

Financial advisers act as personal CFOs

ADVISERS

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holds have at least \$250,000 in investments or \$150,000 in annual income, according to a mid-year study by Phoenix Marketing International. The affluent-household count is up 4 percent over the past year.

But even less-affluent individuals can learn some lessons by observing how the wealthy and their financial coaches do things.

For starters, there's a focus on taking a holistic approach to finance and building a team of experts.

"It's making sure all the parts fit together and aren't in conflict with one another," said Christina Burroughs, president of GenSpring Family Offices in Phoenix.

Upscale advisers typically coordinate a person's investing, tax, insurance, retirement, estate-planning, philanthropic, banking and other needs.

If an adviser doesn't specialize in an area, he or she brings in an attorney or other expert who does.

"We're dealing with the entire big picture rather than which stocks to buy," said David Robinson of Robinson, Tighe, Sponcil & Associates in Phoenix. "We're the personal chief financial officer, the right-hand man for our clients."

Jim Morrissey, a custom homebuilder who lives in Scottsdale, started managing his own investments after retiring as an advertising executive.

But stock-market turmoil caused him so much stress that he signed up with Robinson's firm.

"I feel like I have an office of CFOs working for me," he said. "I feel a connection, a sense of honesty and commitment."

Digging deep

Advisers tend to spend a lot of time with their upscale clients, and a key part of the process involves digging deeply so they can really get to know them. Advisers inquire not just about current finances but about family relations, goals, dreams and more.

"What I enjoy most about the job is building deep friendships and relationships," said Michael Grosso of TCI Wealth Advisors in Scottsdale.

Morrissey said his initial meetings with Robinson involved things such as a review of his will, trust and past income-tax returns, with separate interviews of him and his wife.

"We're involved with a family's finances at a very deep level," Robinson said.

Pisoni conducts a "sensitivity" analysis to find out both



David Robinson (left), president of Robinson, Tighe, Sponcil & Associates, consults with client Jim Morrissey, a retired custom homebuilder, at Robinson's office overlooking the Biltmore Fashion Park in Phoenix.

From very wealthy to merely affluent

Researcher Phoenix Marketing International's Affluent Market Practice identifies nearly 25 million upscale U.S. households, broken down as follows:

- » 0.8 million households with investible assets of \$5 million or more.
- » 4.8 million households with assets of \$1 million to \$4.9 million.
- » 15.9 million households with assets of \$250,000 to \$1 million.
- » 3.3 million households with assets below \$250,000 but income of at least \$150,000.

Fiduciary standards

Many wealth-management firms vow superior treatment of clients by adhering to fiduciary standards of conduct. Here are five key "fiduciary commandments" cited by Savant Capital Management of Rockford, Ill.

- » Put clients' interests first.
- » Act with utmost good faith.
- » Provide full and fair disclosure of all material facts.
- » Don't mislead clients.
- » Expose all conflicts of interests to clients.

what clients desire and what keeps them up at night.

"Everyone has their own worries, so we find out what bothers (each person) the most," he said.

From that, Pisoni discusses appropriate options, implements a plan and monitors it.

"It's an ongoing process," he said, "and it's designed to make clients more comfortable."

Grosso said clients call for all sorts of reasons — from deciding how best to refinance a mortgage or tap workplace benefits to deciding whether to lease or buy a car.

"It's about anything that affects their financial lives," he said.

Loosely defined

Many types of financial professionals call themselves "wealth managers" or "wealth advisers," including financial planners, bankers and brokers. But the description is vague and doesn't denote any particular educational or licensing attainment.

One way many wealth managers say they differ from the pack

is in the way they view and treat clients.

Some, but not all, operate as fiduciaries. Among other things, that means they put client interests first rather than merely suggest suitable products.

Fiduciaries also disclose conflicts of interest and tend to avoid proprietary products such as in-house mutual funds. Many charge fees based on assets under management rather than commissions tied to each transaction.

"I like the fact that the only way they'll make money is if I stay with them and my money grows," Morrissey said.

Higher level of service

Wealth advisers offer a level of service that's 180 degrees from the toll-free telephone numbers developed for the masses.

Each client has a senior adviser or relationship manager who they can call at any time for any reason, said Burroughs, whose firm caters to some of the Valley's wealthiest families. Most of the firm's clients have

portfolios of \$10 million and up.

Yet it's important to remember that each adviser "is the lead person on a team, with the client served in a team environment," she said.

As for upscale clients, many are successful business owners, professionals or retirees who want to protect what they worked hard to accumulate.

"I tried managing it all myself, but I didn't enjoy it," Morrissey said.

Concerns of affluent clients aren't that much different than those of everyone else. Issues include ensuring a comfortable retirement, planning for health care, financing the education of children and making sure money is left to heirs in a sensible manner.

"It's all about seeking peace of mind, and each person defines that differently," Grosso said.

Focus on service

Many wealth managers say they bring a level of customized service that goes beyond the norm.

For example, Keith Tighe,

Concerns of the wealthy in the Valley

What's on the minds of affluent metro Phoenix residents? Here are some findings from a Merrill Lynch Wealth Management survey conducted in June among 300 people with investible assets of more than \$250,000.

64 percent say

... rising health costs are their No. 1 financial concern. Other common worries include maintaining one's standard of living, saving for retirement and rebuilding personal savings to pre-recession levels.

56 percent say

... they are concerned about maintaining a desirable lifestyle in retirement.

54 percent say

... they worry that their assets might not last throughout retirement.

47 percent say

... they have a low appetite for risk with their investments.

42 percent say

... they've become more conservative over the past year.

Source: Merrill Lynch Wealth Management

Robinson's partner, said he helped a recently widowed client make arrangements with a funeral home, a church and a cemetery after her spouse passed away. He also helped to arrange a reception after the funeral and even drafted an obituary.

Burroughs tells of an educational retreat during which GenSpring advisers instructed the younger members of a large, wealthy family about financial basics as well as the family's own history and core values. The sessions featured games, songs and other activities designed for the occasion to make the lessons fun.

That's what wealth managers say they bring to the table — high levels of competent advice, personalized service and coordinated assistance.

"We're relying on a team, and we value that," Morrissey said. "The most satisfying thing is this holistic approach to looking at our lives."

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VALLEY & STATE

Body-armor company buys assets of N.C. business

Phoenix-based D-Back Acquisition Co., parent company of Diamondback Tactical, said it has acquired the assets of Spindale, N.C.-based First Choice Armor & Equipment Inc.

The terms of the purchase were not disclosed.

Diamondback Tactical, a private company, is a manufacturer of body armor and tactical gear

for the military and law enforcement. The transaction unites the delivery capabilities of Diamondback with the technology and broad product portfolio of First Choice, the two companies said.

"The addition of First Choice brands and capabilities sets the stage for Diamondback's growth strategy," retired Marine Corps Lt. Gen. Greg Newbold, a Diamondback investor, said in a statement.

Dan Walsh, former president of First Choice, will serve as CEO of Diamondback Tactical.

www.diamondbacktactical.com

Glendale IT-solutions firm bought by Calif. company

Glendale-based Core Technology Services, an IT-solutions firm with roughly 50 employees, consultants and subcontractors, was acquired by Orange, Calif.

based Insight Integrated Systems, the two companies announced Monday.

The purchase price was not disclosed. Ken Crabtree, president of Core Technology Services, said all of the local employees are being retained.

Insight Integrated System's will add Core Technology's local facilities, which include administrative offices in Glendale, a sales office in Scottsdale and space in data centers in Phoenix

and Scottsdale.

Insight Integrated Systems, a division of Insight Investments LLC, is a provider of virtualization, managed services and cloud-computing solutions to corporations.

Core Technology Services' consulting-focused offerings will complement Insight Integrated System's value-added reseller business, the firms said.

www.insightintegrated.com

— Staff reports

APS unveils plan for Gila Bend solar plant; Nov. 2011 opening is targeted

SOLAR

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now being used for farming and will have more than 1,500 rows of solar panels on trackers that will allow the panels to follow the sun's trajectory.

In direct sunlight, the plant will generate enough electricity to power about 4,500 homes.

"This project enables APS to continue building its renewable-energy portfolio and helps us develop Arizona's vast solar resources," APS President Don Robinson said in a statement.

APS has a much larger project planned in Gila Bend, the 280-megawatt Solana Generating Station. It will use concentrating-solar technology, focusing sunlight on gas-filled tubes, using the hot gas to make steam, and spinning

By the numbers

- » 75,000 solar panels in 1,566 rows on 145 acres.
- » 18 megawatts of potential energy.
- » 4,500 homes could be powered at once.
- » \$72 million is the estimated cost.

a turbine to make electricity. The new plant will use the more-familiar solar panels that convert sunlight to electricity.

A megawatt is a unit for measuring power that is equivalent to 1 million watts.

President Barack Obama announced in July that the government would provide a \$1.45 billion loan guarantee for the \$2 billion Solana project.

Solana is being built by a Spanish company, Abengoa Solar Inc., which will run the plant and sell power to APS. The new plant will be owned by APS, meaning the utility can profit from the capital investment.

APS passes on the cost of power it purchases to customers with no mark-up. But state regulators base the utility's prices for electricity in part on its capital investments, and the company is allowed to make a return on those investments.

"By owning it we will be able to put it in rate base and earn money for our shareholders with this," said Brad Albert, APS general manager of resource acquisitions and renewable resources.

Owning and paying for construction of the plant also benefits APS because

it can finance the project and get it going quickly, unlike large projects that struggle to secure financing, he added. "We don't have a question in terms of actually raising the financing and getting the solar plant built," he said.

Albert said that Abengoa officials are still raising the needed capital to build the Solana plant in Gila Bend and that they were making progress.

APS has plans to build as much as \$500 million worth of photovoltaic solar facilities from 2011 to 2014.

The new plant will take advantage of a Solar Overlay Zone in Gila Bend, a designated area where permits are put on a fast track, APS officials said.

APS announced the new plant on the same day it reported being named to the Dow Jones Sustaina-

bility Index and the Global 100 Most Sustainable Companies in the World.

APS owner Pinnacle West Capital Corp. is one of 24 electric utilities

worldwide on the Dow Jones list and one of a dozen U.S. companies on the Global 100, which is compiled by *Corporate Knights* magazine.

