Understanding

The Mutual Fund Landscape

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It's about time.

Mutual Funds - A Tool for You?

Some investors enjoy selecting individual investments and monitoring their progress on a regular basis. This can be rewarding if you have the time, experience and patience to research your investments and monitor their progress. One warning, however; if you feel like it's fun, you could be doing something wrong.

At any rate, like many people, you may already have a busy schedule or are uncomfortable with selecting your own individual securties. Many people in this position sometimes choose to invest in mutual funds, which are investment vehicles that pool your money along with other investors into a portfolio of individual securities such as stocks and bonds. The portfolio is created and managed by investment professionals whose full time job it is to make investment decisions that benefit shareholders such as you.

While I'm at it, remember I said your money is 'pooled' with other investors. That's an important point! Most people think they are buying stocks when they buy into a mutual fund. That's not true. What they're really buying is stock in an investment company (the mutual fund) that invests in the stock market; and their money is combined with other investors in an investment pool. So, they're really buying stock in an investment company's stock market performance. This means a 70-year-old's money is put into the same pot with a 25-year-old. This is important to understand, as you'll see later when we get into `market impact' costs.

If you purchase mutual fund shares, you *indirectly* own a piece of that portfolio – remember, it's really shares of stock in the investment company - and you can potentially benefit in several ways.

1. Securities in the portfolio may pay dividends or interest income, which will in turn be passed along to you in the form of fund distributions.

2. Portfolio managers may sell securities that have appreciated in value and pass the gains along to you. And

3. If the value of your mutual fund shares happen to rise, you can potentially sell them for more than you paid.

Keep in mind, however, that mutual fund investments fluctuate in value and your mutual fund shares may be worth more or less than their original costs when redeemed. That shouldn't be news to anyone but it's still worth pointing out.

Why People Like Mutual Funds

There are many reasons why people select Mutual Funds in their own portfolios. Here are some of the most common reasons:

- **Diversification**- Investors who are early in their asset accumulation process typically don't have sufficient investment capital to create meaningful diversification among individual securities. These same investors therefore are unable to meet the minimum asset requirements of institutional money managers and often don't have the time, temperament, or experience and knowledge to be their own money managers. For these people, mutual funds offer the opportunity to `buy' the diversification they couldn't accomplish on their own.

  Since mutual funds invest in a mix of securities, it may help reduce some risks, but not all, as you'll see later. Theoretically, if one security declines in value, others may increase in value and potentially help compensate for a loss in value; so, diversification can help diversify the *business risk* of the underlying companies. Fund managers facilitate this process by often investing in a wide variety of securities across multiple industries and sectors.

Important point: As I said, diversification can help with business risk; but, it doesn't guarantee against market loss in a declining market. And, here's a piece of news few individual investors know:

You cannot diversify away market risk. Surprised? It's true! Market risk is different than business risk.

For example, if you held ten stocks, would buying twenty more reduce your market risk? You might think so, until you begin to analyze it. Just what *is* `the market'? If you define `the market' as an index like the S&P 500, and bought all 500 stocks, would you have diversified away market risk? Of course not; you would have *replicated* it! You can diversify to mitigate `business' risk; but not market risk. Business risk is the risk each company faces every day from competition, etc. That's a risk you can mitigate through diversification; but market risk would not be mitigated… the more you diversify, the closer you get to simply replicating the market risk.

- **Benefits and Costs**-As an investor in a mutual fund you may be able to take advantage of a variety of services such as live customer service, online customer service, automated reports, and systematic investment plans, to name a few. Fees and costs associated with Mutual Funds can vary greatly from fund to fund, however. More on that later.

- **Liquidity and Choice**-Mutual Funds vary in composition and investment objective. Whether you wish to invest in high technology companies or Municipal Bonds there is probably a fund suited to your investment objective. These funds can generally be bought or sold on any business day - which can make it easy to alter a portfolio as investor's objectives change over time.

Fund Options – The `Risk' Pyramid

This diagram helps illustrate the hierarchy of risk from the most aggressive at the top to the "safest" at the bottom. Nothing is really safe, however, because there are different kinds of risks. Even cash under your mattress is at risk: It loses purchasing power. Remember, money is worth only what it purchases. Assuming a 3% inflation rate, money under the mattress buys 3% less, compounded, each year; and that can add-up fast. Nevertheless, here's the mutual fund "Risk Pyramid".

Mutual Fund Risk and Reward Potential

There are many types of mutual funds with a wide variety of investment objectives and risk and return characteristics. Here's a high-level overview of fund categories listed from higher risk/return potential to lower.

- **Aggressive growth equity funds** attempt to invest in securities whose stock prices will increase over time (capital appreciation). Often times fund managers invest in companies with the potential for rapid growth—companies in emerging industries or small but rapidly expanding businesses. These funds entail more risk and short-term price volatility than other types of funds, but they may also offer the potential for higher long-term returns than other types of funds.

- **Sector Funds** focus on a particular industry or sector in the pursuit of capital appreciation. Individual sector funds may invest in oil companies, municipal bonds, or automotive stocks for example. Since sector funds concentrate on a single sector, they are less diversified than other funds, placing shareholders at risk if there is a downturn in the specific sector invested in.

- **Overseas Equity Funds** seek to obtain capital appreciation by investing in stocks of companies outside the United States. Overseas Equity Funds may invest in a particular country, region, or specific business sectors located in other regions of the world. Investing overseas can be more risky than domestic equities, with additional risks including foreign currency fluctuations and geopolitical risks.

- **Domestic Growth Funds** pursue capital appreciation by investing in companies that are perceived to have stronger than average growth potential. Generally speaking, growth funds have less short-term price fluctuation than aggressive growth funds, in part, because they invest in more stable companies. They are typically more risky than growth and income stock funds.

- **Growth and Income Stock Funds** differ from purely Growth funds in that they invest for both capital appreciation and dividend income to be distributed to shareholders. Some of these funds are weighted more towards providing dividend income and others toward growth. Typically Growth and Income stock funds have less price volatility and risk than pure growth funds, but more than Domestic Growth Funds

- **Balanced Funds** pursue capital appreciation by investing in both stocks and bonds. Many people consider Balance Funds a more conservative investment than stock only funds as they offer the diversification inherent in mixing stock and bond holdings.

- **Taxable Bond Funds** are often sought by investors seeking current income rather than capital appreciation as their investment objective. The risk/reward characteristics of taxable bond funds is determined by the bonds purchased by the funds and vary greatly. A more aggressive bond fund investor may favor high yield or "junk bonds" issued by corporations, with less than investment grade investment ratings, that pay a higher interest rate to compensate for the added risk; while a more conservative investor may chose a fund comprised of government or high grade corporate bonds.

- **Tax-Exempt Bond Funds** are designed to provide tax-free income by investing in bonds issued by government municipalities. The risk in these bond funds correlates to the credit rating of the issuing government body. Even though they are classified as "Tax-Exempt" funds, income received from these funds may be subject to the alternative minimum tax.

- **Money Market Funds** pursue current income by investing in short-term money market instruments, such as U.S. Treasury bills, certificates of deposit, and commercial corporate notes. Money Market funds are designed to maintain a stable share price of $1, and are widely considered the least risky mutual funds, though recently there's been a move to allow that $1 price to fluctuate, even fractionally, to better reflect the true value of the underlying assets. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at $1 per share, it is possible to lose money by investing in the Fund.

Also note that bond funds of all types are subject to interest rate risk, shares will fluctuate in value and redemption will result in a gain or loss.

Important point: When interest rates fall, bond values tend to rise. When interest rates rise, bond values tend to fall. It's important to understand the concept of `total return' when looking at your performance. After all, a 3% dividend coupled with a 2% loss is a net gain of %1. The numbers can work any number of ways, of course; but, in mutual funds, it's total return you want to measure.

Mutual Fund Options and What's Suitable for You

Choosing the right Mutual Funds for your portfolio from the thousands of domestic and international funds available is an individual decision that will vary from person to person.

Some `housekeeping' first; here's a legal paragraph that may sound quite familiar to you:

Please note that all mutual funds are investments involving risk and are offered by prospectus only. Investment return and principal value will fluctuate so that upon redemption an investor's shares may be worth more or less than original value. An investor should carefully consider the investment objectives, risks, charges and expenses before investing. The fund prospectus contains this and other information about the investment company. For a copy of a fund's prospectus, you can contact most funds directly – everyone has a website these days. But, read the prospectus carefully prior to investing. If you need questions answered, call the fund company or your advisor.

Unfortunately few people, including many advisors, actually know what's going on "under the hood" of the mutual funds they recommend or sell, but, this paper should provide a good basic foundation.

Reaching your goals:

Before investing, it is important to carefully consider **what** your desired goals are and **when** you expect to achieve them. For example, a young couple just starting out will likely be concerned with saving for retirement, buying a house, or saving for their children's education as opposed to a retired couple who may be focused on preserving existing capital while the cost of living continues to rise, worried about outliving their money.

The time horizon you have to work with is important when picking the right mutual fund. Generally speaking, a longer time horizon that a young couple has to plan for retirement allows for a greater risk tolerance to ride out market fluctuations than does a retired couple that is living on a fixed income and fixed assets.

Once you have established your investment objectives, time horizon, and risk tolerance, you can determine your asset allocation—the manner in which you choose to distribute your money among investment options.

Your age and station in life could play an important role in the types of investments that are suitable. For example, if you do not plan to retire for another 40 years or so, it could make more sense for you to invest in stock mutual funds in the hope that you will achieve higher returns over a long-term period.

On the other hand, a retired couple living on a fixed income might be more concerned about preserving their existing capital and receiving regular income payments. These objectives are often met with investments that have income-producing potential. Those in this situation should sit down with someone who's qualified to work in this area. I wouldn't be too anxious to jump into bond funds in this situation. I have another report entitled ***Why Most Retirement Planning May Be Doomed***. If you'd like a copy, just go to the Communications tab on the IFG website, **www.indfin.com.**

Mutual Fund Classes

Mutual fund share classes are an issue if you're dealing with a broker-dealer or one of its registered representatives. These are usually the so-called `load' funds that carry a sales charge for those financial advisors who are compensated on commission – representatives working for or through brokerage firms. Funds that do not have sales charges (no-load funds) tend to the utilized by Registered Investment Advisors who are compensated by fees. Load funds are typically classified as A, B, and C shares.

A Shares:

Class A shares typically charge a front-end sales charge. When you buy Class A shares with a front-end sales charge a portion of the dollars you pay is not invested. Class A shares may impose an asset-based sales charge, but it generally is lower than the asset-based sales charge imposed by the other classes. An "A" share mutual fund may also offer you discounts, called breakpoints, on the front-end sales charge if you:

- make a large purchase;
- already hold other mutual funds offered by the same fund family; or
- commit to regularly purchasing the mutual fund's shares.

B Shares:

Class B shares typically do not charge a front-end sales charge, so the full amount that you pay is immediately invested. However, they do impose asset-based sales charges that may be higher than those that you would incur if you purchased Class A shares.

Generally, B shares work something like this. Suppose a fund company offers ‘A’ shares with a 4% front-load and a 0.25% ongoing 12b-1 fee to compensate the advisor for his ongoing client service. The fund company may decide to offer ‘B’ shares of the same fund with no front-end load. To do this, and still pay the advisor a commission, they might simply amortize the front-load of 4% over four years by adding 1% each year to the 12b-1 fee. The investor sees 100% of his/her money go to work but is now paying a 1.25% annual 12b-1. That’s where the surrender charge comes in:

Class B shares also normally impose a contingent deferred sales charge ("CDSC"), which you pay when you sell your shares. For this reason, these should not be referred to as "no-load" shares. The CDSC normally declines and eventually is eliminated the longer you hold your shares. After the CDSC is eliminated – once the full amount of the deferred sales charge has been paid - Class B shares, in many cases, will likely convert to Class A shares. This conversion, however, could occur a few years after the CDSC is eliminated. If they convert, they will begin to charge the same asset-based sales charge as the Class A shares.

If you intend to purchase Class B shares, you may want to discuss with your broker whether Class A shares would be preferable. The expense ratio charged on Class A shares is generally lower than for the Class B shares, and the mutual fund may offer large-purchase breakpoint discounts from the front-end sales charge for Class A shares. To determine if Class A shares may be more advantageous refer to the mutual fund prospectus, which may describe the purchase amounts that qualify for a breakpoint discount.

As I said, these charges do allow those with limited portfolio assets to obtain professional help; but, there is a drawback: The sales charge could be an inhibitor to portfolio rebalancing; but, there are asset allocation funds that can solve that problem. They do discourage fund trading, which could be good.

C Shares:

Class C shares usually do not impose a front-end sales charge on the purchase, so the full dollar amount that you pay is immediately invested. Often Class C shares impose a small charge if you sell your shares within a short time of purchase, usually one year. Class C shares typically impose higher asset-based sales charges than Class A shares, and since their shares generally do not convert into Class A shares; their asset-based sales charge will not be reduced over time. The expense ratio can be higher than in some of the other classes, simply because you’re paying ongoing advisory fees.

No Load Funds:

As noted earlier,`no-load’ funds are typically used by Registered Investment Advisors (RIAs) who do not sell investments and do not receive commissions. No-load funds carry no sales charge, front or otherwise, but their annual expense ratios can vary widely, just as their ‘load’ counterparts. Many advisors today are finding exchange-traded funds (ETFs) more cost-efficient and there has been a movement toward including them in client portfolios, however, that discussion is beyond the scope of this piece.

Earlier in my career, RIAs generally required a minimum of $100,000, but I’ve seen that change over the years. Today, largely due to declining margins and increased regulatory compliance costs, it’s not uncommon to see RIA minimums begin at $250,000 to $500,000 and larger firms, because consulting is a business model that doesn’t ‘scale’ well, with minimums of $1 million. Some firms, who’ve dropped the asset minimum requirement, now simply state how much revenue the client must generate for the firm. One high-end firm I know of dropped the $1 million requirement, to put the emphasis on planning instead of assets, and simply requires a $10,000 annual fee requirement.

Since RIAs often tend to work in the mid-to-high end market, their use of mutual funds is often limited to no-load index funds or exchange-traded funds (ETFs), which are outside the scope of this paper. Clients with assets above $500,000 are generally accessing some blend of those passive investments, coupled with the use of institutional money managers, thus providing them with direct ownership of the securities in their portfolios. This approach provides greater control over taxes, as well as market-impact issues, which I'll discuss.

Turnover

A mutual fund's portfolio turnover is not necessarily a bad thing, provided managers add value; but, turnover does have an impact. If turnover does hurt a fund's return, wouldn't there be a correlation between a fund's turnover rate and its after-tax return? In many cases there is.[1]

Turnover is an important factor in determining a fund's true costs. For example: When a fund manager makes a trade on an exchange, that trade incurs a commission – just like *your own* trade would – and the fund manager receives a `confirm' reflecting the net proceeds of the trade AFTER commissions have been taken… the same kind of 'confirm' you would receive. Are you getting it? They report the NET proceeds after the cost of the trade.

Look on your most recent mutual fund statement – any fund. Do you see trading costs or any other fees or expenses disclosed on the statement… anywhere? You might think it's all in the annual expense ratio; but think again.

That's right: Transaction costs are NOT included in the fund's annual expense ratio! In the book, *Bogle on Mutual Funds*, the former Vanguard Fund chairman estimated trading costs generally average 0.6% I don't know the real number, so for illustration, I'll use his. If hypothetically a fund's turnover is 120% - check the prospectus for your fund's turnover – here's what it means in calculating expenses: Trading Costs (use a low-end figure) x Turnover = Total trading costs. So, 0.6% x 2.2 = 1.32%.

[1] During the past decade, for example, the highest-turnover quartile of funds (165% annually) provided an annual pre-tax return of just 9.8 percent, while the lowest-turnover quartile (13%) returned 11.5%, an advantage of 1.7% per year—a cumulative extra profit of nearly 30%. What is more, the high-turnover quartile of funds took nearly 30% more risk (standard deviation of 20.6% vs. 16.2 percent). John Bogle, Ex Chairman, Vanguard Fund 4/12/06. And turnover also increases taxes (short-term gains are taxed at 35%, long-term at 15%) leading to this conclusion by Lipper: Taxable investors owned approximately half of the $8.391 trillion invested in open-end mutual funds, and on average over the last 10 years gave up on an annual basis 1.6 percentage points to 2.4 percentage points in return because of taxes. Taxable equity and fixed income funds shareholders surrendered over 20% and approximately 45% of their load-adjusted returns because of taxes, respectively. Source: Taxes in the Mutual Fund Industry 2006, Lipper.

Why use the 2.2 factor for a 120% turnover? Simple: You have to *establish* a position in a security before you can turn it over; and, that's true for each security in the portfolio. The entire portfolio is established, then 120% is `turned over' in a year.   If you used 1.2, you'd be computing only a 20% turnover, far from what's really happening.

So, trading cost times turnover gives us 1.32% in trading costs, to add to the fund's annual expense ratio to get combined annual expenses plus trading costs.   According to *Morningstar*, the typical equity fund has annual expenses of 1.4% annually.   If we use that figure for illustration – remember to look at your own funds' prospectuses to see what applies to you – 1.32% + 1.40% = 2.72% in annual costs.

But, there's more.   There are also `market impact costs' to consider.   When you or I sell 100 shares of a security, it doesn't really impact the price. But, when an institution buys or sells huge blocks of a security, the price can be affected. How much?   According to *Business Week* magazine (4/3/2000), market impact costs can range between 0.15-0.25% You guessed it: You apply that figure to turnover, too.   We'll use the lower number for our hypothetical illustration.

0.15% x 2.2 = 0.33%.

So our hypothetical fund with a 1.4% annual expense ratio that experiences a 120% annual turnover could actually be costing the shareholder 3.03% annually.

Annual Expense Ratio	1.40%
Turnover 2.2 x 0.6%	1.32%
Market Impact Costs 2.2 x 0.15%	0.33%
Total	**3.05%**

This means, according to this calculation of our fictitious fund, the total real annual expenses to the shareholder are actually 3.05%, more than twice the annual expense ratio reflected in the prospectus; and those additional costs are nowhere to be found on the statement.

Okay, you now know what to look for. Pull out your statements and prospectuses and do your own math. You may have to make a guess for market impact and trading costs, or you can use Mr. Bogle's – you probably won't be far off.   And, remember this: If you're happy with your fund managers' performance, these costs shouldn't matter much, because the bottom line is what you're left with after all the costs… and that IS on your statement. There is one other important issue….

Taxes

This won't apply to your 401(K), IRAs, or other tax deferred accounts; but this will apply to all taxable accounts. To optimize your mutual fund returns, or any investment returns, it's good to know the effect that taxes can have on what actually ends up in your pocket. Mutual funds that trade quickly in and out of stocks can have what is known as "high turnover." While selling a stock that has moved up in price does lock in a profit for the fund, this is a profit for which taxes have to be paid. Turnover in a fund sometimes creates taxable capital gains, which are paid by the mutual fund shareholders.

Remember what I said earlier? Mutual fund shareholders do not own the investments in the fund's portfolio; they own shares of stock in an investment company. If the investment company realizes a gain, the shareholders share in the gain when realized and distributed, as well as the tax liability. Here's how it works.

Another hypothetical illustration (using completely made-up numbers)

Suppose you bought shares of a mutual fund on Monday. On Wednesday, the fund sold shares of a stock that it had purchased a long time ago for $30 a share and now realized $100 per share on the sale. Don't be surprised to find you'll share in the entire $70 gain tax liability. You are a shareholder in the fund management company, not the underlying assets.

Also the differences between what a fund is reportedly earning, and what a fund is earning after taxes are paid on the dividends and capital gains, can be tangible. If you plan to hold mutual funds in a taxable account, please check out these historical returns in the mutual fund prospectus to see what kind of taxes you might be likely to incur.

If you're interested in knowing your tax exposure, you might want to talk to a CPA.

Whether you use a Registered Representative, a Registered Investment Advisor, or even if investing on your own, you will still pay the fund expenses outlined previously, which include fees for reporting, custody, and management, but not trading costs.

Looking for help?

Which type of advisor should you choose? There are many excellent, high-quality advisors utilizing each of the business models. It may be a matter of which model is an appropriate "fit" for your situation.

- Registered Representative – Commission model. Entry-level to mid level investors can get started here. This advisor can help someone with, for example, $50,000 and justify the time through commissions. This is someone unlikely to pay planning fees and a fee-only advisor couldn't support a practice on the fees accounts like this could generate. Most all are licensed for insurance, as well.

  Legal standard of care: Suitability.

- Hybrid Advisor - Commission Registered Representative (RR) working for or with a broker-dealer (B/D) which is a Registered Investment Advisor (RIA). The 'hybrid' advisor would be a RR of the B/D, as well as an RIA representative. This model fits a great many in the business today not only in the big-name firms, but independent representatives of other B/Ds as well.

  Legal standard: Generally, it's suitability as many, if not most, B/Ds will not allow their RRs to assume fiduciary status; however, some will accept fiduciary status for the planning phase only and revert to the suitability status for implementation. At this point, few will accept fiduciary status for all their activities, although there is now a move, forced by regulators, to move all advisors to fiduciary status, at least when it comes to advising on qualified plans and IRAs. Most are licensed for insurance.

- Registered Investment Advisor (RIA) - These “pure” fee-only investment advisors do not sell investments or receive commissions for their implementation. Usually they charge planning fees separately from their fees for investment implementation and oversight, usually based on a percentage of assets under management. Those in this class may or may not be licensed for insurance, as well. Many RIAs work in the corporate retirement plan market exclusively, though many others serve individuals, though some do both. Given the complexity of the regulatory environment serving company retirement plans, it tends to be dominated by specialists.

  Standard: Fiduciary, by law, for all client recommendations and activities. This standard has been in-place for some time for this group of advisors, so recent regulatory reform appears to have little impact.

A quick note on the standards:

I am not an attorney – and I don't play one on tv – however, I'll tell you what I know based on my experience, as well as my training (described on the Background page, later):

- **Suitability**: To satisfy this standard, investment recommendations need to be “suitable” for the client. As long as the investment is deemed to be suitable, it passes the test, regardless of other factors.

- **Fiduciary**: To satisfy this standard, all investment recommendations must be in the client's best interest and no other factors can enter into that determination.

One of the reasons RIAs are fee-only for all investment advisory activities is that all compensation becomes “revenue-neutral”, which means it's equalized, regardless of the investment options chosen.

Compensation and conflicts of Interest

The fact is *every* advisor experiences *some* type of conflict, even though they love to believe they don't – yours truly included; and, after this section, you'll be able to understand them. I'll make each a ‘quick-look’ sketch for you:

- Commissioned representatives - This one's easy. A product that pays a higher commission creates an interest conflict between the salesperson and the client.

- Fees – Each model has its own set of conflicts:

  - Hourly – This provides an incentive to ‘stretch out’ the work and add hours.

  - Flat fee – This provides an incentive to do work as quickly as possible, maybe cut corners, to finish early and still receive the same fee, increasing the hourly income.

  - Asset-based fee – This provides an incentive to keep assets in house when, for example, a client asks whether s/he should pay-off his/her mortgage.

I hope this paper has been of help to you in not only understanding mutual funds, but also the different types of advisors who can be of help if you decide some guidance might be useful. If you'd like to learn more, you might enjoy my report entitled, “Understanding Investment Returns”. You may find some surprises in that one.

You also might enjoy ***Why Most Investors' Retirement Plans May Fail***. You can find that one in the Communications section of the IFG website: www.indfin.com.

Free Online Resources

There is no substitute for carefully reading the prospectus of a mutual fund or variable annuity before making a purchase. Regulatory agencies such as FINRA and Securities and Exchange Commission (SEC) offer a variety of online resources to assist the investing public, here are a few:

- **SEC Mutual Cost Calculator**
  www.sec.gov/investor/tools/mfcc/mfcc-int.htm
- **SEC Mutual Funds**
  www.sec.gov/answers/mutfund.htm
- **SEC Variable Annuities: What You Should Know**
  www.sec.gov/investor/pubs/varannty.htm
- **FINRA Investment Choices**
  www.finra.org/Investors/InvestmentChoices/p085925
- **FINRA Variable Annuities: Beyond the Hard Sell**
  www.finra.org/Investors/ProtectYourself/InvestorAlerts/AnnuitiesAndInsurance/P005976
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  www.finra.org/Investors/ProtectYourself/InvestorAlerts/MutualFunds/p006022
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Good luck; and feel free to call me anytime at 805.265.5416.

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About Jim Lorenzen, CFP®

Accredited Investment Fiduciary®

Jim Lorenzen has more than two decades of independent financial consulting experience, specializing in retirement planning and advisory services.

Jim founded, built, and sold five successful businesses in the 1970s and has been a headline speaker at more than 500 conventions throughout the United States, Canada, and the U.K. for companies like Hearst, CapCities/ABC, Media General, Foster Grant, Hobie Cat, and scores of others. Articles by or about Jim have appeared in more than twenty-five publications, including *The Journal of Compensation & Benefits*, the Profit Sharing Council of America's *Insights*, as well as *The Wall Street Journal*'s *Smart Money*. Jim has also been interviewed for American Airlines' *Sky Radio*. Jim's prior business experience includes corporate finance and management consulting, both internationally.

Jim is a *Certified Financial Planner*® professional and has also been awarded the *Accredited Investment Fiduciary*® designation from the Center for Fiduciary Studies in association with the Joseph M. Katz Graduate School of Business at the University of Pittsburgh. His articles on fiduciary issues have also appeared in the Journal of Compensation & Benefits.

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