FINANCIAL SERVICES
Save for a rainy day. A penny saved is a penny earned. Live off the interest.

Sound familiar? Much of the financial wisdom inherited from previous generations doesn’t translate to today’s environment. Our world is dominated by historically low interest rates, computerized trading and Twitter-driven government policy.

Our parents and grandparents happily lived off income from low-risk bonds, but this conservative strategy is not likely to generate meaningful results for you today. Economic and geopolitical indicators suggest that the 10-year treasury will not return to the “normal” levels of the early 2000s any time soon. Many economists suggest we are in the middle of a shift in global markets and we need to adjust long-held expectations for both equity and bond markets.

The good news is, even amid uncertainty, opportunities abound. Here are three ways you can adapt your portfolio to conquer the new norms:

1. Focus on Total Return
A financial advisor can design a portfolio to help ensure you don’t outlive your assets by instituting a “bucket strategy.” Here’s how it works: different levels of risk are assigned to buckets of money. Live off the lowest risk money first and make room for higher risk investments to grow. As the first bucket is depleted, replenish it with capital from riskier investments. It may seem simple, but this strategy can be complex. The expertise and partnership of an independent financial advisor will aid in your ability to consider the total return of your portfolio rather than focusing exclusively on interest.

2. Add Alternatives to Your Investment Mix
Alternatives are investments such as real estate, private equity and private debt that derive value independent of stock market movement. Savvy investors consider alternatives because they can generate additional income during retirement. Here one must pay attention to time, liquidity and performance. A seasoned advisor can demystify this asset class and identify alternative investments appropriate for your portfolio.

3. Offset Risk with Guarantees
There are many ways to manage risk in your investment portfolio. Diversification is key. A prudent investor minimizes risk by adding strategies not subject to market volatility. As Social Security and pension programs face uncertain futures, it may make sense to earmark part of your portfolio for a low-risk investment with guaranteed income benefits. The tradeoff for security is often liquidity and flexibility, so working with a professional planner is critical as you evaluate the pros and cons.

Investors are often concerned that retiring during a high market with low interest rates makes them vulnerable, especially if they see another recession on the horizon. As Benjamin Franklin once said, “An investment in knowledge always pays the best interest.” I encourage serious investors to expand their knowledge and options by working with an independent advisor well versed in an ever-changing economic landscape. After all, those dividends are still yours for the making and taking.

Alternative investments may not be suitable for all investors and should be considered as an investment for the risk capital portion of the investor’s portfolio. The strategies employed in the management of alternative investments may accelerate the velocity of potential losses.

About The Money Guys
The Money Guys is an ensemble team of financial and tax professionals at Applied Financial Planning, an independent, objective investment practice based in Irvine. Applied Financial Planning gives your future direction by providing the know-how and personal attention to grow your assets and minimize taxes. Applied Financial Planning advisors are registered representatives with, and securities and advisory services are offered through, LPL Financial, a registered investment advisor. Member FINRA/SIPC. Financial planning offered through Applied Financial Planning, a registered investment advisor, and separate entity from LPL Financial. For more information or to schedule a free consultation, visit www.AppliedFinancialPlanning.com.
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How to Prepare for Owning a Professional Practice

By Howard Boles, Senior Vice President, Professional Practice Finance, HomeStreet Bank, Irvine, CA

Do you want to be an owner instead of an employee? If professional practice ownership has been your dream, don’t assume that it’s out of reach or impractical. For many, ownership is still the most rewarding path to independence and wealth.

Concerned about your student debt? Don’t be. Student debt can create a level of uncertainty that makes you unsure of the path you should pursue. It may make practice ownership seem out of reach. However, the main ingredient in preparing for ownership is to manage your student debt payment and your lifestyle to a conservative, comfortable level. The amount of overall student debt does not usually keep you from practice ownership.

Pathways to Ownership.

If you want to be an owner instead of an employee, there are three distinct pathways that you can take – starting your own practice, buying a practice or partial ownership.

Starting a Practice.

Starting a practice can work, but it is also higher risk than other options. If you are in a newly developing area, starting a practice instead of acquiring one may make more sense. If you aren’t sure, a review of the area’s demographics will help you decide. Talk to advisors in your field from the real estate, banking, supply/equipment, and consulting side to help identify an underserved area. If you are considering this route, be sure to have business plans and projections so that you can predict what the risk will be. Having a little money saved (liquidity) and a second source of income will help hedge your risks until your practice takes off. This is where an advisory team is crucial in understanding your goals and will help you assess the risk.

Buying a Practice.

This is the most common way people become practice owners. There is less risk associated with purchasing a practice than there is with starting your own. Metropolitan areas are typically considered seller’s markets and rural communities are considered buyer’s markets. If you are in a seller’s market, you need to have your advisory team established so that you are ready to move quickly on any acquisition opportunity. This team will help you evaluate the opportunity and assess the risk. In short, position yourself such that you can make an educated decision very quickly.

Becoming a Partial Practice Owner.

In some circumstances you can become an employee at a practice with the intention of becoming a partial owner at some point. This is called a practice buy-in. The owner will bring you on with the intention of eventually selling you part of their practice. Be sure to think about what your pathway will be (how long will you be employed before becoming a partial owner, how much of the practice you will purchase, etc.) so that you can have the legal agreements set up. It’s also important that you consider how well you get along with the other partial owner. A partnership is a business marriage and it needs to be approached with a well thought out plan.

Build an Advisory Team.

As you begin the ownership or acquisition process, you will need to build out a team that can support and guide you as you go. This assembled team of professionals will be able to guide you in your decision making and can ask the questions you may not know to ask.

Who is part of this advisory team?

1. Specialized Accountant: Not only can this person help you with analyzing the opportunities that are in front of you, but they have special expertise that will help you with the financial management of your practice in the way a general accountant wouldn’t be able to.

2. Specialized Practice Lender: A specialized practice lender can help prequalify you for financing and educate you on the financial structures and cash flow of your opportunity.

3. Specialized Lawyer: A lawyer is essential for reviewing all of the contracts you will encounter as you grow your practice (i.e. employment, practice purchase, real estate, etc.).

4. Insurance Agent: Whether purchasing an existing practice or starting your own, you will encounter insurance needs such as life, disability, and business insurances. Having a knowledgeable person that can guide you through structuring these things will be a great tool.

5. Business Consultant: A consultant can assist you in the due diligence process to determine the risks and opportunities associated with the office you are considering as well as effective ways to manage your staff.

6. Equipment Vendor/Supply Company: Having an equipment supplier specialist will help you get a much better level of service than if you have relationships with multiple vendors.

How should you position yourself beyond building out your advisory team?

• Maintain a file with your tax returns
• Maintain a personal budget (monthly personal costs)
• Maintain production reports from your employer
• Prepare a financial statement
• Talk to your lender ahead of time to make sure you have the basic qualifications for the loan

Enter HomeStreet.

As practice specialists, we know how to access every member of this team. In addition, we have loan programs specific to the needs of practices, including up to 100% financing for practice purchases and partnership buy-ins. With more than 100 years of combined experience providing financing for professional practices, HomeStreet has an expert team that can address the financial needs of practice owners throughout the West Coast.
We give your future direction.

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- Customized strategies for all stages of life
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Building on more than 30 years of culinary excellence on the Orange County dining landscape, Prego Mediterranean has settled into its new home at The District at Tustin Legacy. Long-time supporters and new guests have been enjoying the lively bar area and grand dining room at the new location, where Chef Ugo Allesina continues to lead the culinary team. With two decades of experience at Prego, Chef Ugo has brought back signature items and has added new Mediterranean-focused dishes to the menu. The kitchen continues to focus on utilizing seasonal ingredients, the best meat and seafood, and freshly made pastas.

New Mediterranean-focused dishes include Seasonal Hummus of mushroom and truffle, sundried tomato and roasted garlic basil, served with house-made rustic flatbread; Golden Beet Salad with mixed baby greens, yellow beets, goat cheese and caramelized onions tossed in a balsamic reduction; and Lobster and Shrimp Stuffed Sole in a white wine, garlic, lemon and caper sauce.

Adding a splash of Mediterranean color to California, Prego Mediterranean features a lively exhibition kitchen, allowing diners to view the artful chefs creating their delicious dishes. With a capacity to seat more than 250 guests, Prego features al fresco dining, full bar, private dining and catering services.

For more information, visit www.pregoOC.com.
A Commitment to Simplicity Transforms the Banking Experience

Orange County’s Credit Union, led by a commitment to Simple Banking for People, not Profit, is redefining the banking experience in the digital era. As a tech-driven organization, data and analytics propel its personalized business strategy to deliver simple solutions to Members’ evolving needs through the channels they prefer. This success is evident through a consistent 9 percent YOY asset growth coupled with 5 percent Membership growth, and the company now holding banking relationships with 1 in 25 Orange County households. Investment in an in-house digital technology and software engineering team has helped meet the needs of a transforming consumer marketplace.

Member adoption of a simplified digital banking app has almost doubled in the last 18 months to nearly 40 percent of the Member base, with 75 percent engaged in some form of digital banking. Speed, timeliness, and depth of insights from the analytics team ensure relevance at the point of interaction. An agile methodology partnered with data analytics has yielded newly-introduced mortgage products to create more home-buying opportunities in Southern California’s unique housing market. The Credit Union introduced Zero-Down and Jumbo mortgage loans, and a Total Cost Analysis designed to empower Members with clear loan options when deciding the right time to buy or refinance.

The Credit Union is also responding to the personal growth and development needs of the communities it serves through financial education programs for youth and adults and by joining with Members in fundraising efforts like the annual CHOC Walk. Since 2010, in partnership with Credit Unions for Kids, more than $4 million has been raised and donated to Children's Hospital of Orange County (CHOC).

Members have been the focus of Orange County’s Credit Union since 1938. As the company celebrates its 80th anniversary, there’s special pride in the high ratings for Member service. The company’s Net Promoter Score (NPS) is a remarkable 73, which far exceeds the financial industry average of 34. The Credit Union has also been recognized as one of the “Best of OC” for the last five years, and is a three-time recipient of the Peter Barron Stark Companies “Best of the Best” Workplace Excellence Award.

Numbers tell only part of the Credit Union’s story. Its service philosophy of “Put People First” – Members, Associates, and Community – contributes to its competitive advantage along with its alignment of technology, simplification of processes, and depth of consumer insights. After 80 years, the work is still far from over. Simply put, people – their unique stories, their families, and their needs – are the reason the Credit Union exists and continues to transform in a dynamic banking world.

As a credit union, anyone who lives or works in Orange County, and their businesses, can bank at Orange County’s Credit Union.

For more information, contact Amber Cisneros, VP of Member and Community Engagement, Orange County’s Credit Union at (714) 885-7420 or acisneros@orangecountyscu.org.