

PRESIDENT'S PODIUM KEYS TO RUNNING A SUCCESSFUL FAMILY MEETING

BY DAVID ALLEN, CFP®
CHAIRMAN, FPA OF THE EAST BAY

I challenge you to go to an industry conference and not hear someone talk about “The Great Wealth Transfer.” As advisors we have been inundated with the statistics about the \$30 trillion of wealth that will transfer from the Baby Boomers to Generation X and the Millennials over the next 30 years. The most impactful statistic referenced on this topic has to do with the number of children who fire their parents’ financial advisors after they receive an inheritance. I have seen it as low as 66% (*InvestmentNews*) and as high as 95% (*Vanguard*). Whatever the actual percentage is, we can all agree that it is a big number. Our approach to attacking this issue head on has been to actively approach our clients about family meetings, where we invite their kids to join them at one of their review meetings. We started that process this year and were very surprised by the results.

Approaching the Topic of a Family Meeting with Clients

The responses were overwhelmingly positive when we started approaching the topic of family meetings with our clients. We even had several of our best clients mention that they had talked about having their kids meet with us independently. We positioned the topic of a family meeting as a service

that we have started offering to our clients to help educate their children on their parents’ financial security and our role if something should ever happen to them. We explained that the focus of the meeting would be to review the highlights of their financial plan and the organization of their wealth management notebook. We specifically made sure to let our clients know we would not review any specific numbers that they were not comfortable sharing. Somewhat surprisingly, the vast majority wanted their kids to see the whole picture.

Explaining the Financial Plan

Overwhelmingly, we have found that our clients’ children are primarily concerned with knowing that their parents are not going to run out of money during their retirement. As many of these kids are starting to plan for their own retirement, they have started asking themselves if they are going to need to provide financial care for their parents. The financial plan is the perfect tool to answer those questions. We make sure to let them know how we update and review their financial plan every two years to make sure their parents are on track to achieve all of their goals and most importantly, to never run out of money. We emphasize their

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margin of safety and the impact of inflation on their purchasing power. Most of the kids have never seen a financial plan before, so in addition to setting the tone of the meeting, it also gives us the opportunity to explain how the financial plan is used to guide the management of their parents' investment accounts. We do a high-level overview of their investment policy, the types of investments we use, and most importantly how the risk and growth is managed to match their plan. By the time we have reviewed the financial plan, these kids understand that our role in their parents' lives goes way beyond stocks and bonds.

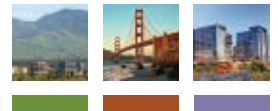
The Role of the Wealth Management Notebook

The main tool that we use to organize all of our clients' important financial information is something we create called their wealth management notebook. The notebook has sections for important people to contact, document locations, outside financial accounts, insurance policies, beneficiary designations, and their estate plan summary. There is a huge sense of relief for our clients' children when we review this during the family meeting, because they know that they are not going to have to track down all of their parents' information. In addition to providing them peace of mind, it also helps facilitate a couple of critical talking points. Usually while we are reviewing the beneficiary designations, we have an important discussion about the taxability of the different accounts upon death. We spend a considerable amount of time talking about inherited IRAs and their tax treatment compared to assets that are in the name of their trust. The second topic that we spend a fair amount of time talking about is their estate plan summary. We are able to highlight the role of the executor, successor trustee, and designated agents. It also provides a chance for parents and children to express any concerns that they have regarding internal family dynamics in a controlled environment.

The Results

Although it can be a sensitive subject for a lot of families that do not talk about their finances with their kids, we have found the response to our family meetings to be outstanding. In nearly half of the family meetings that we conducted, the children wanted to set up follow up appointments to discuss their personal finances and were subsequently on-boarded as clients. What our families have appreciated is that our focus on financial planning allows us to help facilitate the discussion without focusing on the potential value of the inheritance. Over the coming years we will continue to prioritize these meetings and also reach up generations for our younger clients.

David Allen, CFP® is the chairman of the FPA of the East Bay. He is a partner of True Wealth Advisory Group. David lives in Walnut Creek with his wife, Lauren, and three daughters.



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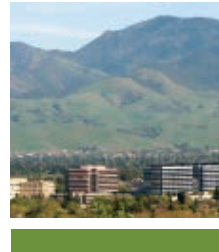
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BOARD BLURB MOMENTUM FOR NEXGEN

BY DARIA VICTOROV, CFP®
DIRECTOR AT LARGE, FPA OF SILICON VALLEY

Over a year ago, I was at a chapter meeting, and I noticed I was the youngest one in the room. I went to my chapter leaders and wanted to know if there were other younger advisors like me in Silicon Valley. The data showed that less than 10% of the chapter members were “NexGen” age, meaning under the age of 36. Although there was a low percentage of NexGen members, I wanted to foster a community for the younger members, potentially motivate college students to join the profession, and ultimately encourage more advisors to participate. During my time at Virginia Tech, I was an active member of the student chapter of FPA. Those chapter meetings and community amongst the members were catalysts for my career development. I wanted to provide an opportunity to novice advisors who did not have student FPA chapters in college, to create a sense of community within the profession.

If you live outside of San Francisco, you know how it can be difficult and expensive to make trips into the city on a regular basis. Even though there was a NexGen chapter in San Francisco, I wanted to create a local chapter in the South Bay, partially since I lived in the South Bay at the time, but also to be affiliated with the Silicon Valley chapter. In late 2016 we held our first Silicon Valley NexGen event. Our members come from a variety of business models, experience, and ages. Although we are a NexGen group, we do not exclude members who wish to attend our events who are over age 36. Over the past year, we have held various events, alternating between social and educational, every other month. As a group, we have discussed topics from eldercare, insurance, and advancing your career after obtaining the CFP®. Socially, we enjoyed learning about each other on a personal and professional level in a relaxed atmosphere. Aside from our chapter events, we have participated in pro bono events like the Financial Planning Days throughout the Silicon Valley. Each of the events has served over 100 people and answered questions from general financial planning to asset allocation and tax planning.

In November, a group of the chapter leaders gathered in Colorado to brainstorm and strategize for 2018 and beyond. The NexGen directors shared ideas amongst other chapters to inspire one another. One chapter

shared that they hosted a meeting to review a case study in conjunction with CPAs and estate attorneys. Another chapter hosted an entire behavioral finance symposium. Our hope is to build on these new ideas, while focusing on building extended relationships with allied professionals and providing continuing education credits for future events.

As we continue to plan for 2018, we asked current members to complete a brief survey so that we can create events geared towards the most pressing interests. We were happy to have over 75% rate of response to our survey! From the data, we found members were interested in learning about the transition from associate to lead advisor and about dealing with “age-ism.” Outside of case studies, presentations, and happy hours in 2018, the members were also interested in participating in a community service project. We are evaluating either making meals for homeless individuals or a Habitat for Humanity project.

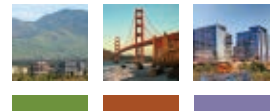
As our NexGen chapter continues to develop, we are excited for what we can accomplish, both locally and on a national level!

Daria graduated from Virginia Tech's Financial Planning CFP® program and is an advisor at Abacus Wealth Partners. In her time as an advisor, she has focused on individuals with equity compensation and impact investing.



FPA Activate is the go-to community for financial planners who want to fast track their careers and develop their planning skills. ALL planners (current/past/prospective) are invited to join and contribute insights to the conversations!

To join visit: www.facebook.com/groups/FPAActivate



FPA OF SILICON VALLEY RECENT EVENT PHOTOS



Right: Rob Lyman, November speaker Nancy Reyes Mullins, and 2017 President Phuong Quach posed for photos.



Above (left): 2017 Chapter Leaders Conference. From left: Julie He (co-director of career development), Anna Sergunina (co-director of partnership), Mike Sukle (2018 president), Susan Adams (executive director), Daria Victorov (director at large/NexGen)

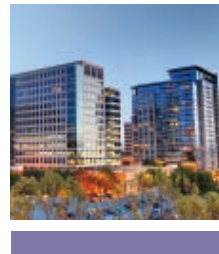
Below: FPA of Silicon Valley board of directors' Strategic Planning Meeting in October.



Above: Phuong Quach, Mira Ma, and Sheri Pan with Brian Shulman, who donated extra lunches from our chapter meeting to a Santa Cruz shelter.



Above (right): Chris Wentzien and Anandi Krishnamurthy at the December Student Forum presenting "The Good, the Bad and the Very Ugly Truth about Starting Your Own RIA Practice."



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SHARPEN THE SAW IS PASSIVE INVESTING DANGEROUS?

BY JEFFREY BLANCHARD, CFA
FPA OF SAN FRANCISCO

The foundation of index investing began in the early 1970s and had its share of critics at the time. When John Bogle established the first index fund for retail investors in 1975 (now the Vanguard 500 Index Fund), one competitor called indexing un-American and famously called the fund “Bogle’s Folly.” The critiques were varied but many believed there was no way that investors would settle for the average return of an index when investment managers were thought to be adding so much value.

Needless to say, Mr. Bogle has had the last laugh. That fund, which started with a mere \$11 million in assets, has now grown to a \$580 billion behemoth. More importantly, the concept of index investing has become widely accepted and has recently seen a sharp increase in popularity. The objective of indexed, or passively-managed, portfolios is to match the returns of an index. This is in contrast to actively-managed portfolios which attempt to outperform an index. According to Morningstar, investors have added \$1.3 trillion to passively-managed mutual funds and exchange-traded funds (ETFs) over the last three years. In comparison, actively-managed funds have had net withdrawals of \$250 billion over the same timeframe.¹

But the growing popularity of passively-managed vehicles has once again drawn the attention of critics. Sanford Bernstein recently released a research paper that was subtitled, “Why Passive Investing is worse than Marxism,” which sounds eerily similar to the un-American claims Mr. Bogle faced in the ‘70s. Other researchers have concluded that passive investing is a bubble that will eventually burst. Hyperbole aside, the questions being asked are good ones. Namely, what is the impact if a growing proportion of the world’s assets are indexed? And is there a point at which the growth of passive management begins to cause a problem?

Passive Investing, Efficient Markets, and Economic Growth

One concern critics raise is that the growth of indexing will lead to less efficient market pricing which could ultimately lead to lower economic growth. To understand this argument, we must first note that the stock market plays an important role in efficiently allocating investment capital. Well-run companies with attractive growth opportunities are rewarded with a lower cost-of-capital (higher stock price and lower borrowing costs) while the opposite is true for poorly-run companies. Critics of indexing argue that if a majority of investors just want to own the market, the market’s role as an efficient allocator of capital will be compromised, leading to reduced productivity and growth for the economy as a whole. (This concern is the central point of Bernstein’s ‘Marxism’ research report.)

Although this may be a valid concern if passive investing is taken to its extreme, we are nowhere near that point yet. Despite their recent growth, passively-managed assets are still a relatively small percentage of invested assets. Morningstar recently estimated that passively-managed strategies account for approximately 30% of all assets managed in the United States.² BlackRock has estimated that less than 20% of global equities are indexed. It is unlikely that indexing is causing problematic price inefficiencies given the small proportion of the overall market it represents.

But could this ever become a problem if the size of passively-managed assets continues to grow? We believe this is also unlikely. If assets start to become mispriced due to the growth of passive management, active managers should be able to take advantage of these mispricings to generate excess returns. This would lead to growth in active management and a corresponding decline in passive management until these mispricings no longer exist.

The Passive ‘Bubble’

Some have suggested that the growth in passively-managed assets has led to a speculative ‘bubble’ in the US stock market. This argument is not much different than the market efficiency concern discussed in the prior section. To believe that passively managed vehicles are causing a bubble is to believe that these vehicles are causing mispricing (overvaluation) in the underlying securities. As stated above, the size of passive vehicles is still small relative to the overall market and should not be blamed exclusively for the valuation of the current market.

Some have also suggested that many passive investors are smaller and less sophisticated investors who may be quick to sell when sentiment changes. They worry that these investors are more likely to panic during a correction and may exacerbate the declines. This argument also does not seem to carry much weight as passive investing has been embraced by investors of all types and sophistication levels including individuals, large pension funds, insurance companies, foundations, and endowments.

Corporate Governance

The growth in passively-managed portfolios has led to an increase in the ownership of US companies by large investment management firms. In 2005, Vanguard funds held ownership of 5% or more in only three companies in the S&P 500 Index. Today, Vanguard holds a 5% stake in 468 companies in the S&P 500. It is estimated that passively-managed mutual funds and ETFs now collectively own 11.6% of the S&P 500 Index. The vast majority of that ownership is with only three companies: Vanguard, BlackRock, and State Street.



Some critics of passive investing worry about the concentrated ownership of these firms and the influence it potentially wields. Surprisingly, the criticisms are at opposite ends of the spectrum. Some are concerned that these firms may use their ownership to influence management too much while others are concerned that passive managers are not incented to hold management accountable at all.

It is difficult to prove whether either concern is valid. The Department of Labor has determined that fund companies have a fiduciary responsibility to represent the shareholders of their funds when voting proxies and there is no evidence that they have breached this duty. In addition, third-party attempts to judge the voting records of the three fund companies have shown that the companies have supported both management and activist policies⁵ over time.

Conclusion

The sharp growth in passively-managed portfolios is a relatively new phenomenon which has never happened before in the history of the markets. As it stands now, we believe many of the concerns about the growth in this area are overdone. That said, this trend will be an ongoing focus within the broader financial industry.

Disclosure

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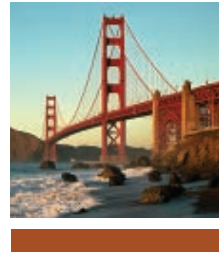
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1. <https://www.wsj.com/articles/the-dying-business-of-picking-stocks-1476714749>
2. Morningstar Direct Asset Flows Commentary, Morningstar Manager Research, January 11, 2017.
3. "Index Investing Supports Vibrant Capital Markets," BlackRock, October 2017.
4. "Wall Street's 'Do-Nothing' Investing Revolution," *Wall Street Journal*, October 17, 2016.
5. See Houlihan Lokey, Activists Situations Practice, November 2015 for an example of one such report.

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Photo of Jeffrey courtesy of Alanna Hale



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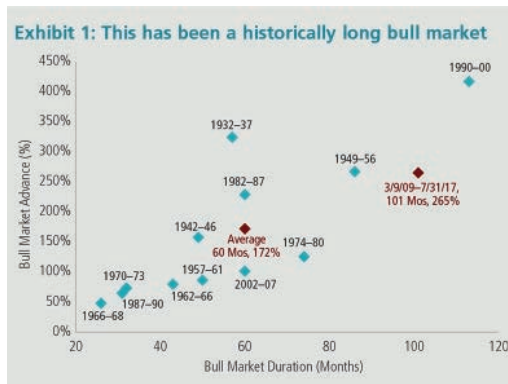
Bull Market Conditions Driving Flows To Passive

Have the optics of a nine-year bull market obscured active management? Asset flows into index or passive products have accelerated, as the conditions of a nine-year bull market have been more favorable for passive approaches than active investing. More than a few prognosticators have predicted the end of active investment management, suggesting that bottom-up fundamental security selection might be antiquated, overpriced, and ineffective. The apparent proof of these theories is that asset flows into index or passive products have skyrocketed, while actively managed mutual funds have experienced net outflows for several years.

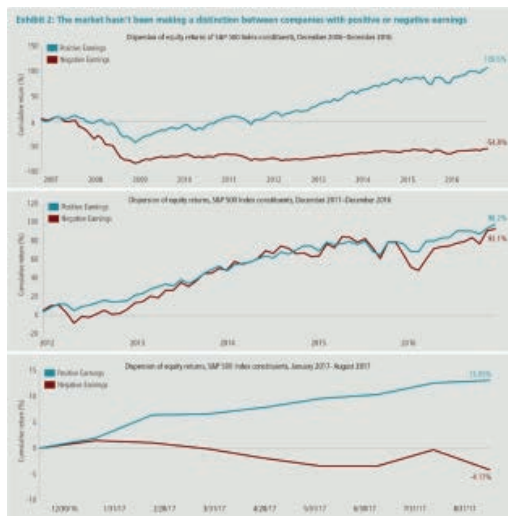
Bull Market Conditions Have Favored Passive

Since the US equity market hit rock bottom at the end of the global financial crisis in March 2009, stocks have returned 331% cumulatively,¹ signifying one of the longest bull markets in history and generating strong returns for many investors. The average bull market has lasted five years, but this run is in its ninth year, and there are no imminent signs that it is coming to an end. Exhibit 1 shows the length and expansion of bull markets going back to 1932, with the current bull market bested only by the 1990–2000 expansion.

Passive managers have launched thousands of new products over the past decade in response to the inflow of investor capital. There are now more indices tracking various asset classes in the United States than there are publicly traded stocks.² Since January 2006, investors have put more than \$1.4 trillion into passive vehicles while withdrawing \$1.5 trillion from active mutual funds.³ At the current growth rate, passive strategies would own all listed stocks by 2030.⁴



Source: Strategas Research Partners, as of July 31, 2017. As represented by the S&P 500 Index. "Standard & Poor's" and "S&P" are registered trademarks of Standard & Poor's Financial Services LLC ("S&P") and Dow Jones is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones") and have been licensed for use by S&P Dow Jones Indices LLC and sublicensed for certain purposes by [Issuer]. The S&P 500® is a product of S&P Dow Jones Indices LLC and has been licensed for use by [Issuer]. [Issuer's] [Product(s)] is not sponsored, endorsed, sold, or promoted by S&P Dow Jones Indices LLC, Dow Jones, S&P, or their respective affiliates, and neither S&P Dow Jones Indices LLC, Dow Jones, S&P nor their respective affiliates make any representation regarding the advisability of investing in such product(s).



Source: Compustat earnings per share (EPS) data, December 2011–November 2016, for the S&P 500 Index. Each portfolio of positive and negative earnings companies is rebalanced monthly and market-cap weighted. Data labels are cumulative returns, as of December 2016.

Everyone Gets a Trophy in These Markets

Recent headwinds for active managers have included low volatility, price dispersion and a lack of differentiation between high-quality and low-quality names. Stock prices have generally risen regardless of a company's quality—the market has been handing out participation trophies—as companies have been rewarded simply for showing up. What usually happens is that a company's earnings are the essential ingredient for favorable stock prices, as investors expect the stocks of companies with positive earnings to outperform those with negative earnings over time. That is exactly what happened over the last decade—by a wide margin. The collective return of negative earners was -54.8% from 2006 to 2016, compared to a 106.6% gain for the positive earners over the same time period. But this trend has been neutralized over the past five years, as negative earners and positive earners have performed similarly (as shown in Exhibit 2). This is why the passive approach has outperformed in recent years and investors have not been rewarded for favoring one company over another. In other words, it has not mattered what you have owned because just owning "the market" via a passive vehicle has provided strong returns. Interestingly, that trend has reversed in 2017, with positive earners outperforming negative earners through August, as shown in the bottom chart of Exhibit 2.

Is History Repeating Itself?

Businessweek predicted the "death of equities" in a 1979 cover story that detailed how some investors had replaced stock allocations with nontraditional investments such as precious metals, fine art and even Pizza Hut and Kentucky Fried Chicken franchises after a decade of lackluster returns. While the story might seem provocative to us now, there was little love for the stock market in the 1970s. Stocks were abused that decade by runaway inflation, skyrocketing oil prices and persistently low returns, among other factors. The highest-quality bonds (triple-A rated) yielded upward of 11% in the 1970s, while equities returned 5.9% on an annualized basis, far below their long-term historical average of 10.4%.⁵ We are seeing similar sentiment in today's markets, but instead of disliking stocks, investors are moving away from traditional active management and into passive investing.

Hindsight is 20/20 Vision

With the benefit of hindsight, we know that *Businessweek's* 1979 prediction about equity markets was wrong. A hypothetical \$10,000 investment in the US equity market would have grown to \$674,470 from August 13, 1979, to July 31, 2017, or 11.73% per year.⁶ For an investor at the time, however, the choices must have seemed stark, given the challenges of massive inflation, the end of the gold standard, and oil embargoes, among other things.

The same could be true of the current market with its basically uninterrupted positive flow—when the market continuously moves up, there is not much need to be selective. Having broad market exposure during bull markets can provide ample returns for many investors. Bull markets invariably end, however, which can leave investors exposed to the full ups and downs of a market. We believe that active management can help investors through full market cycles, including during periods of declines and volatility. While we have experienced a prolonged bull market, we do not think we have seen the end of market cycles.

To read more about this topic, please download "When Time Is on Your Side: The Cyclical Nature of Fundamental Active Management," a new white paper by Michael W. Roberge, CFA, MFS CEO, president, and chief investment officer.

1. Morningstar, total return of the S&P 500 Index, March 9, 2009–August 7, 2017.
2. Data provided by Strategas Research Partners via Bloomberg LP and Sanford C. Bernstein, as of March 31, 2017.
3. Strategas Research Partners, as of May 2017.
4. "The Hidden Dangers of Passive Investing," *Financial Times*, May 30, 2017.
5. Morningstar. Annualized total return of the S&P 500 Index from January 1, 1970 - December 31, 1979. The S&P 500 Index measures the broad US stock market.
6. Morningstar, using S&P 500 Index daily total return data. Past performance is no guarantee of future results. It is not possible to invest in an index.

The views expressed are those of the author and are subject to change at any time. These views are for informational purposes only and should not be relied upon as a recommendation to purchase any security or as a solicitation or investment advice from the Advisor. This content is directed at investment professionals only. 38914.1

Corey Silva is an associate managing director with MFS Investment Management, Inc., the firm credited with inventing the mutual fund in 1924. He has over 26 years of industry experience; the last 17 have been with MFS.



MEMBER MINUTE - FPA OF SILICON VALLEY

TONY BLAGROVE, CFA, CFP®

BY MIRA M. MA, CFP®, RFC®
CHAIRMAN, FPA OF SILICON VALLEY

If you have ever met Tony Blagrove (pictured), you know he is very calm. He gets that calm from leading a very balanced life. Tony is a long-time resident of the Bay Area, but he is originally from Washington. His childhood was mostly spent outdoors, so it is no surprise that a lot of his activities are well...outdoors. He loves to hike, cycle, and spend time at the beach with his wife, Lannie, and their chocolate lab, Penny.

He was raised by a single mother and has an older sister; as a result, he learned to be self-sufficient, independent, and a bit selfish. However, his wife helped him become more empathetic. Since his mom and sister live in Kansas, he only sees them twice a year, but he tries to FaceTime his mother weekly. His wife has a big family (she is Vietnamese) in San Jose, and they are very close to them.

When Tony was 12 years old, his father passed away from a helicopter accident in New Zealand; he was a pilot and visiting friends on the North Island when he was caught in a sudden storm. As Tony explains, everyone needs to spend time riding on the "struggle bus;" it helps build character and perseverance to know how to deal with life's inevitable challenges. Climbing a mountain, Tony remarks, is not fun, but you do it for the challenge and to see what you are capable of and to build character. This is a good analogy for what we do as financial planners. He likes testing himself, which is his general life philosophy.

I asked Tony what he did as a child when he had a free day. He said that in Washington State, where he grew up, the main thing to do was play outside (when it was not raining). He enjoyed rock climbing, mountaineering, and racing bikes. Today, Tony still loves the outdoors; last August he completed a weeklong 120-mile backpacking trip in Banff National Park, so it is no surprise that Tony organizes our annual board hike. This is a favorite activity for him because it helps him boil life down to three essentials:

1. Taking only what he absolutely needs
2. Dealing with the elements (weather, terrain, wild animals), which are out of his control
3. Going through the daily routine of backpacking and finding the peace and simplicity in it

Tony loves the Bay Area and finds himself outside more and more. He loves hiking around the Bay Area and has been to every hiking park in the South Bay. Tony and his wife also like to go with their dog to the beach in Davenport and end the day at a beer garden like Beer Thirty Bottle Shop & Pour House in Soquel, one of their favorite places to go after a hike on the weekends. The Bay Area living can take a toll on someone; there is never enough time to think, process, or have downtime, which leads to being stressed, health problems, etc. If you have no margin, there is no time to relax.

Tony is also a big believer in giving one's time and resources. He is actively involved with his church and also donates his time to the charities and causes he and his wife care about. He was a volunteer leader for his church's high school youth ministry for five years, but recently stepped down and now leads his church softball team. He also volunteered for Big City Mountaineers for multiple years, a program that helps economically-disadvantaged kids experience the wilderness and learn lifeskills, such as working as a team, learning outdoor survival skills, and having to work through some of their own challenges, which was a great experience for everyone.

Tony loves to travel and 2017 was no exception. Some of his travels included:

- Hiking 120 miles in Banff National Park
- Visiting Italy with stops in Cinque Terre, Florence, Siena, and Rome
- Spending a week in Maui for a wedding
- Enjoying a Northern California Coast Beer Tour
- Seeing Miami and Savannah

His retirement goal is to move to New Zealand and maybe become an outdoor tour guide, possibly spending half of his time in California and the other half in New Zealand, but that is long ways off. At his firm, Tony works with an amazing team of very smart, dedicated, and passionate people. The team is what makes them successful, for which Tony feels very fortunate and grateful.

Tony is the current treasurer for FPA of Silicon Valley, a role that fell into his lap, but it was the best way for him to contribute to the organization, especially as he always wanted to get involved. This role also allows Tony to continue having balance in his life, which is very important to him. Tony admits it is not a stressful position; he enjoys being the anchor of our chapter and a resource to others, a steady hand in an otherwise rotating cycle of volunteers. The other reason he enjoys being on the board of FPA of Silicon Valley is because this role allows him to network with his colleagues and establish roots in our community. However, his term on the board eventually has to come to an end and when he does step down, he will be missed!

Mira M. Ma, CFP®, RFC® is the chairman of FPA of Silicon Valley. She is also the co-founder and chief compliance officer of Aspire Planning Associates, a fee-only financial planning and wealth management firm.



2018 FPA NORCAL CONFERENCE SNEAK PEEK OF WORKSHOP SPEAKERS

BY JENNY HOOD

MARKETING COMMITTEE CO-CHAIR, 2018 FPA NORCAL CONFERENCE

We all have an unique story to tell. Ours is the story and 46-year legacy of “inspiring excellence and fostering community” that have made the FPA NorCal Conference one of the most respected conferences in our industry.

A committee of financial industry volunteers works to deliver what Michael Kitces has described as a “perennial top conference for advisors based on its high-quality advanced content.” With research and care, speakers are invited whose respective areas of expertise and experience put them at the top of their profession. The committee plans a program that addresses current topics covering a broad range of financial planning subjects—high-level content for experienced professionals. Here is a sneak peek of some of our Workshop Session Speakers who will be a part of the 2018 story of the FPA NorCal Conference.

Brandon Odell

Partner and Director of Business Consulting at the Ensemble Practice

Brandon also serves as faculty for the Ensemble Management Institute, an intensive program of business management classes for independent advisory firms. His presentation is “Good Firms Focus on Clients, Great Firms Focus on Staff.”

Carolyn McClanahan

Physician Turned Financial Planner/CFP®

Carolyn speaks on the interplay between health and financial issues in an insightful, engaging and entertaining way. She writes for *Forbes* and *Financial Planning Magazine* and is quoted regularly in *The Washington Post*, CNBC, and NPR, and is also an op-ed contributor to *The New York Times*. Her presentation is “The Latest and Greatest in Health Care Policy, Payment, and How to Help Clients Navigate the Morass.”

Michael Kitces

Partner and Director of Wealth Management for Pinnacle Advisory Group

Michael is co-founder of XY Planning Network and New Planner Recruiting. He is known for delivering easy-to-understand information on cutting-edge topics that affect our industry. His two presentations are “Strategies for Managing Sequence of Return Risk in Retirement” and “Best Practices in Social Media and Digital Marketing for Financial Advisors.”

Russell Redenbaugh

50 Years’ Experience as an Investor and Economist

Blinded at the age of 16, he graduated at the top of his class at Wharton. Russell served under three US presidents as a commissioner on the US Civil Rights Commission. In addition, he won three gold medals in the world jujitsu competition in Brazil, fighting sighted opponents. His presentation is “Policy Based Investing: How Shifts in Government Policy Impact Asset Prices.”

Susan Bradley

Founder of the Sudden Money Institute

She developed her business around creating processes and tools for clients going through transitions. Her presentation is “The Age of The Human Being: The Age that will Change the Financial Planning Profession.”

The FPA NorCal Conference is also known for building community and connection among sponsors, committee members, and attendees. Our sponsor support allows us to keep our registration fees reasonable. A big thank you for all our sponsors—see our website, www.fpanorcal.org, for a list of our 2018 sponsors.

This year, Wade Pitts, our 2018 conference chair, is emphasizing community building with a focus on “Made in the Bay.” A majority of the professionals who attend the FPA NorCal Conference started their careers in the Bay Area. They worked hard, made connections, and built their unique story in San Francisco, one of the financial cities known throughout the world. “**Made in the Bay**” will introduce our attendees to 10 businesses whose stories are tied to the Bay Area. At the conference, you can visit with them and hear their stories.

The 46th Annual FPA NorCal Conference is one that you want to be sure to attend! Not only will there be speakers who inspire you in your business and in life, you will also have the opportunity to connect with a like-minded community of professionals. It is a wonderful time to share your story and hear their stories. Relationships developed at conference could be the start of something big!

Early bird registration opened in mid-December 2017. If you have not registered for the conference yet...DO IT NOW! (The 2017 conference sold out very early.) See you May 29 and 30, 2018, at The Palace Hotel in San Francisco!

Jenny is an assistant financial planner in the Sacramento office of Cynthia S. Meyers, MBA, CFP®. She enjoys being a part of the FPA community, as exemplified by being the recent past president of the FPA of Northern California chapter and currently as marketing co-chair on the FPA NorCal Conference committee.

46th Annual FPA NorCal Conference
May 29-30, 2018
The Palace Hotel, San Francisco
www.fpanorcal.org



FPA OF CALIFORNIA ADVOCACY AND YOUR PERSONAL “WHY?”

BY LYNDA REYNOSO, AIF®
PRESIDENT, FPA OF CALIFORNIA



OF CALIFORNIA

Working for Californians' Financial Future

One of the first questions I ask advisors when I begin working with them is “Why?” This typically leaves them with a blank look on their face—until I provide further context. Specifically, I want to know what value do you provide to your clients to have them pay a premium for your service? Your value proposition can come in the form of both tangible and intangible deliverables. That said, the more important factor is not what we do, but why we do it. Having the ability to communicate value through your own personal *Why* is crucial to distinguishing you from other advisors in the industry. An example of *Why* was featured in the September 2017 newsletter’s “Member Minute.”

Simon Sinek talks about something called the Golden Circle in a TEDx Talk, titled “Start With Why: How Great Leaders Inspire Action.” In it, he talks about how most individuals in any profession describe what they do and how they do it from the outside in. Essentially, it means ignoring the very reason and passion that drives and inspires them to do what they do. People do not buy what you do; they buy why you do it. If we communicate from the inside out, we talk to the emotional or gut part of the limbic brain, which influences decision making. Your *Why* is the purpose, cause, or belief that inspires others from the inside out. When you think, act, and communicate starting with *Why*, you can build trust and inspire others to take action.

So, what is my personal *Why*? Why am I in this business? Why advocacy? I fell into the financial planning profession by accident. Over the years, I had great mentors who showed me the benefits and rewards I could experience through helping others reach their financial goals. I quickly learned to enjoy the freedom, choices, and time spent without worry that financial planning offers our clients. Advocacy is an extension of what I do. I have the ability to inspire a team, organization, and community to get involved in advocacy. Extending my *Why* to those who share similar beliefs and common goals, in an effort to influence legislation that can shape our industry, is exciting. By sharing what drives me with FPA of California members, I can increase the trust factor and affect change.

FPA of California consists of one advocacy director from each of the 11 local FPA California chapters and five executive committee members. Our primary focus is to advocate on behalf of our FPA members on a statewide basis in the areas that impact our clients and the financial planning profession. We also collaborate with our local chapters’ pro bono efforts for education and community outreach. We represent over 3,000 members, serve over 300,000 California constituents, and are in coordination with FPA National’s positions and policies.

On November 15 we held our annual strategic planning meeting. Cynthia Jackson, FPA National Chapter Engagement, was our guest facilitator. To kick off the meeting, I asked our board members to share their own personal *Why*, as it applies to advocacy. To my delight, this blossomed into a lively discussion and summary of the milestones we have accomplished and opportunities we have

generated through our advocacy efforts thus far. For example, FPA of California is now viewed as a resource for California’s elected officials. Through our annual events, meetings, and relationship building, we have had several opportunities to offer our informed, professional perspective on legislative and regulatory issues. More recently, through our relationships with the State Treasurer’s office and our presence on the hill, FPA of California has garnered an opportunity to be part of the rollout of California Secure Choice in 2018. Last, beginning in January 2018, we will have a representative from our board working with FPA National on their Legislative and Regulatory Issues Committee (LRIC) to bring items and recommendations to the FPA Board.

The commitment and energy of our 2018 board will help push our FPA of California advocacy efforts to the next level. We want to become more than just a resource, rather influencers moving forward. We are solidifying our mission, purpose, and vision to increase chapter and member engagement, increase our legislator outreach, and develop a succession and onboarding plan. We are asking you to get interested, get involved, and get passionate about advocacy.

I feel privileged to lead our newest group of FPA of California advocacy enthusiasts, and I feel confident that we will continue to leverage our energy and experience to build lasting relationships that will help influence legislation related to our profession.

March 6 marks our fifth annual Advocacy Day in Sacramento. If you would like to learn more about advocacy, there is no better time for you to dive in! This is your opportunity to meet with your elected representatives to discuss what matters most to you in your profession. FPA members come together from around the state, develop new FPA relationships, and have a lot of fun! Advocacy Day is our largest and most attended advocacy event of the year. Participation from FPA members has more than doubled in recent years, from 14 in 2014 to 32 members in 2017, and we anticipate even higher attendance this year. As a coalition, we continue to build lasting relationships at all levels of government, including members from the office of the Department of Business Oversight, Insurance Commissioner, State Treasurer, and State Controller.

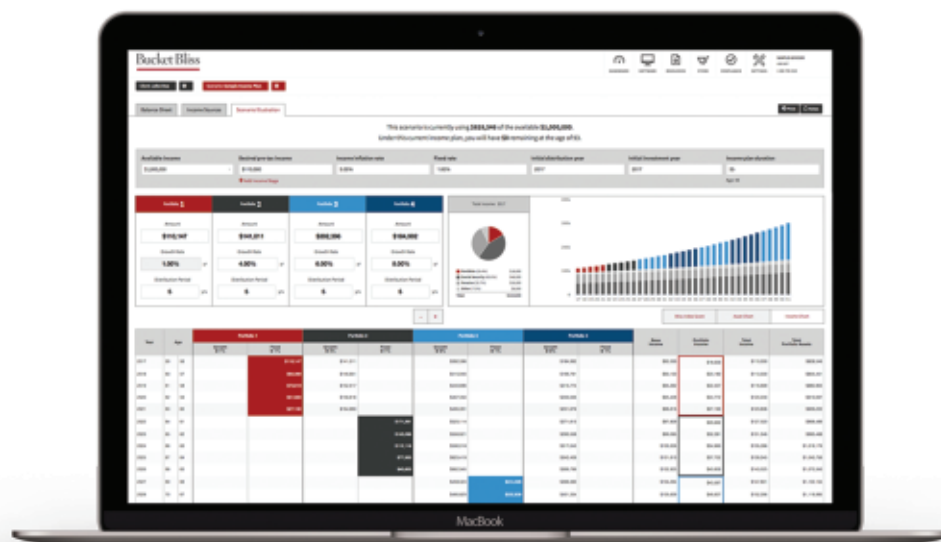
So, ask yourself, “Why is advocacy important to me?” Then SAVE THE DATE for March 6, Advocacy Day, and join us in Sacramento!

For questions or more information, contact your chapter’s advocacy director or Holly Wilkerson at holly@executivemgmtservices.com.

Lynda Reynoso, AIF® is the president of FPA of California and a longtime member of the FPA of Los Angeles. She now works as a business consultant in sunny San Diego (a.k.a., “Happy Town”) with some of the fastest growing advisors at First Allied Securities. She helps advisors think like business owners and focuses on a defined financial planning process for clients. She can be reached at president@fpaca.org.

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- Tony H. - Advisor, Springfield, MO.

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CHAPTER EVENTS

UPCOMING EVENT LISTINGS

JANUARY 2018

FPA of San Francisco

Date: January 9
Topic: The State of the Market: Outlook 2018
Location: The City Club of San Francisco, 155 Sansome Street, San Francisco
Time: 11:30 am - 1:30 pm
 See page 14 for event details

FPA of the East Bay

Date: January 10
Topic: 2018 Economic and Market Outlook...Is the "New Normal" Here to Stay?
Location: Contra Costa Country Club, 801 Golf Club Road, Pleasant Hill
Time: 7:15 - 9:15 am
 See page 14 for event details

FPA of Silicon Valley

Date: January 12
Topic: Making Sense of the Uncertainty: Tax Planning in 2018
Location: Maggiano's Little Italy, 3055 Olin Avenue, Suite 1000, San Jose
Time: 11:30 am - 1:30 pm
 See page 15 for event details

FPA of Silicon Valley

Date: January 20
Topic: Financial Planning Day
Location: Redwood City Library, 1044 Middlefield Road, Redwood City
Time: 10:00 am - 1:30 pm
For more information or to register:
www.govoluntr.com/events/2546

FPA of Silicon Valley

Date: January 24
Topic: NexGen Event: Proposed (or Actual) Changes in Tax Law
Location: Abacus Wealth Partners, 700 South B Street, Suite 200, San Mateo
Time: 5:30 - 7:30 pm
Speaker: Lawrence K. Y. Pon, CPA/PFS, CFP®, EA, USTCP
For more information or to register:
www.fpasv.org

FEBRUARY 2018

FPA of the East Bay

Date: February 7
Topic: Analyzing Reverse Mortgages
Location: Contra Costa Country Club, 801 Golf Club Road, Pleasant Hill
Time: 7:15 - 9:15 am
Speaker: Barry H. Sacks, JD, PhD
Sponsor: Clay Selland, Signet Mortgage Corporation
For more information or to register:
www.fpaeb.org

FPA of Silicon Valley

Date: February 9
Topic: Cybersecurity
Location: Maggiano's Little Italy, 3055 Olin Avenue, Suite 1000, San Jose
Time: 11:30 am - 1:30 pm
Speaker: Wes Stillman
For more information or to register:
www.fpasv.org

FPA of Silicon Valley

Date: February 23
Topic: Brown Bag Meeting: Senior Housing: Choices and Decision Making
Location: TBD
Time: 12:00 - 1:30 pm
Speaker: Dr. Jim McCabe
For more information or to register:
www.fpasv.org

FPA of San Francisco

Date: February 13
Topic: Tax Update
Location: Golden Gate University, 536 Mission Street, San Francisco
Time: 8:00 - 10:00 am
Speaker: Francis Sameon, CPA, BPM LLP
Sponsor: Mary-Alice Cárdenas, Reverse Mortgage Funding
For more information or to register:
www.fpasf.org

MARCH 2018

FPA of Silicon Valley

Date: March 2
Topic: Student Forum: Other Career Options with Your CFP® Designation
Location: UCSC Extension, 3175 Bowers Avenue, Santa Clara
Time: 12:00 - 1:30 pm
Panelists: 3-4 CFP®s in "Nontraditional" Positions
For more information or to register:
www.fpasv.org

FPA of the East Bay

Date: March 7
Topic: Cyber Security and the Increased Threat of Fraud
Location: Contra Costa Country Club, 801 Golf Club Road, Pleasant Hill
Time: 7:15 - 9:15 am
Speaker: Greg A. Ruppert
Sponsor: Corey Silva, MFS Fund Distributors, Inc.
For more information or to register:
www.fpaeb.org

FPA of Silicon Valley

Date: March 9
Topic: Buying and Financing the Acquisition of Advisory Practices
Location: Maggiano's Little Italy, 3055 Olin Avenue, Suite 1000, San Jose
Time: 11:30 am - 1:30 pm
Speaker: TBD
For more information or to register:
www.fpasv.org

FPA of San Francisco

Date: March 13
Topic: Financial Planning 3.0: The Art & Science of Financial Life Planning
Location: The City Club of San Francisco, 155 Sansome Street, San Francisco
Time: 9:00 am - 2:00 pm
Speaker: Elizabeth Jetton, CFP®, Golden Gate University
Sponsor: Teun Lucas, Optimal Asset Management
For more information or to register:
www.fpasf.org

FPA of Silicon Valley

Date: March 29
Topic: NexGen Event
Location: TBD
Time: 5:30 - 7:30 pm
For more information or to register:
www.fpasv.org

CHAPTER EVENTS

FEATURED EVENTS AND MEETINGS

JANUARY
09

FPA OF SAN FRANCISCO

DATE AND TIME

January 9
11:30 am - 1:30 pm

TOPIC

**The State of the Market:
Outlook 2018**

LOCATION

The City Club of San Francisco,
155 Sansome Street,
San Francisco

SPEAKER

Jurrien Timmer, director of
Global Macro, Fidelity Global
Asset Allocation Division

OVERVIEW

Jurrien Timmer will present his
global outlook for the markets
and the economy, as well as
discuss what made markets tick
in 2017.

SPEAKER'S BIO

Jurrien Timmer is the director
of Global Macro for the GlobalAsset Allocation Division of
Fidelity Investments, specializing
in global macro strategy and
tactical asset allocation. He
joined Fidelity in 1995 as a
technical research analyst.

COST

Advance Registration\$55 FPA Members;
\$80 Non-Members**At the Door**\$75 FPA Members;
\$100 Non-Members

CE CREDITS

1.5 hours CE credit are pending
approval by the CFP board for
this session**FOR MORE INFORMATION
OR TO REGISTER**www.fpasf.org**SPONSORED BY**Homa Rassouli, Retirement
Funding Solutions LLC2018 FPA OF SAN FRANCISCO
CHAPTER MEETING DATES

January 9

February 13 (8:00 - 10:00 am)
at Golden Gate University

March 13 (9:00 am - 2:00 pm)

April 17 (8:00 - 10:00 am)
at Golden Gate UniversityMay 8 (11:30 am - 1:30 pm)
Ethics (1:30 - 3:30 pm)

July 10

August 7

September 11 (4:00 - 6:00 pm)
Member Appreciation (6:00 - 8:00 pm)
Location TBD

October 9 (9:30 am - 1:30 pm)

November 13

December 11 (4:00 - 6:00 pm)
Holiday Reception (6:00 - 8:00 pm)**All meetings are held from
11:30 am - 1:30 pm at The City
Club of San Francisco unless
otherwise noted.**JANUARY
10

FPA OF THE EAST BAY

DATE AND TIME

January 10
7:15 - 9:15 am

TOPIC

**2018 Economic and Market
Outlook...Is the "New Normal"
Here to Stay?**

LOCATION

Contra Costa Country Club,
801 Golf Club Road, Pleasant Hill

SPEAKER

Rich Taylor, vice president and
senior client portfolio manager,
American Century Investments

OVERVIEW

Rich will focus on areas including
macro US and international themes,
US Fed Policy expectations, tax-
reform perspectives, interest rate
considerations, California budget
thoughts and implementable best
practices for fixed income portfolio
models on 2018.

SPEAKER'S BIO

Rich Taylor is vice president
and client portfolio manager for
American Century Investments.
Rich joined American Century
in 2001 and has worked in the
financial industry since 1986.
Rich holds a bachelor's degree in
industrial engineering from Stanford
University and a master's degree
in business administration from
Harvard Business School.

CE CREDITS

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

COST

Advance Registration\$38 FPA Members;
\$53 Non-Members;
\$23 CFP® Students**At the Door**\$48 FPA Members;
\$63 Non-Members;
\$33 CFP® Students**FOR MORE INFORMATION
OR TO REGISTER**www.fpaeb.org**SPONSORED BY**

Kara Paik, Stonecrest Managers

2018 FPA OF THE EAST BAY
CHAPTER MEETING DATES

January 10

February 7

March 7

April 4

May 2

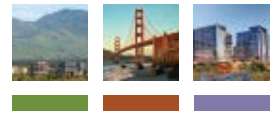
August 1

September 5

October 3

November 7

December 5



FPA OF SILICON VALLEY

DATE AND TIME

January 12
11:30 am - 1:30 pm

TOPIC

**Making Sense of the Uncertainty:
Tax Planning in 2018**

LOCATION

Maggiano's Little Italy,
3055 Olin Avenue, Suite 1000,
San Jose

SPEAKER

Meredith Johnson, CPA, CFP®,
director of tax, BPM

OVERVIEW

Each modification of the tax code brings with it a number of planning opportunities and pitfalls. We will talk about the latest developments in personal and business taxation and how they may impact your clients. Specific topics of discussion will include real estate, the alternative minimum tax, and passthrough taxation. We will discuss both the big picture and specific examples of the proposals applied at the client level.

SPEAKER'S BIO

Meredith Johnson, CPA, CFP®, has deep experience in not only accounting, but financial planning and analysis, project management, and business development. Her specialties include financial planning, tax planning and compliance, project management, business strategy, financial modeling and analysis, employee training and development, and public policy analysis and advocacy. Meredith currently serves on the board of the California Society of CPAs (CalCPA). She received her bachelor's degree from Whitman College and her MS in taxation from Golden Gate University. She is an active member of the FPA of San Francisco, serving on the Pro Bono Committee and the Financial Planning Day Steering Committee. She also gives back to her local community through her work with non-profits—as a site manager, volunteer, and financial coach for Tax-Aid in San Francisco (a public charity assisting low income taxpayers with their returns), and as a manager for One Brick (helping connect volunteers to each other and the worthy causes that need their time and energy).

COST

Advance Registration

\$40 FPA Members; \$60 Non-Members;
\$40 First Time Attendees

At the Door

\$60 FPA Members; \$75 Non-Members

CE CREDITS

1.5 hours CE are pending approval by the CFP board for this session

FOR MORE INFORMATION OR TO REGISTER

www.fpasv.org

2018 FPA OF SILICON VALLEY CHAPTER MEETING DATES

January 12	July 13
February 9	September 14
March 9	October 12
April 13	November 9
May 11	December 14

JANUARY
12

FPA OF THE EAST BAY - RECENT EVENT PHOTOS



2017 FPA EB President David Allen received the president's plaque from incoming 2018 President Thomas Bennett to commemorate his year of leadership.



Teresa Riccobuono collected toys, food, and donations for the annual Salvation Army Toy/Food Drive. Donations received went toward the purchase of additional gifts to help make the holidays a little brighter for over 100 children.



December 2017 speaker Kelli Cruz gave attendees all the information needed to "Recruit & Compensate Top Talent."



A great meal and dynamic speaker are always included at an FPA EB chapter breakfast meeting.



Incoming 2018 President Thomas Bennett was pleased to announce and install the 2018 board of directors.



Featured meeting sponsor Mike Fredrick of Deutsche Bank addressed attendees.

Photos this section courtesy of David Shaffer



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FPA OF SAN FRANCISCO - RECENT EVENT PHOTOS



Left to right: Co-Director of Programs Kate Wilusz, 2017 President Tom Zachystal, November speaker Carolyn Helwick, Co-Director of Allied Professionals Daniel Lee, and Co-Director of Programs Joseph Kuo took a minute to pose for photos.



2017 President Tom Zachystal and 2016 President Michael Ma enjoyed happy hour after November's meeting.