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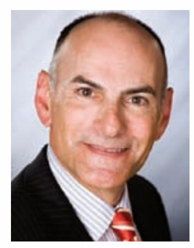

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Ode To: Always the Windshield...Never the Bug

Are You Sure You'll Never Be the Bug?

In the early 1990s I was driving to work, listening to a new Mary Chapin Carpenter song called "The Bug." The catchy lyrics sang out that in life, "sometimes you're the windshield, sometimes you're the bug." I distinctly remember talking back to my radio saying: "No way…I NEVER want to be the bug!"

Bulletproofing Your Business Windshield

Back then, I was thinking about this only as it applied to my business success. I thought in order to "never be the bug" I needed to be smarter and better at business than others. So I read business books, went to seminars, conferences, and lectures of successful people, as well as learned from my bosses and peers - just to expose myself to as many "nuggets of wisdom" I could absorb and apply.

CAMILLE Jayne Management Consultant

I became expert at strategically staking my ground. I learned techniques to stand my ground, to build effective teams, and ultimately beat the competition. It didn't matter what industry I was in - from food to consumer electronics. I became disciplined and consistent in my processes. I had triumphed at bulletproofing my "business windshield." And that success led to my becoming wealthy in the process (at least in my eyes). How cool was that? No "bug splat" for me I thought. I was set forever. I felt safe.

Bug Splats Waiting To Happen Everywhere

Little did I know, I was painfully "exposed." I had not dedicated any disciplined effort into knowing how to protect my wealth – to make sure that no one, or no circumstances, could wipe out my hard earned efforts. I had not taken the steps to bulletproof my "wealth windshield." Yes, I had a trust. Yes, I had insurance. Both inadequate. Oh my goodness, I was a bug splat waiting to happen! How could I have let this happen?

It's now 10:00pm on November 12, 2009 and I am driving back from LA, having given my "Wealth Management: Do You Have Your Act Together™?" lecture at LA's prestigious City Club. Navigant Consulting invited me to lecture to their clients, directors and employees. In addition to my business management consulting practice, I now have my Matters at Hand™ firm where we educate and help people get their wealth management "windshields" solidly in place. Over the years, I learned from estate planning attorneys, CPAs, investment advisors, and life and property casualty insurance brokers how to build my "wealth windshield." Now my crusade is to get the word out to others.

The Navigant affair was filled with prestigious entertainment and corporate attorneys, investment advisors, business owners, and consultants – few had their wealth management affairs in order. Most had not started to build their "wealth windshield," or if they had, it was far from bulletproof. Not unusual. Eighty percent of people reading this article are likely in the same boat. You just don't realize it.

The industry doesn't make it easy. "Wealth Management" is an awful name! People think it's only about managing your investment portfolio. Most Wealth Management lunches you go to just have experts talking about investing options. What about trusts, advanced estate planning, insurance, risk management, and taxes?

Got $100K? You Need A Wealth Windshield

Worse, people think they need to have multi millions to be "wealthy." They have no idea it pertains to what I call "protecting what you value most" - now as well as in the future. What do you want to protect: yourself, your family harmony, your children, your assets, your future earnings? What do you need to be protected from: income, capital gains, gift and estate taxes; creditors, business partners, new marriages, current and ex spouses, children and step children, fire, earthquakes, disability and sickness? And dog bites. Yes, dog bites (talk to Lupe Erwin about this!).

Answer these three simple questions:

1. Do you have an A, A/B, A/B/C, Bypass, Credit Shelter, Marital or QTIP Revocable Living Trust?
2. Are you protected from someone suing you for future earnings?
3. Do you have a "Hell No" trust for yourself and your heirs?

Don't know the answers? You don't have your "wealth windshield" bulletproofed is my guess. Please talk to advisors like those in this supplement – and those who are part of UC Irvine's Merage School of Business' Center for Investment and Wealth Management (www.merage.uci.edu). All these folks are the best of the best in Orange County.

Your Business and Wealth Management Windshields Intertwined

Sometimes I feel schizophrenic, because I now live in two worlds: passionate about helping clients and audiences bulletproof their "business windshields" to build their wealth, and equally passionate about talking to them about bulletproofing their "wealth windshield" to protect them and their families forever. I can't help myself – both windshields are equally important.

I applaud the Orange County Business Journal's vision as one of the few journals in the U.S. to publish a Wealth Management supplement. They understand the need to bring attention to this critical area. I applaud employers who ask us to lecture to their employees on how to build their "wealth windshield;" advisors who send out newsletters that educate on more than just their own areas of expertise. And UCI's Merage School of Business' Center for Investment and Wealth Management for sponsoring me and Professor David Young to teach an MBA Wealth Management course.

Get bulletproofed! Avoid the fate of the bug!

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#1: Always the Windshield Never the Bug
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#2: Speed Walking to the Big Ideas
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Lecture #7: Lights, Camera Action...Getting People To Listen To You
Cluster: Presentations & Public Speaking
December 9th: 11:30am - 1:30pm

Lecture #8: Are You Building Your Business or Just Paying For A Lot of Free Lunches?
Cluster: Results Through Relationships
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— **Kimberly Dwan Bernatz, CFP®**
Vice President, First American Trust

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Quarterly Luncheon Series

The Center for Investment & Wealth Management at UC Irvine's Paul Merage School of Business presents a series of luncheon events with engaging speakers that each bring their particular perspective to the issues of the day. Business owners and strategists – as well as investment and wealth management advisors – are invited to listen, learn and ask questions.

SAMPLE OF RECENT EVENTS:

Economic Outlook Revisited: *Changing Strategies for Changing Times*

SOLD OUT

Thursday, July 23, 2009

FEATURING:
***John Chiang**, California State Controller*
addressing insights to California's financial position and its impact on Orange County.

Andrew J. Policano, *Dean, UC Irvine's Paul Merage School of Business* with a mid-year update to his Business Outlook speech presented to the Irvine Chamber.

New Investment Realities in the Current Challenging Environment

SOLD OUT

Monday, November 16, 2009

FEATURING:
Rob Arnott, ***CEO and Founder of Research Affiliates***

PANELISTS: **Chuck Martin**, *Chairman/CEO, Mont Pelerin Capital LLC* (moderator)
Robert L. Panetti, *CFA, VP and Portfolio Manager, BlackRock*
Pam Adams, *CFP, MBA, First VP, Wells Fargo Advisors* (event chair)
James Berens, *MA, PhD, Man. Director and Sector Specialist, PAAMCO*
Kristin Ceva, *Man. Principal, Global Fixed-Income Group, Payden & Rygel*

NEXT EVENT:
January 22, 2010

BUSINESS OUTLOOK 2010

(breakfast co-sponsored by Irvine Chamber)

FEATURING:

Andrew J. Policano
Merage School dean and renowned macro economist

David Crane
special advisor for jobs and economic growth, Office of Governor Arnold Schwarzenegger

Visit **merage.uci.edu/go/ciwm** for all event details.

Tax Planning and Wealth Management for 2010

Tax planning and wealth management can be intimidating processes in any economic environment, but especially so now, given the events of the past year.

After the collapse of Lehman Brothers in September 2008, credit markets froze, causing severe dislocations in money markets and unprecedented high levels of anticipated market volatility. Fearing further losses, investors fled the stock market in favor of safer investments. At the same time, falling property values eroded net worth and capital and stalled consumer spending amid continued tightness in the consumer credit market.

After the initial crisis and a period of steep decline, however, the speed of the economic downturn has slowed. Global trade and manufacturing have stabilized, and industrial production is declining at a slower rate. In the financial system, a number of critical difficulties have been repaired, but other questions—from tangibles, like monetary policies, to intangibles, like trust and confidence—remain. The stock markets have staged a partial recovery, but now is the time to review and reevaluate even though the world economy shows signs of improvement, the challenges remain vast.

Lance Wood

The question is, How does, and should, this new economic landscape impact your wealth management plan?

Now is the time to review and reevaluate your approach. Tax planning and wealth management are undertakings that should be actively overseen throughout the year, but year's end—and the approaching tax deadline it heralds — is a logical time to step back and take a fresh look at both your goals and the ways you plan to reach them. This year, perhaps more than any in recent memory, calls for such a review.

Certainly, much has changed, and the economic landscape continues to evolve. And the Obama Administration is expected to effect further changes—likely, increases—in the tax environment. But opportunity is inherent in times of change. Within that context, you may want to reconsider your short-term goals—given the realities of the current environment—while adjusting your long-term goals. In this period of transition, though, it is useful to remember that tax planning and wealth management are still about what they have always been about: navigating complexity for long-term success.

There is plenty of complexity in the tax system, and managing taxes is an important piece of the puzzle. But long -term success in wealth management is about much more than tax management only. It is also about control. And that control can be achieved through an understanding of wealth management strategies and tools and the ways to apply them strategically—and uniquely — to each individual's situation.

To that end, we have reconstructed our annual *Guide to tax and wealth management* to focus broadly on the wealth management strategies and tools that are most instrumental to building and effective plan.

The guide examines the key elements, tax implications, concerns, and special considerations involved in each strategic area of successful wealth management planning.

Additional information on these topics can also be found on our web site pwc.com/pfs.

Our goal is to describe the pertinent concepts and strategies so that you can understand and familiarize yourself with them and can then discuss them knowledgably with your adviser. This will enable you to work together to develop a financial plan that is right for you and to protect, grow and steward your personal wealth into the future generations of your family. To obtain your copy of the 2010 Guide to Tax and Wealth Management, visit pwc.com/pfs.

For additional information regarding these topics, please contact Lance Wood, Tax Partner, at 949.437.5319.

The PricewaterhouseCoopers Personal Financial Services practice comprises a national network of experienced personal tax and financial advisors who help high net-worth individuals effectively preserve and enhance their wealth Our professionals provide a wide range of independent financial planning advice, including family office services, personal investment advisory services, wealth transfer solutions, business succession planning, personal tax services, charitable planning, lifestyle planning, and executive and employee financial program services. For more information about our personal financial services, please visit pwc.com/pfs.

PricewaterhouseCoopers provides industry-focused assurance, tax and advisory services to build public trust and enhance value for its clients and their stakeholders. More than 155,000 people in 153 countries across our network share their thinking, experience and solutions to develop fresh perspectives and practical advice.

Planning for Cash Flow Needs in Retirement

Whether you are close to retirement or it is still many years down the road, you likely are asking yourself some common questions – "Will I have enough money to retire? Will it be enough to support the lifestyle that I want to live? What if my health care costs skyrocket or my business suffers?" The dramatic economic downturn has brought a new light on the reality of living expenses and income needs, so looking ahead to retirement is a healthy process, no matter how close you are to it.

Spending doesn't happen in a straight line through all years of retirement. As you consider the answers to the abovese questions, it is helpful to look at the typical phases of retirement and their related cash flow requirements.

The active life phase: ***"The Go-Go Years"***

You might find it surprising to know that during the early years of retirement many people actually spend more money than they did during their working years! This phase, which can continue to age 75 or longer, is what many people think of as "the golden years" because of the fun and active lifestyle that they can now have time to pursue.. Whether it is long-awaited travel plans, athletic or recreational pursuits, intellectual or spiritual pursuits, hobbies or philanthropic interests, adapting to this new phase in life often costs more than expected. You might be prompted to think "And why not? I deserve it! I should spend the money!" As the retiree adjusts to a new life schedule, the expenses associated with these changes may eat away at your retirement funds at a much higher rate than anticipated, and requires careful planning in order to avoid early depletion of invested reserves.

Reduced activities phase: ***"The Slow Go Years"***

As time passes on the retirement road, your environment may change, causing further changes in spending habits. Health limitations often curtail certain activities. Relatives or friends may move or pass away. Retirees may eliminate many of their outside activities and settle into staying at home.

There may be young grandchildren in the picture and activities center on their current and future needs. As such, spending during this period tends to decrease as much as 20-30%, so cash flow may actually improve.

At the same time, some retirees find that they are in a position where they are "asset rich, income poor" because of spending too much of their liquid funds in the early years of retirement and because it may seem too soon to sell illiquid assets, such as real estate. This can make cash flow planning for this phase even more complicated.

Physical frailty phase: ***"The No Go Years"***

Although not all retirees go through this phase for an extended period, over 50% will have the potential of needs to help to care for their own physical issues or those of a spouse. Whether living in aan Assisted Living facility or with family members, dealing with such health-related issues can be upsetting, time consuming and very costly. Due to the uncertainties of health care alone, some retirees do not feel that they can spend much of their overall retirement funds for fear of not having enough money for lengthy and costly health care services.

Planning ahead

As you look ahead to these phases of retirement, there are numerous personal questions that only you can answer, the answers which will shape how your personal retirement plan should be tailored.

At *Yosemite Capital Management, LLC*, we help you to construct a financial plan for your retirement that considers cash flow needs throughout each potential phase. Based on your unique needs, we then offer a well-balanced plan selected from a wide variety of options. Our goal is to help you to successfully plan for and enjoy your retirement years. Please feel free to contact us to today for a portfolio review and to discuss your needs.

Yosemite Capital Management, LLC takes a unique approach to managing the needs of sophisticated investors. Contact Paul Heckler, Managing Director, toll-free 888-738-0500 or www.yosemitecapital .com.

How to Assemble the Right Financial Management Team

by Ben Frank, Vice President and Relationship Manager & Jason Raefski, Chief Financial Officer, Sunwest Bank

From the moment we receive that coveted college acceptance letter and move away from home, we are programmed to select a major and prepare for a career. From the second we accept that first job, we are programmed to sign up for a 401K program, begin a savings account and fantasize about the day we might become our own boss.

We all work hard to build our net worth and grow our assets, homes, businesses and investments. These are assets we not only enjoy during our lives, but also serve as the legacy we leave behind to support our family and ensure their future.

Protecting one's assets and planning for the future is essential. The process of selecting the team of professionals needed to properly manage your investments and execute your estate plan can be daunting. There are many considerations that should be taken into account when selecting your financial planning team to ensure you are entrusting your assets into the hands of the right people.

Getting started: What to consider when selecting a wealth management team

As you begin the process of selecting your professional team, look no further than your existing contacts, trusted professionals and other business owners to obtain referrals for firms and individuals with whom they have had a positive working relationship. Conducting an Internet search for an attorney, Certified Public Accountant (CPA), wealth manager or bank leaves too much to chance. Instead, seek referrals from like-minded professionals in your field who can recommend individuals that have a proven track record of success, have years of experience in the industry, and are professional and dedicated to helping clients meet their individual needs.

Most business owners require more than one professional to properly manage their investments. As a result, open communication among the different members of the team is crucial. When assembling your asset management team, you need to be certain that your bank, attorney, CPA and wealth manager are meeting on a regular basis and all share a common understanding of both your personal and professional goals. This continuous dialogue also safeguards your investments from potential problems by ensuring that each member of your team is knowledgeable and aware of what the other is doing in order to achieve those goals. If your team is not communicating properly, the recommendations of one may inadvertently hamper the efforts being made by another. By keeping an open line of communication, your team will be able to work more effectively and efficiently for you.

Selecting the right bank

Banking with the right institution for you and your business is a critical component to the strength and success of your investment management team. Particularly in today's economy, you need to be certain that you are putting your money into the hands of a stable, healthy bank that is not at risk of being shut down.

Many community lenders, such as Sunwest Bank, have not only weathered the recession, but are thriving in it amidst the daily announcements of bank closures across the country. Local lenders possess a thorough understanding of the communities in which they live and work. Generally, community banks support the local economy by lending to businesses in the area. Because of their understanding of the local landscape, community lenders have a unique insight into the profit potential of a business based on location and the service provided, allowing them to make wise credit decisions and reduce their loss exposure. This extensive local market knowledge affords community lenders the opportunity to grant loans that many national banks would not.

Sunwest Bank, for example, grew its net income by 20 percent year-over-year in the first half of 2009. Its assets increased by 29 percent during the same period, making Sunwest one of California's strongest and healthiest community banks. Unlike many lenders today, Sunwest is well capitalized and actively lending, originating $56 million in new loan production in the first half of the year. This kind of financial health at the bank serves as both a safe place for your assets, as well as a potential partner for asset and business growth.

Service makes the difference

When selecting a bank, you want to find an institution that will serve as a true partner that can support your goals, the other members of your team, and can help you grow your business. Community banks are unique in that they are able to offer a more personal level of customer service that cannot be found with larger banks. With communication serving such a vital role as part of an effective investment management team, banking with an institution that sees your business as nothing more than an account number can greatly hinder your success. You need to be certain you are with a bank that will put a priority on your business and will have time to be a part of the active dialogue happening with the rest of your asset team.

At Sunwest Bank, each client is provided with one primary point of contact in addition to five additional banking professionals that are well versed on the customers' business and personal information. If a customer, or one of their professional advisors, has a question or a need, they have immediate access by direct phone line or personal email to a banker that knows them by name. Clients also have access to the executive management team to discuss any problems, questions or issues that may arise. For community banks, success is entirely reliant upon their customers' success, thus, every client is truly valued.

Accountability

Accountability is important in every aspect of business. Community bankers are held personally responsible to their customers twenty-four hours a day, seven days a week. This heightened level of accountability is not just extended to the customer, but equally to the other professionals on your asset team. If a community banker were to make an error, they risk not only compromising their relationship with you, but also with the other professionals on your team with whom they have a relationship. In an industry where a history of success and positive referrals is so important, community banks have a vested interest in being accessible and available to the customer at all times.

Knowledge

Community banks also make strong business partners because they take the time to really get to know your business. Because they are small in nature, community banks do not have separate credit underwriting teams that make the decisions about whether or not to provide financing for a business; our bankers are required to be a part of the underwriting process from beginning to end. This benefits business owners and the other members of the advisory team because from the very beginning of the relationship, the banker you are dealing with possesses an understanding of how your business works. That understanding allows your banker to provide the other members of the team with more insightful, knowledgeable advice and strategy on attaining your goals.

Partner with success

At every phase in life, we are programmed to plan for the future and anticipate the next step. The team managing your investments should be required to care for your future as much as you do. The relationship you share with your financial management team should be a personal one in which you employ experienced, accountable individuals who work together cohesively in order to help you achieve your goals. Everyone should make sure they are partnering with professionals who have a proven track record of success.

For more information, please visit www.sunwestbank.com.

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The JAYNE Group &
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KEYNOTE SPEAKER

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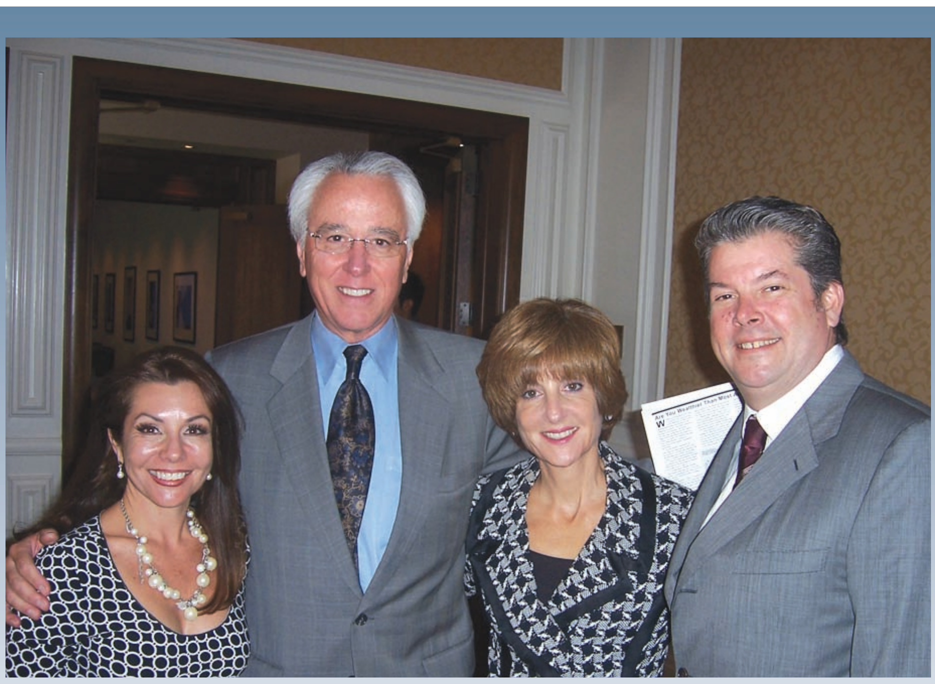
UCIRVINE | THE PAUL MERAGE SCHOOL OF BUSINESS

Merage School Center for Investment & Wealth Management Provides Unique Prospective on Economy

From California State Controller John Chiang to Rob Arnott, founder and CEO of Research Affiliates (whose firm subadvises some PIMCO funds), the Center for Investment and Wealth Management (CIWM) at UC Irvine's Paul Merage School of Business continues to play host to a variety of engaging speakers at their Quarterly Luncheon Series. Sold out audiences are privy to commentary on timely issues of the day from both macro-economic and investment perspectives.

Merage School Dean Andrew J. Policano, a renowned macro-economist, typically presents the big picture outlook while select speakers, panelists and researchers provide actionable takeaways for attendees. The room is composed of both investment and wealth management advisors as well as strategic business leaders looking at sustaining profitable growth for their companies.

"The Luncheon Speaker Series has been most impressive with valuable insights and perspectives on topics of current interest to those of us in the field," says Lupe Erwin, Director of the Private Client Insurance Division at Wood Gutmann & Bogart. "The presentations are always excellent and cover a wide range of strategies. Membership with the Center has proven to be a rich and rewarding professional experience."



(left to right): Lupe Erwin, Personal Insurance Broker at Wood Gutmann Insurance, Mark Moehlman, Principal and Co-Founder of Wealth Management Network, Camille Jayne, Founder and President of Matters at Hand, and Tom Hopper, Wealth Advisor at BNY Mellon

(left to right) Greg Brown, Principal at Payden & Rygel, Kristin Ceva, Managing Principal at Payden & Rygel, Laine Ainsworth, Principal and Co-Founder of Wealth Management Network, and Brenda O'Leary, VP of Advisor Relations at Payden & Rygel

Where Do We Go From Here? (Excerpts from recent sold out presentations)

State Controller and Merage School Dean Predict Challenges Ahead for California and Orange County

Policano and Chiang shared a challenging economic outlook with a sold out crowd during the *Economic Outlook Revisited: Changing Strategies for Changing Times* conference held at The Pacific Club in late July.

"We [the state] have taken the easy way out by borrowing and now that has come to roost," said Chiang who stated his goal was to keep California from defaulting on its debt. "The worst thing that can happen is that the State would default," said Chiang who is taking steps to try and avoid that outcome.

Policano commented, "We cannot sustain the current budget path; things will have to adjust." He added, "The key to gaining some traction lies in innovation, reasonable savings, and a decrease in the size of government. We will recover, but it will be slow."

Policano forecasted the U.S. would not reach full employment until 2013. As the unemployment rate drops toward 5.5 to 6% in 2012-2013, he also predicted there will be some combination of an increase in taxes, inflation and interest rates.

Both Chiang and Policano agree that information and transparency are critical, and keeping the public informed is key. Chiang posts monthly reports to his website at sco.ca.gov on the tenth of every month. Policano keeps a blog at economicgoodnews.blogspot.com, where he posts up-to-date reports on the latest economic indicators.

Economic Outlook Revisited: Changing Strategies for Changing Times was a follow-up to the Economic Outlook conference held each January. The Irvine Chamber of Commerce co-hosts the twice-yearly updates together with the Merage School. The next update is scheduled for January 22, 2010.

"New Investment Realities in the Current Challenging Environment"

- Is a buy and hold strategy dead?
- Is the dollar doomed to an endless decline?
- How should you protect against the coming inflation?
- What should your overall portfolio strategy be?

Nearly 200 of Orange County's top business leaders gathered on November 16 to hear Arnott share his insight on "New Investment Realities in the Current Challenging Environment." The luncheon included a panel discussion with prominent investment gurus Kristin Ceva, Managing Principal, global Fixed-Income Group, Payden & Rygel; Robert L. Panetti, CFA, vice president and Portfolio Manager, Black Rock Inc., and James Berens, MA, PhD, Managing director and the Sector specialist for PAAMCO.

The panel was moderated by the long time investment expert Chuck Martin, Chairman/CEO, Mont Pelerin Capital LLC.

Following introductions by event chair Pamela M. Adams, CFP, MBA, Policano offered opening remarks on the state of the economy, warning investors that over the next 10 years the U.S. can expect significant inflation.

Arnott and the panelists then went on with a lively discussion of stocks and bonds markets, recession and post-recession effects, global portfolios, and asset allocation. Timing continues to be top of mind as investment advisors grapple with inflation/deflation strategies.

About the Center for Investment and Wealth Management at UC Irvine's Paul Merage School of Business

Since 2005, the Center has become a leading resource for innovative programs that enhance and spotlight the fields of investment and wealth management. During the Center's quarterly meetings, members and guests are exposed to topics of current interest. Recent presentations have included topics such as:

- the latest research on behavioral finance
- mutual fund advisors' impact upon fund performance
- credit crisis
- municipal bonds
- impact of the ongoing intergenerational transfer of trillions of dollars of wealth

In addition, the Center serves Merage School students by providing specific instruction on investment and wealth management are available as part of the Merage School MBA program. Recently, the CFA Institute has signed a formal University Partnership Agreement with the Merage School. The goal is to produce graduates with specific skills and a commitment to the investment and wealth management profession as a career.

Visit merage.uci.edu/go/CIWM for more information and future event details.

Tips For Trustees in Today's Economy

by Trudy Haussmann, CFP® and Robert Haugan, ESQ.

HAUSSMANN FINANCIAL, Inc.
4590 MacArthur Blvd., Suite 390
Newport Beach, CA 92660

Are you a trustee of a trust? The collapse of the Madoff Ponzi scheme and a 2008 that produced double-digit losses in nearly every market index may make you wonder: "Can I be personally liable for investments losses to the trust?" Unless you have taken the proper steps in investing trust assets, the unfortunate answer may be yes!

Under the Probate Code (the law that governs trusts), trustees owe administrative duties, investment duties and accounting duties to the beneficiaries, making them a fiduciary with respect to each beneficiary. This duty can be especially tricky when it comes to the investment of trust assets which are held for beneficiaries. California follows the "Uniform Prudent Investor Act," or UPIA, which can generally be found in California Probate Code Sections 16003, and 16045-1054. The UPIA attempts to reflect current investment practices and realities by adopting the Modern Portfolio Theory (MPT) of investmenting. MPT seeks to minimize risk by encouraging diversification of investments and evaluating investment performance on the basis of the performance of the entire portfolio. The focus on overall portfolio performance, diversification, and risk balancing requires a high level of expertise by the investor.

What Trustees need to know

Upon accepting a Trusteeship, trustees have a duty to review trust assets, make and implement an investment strategy and retain or dispose of assets to bring the trust portfolio in compliance with an investment strategy. (P.C. §16049). Additionally, the Trustee must make a reasonable effort to ascertain facts relevant to the investment and management of trust assets. Prudent investing requires more than merely purchasing "risk-free" investments. The UPIA appears to require a fairly structured process of gathering information, assessing beneficiaries' needs, and developing an appropriate plan or investment strategy.

Trudy Haussmann

"Prudence" under the UPIA is not based on risk alone, but whether the level of risk is appropriate under all of the circumstances. Risk is viewed as unavoidable. Investment decisions are not viewed in isolation, but rather evaluated in the context of the entire trust portfolio and as part of an overall investment strategy with risk and return objectives suitable to the trust circumstances.

The UPIA sets forth various factors that are appropriate in considering in investing and managing trust assets. These factors include: general economic conditions; effects of inflation/deflation; tax consequences of investment decisions; the role each investment plays in the overall trust portfolio; the beneficiaries' other resources; and needs for liquidity, income, preservation/appreciation of capital. (P.C. §16047)

Choosing an investment professional

Now you know what is expected of you as a Trustee. So in today's society where a person can be sued for practically anything, how can someone avoid liability for making investments decisions for trust assets? One way to minimize liability is to hire an investment professional who can consider all of the above and create an appropriate investment plan. Hiring just a stockbroker won't help you – the general rule is that the trustee may delegate authority to make investment decisions, but the delegation must be prudent in terms of selecting the agent, establishing the scope of the delegation, and reviewing the performance of the agent. So hire someone who is certified by respected agency, like a Certified Financial Planner. The planner will analyze the various risk tolerances, goals of the trust and the beneficiaries, as well as the general economic conditions, liquidity needs for scheduled (or unexpected) distributions from the trust, and many other factors.

If you do hire an investment professional, take a deep breath and relax. Compliance with the UPIA is determined in light of the facts existing at the time of a trustee's decisions, not in hindsight. Thus if Trustees can prove they properly complied with UPIA's requirements they are protected from liability for negative investment results. (P.C. §16046). Are you required to hire a financial professional? No. However, a trustee who fails to seek advice with respect to matters about which the trustee lacks skill or knowledge may be liable for failure to exercise proper care in making an investment. Of course, each trust is different, and an attorney can explain whether or not the trust has changed the rights and/or responsibilities of the Trustee.

There are many factors to consider when investing trust assets. Most trustees must deal not only with the responsibilities of the trust but also with their own work, family and other personal issues while being responsible for the trust. You job as a trustee is not easy, but having a well considered financial plan by an investment professional just may be the best decision you can make as a trustee.

For more information, please call (800) 773-8700 or visit www.haussmannfinancial.com.

Credibility and Trust: Do Your Due Dillgence to Find the Gold Standard

by Hilary Kaye, Founder and President, HKA Inc., Public Relations

Credibility is one of the biggest factors cited when people are asked why they choose to work with one company over another. Trust is another key factor. In today's business world, where things are not always exactly what they seem to be and ethical behavior can be elusive, finding ways to establish credibility and trust is paramount to success.

There is hardly a business in existence where the dual factors of credibility and trust are not significant to generating both new and repeat clients – yet some business categories are necessarily more concerned with this than others. I would challenge you to find a business segment where building credibility and trust is more important than the business of wealth management. People charged with protecting and growing the financial resources of others cannot succeed without this.

PUBLIC RELATIONS

Unfortunately, our world has been rocked by financial scandal after financial scandal. People who have earned our trust have turned out to be scoundrels. Companies that seemed to have rock-solid credibility have turned out to be built on pyramids that can—and do—come tumbling down. I ponder this dilemma from two perspectives: first, as a professional in the business of building credibility and trust for our clients, and second, as a consumer who must learn how to identify true credibility over false claims.

In our public relations company, we work with a broad universe of businesses. Some of our clients sell products you can see and touch. Building credibility for something you can pick up and examine is much easier than for something intangible, such as financial advice. I suspect this is why many PR companies shy away from working with professional service providers. But once we establish the validity of a company providing these services, we find it rewarding to find ways to help them achieve the trust they need.

Here are a few suggestions on how to evaluate a company's claims:

Don't assume that bigger is better. Whether the service is wealth management, law, accounting or any other, the company itself is only part of the equation. A very large organization will have very good and very bad representatives, and everything in between. Don't rely on the claims of the overall organization when deciding whether to engage the services of this company – do your own due diligence with the individual you will be working with. It is their expertise you should care about most. You can find a credible, trustworthy professional service provider embedded in a large organization or working as a solo practitioner.

Hilary Kaye

Don't be fooled by slick marketing materials – whether they are fancy full-color printing or clever, highly animated websites. In today's business world, where virtual companies operating from a spare bedroom can look online nearly as large as a company on Wall Street, appearances aren't always what they seem to be. Rely instead on measures of the company's expertise. Dig a little deeper to find out their particular areas of know-how. If you need a specialist, look for information that signals this specialization and the fact that others have viewed them as experts and sought out their expertise. See if they have been cited as experts by credible news outlets. Find out if they have written thoughtful commentaries or analyses that have been printed in news media you respect. Notice if professional organizations have asked them to speak to their members. These all provide clues that the person in question is who they claim to be.

Use social media to guide your decisions. Social media channels today bring a level of transparency we have never seen before in the business world. Traditional media, such as newspapers, magazines and TV/radio outlets, are still critical to help you do your due diligence. But an individual's own blog and the various social media channels such as FaceBook, LinkedIn and Twitter, can open new windows into the company and/or individual in question. If the professional service provider writes a blog, read it. It will give you a very good idea of what he or she is all about. It is not credible in the same way that a newspaper column is credible, but it doesn't matter. Its purpose is to give you insights into why that person's services might be good – or bad – for you. Same thing if they have a FaceBook page or a Linked-In profile. Or even if they use Twitter to communicate their thoughts and views. These channels are interactive and by peering into the conversations that they are having with others, you can gain some great insights into why you would – or wouldn't – want to work with them.

There is no foolproof way for a consumer to judge whether a professional service provider is going to provide the gold-standard service they are seeking. Nor is there a foolproof way for a professional service provider to communicate that they are, indeed, the real McCoy. But these tips have helped me guide my own consuming decisions, and helped me assist our very real clients as they seek to communicate effectively with potential clients. I welcome *your* thoughts, whether as a consumer or professional.

Hilary Kaye is the founder and president of HKA, Inc. Public Relations, a firm that has been providing PR services for credible and trustworthy clients for the past 25 years. Visit www.hkamarcom.com for more information.

Building a Successful Investment Portfolio

Whether you are building a bridge across a river or a bridge to your financial future, achieving your objectives is predicated on the disciplined execution of a well-defined plan. In the financial world, this "blueprint" is typically described as an "*Investment Policy Statement.*"

You and your financial representative should engage in an extensive discussion about your goals and the role your investment portfolio will play in helping you achieve them. Through a series of thought-provoking questions your advisor should clarify what is truly important to you, define your tolerance for taking risks, and identify your investment time horizons.

The results of this analysis will be converted into your Investment Policy Statement (IPS) which will be used as the "blueprint" for the construction of your portfolio. The IPS will be referred to on a regular basis and is the cornerstone for ensuring your investment portfolio remains on track to meet your stated objectives. At least annually, the IPS will be reviewed and, if necessary, adjusted to account for any life changes or events.

Putting your IPS into action

Once your IPS is completed, the next step is to put it into action. Building a successful investment portfolio requires four fundamental activities:

- Determining investment time horizons
- Effectively managing portfolio risk
- Selecting the right professionals to manage your assets
- Monitoring and reporting performance

First, the length of time you have to let your portfolio work for you has a direct bearing on the likelihood it will achieve your stated objectives. A short time horizon with overly ambitious goals may require your portfolio to assume a level of risk that is outside your comfort zone. If you have a longer time horizon, periods of high returns tend to offset periods of lower returns and the level of volatility in the portfolio is reduced. Traditionally, different time horizons tend to dictate the investment characteristics of a portfolio.

The reality is that most investors tend to have multiple time horizons and investment assets need to be managed to meet the needs of each. One method of achieving this goal is to strategically allocate portions of the portfolio to different types of securities, stocks, bonds and cash or cash equivalents. Further diversification can be achieved by investing in different classes of stocks (small-, mid- and large cap, growth, value, and core) and in different industry sectors: short, medium and long duration bonds; and non-domestic markets.

Second, by structuring the portfolio with specific investment characteristics in mind, your advisor can effectively diversify your holdings to deliver investment results consistent with your expectations. Operating on the premise that not all types of investments rise and fall at the same time, prudent asset allocation also serves to reduce portfolio volatility.

Hire the right people

The third basic premise for building a successful investment portfolio is hiring the right people. Utilizing a true "open architecture" approach, firms such as CitizensTrust are able to identify the best investment team for each asset class in your portfolio. Based upon extensive research and careful screening of professional asset managers, mutual fund companies, and individual securities, your financial advisor should assemble a portfolio of proven investment professionals that specialize in a particular asset class. In effect, your financial advisor should act as the general contractor for your investment program, and is responsible for hiring the best subcontractors in each area.

The process of investment manager evaluation is comprehensive and on-going. A strict due diligence practice leads to a thorough understanding of their investment approach and philosophy. This knowledge enables us to monitor their performance.

The fourth key element of a successful investment portfolio is a systematic process of monitoring results and reporting findings.

Ongoing analysis of the managers your advisor has selected and their contribution to the overall portfolio is critical to the success of your investment program. On a regular basis, all members of your investment team should be evaluated against their appropriate benchmarks, peer groups and absolute performance. Any unforeseen change in personnel, investment philosophy or lack of performance could result in a re-evaluation of that manager. If your advisor deems that a change is needed, he or she will make the most appropriate recommendation to you and implement the change.

Since 1912, CitizensTrust has been helping clients achieve their life aspirations. We offer a systematic yet personalized approach to helping clients achieve their life goals through disciplined execution of a well-defined plan. Please contact our newest team in Orange County, Everett Orrick at 949-422-0902 or Paul Thiel at 949-371-1106.

A Lasting Legacy?

The Impact of the Economic Crisis on Kids with Disabilities and Their Families

Exactly one year ago today, United Cerebral Palsy of Orange County (UCP-OC) was preparing to open the doors to its brand new Life Without Limits Pediatric Therapy Center. We were one week away from throwing what would be a successful Gala event, and one month earlier UCP-OC Board member Bonner Paddock had become the first man with a disability to successfully climb Mt. Kilimanjaro, raising $250,000 for kids with disabilities. They were exciting times, though the specter of the nation's financial crisis loomed high.

It wasn't long before the effects of the financial crisis trickled down to the non-profit community. As corporations and citizens everywhere were tightening their belts, so too did we, conducting a massive budget overhaul and eliminating many non-essential expenditures. And in a climate where people and business were making fewer donations to support our programs, the revenue from those few successful events would have to be stretched thin to help us weather the proverbial storm.

UCP United Cerebral Palsy of Orange County

At UCP-OC, we provide a myriad of support services for children with disabilities and their families – children with ***all*** types of developmental disabilities including cerebral palsy, autism, Down syndrome, spina bifida, and many, many more. The need in Orange County for these services is great, and we strive to be a "one-stop-shop" for those who require our attention. We offer everything from therapy and parenting classes to early intervention and recreation programs specifically designed for kids with special needs.

State budget crisis impacts Early Intervention services

It's not just private donations that have impacted us. The adverse effects of the State's budget crisis on UCP-OC came to a head earlier this month as we were forced to deny services to dozens of children in our Early Intervention program. This program addresses developmental delays in children ages 0-3, the most critical period in a child's life, so that we can help them reach typical developmental milestones. The success of the program has shown time and again that children who receive Early Intervention services have the best chance of reaching their full potential, and quite often are able to enter pre-school without the need for specialized care. But when the State, in an effort to close its budget gap, changed the eligibility requirements for children receiving Early Intervention, in an instant 56% of the children in the program were ineligible for government assistance and their parents could no longer afford to keep them in the program.

These children do not need to go without the services that will help them reach their full potential. We still have the staff and expertise to continue to provide services like Early Intervention, but we need your financial support to help the children we serve. You have the opportunity now to make the greatest possible difference in the life of a child with a disability by making a generous donation to UCP-OC. Consider it an investment in their future, and a gift of hope for their parents this holiday season. They will be thankful you did, and so will we!

If you'd like more information on how you can help, please visit www.ucp-oc.org or call (949) 333-6400.

Year End Financial Checklist

With the holiday season just beginning and the financial markets making dramatic strides, there's a lot to think about when it comes to managing your finances. If overlooked, seemingly minor details can cause significant difficulties if not handled properly. A good financial advisor that knows your complete financial picture can save you a ton of time, money and unnecessary headaches. Here's a quick list of year end items that a competent, qualified financial advisor should address and help you solve:

Take advantage of tax loss harvesting techniques

Capital losses can be written off against capital gains in most cases, and the unused portion can be carried forward until used.[1] A savvy financial advisor (in conjunction with your tax advisor) who knows your complete financial picture can devise strategies to help minimize your tax burden by matching up gains and losses across your entire financial holdings, including business, real estate, and investment assets.

Take advantage of retirement plan options

There is a wide array of retirement plans for businesses today, ranging from basic SIMPLE IRAs to highly complex Defined Benefit/Profit Sharing/401k combination plans. A competent financial advisor (in conjunction with a qualified Pension/Third Party Administrator) should know the differences between these plans and be able to intelligently recommend appropriate options to defer your current income.

Pay attention to taxes

Many investments come with a tax liability which can eat away at your expected return. Watch out for fully taxable interest income, short term capital gains, and non-qualified dividends that are taxed at ordinary income tax rates. Investments that generate these sorts of gains can still be quite good, but make sure you fully understand your tax ramifications and have explored all of your other investment options.

Properly diversify your investments

Overconcentration is a huge issue for many investors. This comes in the form of too much in single securities, too much in specific asset classes, and even too much money in certain investment vehicles. Take a moment to review your asset allocation with your advisor and make sure that it is in line with your risk tolerance and outlook for the future. Nondiversification can lead to dramatic swings in the value of your portfolio and contribute to financial uncertainty, not to mention potential financial ruin.

So spend a little time prior to year end and check with your financial, tax, and legal advisors to make sure that all of the pieces of your financial picture are coming together properly. If you don't have a financial advisor, or are dissatisfied with the service, advice, or performance of your current advisor, give me a call today to schedule a no cost initial consultation to review your situation

[1] See "http://www.irs.gov/taxtopics/tc409.html" http://www.irs.gov/taxtopics/tc409.html for complete details

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Travis Allen is a Certified Financial Planner and the President of the Wealth Strategies Group, a wealth management firm located in Costa Mesa. Securities offered through Securities America, Inc, Member FINRA/SIPC, and Financial Planning and Investment Advisory Services offered through Securities America Advisors, Inc., an SEC Registered Investment Advisor, Travis Allen, Representative. Wealth Strategies Group and Securities America Companies are unaffiliated. To schedule an appointment with Travis Allen, call (714) 384-4144 or email tallen@wealthstrategiesgroup.net.

Succession Planning for Closely Held Businesses

A succession plan is a tool to help a business to be prepared for the transition of management and ownership, clarifying authority and decision-making and thereby maintaining accountability and ensuring stability. Succession planning is important to the long-term life of any privately-held company, but it's especially vital to small and medium-size businesses. Unfortunately, many closely-held companies fail to create a succession plan, an action that may increase the likelihood of the demise of the business when the owner(s) retire or die. Here are a few considerations, amongst many, in preparing a succession plan.

Personal interests and goals

Jeff Hipsham

Even if you're more than a decade away from retirement, having a succession plan in place can prove invaluable should you unexpectedly have to exit the company due to an illness, injury or other catastrophic event.

Consider how involved you wish to be with the company as you age. Do you want to work full-time until you retire or ease into retirement by continuing to work in a part-time capacity? At what age do you want to retire? Where do you want to live after retirement, locally or far away?

Choosing a successor

One of the toughest decisions to make when creating a succession plan is whether you'll give ownership to your children or sell the business. If your children will take over, you need to decide whether you'll transfer your ownership interests during your life or at death and plan for any gift or estate tax liability, which could be sizable.

If you choose to sell, you can sell to an outsider or to employees. If you choose the latter, you may want to consider setting up an employee stock ownership plan.

Once you've decided who will own your business, your plan should detail how the ownership transfer will take place. For instance, how will the successor purchase company assets or stock? In some cases, insurance policies provide funding for the purchase.

HMWC CPAs & Business Advisors

Leadership issues

Be sure that your successor possesses the appropriate education, skills, professional experience and management abilities necessary to preserve and grow your business. Key characteristics to look for in a potential successor include motivational and conflict resolution skills and the ability to communicate ideas and a vision for the company that's in line with yours. Keep in mind that, as your business evolves, your successor may need a different set of skills than you possess.

Avoid procrastination

You may be tempted to avoid preparing a succession plan but doing so could set your business up for a hard fall. A succession plan lets you plan for the long-term organizational and financial needs of your company — as well as your own personal needs and goals — to help ensure its success for the long haul.

Jeffrey Hipshman, CPA, is a partner with HMWC CPAs & Business Advisors (www.hmwccpas.com) in Tustin. He specializes in family wealth planning for the high net worth individual, as well as business and tax planning for the closely held business and its owners. He can be contacted at (714) 505-9000.

Prospering in the "New Normal" Economy

by Joey Benadretti, President, SYSPRO USA

The severity of the current economic recession is beginning to ease. With a boost in new home sales, increased new building construction and over 100,000 jobs reported to have been created or saved by the Recovery Act in California alone, Orange County and the rest of the United States can start looking towards a recovering economic environment.

However, this is only the beginning and there is a lot of work to be done. This is the time for American manufacturers to learn from past mistakes, return to basics and leverage available technology to establish a foundation for future, profitable growth, albeit a growth that economists predict will be less than robust. The consensus among economists is that, while the economy is already beginning to see some exceptional improvements (certainly the report from Ford Company that it experienced its first profitable quarter in four years supports this), there will be palpable differences from the way things were and the way things are going to be. This post-recessionary economy has already been labeled the "new normal," and though American manufacturers will have to make adjustments to prosper in the "new normal," they have to have the tools to do so.

In the "new normal" economy, with a growth rate approximated at two percent or less, several certainties will follow. Business cannot be conducted in the same manner as before. The market today is highlighted by a new kind of consumer demand where cash is king, discounts are standard and consumers have an expectation for higher value at lower cost. This means that in the world of manufacturing, downward price pressures will continue, stabilizing at lower price points than in pre-recession years. Manufacturers may realize smaller profit margins, and a greater emphasis will be placed on zero defects and quality inconsistencies. Economies of scale will not be as prevalent as they were in past years, and companies should look to technology to survive and prosper.

Be lean *and* tough

In the most recent accounting of jobs tied to its $787 billion stimulus program, the U.S. government claimed that more than 640,000 positions were created or saved with the recovery money. One can quickly see that this figure does not identify how many of those jobs were actually created versus "saved," but the point is that well over half a million people have jobs as a result of this program. Still, manufacturers would be smart not to overemphasize the gravity of these numbers and to maintain conservative business strategies and spending levels. The "new normal" economy is not only about "lean" but also "tough," for only the strongest and most aggressive companies will survive in an era of higher unemployment and less-than-robust consumer demand.

The "new normal," in effect, will create a realignment of the way things are produced and the way people buy. Entrepreneurship and technology will have to partner to create renewed post-recessionary success. Technology is, however, only one pillar upon which U.S. manufacturers will rely for survival. In the "new normal" economy, customer service and product differentiation will also be paramount. However, the very fact that supply chains will lengthen and become more complex will make it harder for companies to comply with the "we want it now" attitude of the US consumer. Therefore, those companies that devise ways to speed their supply chains, enhance customer service and differentiate their products will be those that survive and profit. Companies that have been burnt with excessive inventories will, of necessity, start producing in optimum quantities.

The U.S. automobile industry is exemplary of an industry that has suffered the consequences of overproduction. A decade or so ago, a car buyer went into an automobile dealer showroom, looked at several models on the floor, met with a salesman and ordered the chosen vehicle with the desired accessories. The dealer would order the car from the factory, and the customer, if fortunate, would have the new vehicle in a matter of weeks. However, to satisfy the "we want it now" bent of the American consumer, the automobile manufacturers began to build cars to stock with the result that dealer showrooms and lots became overcrowded with vehicles. When the recession hit and demand fell, the automotive companies and their dealers were faced with huge inventories of unwanted vehicles with the result that the auto manufacturers and their supply chains collapsed like dominos.

Shifting focus

In the "new normal" economy manufacturers *and* distributors will have to adopt "lean" environments where the focus shifts from individual supply chain elements to a holistic approach that emphasizes throughput of the entire supply chain. Companies will need a strategic intelligence that permeates *enterprise-wide* tactical and operational decision-making. Decisions will need to be based on what is best for the company – as well as for the customer. Technology is a necessity.

In his book, *Business @ the Speed of Thought*, Bill Gates, former chairman of Microsoft, makes the case that most organizations do not get the maximum out of their technology. He asserts that most have the wrong mind-set about how information should be handled and distributed within an organization. "We need to break out of the mindset that getting information and moving information around is difficult and expensive," he says, noting that rapid dissemination of information throughout the enterprise is a necessity to create and maximize efficiencies.

Real-time enterprise software, such as that offered by SYSPRO, provides an operational business infrastructure in which an organization can formulate a strategic vision, establish operational guidelines throughout the supply chain and provide the necessary real-time information to make fulfillment decision-making more effective, efficient and profitable. This is the very foundation of the lean manufacturing concept and a key requirement of the "new normal" economy. Enterprise Resource Planning (ERP) software, encompassing sophisticated Forecasting and Inventory Optimization tools, will be the foundation upon which manufacturers in the "new normal" economy can lean their operations, shorten cycle times and enhance customer service levels and profits.

The single biggest expense a manufacturing entity faces continues to be the cost of labor. The "just-in-time, make-to-order" concept so prevalent in American industry only a few years back has given way to a more costly make-to-stock model, where the value-add of labor results in significantly higher costs of maintaining inventories. The American manufacturer must now face the challenge of "doing more with less." Now's not the time to capitalize assets but to capitalize on them. The effective utilization of an ERP software solution accomplishes this end, leaning operations, reducing holding costs, redefining distribution strategies and refining the supply chain. ERP solutions, such as offered by SYSPRO, can aid manufacturers in returning to a more cost-effective, lean make-to-order manufacturing strategy, as opposed to maintaining large, costly inventories of finished product. By presenting "real-time" snapshots of business conditions, ERP software enables management to make the timelier, critical decisions that promote revenues and profits.

One of the ways manufacturers can differentiate themselves from the competition is by tailoring products to customers. This capability also often allows a company to respond to competitive pressures without having to resort to price cuts. Product configurators, such as offered by SYSPRO, ensure that the products are built with compatible parts, enabling the "customization" of products early in the cycle, i.e., during the order entry process. This capability lets manufacturers apply Just-in-Time principles to ordering the raw materials that make up the product as well as speed the entire order turnaround process.

The Southern California region is home to the second largest concentration of technology companies in the United States. These technology companies can take pride that their offerings have created a better world. However, we must look to the future and continue to produce innovative solutions that promote yet still greater efficiencies.

The announcement from Ford serves to take Orange County businesses from a place of hope to a place of action. They've learned a huge lesson in lean; now they must apply it to getting smart. After all, as household and business incomes continue to replenish, the opportunity for future business growth is still great. By making the right business technology decisions early on, manufacturers will be able to better compete, take advantage of market swings and prosper in the "new normal" economy and beyond.

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