

# THE COMPASS

❄️ JANUARY 2011 ❄️

RECENT  
AWARDS

OUR NEW  
NAME

NEW OFFICE  
LOCATION

NEWEST  
LJCOOPER  
FAMILY

NEW MUTUAL  
FUND

## RECENT AWARDS

In September, Tim was honored by the Women's Division of the Provo/Orem Chamber of Commerce for outstanding service. Tim spent many hours working with the Treasurer organizing materials to help the Women's Division meet the necessary criteria and help them file the correct paperwork to establish proper nonprofit status. (Top right picture)



Tim (far right) accepting the Women's Chamber award

In November, LJCooper received the Arthur V. Watkins Award of Outstanding Public Partnership from the Utah Valley Chamber of Commerce.

This is an annual award given by the Utah Valley Chamber of Commerce to highlight a person or company in Orem who has exemplified giving to the community. (Bottom right picture)



LJCooper staff accepting the Senator Arthur V. Watkins award for Outstanding Business Public Partnership

## NEW NAME

LJCooper Capital Management underwent a minor name change and we are now LJCooper Wealth Advisors. We still offer the same services, just with a slightly different name.



## NEW OFFICE LOCATION

We are pleased to announce our new branch location in Panama City, Florida! Our Florida office is open from 9am-5pm Monday-Thursday and 9am-12pm CST on Fridays.

## INTRODUCING THE NEWEST MEMBERS OF OUR LJCOOPER FAMILY

We are excited to bring on board Bill Bass and Crystal Monk in our new Panama City, Florida branch office!



**BILL** is the office manager of LJCooper Wealth Advisors in Panama City, Florida and a founding partner of W.D. Bass & Company, Certified Public Accountants. He specializes in individual and business tax planning strategies and business, financial and estate planning. He is considered a valuation expert having served as an expert witness for various circuit and appellate court districts throughout the State of Florida. Bill has served in a variety of financial administration capacities in his local Rotary Club, First United Methodist Church and St. Andrew Baptist Church. He is actively involved in the Bay County Florida community. Bill received his bachelor's degree from the University of Florida. He is a Certified Public Accountant, licensed in Florida and a Certified Financial Planner™ professional. He has also received the Certified Valuation Analyst designation.



**CRYSTAL** is LJCooper's administrative assistant in the Panama City, Florida branch office and has been employed by W.D. Bass & Company as Office Administrator for 5 years.

In addition to her administrative experience, Crystal brings several years of a paralegal background to her current position with LJCooper Wealth Advisors. Crystal attended Gulf Coast Community College majoring in accounting, and was a member of Phi Theta Kappa.

She enjoys serving as a volunteer at the local Pregnancy Center, is a member of the First Baptist Church, and is currently pursuing studies to be a gemologist.

## MENTAL ACCOUNTING

Chances are, you know somebody who has made a vow to go to the gym twice or three times a week, and even bought a gym membership, and never gets around to going. You probably also know people who don't put money in their company's 401(k) plan, even though the company matches some or all of their contributions. They're walking away from free money!

Why do we do this? Until recently, researchers had no idea what made us act so strangely. But now, a few studies are helping explain how we make decisions, and the results are funny.

David Laibson, an economics professor at Harvard, has conducted research which suggests that people do fairly complex mental accounting whenever they make decisions, and count future rewards (or efforts) as half as important as present rewards or efforts.

How does this work? Suppose you get up in the morning and face the decision of whether or not to go to the gym. In your mind, the effort of putting on your sweats and driving the health club on any particular day can be given a hassle factor of 6. The benefits (being more healthy and in better shape) can be assigned a benefits value of 8. But the future benefit is discounted by half, so it has an effective weight, in your decision-making, of four. Since 6 (the hassle) is greater than the benefit factor of 4 (eight divided by two), your mind decides to skip today's workout.

“...People do fairly complex mental accounting whenever they make decisions, and count future rewards (or efforts) as half as important as present rewards or efforts.”

In mathematical terms, Laibson says the decision to exercise today can be defined by the equation  $(-6) + (8/2) = -2$ . The negative result means that the future benefits are not worth the immediate investment.

So why do people buy memberships in the gym in the first place? Laibson offered an analysis of the PLAN (or resolution) to exercise, and the numbers come out very different. The intention to go to the gym three times a week costs nothing. The future effort of going to the gym  $(-6)$  will be discounted by half, and so will the benefits  $(+8)$ . Therefore the mental equation you use when you buy the gym membership can be defined as  $0$  [the “cost” of planning to go to the gym three times a week]  $+ (-6/2) + (8/2) = 1$ .

“Planning to go to the gym is a win,” Laibson explains, “chiefly because the planning itself costs nothing.”

In a confirming bit of research, two of Laibson's students surveyed health and fitness facilities in the Boston area and found that the average cost of a gym membership is \$75 a month. Because people swipe their membership cards into the machines as they enter, there are fairly detailed records of how often members



actually go. The researchers found that the average person goes to the health club four times a month, which means the average cost per visit is \$19.

But... Laibson's students found that these health clubs typically offered a \$10 "pay per visit" rate. Clearly, the people who bought their memberships intended to go at least twice as often as they actually did. The mental equation around planning produced a very different outcome from the mental equation around execution.

Is there a way to change this mental accounting? Laibson suggested that you hire a coach who will hold you accountable--adding a hassle factor if you don't go to the gym. Or arrange to meet a friend there three days a week, adding the hassle factor of disappointing your friend if you don't show up. Or, if you want to do it more positively, promise yourself that you'll reward yourself with a fruit smoothie after you exercise, adding something positive to the mental equation.

## LANDENBURG THALMANN LAUNCHES NEW ALTERNATIVE STRATEGIES FUND

MIAMI, Sep 29, 2010 (BUSINESS WIRE) -- Ladenburg Thalmann Financial Services Inc. (Stock Ticker Symbol, LTS) today announced that its subsidiary, Ladenburg Thalmann Asset Management Inc., has launched an Alternative Strategies Fund, which provides a simpler process for investors to own alternative investments. The fund commenced on September 28, 2010 and is offered exclusively to the 1,000 financial advisors of Ladenburg Thalmann & Co. Inc., Triad Advisors Inc. and Investacorp, Inc....

Ladenburg Thalmann's new fund is comprised of a diversified portfolio of alternative investments in up to ten asset classes, including real estate investment trusts (REITs), Master Limited Partnerships (MLPs), Managed Futures, Equipment Leasing, Gas/Oil private partnerships and Royalties, among others.

"This closed-end interval fund offers the key benefit of daily purchases with quarterly redemptions. Also, with a \$5,000 minimum investment, the fund provides an alternative investment accessible to most retail investors looking to diversify their portfolios," said Mr. Blancato.... •

The Alternative Strategies Fund has close ties to LJCooper's CEO

Craig M. Porter Rollins, CEO of LJCooper Wealth Advisors was involved in the creation and development of the Ladenburg Thallman fund with Philip Blancato, President Ladenburg Thallman Asset Management division. Craig currently is the advisor to the fund's investment committee and consults on its structure and marketing.

