SILICON VALLEY



Above (left): (from left to right) 2022 FPASV President Chris Acker of CB Acker Associates Insurance Services, Luke Chapple of Ameriprise Financial, Sheri H. Pan of Pantheon Wealth Planning, and 2023 FPASV President John Nejedly of Pantheon Wealth Planning

Above (center): Strategic Partner Mike Ryan of Michael Ryan & Associates and John Plaza of Securities America Advisors

Above (right): Annual holiday party with wine tasting, networking, and Strategic Partners acknowledgements