

THE SUCCESSFUL INVESTOR

A PUBLICATION OF WAYPOINT WEALTH PARTNERS

FALL 2010



Waypoint Wealth Partners is an independent wealth management firm providing investment management and wealth planning services to individuals and couples. We specialize in working with successful families with school-age children, helping parents plan and navigate the myriad issues and decisions common to this demographic.

We understand that time is your most precious resource as you juggle the demands of career and family. For that reason, we focus on organizing and simplifying all the pieces of your financial life and developing an actionable plan with key success metrics to keep you on track toward achieving what's most important to you.

At Waypoint Wealth Partners, we strive to develop long-term relationships, deliver tangible results and have a meaningful impact on our clients' lives.

Southern California

4695 MacArthur Court, Ste. 1100
Newport Beach, CA 92660

Northern California

595 Market St., Ste. 2740
San Francisco, CA 94105

1255 Treat Blvd., Ste. 300
Walnut Creek, CA 94597

(877) 768-4802

www.waypointwp.com

School is back in session

As children hit the schoolbooks, we thought we'd dedicate our award-winning newsletter to educating our clients, partners and friends.

Annette thoughtfully explains why fixing our education system should be top of mind for everyone — from parents and pundits to educators and investors. The media coverage of this topic makes the grade with cover stories in Time magazine and Newsweek, documentaries tackling various challenges and the Education Nation conference in Washington, D.C. gathering the top minds in education to focus on solutions.

Brenda realized last summer when her teenagers got summer jobs and earned so much more than a paycheck.

This theme is echoed by Nathan Dungan, author and founder of Share Save Spend. He offers advice to parents (including the value of part-time jobs) about how to develop healthy money habits that reflect your family's values.

And last are some tips to create cyber-savvy children. Ed, a parent of two tweens, offers some sound advice about how to work with and for your children as they navigate the online world.

But life lessons happen everywhere, as We hope this issue makes the grade! —



Chuck Bowes, Principal



Annette Brinton, Principal



Ed Runyon, Principal

"Teachers open the door, but you must enter by yourself."

— Chinese Proverb

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Educating America

From business leaders and investors to parents and concerned citizens, we all have a vested interest in fixing our education system



Annette Brinton
Principal

Education is in the national spotlight with documentaries including "Waiting for Superman," "Race to Nowhere" and "Two Million Minutes" shining a light on many of the daunting challenges within our education system while at the same time inspiring a national call to action.

Each of these documentaries represents a perspective on the problem and possible solutions. They are all provocative and controversial in their own right. And while they are each unique, they do all have a common theme — that our public school system needs to be reformed and that it's not going to be easy.

It's not simply a matter of smaller classroom size and longer school days, or better nutrition and higher-quality teachers. By all accounts it's going to require a combination of changes along with a lot of hard work, sacrifices and difficult decisions, including working with entrenched interests that don't want the status quo to change.

ARE CHARTER SCHOOLS THE ANSWER?

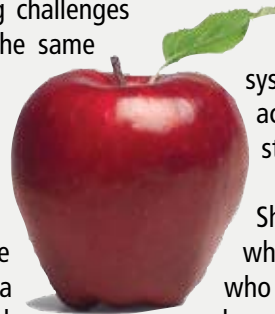
In "Waiting for Superman," David Guggenheim, director of "An Inconvenient Truth," takes us on a journey into the lives of five kids as they vie for a seat at a top charter school.

Guggenheim introduces us to some of the leaders and schools that are closing the achievement gap in urban neighborhoods and changing the national dialogue around poverty and education. He dispels the myth that we can't fix education until we fix poverty. He shows that education is the great equalizer and that we won't eliminate poverty until we fix education.

The film advocates for higher quality teachers, alternative compensation structures for teachers, merit pay and more accountability within the system.

ARE WE PUSHING STUDENTS TOO HARD? ...

In "Race to Nowhere," director Vicki Abeles chronicles the pressures faced by American schoolchildren and their teachers in a system that's obsessed with the illusion of achievement and the pressure to perform on standardized tests.



She interviews children across the country who are being pushed to the brink, teachers who are burned out and uninspired, and parents who are caught in the middle, trying to do what's best for their kids. Despite all the stress and hard work, the film takes a view that kids aren't really learning, they are just regurgitating information to pass tests.

A staggering statistic that supports this view is that 50 to 60 percent of college freshmen need to take remedial math or English. The film advocates for less homework, less testing and a more integrated approach to learning.

... OR NOT HARD ENOUGH?

In "Two Million Minutes," executive producer Robert Compton compares the high school education experiences of students in India, China and the United States. Kids have approximately 2 million minutes from the time they start high school until they graduate and either go to college or enter the workforce.

Compton's thesis is that how students spend their 2 million minutes — in class, studying, playing sports, working, sleeping, socializing or just goofing off — will affect their economic prospects for the rest of their lives. Likewise how a society's teenagers spend their 2 million minutes will affect their country's economic prospects in the globally competitive 21st century.

This film doesn't offer ideas for how to address the issues that were raised, but the sequel, "American

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Solution,” advocates for higher-quality teachers who are given autonomy and creative license, and set the bar for achievement much higher for all students.

WHY THIS MATTERS TO EVERYONE

You may wonder why your investment advisors are writing about education. Here’s the big reason: education matters to everyone!

1. Kids need to be prepared to fill the high-skilled knowledge jobs of the future. The world is getting flatter by the day and there’s no rolling back the forces of globalization.

Developing countries, including China and India, are allocating tremendous resources to education because they see the opportunity that an educated population provides. Kids are hungry to learn in these countries and there’s a culture that puts enormous pride and recognition on academic achievement.

Our education system once served our country well in preparing kids to be successful in the workforce, but it hasn’t kept up with the rapid changes in the world and adapted to meet the needs we have today.

2. Businesses need top talent and an educated workforce to compete successfully in the global economy. Business leaders, including Bill Gates and venture capitalist Tim Draper, see day in and day out that we’re not producing the business leaders and talented laborers we need to fuel innovation and fill highly skilled jobs.

Since 2000, the Gates Foundation has invested nearly \$5 billion in grants and scholarships to improve opportunity in the United States by improving schools, raising college-ready graduation rates and increasing college completion rates.

Be part of the solution!

Here are a few things you can do to get involved and make a difference. If each person took one small action, imagine the possibilities!

1. Elect and support strong education leaders who are committed to making improvements and demonstrate results. “Google” your city’s board of education to find events where you can meet your elected leaders and learn more about their agenda.

2. Demand great teachers! Every student deserves a great teacher and every teacher deserves encouragement, support and training. Write a letter or ask your School Board Director and Superintendent what they are doing to support great teachers.

3. Volunteer at a local school or consider tutoring or counseling kids in your community. Our youth need your support and you don’t have to be a school teacher to give back in a meaningful and important way.

5. Buy scrip (www.scrip.com) to support your local school and it will receive a percentage of sales. This is an easy way to put your money into action to help the school down the street.

6. Visit www.donorschoose.org and support a public school teacher. Requests range from pencils for a poetry writing unit, to violins for a school recital, to microscope slides for a biology class.

4. Support nonprofits that are focused on education-related issues. Check out New Schools Venture Fund, <http://newschools.org/>, to learn about some exciting organizations that are doing groundbreaking work in education reform. And visit www.sjleadership.org to download a free copy of “The Field Guide to Community Service.”

3. Our country needs an educated population to keep our competitive edge in the world.

For more than five decades, the U.S. has been the dominant world super power, largely because we worked hard and were seen as the land of opportunity. By many accounts we are at risk of losing our super power status if we don’t address our education system.

4. Our society requires an educated population so we can begin to close the gap between the “have’s” and “have not’s” and provide a good quality of life for all. Our kids are our future leaders, making policy decisions that impact us all.

In January 2010, Gov. Arnold Schwarzenegger said California is spending 10 percent of its general fund on prisons and 7 percent on higher education. We need to ask ourselves whether that’s how we want to allocate our tax dollars and if that’s serving us well.

5. As investors, we need a healthy economy and thriving businesses to continue to produce profits for shareholders.

It’s the growth and profitability of businesses that allows our hard-earned savings to grow and provide the financial support we need to fund our lifestyles when we’re no longer working.

So whether you’re a parent, business leader, concerned citizen or an investor, the quality of our education system and our ability to prepare kids to successfully launch into the world and be productive citizens is critical to a thriving economy and a prosperous society.

It’s in each and every one of our best interests to engage in this dialogue, connect with our communities and roll up our sleeves to become part of the solution. 

So much more than a paycheck

Last summer Brenda and her two children, Bridget (19) and Sean (16), went to Lake Tahoe.

But it wasn't the usual summer family vacation of lounging around, playing games and swimming in the lake. This year instead of going to a family home for a relaxing two weeks, they decided to get jobs and stay the entire summer.



Sean, Brenda and Bridget together at Chambers. They had "good wholesome fun" last summer working, playing and growing.

With no sports camps or internships to juggle, the summer was wide open and the decision was made to spend it at the family home her grandparents bought in 1940. But Brenda didn't want the children sitting around all summer, so she agreed to the plan on one condition: that the children get jobs.

"It was the best summer ever," raved Bridget, a sophomore at University of Arizona. "The best part was being with my family and the next best part was making a new family at work."

After sending out resumes and cover letters, Bridget and Sean landed jobs at the quaint Swiss Lakewood Lodge and Restaurant in Homewood, near the family home. They were bussers who hustled around the restaurant making sure water glasses were filled, warm bread baskets were delivered and finished plates were removed.

Sean also worked five days a week as a food runner at Chamber's Landing Bar and Restaurant, another local eatery on a sandy beach with an enviable view of the lake. Although Sean was often exhausted from his double shifts, he was inspired by earning his own money.

"He was really proud the first time we took his paychecks to the bank," said Brenda. "But they got so much more out of working than just a paycheck."

They met great people, felt productive and savored their downtime because there was so much less of it. On the few days when they weren't at work, the family enjoyed time together wake boarding, hiking and biking.

Even Brenda got a part-time job after being ribbed by a family friend.

"How do you feel about letting the kids bring home the bacon?" Rick Brown, owner of both eateries, texted her one afternoon.

So she became a cashier at Chambers and rang up customers during her two shifts a week.

"I had so much fun," said Brenda of her time at Chambers. "It was so great to watch the kids working hard, feeling productive and contributing to something meaningful."

Bridget loved going to work. After she said a heartfelt goodbye to the crew at Swiss Lodge, she headed back to school. She adored her workmates so much that she sent them all UofA baseball caps since many of the workers need to keep their hair back.

So while the kitchen at Swiss Lodge is brimming with bright red UofA caps, the family's hearts are filled with gratitude for their summer of hard work, valuable lessons and cherished friendships. ☺

WORKING TEENS: TO WORK OR NOT TO WORK

- Just under 44 percent of teenagers work today, the lowest figure since the government started keeping track in the 1940s.
- In a recent University of Minnesota study of 1,000 students, those who had worked steadily during high school were more likely to have earned college degrees by age 30 than students who hadn't held jobs.
- According to a Wall Street Journal blog, college admissions officers say job experience has emerged as a competitive advantage on an application, setting an applicant apart from the majority who have never drawn a paycheck.

Sources: Good Housekeeping magazine, Wall Street Journal

How families can develop healthy money habits

Where does a family go to learn healthy money habits? What most parents are learning from the recent economic crisis is that silence is not an effective teacher. Now parents are eager for simple ideas to help their children become financially savvy.

In my new book, "Money Sanity Solutions: Linking Money and Meaning," I cover a wide range of topics to get families thinking, talking and doing money in ways that honor their values.

Here are just a few pointers to help parents become their children's first financial teacher.

CONSUMER CONSCIENCE

We live in a hyper-consumer culture and its powerful messages have escalated Americans' spending to a crisis point. New research is surfacing that suggests families are in exceedingly stressful financial situations and desperate for new ways to deal with unsustainable spending patterns.

And the emerging financial trends of the next generation suggest there is no let-up.

- Young adults, ages 25-34, carry an average of \$5,200 in credit card debt.
- The after-tax savings rate for young people, 35 and under, is negative 16 percent.
- Children today spend five times more money than their parents did at the same age.

Once you accept these staggering statistics, it's important to equip the next generation for a lifetime of financial success.

NEEDS VS. WANTS

When was the last time you stopped and asked yourself, "Do I really need it or is it just a want?"

Regardless of age, that simple question is now foremost on millions of Americans' minds. We are experiencing a renaissance of new money habits and at the core it is about needs and wants.

Follow these steps to get your head around the issue:

1. Track all expenses for 30 days so you can get a clear picture of where you stand.
2. Write down your definition of a need and a want.
3. At the end of 30 days, mark each spending decision as either a need or a want.
4. Prioritize all the wants categories (from most important to least important).
5. Decide which items will be modified, deferred or dropped based on your cash flow.

VALUE OF WORK

According to the U.S. Bureau of Labor Statistics, the number of teens working nationally has been on a steady decline. In June 2000 about 52 percent of 16 to 19 year olds were working or looking for work. By June 2006, when the economy was still healthy, the rate had dropped to 44 percent — an odd trend to be sure.

More recently, leading U.S. colleges are asking about work experience as part the application process. In 20 years of working with families on a variety of personal finance issues, I have learned that nothing trumps the value of a summer job.

Many teens have talents they can leverage into money-making ventures. Here are a few ideas to help you get started:

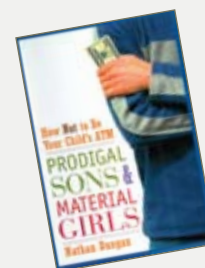
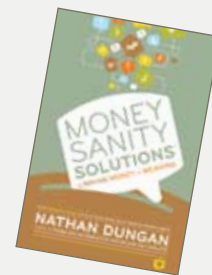
1. Do an inventory of their skills and help them identify opportunities to earn money.
2. Create a mini-business plan that identifies cost of entry (e.g. lawn mower); competitor analysis (who else is out there); and revenue projections (gross vs. net profit).
3. If they have business partners, be clear on how they'll divide the costs, the work and the profits.
4. Network with successful teen entrepreneurs.

Families that invest time and energy into learning about successful money habits can be sure that their spending will be more thoughtful, their saving more intentional and their sharing more meaningful. 🍷

Nathan Dungan is founder and president of Share Save Spend® (sharesavespend.com). "Money Sanity Solutions: Linking Money and Meaning" was released in October 2010.



Nathan Dungan



WWP partners leading by example: work, play, live



Waypoint Wealth Partners introduced its Quarterly Markets Review, a publication that reviews global capital markets, the global economic environment and communicates important financial and global information. This publication was sent to clients and is available on WWP's Web site, www.waypointwp.com.

Ed was a featured speaker on Roth Conversions at the Financial Planning Association of Orange County's recent "Financial Planning Day." Huntington Beach Central Library hosted nearly 300 people who sought advice from professionals on important financial issues. From budgeting and financial planning to debt management and paying for college, attendees soaked up the valuable information.

Chuck was the chair of the Family Wealth Advisers Council meeting in early August. The packed two-day agenda was filled with powerhouses including John Miller, CIO of Nuveen Asset Management; Peng Chen, president of Ibbotson Associates; and John Thomas of Ibbotson Global Investment Services.



The Runyons — Ed, Lisa, Rachele (12) and Blake (10) — traveled to Lake Tahoe this summer. Along with hiking, parasailing, biking, horseback riding and river rafting, the highlight was their first try at rock climbing. Along with an experienced guide they summited a couple of routes on the "Phantom Spires" just south of town.

Annette and husband Adrian celebrated their nine-year wedding anniversary relaxing and soaking up the sun in Laguna Beach — and contemplating how they will celebrate their big 10 next year!




The Bowes family watched the magic of Mother Nature as they harvested their first batch of honey in late August. Through a swarm of bees and mounds of sticky wax, they hauled full frames of honey up to the garage to be harvested.

After a full day's work, they had bottled more than six gallons of delicious wildflower honey.



Annette rode 108 miles through Death Valley National Park for her first big century ride. "It was the ride of my life. I had a smile on my face from mile one to 108!" she said. "What an incredible experience."

Annette has seen several extraordinary speakers, including Hillary Clinton, Condoleezza Rice and David Brooks of the New York Times. She also attended a session with Mark Halperin and John Heilemann, political analysts and authors of "Game Change," that provided their insights on the global economy, international affairs and politics. 

Fascinating Facts: Education by the Dollars

\$8,826

K-12 spending per student (2009-2010) in California, which ranks the state No. 44 nationwide. The U.S. average is \$11,372 per student.

\$5 million

Amount of money San Jose Unified School district was expected to save during the Oct. 4-8 furlough week.

"Until we're educating every kid in a fantastic way, until every inner city is cleaned up, there is no shortage of things to do."

— Bill Gates, founder of the Bill and Melinda Gates Foundation, which has donated \$5 billion to education-related causes

\$62,121



The difference in average annual earnings between a person with no high school diploma (\$21,023) and someone with an advanced degree (\$83,144).

\$540 billion

Estimated amount that will be spent on education nationwide as nearly 50 million students attend approximately 99,000 public elementary and secondary schools this fall.

Sources: National Education Association; National Center for Education Statistics; U.S. Bureau of Economic Analysis; U.S. Census, Education Attainment in the United States, 2009

Creating cyber-savvy children

Children today are often referred to as “digital natives” and will only become more cyber savvy as they explore social networking sites, “google” information for homework projects and chat with family and friends via e-mail, Twitter and Skype. And this is why it’s essential to teach them about online safety and security early in life — the online world is here to stay and cyber awareness and education should be on every parent’s “to do” list. Here are a few tips to help you get started.

Basic Internet Safety for Kids

Remain positively engaged

Pay attention to and know the online environments your children use. Surf the Internet with them. Appreciate your children’s online communities and show interest in their friends.

Support their good choices

Expand your children’s online experience and their autonomy when developmentally appropriate, as they demonstrate competence in safe and secure online behavior and good decision making.

Protect your hardware

Safety and security start with protecting all family computers. Install a security suite that is set to update automatically. Keep your operating system, Web browser, and other software current as well, and back up computer files on a regular basis.

Teach critical thinking

Help your children identify safe, credible Web sites and be cautious about clicking on, downloading and uploading content.

Explain the implications

Help your children understand the public nature of the Internet and its risks as well as benefits. Be sure they know that any digital info they share, such as e-mails, photos, or videos, can easily be copied and pasted elsewhere, and is almost impossible to take back.

Help them be good digital citizens

Remind your children to be good “digital friends” by respecting personal information of friends and family and not sharing anything about others that is potentially embarrassing or hurtful.

Just saying “no” rarely works

Teach your children how to interact safely with people they “meet” online. Though it’s preferable they make no in-person contact with online-only acquaintances, young people may not always



follow this rule. So talk about maximizing safe conditions: meeting only in well-lit public places, always taking at least one friend, and telling a trusted adult about any plans they make – including the time, place and acquaintance’s contact information (at least a name and cell phone number).

Encourage your children to be “digital leaders.”

Help ensure they master the safety and security techniques of all technology they use. Support their positive and safe engagement in online communities. Encourage them to help others accomplish their goals. Urge them to help if friends are making poor choices or being harmed.

Source: National Cyber Security Alliance, K-12 Working Group. www.staysafeonline.org

Navigating the cyberworld

Here are a few things Ed and Lisa Runyon do when supervising their 10 and 12 year olds:



Cell phone: Verizon allows us to set a schedule when their phones automatically block calls and texts. We set the time they can use them for after school when homework is done and then off again at a reasonable bedtime. We set a different schedule for weekends.

Texting: We set limits on how many texts they can send/receive in a month. If they exceed the limit, we take the phone for the rest of the month. Also they are not allowed to delete texts until we have had a chance to review them. We are teaching them that once they put something in writing, it exists forever and may be repeated in ways they didn’t intend.

Internet: Our main rule here is that the computer is in a central part of the house for easy observation. This also helps with their new past time, which is video chatting on Skype. We also review the browser history. (I don’t think they know we do this.)

Facebook: They need to demonstrate to us how they know each of the people on their friends list, anyone else is deleted. Also, we require knowing their password at all times; this allows us to review their posts and pictures. ☹

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Why *education* should matter to everyone.

Tips for developing *healthy money habits*.

'Best summer ever' was spent working, learning, growing.

How to create *cyber-savvy* children.

Find out more inside...



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