

Fall 2016

## Notes with Interest: Department of Finance newsletter, n05, Fall 2016

University of Northern Iowa. Department of Finance.

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# NOTES WITH INTEREST

Fall 2016 | Issue 05

Funded by generous contributions from the Finance Advisory Council



Among the many good things that happened this year two events stand out. First, with the leadership and tremendous support of the Finance Advisory Council along with generous alumni, we were able

to establish the first endowed scholarship for finance majors. This is a tremendous accomplishment in a short period of time and everyone involved is justifiably proud. We have had some annual funded scholarships that we greatly appreciate but they can be potentially temporary. With an endowed scholarship, the principal is never spent and only the annual earnings are awarded. Thus, we can be sure of helping students every year into the future. We will be identifying the first recipient this spring with the funds awarded for the fall, 2017 semester. Heartiest congratulations and thanks to all who helped with this!

The second great achievement was the approval of our CFP program by the CFP board. You might have noticed TV commercials recommending those seeking financial advice consider working with a CFP. Further, on page 10, Sara Klaessy explains the Department of Labor regulations that will go into effect next April. Without going into great detail, I think we will see many people turning to CFP certification to meet their fiduciary responsibilities. We are one of two schools in the state with this recognition and the only business school. Our new major in Personal Wealth Planning will prepare students to sit for the CFP exam upon graduation. This is tremendous career

preparation and I expect this to become a major that will attract students to UNI. On page 9, Deb Giarusso describes the program and the steps taken to achieve approval. It was an enormous, time-consuming task and she led it for us. Congratulations to her!

And while we're congratulating, congratulations to Brett Olsen and Art Cox. This past year Brett was promoted to Associate Professor and also awarded tenure. He is one of the best teachers not only in the department but in the entire college. I see him as someone who will lead us in working toward our goals. Art was promoted to Full Professor, our highest academic rank. Art does a fine job in the classroom but his greatest contribution is in the Real Estate program and center. His graduates are in high demand and his industry connections are outstanding. Testament to the strength of the program is the increasing numbers. We have doubled the number of majors in the last three years.

A less happy note for us is the departure of Professor Jeff Stokes. Jeff has taken a position as the Nebraska Banker's Association Endowed Chair in Banking and Finance at the University of Nebraska-Lincoln. This is definitely an honor and great opportunity but we hate to see him go. He a good teacher and contributes a lot to the real estate program. He will be missed. We are currently searching for a replacement and several excellent candidates have emerged.

Maintaining grading rigor is becoming increasingly difficult in an era of widespread grade inflation. It is easy to give away grades as some professors have been known to do but we are resisting

that. We have a reputation as a strong program and that makes your degree valuable. It's an unfair but unfortunately true fact a program's entire history is frequently judged on its last few years. Even though you met high standards while here, if we begin to relax them it will diminish the value of your degree. So, our rigor emphasis benefits not only current students but all the alumni of our program. We will not give that up.

On a personal note, I came to UNI in 1973, planning on spending one year here and moving on. But, one year lead to two and then three and then..... Anyway, I like the size of the school, the students are well mannered and diligent, and Cedar Falls is a great community. The CBA has flourished and I think we give our students a strong education and prepare them well for the real world. The Finance Department is small but effective. We graduate many students each year and they are able to begin successful careers because of what they learned here.

I have been thinking about retirement for some time and have gone back and forth on it but the time has come. So, I guess this is my official notice of retirement. My last day on campus will be August 1, 2017. The college is in the midst of a search for someone to become the head of economics and also serve as head of finance. I am confident the next person we bring here will continue and improve on the good things we have accomplished.

I am thankful for my time at UNI and the over 14,000 students I have had. I could never have found a better place.

*-Fred Abraham*

## Finance Scholarship Recipients - 2016



**Seth Hersom**, from Laurens, Iowa was awarded a Rockwell Collins Finance Scholarship. Seth is majoring in Accounting & Finance and plans to graduate in the Spring of 2017. He is planning to test for his CPA license after graduation.



**Hanna Kerr**, from Fairfield, Iowa, was awarded the U.S. Bank Scholarship. Hanna is a Finance major and Economics minor with a 3.99 GPA. She plans to work as a financial advisor after graduation.

**Cassie Evers**, from Carroll, Iowa, was awarded a Rockwell Collins Finance Scholarship and is majoring in Finance & Management with a certificate in Industrial-Organizational Psychology. She has a 4.0 GPA and is interested in pursuing economic & business development post-graduation.



In the future, on this page we will be announcing the recipient of the latest scholarship in finance, the Finance Advisory Council and Alumni Endowed Scholarship. This is an endowed scholarship and the annual interest earned will be awarded each year to a deserving student or students. However, the principal will never be touched so the scholarship will be awarded indefinitely. The Finance Advisory Council took a leadership role along with generous support for our alumni and we owe them a debt of thanks. This kind of support is extremely gratifying as it shows the faith and trust our advisory council and alumni have in our program. Thanks to all!!

*-Fred Abraham*

## 2016-2017 Scholarship Recipients

### Finance Scholarships

#### Rockwell Collins

Seth Hersom, Laurens, Iowa      Cassie Evers, Carroll, Iowa

#### US Bank

Hanna Kerr, Fairfield

### Real Estate Scholarships

#### Gale and Pat Bonsall

Kullen Koelker, Burlington

#### Steve and Lynn Graves

Erin Richard, Cedar Falls

#### Iowa Appraisal Institute

Dustin Toale, Independence

#### Nelsen Appraisal Assoc.

Brandon Brend, Ogden

#### Eric W. Johnson

Hannah Schriever, Waterloo

#### Tom & Karol Nordstrom

Travis Martinek, Cresco

#### Iowa Realty

Hunter Norland, Algona

David Spengler,  
Luxemburg, Wisconsin

#### SIOR Iowa Nebraska Chapter

Adam Cline, Bettendorf      Dallas Imoehl, Castalia

### REMEMBER...

The university is currently undertaking a large fund-raising campaign called "Focus on Students: UNI Scholarship Initiative." If you are contacted by the UNI Foundation or anyone else from the University about contributions, please consider being generous to our students. Also, you can designate that your gift be directed to the Finance Department or any of the Department's scholarship funds. Thanks!

—Fred Abraham

## 2016 Purple & Old Gold

Finance  
Allison Waters



Real Estate  
Alexander Vlach



### Purple & Old Gold History

Named after the university colors, the traditional awards were first presented at commencement ceremonies on May 29, 1939. The awards for meritorious scholarship are the highest university honor awarded by academic departments to undergraduate students. Each student receives a certificate and a bronze medallion.

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## UNI FMA Competes in Private Business Valuation Challenge



**Brett Olsen**

A student team from the UNI Finance Club placed sixth in the fifth annual Private Business Valuation Challenge competition sponsored by Georgia State University and Business Valuation Resources. The team of 5 students, in only 5 weeks time, used propriety data and information in addition to mentoring from a valuation expert, to develop a valuation report for an actual private business and assessing two competing offers. The team submitted their video presentation for review by valuation experts. UNI was among eight finalists out of 21 university teams from across the nation. The finalists traveled to Atlanta to present their valuation analysis in front of three expert judges.

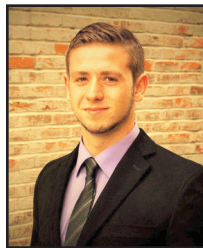
The final eight teams included the University of Tennessee, Southern Indiana University (last year's winner), Mississippi College, Seattle Pacific University, Wharton (Penn's business school), and two from Georgia State University.

The competition offers a unique opportunity for teams of US university students to assess the stand-alone value of a private company. The competition provided students with invaluable experience in the area of private business valuation and the opportunity to showcase their skills against the competition from universities across the country. The UNI presenting team included Seth Hersom, Mitch Phillips, Michelle Temeyer, and Olivia Thiel. Nathan Hildebrand provided additional support.

*Brett Olsen*

## Finance Club: FMA International Affiliate

The Finance Club is an outstanding organization for finance majors and minors at the University of Northern Iowa. Our members are given the opportunity to learn more about companies that recruit from our school and to professionally better themselves. More importantly, they've provided an environment to network with representatives of these companies and also their constituents. The Investments Committee is one of our more attractive elements of our club. They evaluate our portfolio of over \$50,000 in stocks and discuss opportunities that could be profitable. Our club remains distinguished on campus because of this extraordinary feature.



Over the spring 2016 semester we were able to see many different companies. Attendees included Principal, United Fire Group, and a few others. We also got to see Larry K. Fox and Heartwood Investments. Toward the end of our semester, the CFA Institute spoke to us about the importance and value of being a Chartered Financial Analyst. We also had a volunteer event at the Northeast Iowa Food Bank and one social event. One of the things we noticed over the spring semester was that meeting with a company to listen to a presentation almost every week becomes dry and repetitive. We also noticed a disconnection between the executive board and the members. We knew something needed to be changed.

For the fall 2016 semester we decided to schedule social events every month to allow the members and the executive board to be

informal, connect, and be friendly. We host these at The Other Place where we enjoy their pizza and socialize. Implementing these has created a better community within the club which we have lacked in the past. We also executed a new resume building event where we teamed up with a other student organizations within the business college. At this event we had United Fire Group, Principal, and John Deere come critique and give suggestions for all of our resumes. This was a very successful event not only because it was a week before the career fair, but because it was great for networking and putting our members' faces in front of some potential employers. We also put on a professional development event of LinkedIn and what to seek in an internship/job with Michael Kaplan. The last thing we decided to change was to make the company presentations less dry. To do this we've asked some of the companies to do an interactive presentation where we get our members more actively engaged.

All of these changes have brought a better atmosphere to the Finance Club. Also, it has developed a better community among the members, and that's something we're constantly working towards throughout the semester. The constant drive for improvements and adaptation is what keeps this organization a prominent one in the business college. We would like to develop more relationships with businesses and alumni. If you are interested in pursuing a relationship with us, we would love to hear from you. Please contact me at marticap@uni.edu if you have any questions.

*Chandler Martin, President*

## 2016 Alumni-in-Residence — Rebecca Albers, '93

Anyone want a college do-over? Wow, after spending a day at our alma mater...Study Abroad programs, internships, clubs and organizations I didn't take advantage of... I sure do.

Upon graduating from UNI with a degree in Finance and a Real Estate Emphasis in '96, admittedly I wrote UNI off, thinking that chapter of my life was complete, and on to the next thing. Little did I know that twenty years later, I would be in front of the next class up and coming graduates in a panel discussion, answering questions about work-life balance, workplace scenarios, challenges, failures and successes. I had not participated in anything like this before. A great conversation was had, and the hour went fast.

Representing the Finance Department, along with other alums from the various departments within the College of Business, the panel discussion was part of the Alumni-in-Residence



**Rebecca Albers, '93, Allison Waters, 2016 Purple and Old Gold Recipient, and Fred Abraham, Finance Department Head**

event held each spring. This annual event consists of speaking to a classroom and sharing our experiences; meetings with faculty, Department Heads and Deans (that would be Abraham and Wilson, respectively); meeting with students active in the Financial Management Association; a reception honoring graduates, and culminating in a program that recognizes top graduates for their achievements.

As I contemplated the days' events on my drive home that evening, I was reinvigorated with the ways in which we can contribute, more than just monetarily, to our University. Students and faculty alike are eager to hear from us. Pick up the phone and just ask – "what can I do to help?" And, it is true that in giving, the unexpected happens - we do receive.

*–Rebecca Albers*

## Alumni News

**Brian Boyle, '00.** Brian has been in the investment industry since 2000. Prior to founding Boyle Capital in 2004, he was a portfolio manager for DCM. Living in West Des Moines, he enjoys working out and watching his favorite sports teams.

**Scott Breon, '12.** Scott is a Senior Financial Analyst with The Walt Disney Company in Orlando. Scott helped launch the financial strategy behind Disney's 2020 Environmental Targets, improving waste, water and emission reduction initiatives.

**Jay Doeden, '85.** Jay is a Managing Director at Deloitte & Touche LLP in Rosslyn, Virginia. He focuses on regulatory compliance and risk mitigation strategies.

**Micah Fannin, '95.** Micah is a Partner at the global benefits consulting firm, Mercer. He became a CFA Charterholder in 2003 and a Certified Financial Planner in 2015. He and his wife Karen have two children and reside in Omaha.

**Matt Hanson, '95.** Matt is Senior Securities Analyst at Aviva Investors. He is a member of the CFA Institute and the CFA Society of Iowa. He is also a member of the United Way Educational Leaders Program. He is married with 4 children, ages 13, 11, 8 and 3.

**Ben Miller, '93.** Ben Miller joined Aegon USA Investment Management, LLC (AUM) and its affiliates in 1993. He is a Senior High Yield Portfolio Manager. Ben and his wife Jen live in Cedar Rapids with their five children.

**Kari Shaffer, '10.** Kari is a lecturer at the University of West Hungary in Sopron. She has also taught English in Spain. She enjoys traveling the world and experiencing new places and cultures and works extensively with philanthropic organizations.

**Trent J. Tillman, '03.** Trent is Senior Transportation Specialist at TrueNorth Companies, LLC in Cedar Rapids, Iowa



# Fun Times in the CBB

## Reception for Finance and Real Estate Majors



Here are some photos from the annual major reception. Finance and Real Estate majors and faculty meet and greet over pizza and cookies.

This was a great opportunity for us to get to talk to our students outside of class and also for them to see the professors they will take or visit with those they have taken. A good time was had by all!



## The Real Estate Program

Art Cox | Director of the Center for Real Estate Education



The number of real estate majors has risen to 137, which is highest level since 2011. Particularly encouraging is the increase in the number of freshmen and sophomores who have declared real estate as a major. The proportion of men to women as real estate majors is 69.3% men to 30.7% women. This compares to 62.9% men and 37.1% women for the college at large.

Work continues in the development of a joint computer science-real estate program with the UNI Department of Computer Science. The joint degree would prepare students to work with large data sets involving real estate information, in particular market data that has become much more available recently.

I have contacted the high schools in the areas of Des Moines, Cedar Rapids and Iowa City, Waterloo and Cedar Falls, and Davenport and Bettendorf. The purpose of doing so was to determine any interest at the respective high schools in starting a real estate club for their students. Some interest has been generated from schools in several of the communities.

Attendance at Rho Epsilon has been very good this semester. Some meetings have had over 70 students and the number of women and underclassmen in attendance has increased significantly.

Mentors from the real estate industry have been offered to any real estate major wishing one. So far, 10 students have requested a mentor. It is very gratifying in that my requests to alumni or friends to be a mentor have never been declined.

Real estate majors have been active with several out of classroom activities in addition to weekly Rho Epsilon meetings. In September about two dozen students attended the Iowa Commercial Real Estate Expo in West Des Moines. Also in September, one dozen women real estate majors spent the day in Des Moines visiting employers and hearing presentations from real estate professionals with a focus on careers for women. During the evening there was a networking reception with the Iowa Chapter of Commercial Real Estate Women. During homecoming week our 21st annual Rho Epsilon Golf Outing was held. 73 golfers participated, including both alumni and current students.

–Art Cox

## Looking for Good Employees?

As a graduate of the UNI finance program, you are well acquainted with the high quality education we provide. We have three—soon to be four—emphases in the major that allow the program to be tailored to individual student needs and interests. Importantly, this allows our graduates to be well suited to a variety of jobs in the finance area. If your firm is looking for bright, well prepared finance graduates, let me know and I will forward some resumes to you. Thanks, we appreciate any help you can give our students!

–Fred Abraham

A man walks into a New York bank, and says he's going to Europe for two weeks and needs to borrow \$5000. For collateral, he offers his new Rolls Royce. The bank is satisfied and parks it in their secured underground garage. Two weeks later to the day, the man returns to the bank, repays the \$5000 and interest of \$11.67.

The loan officer says inquiringly, "Sir, we were delighted to have your business but, in checking your credit, we learned you are a multimillionaire. Why ever did you need to borrow \$5000?"

"Where else in New York can I park my car for two weeks for \$11.67?"



## A Conversation with Professor Mir Zaman

Professor Mir Zaman earned his BA in 1977 and an MBA in 1980 from the University of Dhaka. He completed his PhD from the University of Iowa in 1985. He joined the Finance Department in 1993 and was promoted through the ranks to Full Professor in 2000. He teaches a variety of courses in the department and has headed up the extremely successful CFA program. Here is an “elevator interview” with him.

### How did you wind up at UNI?

I was a Visiting Professor at the University of Iowa in 1993 when a position opened up at the University of Northern Iowa. Since both my wife Tania and I wanted to live in Iowa I applied for the position of Assistant Professor and the rest is history.

### Do you ever get used to the snow and cold?

Not really but it gives us a chance to moan and complain in winter.

### What are the best things about the UNI Finance Department?

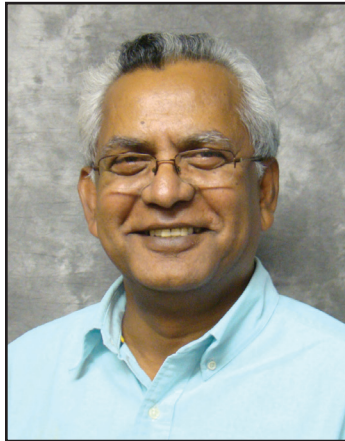
The first thing that crosses my mind is the students. Our students have the midwestern work ethic. They are hard-working and are willing to be pushed to their limits and beyond. Second, the Finance department offers students a number of avenues to succeed in the real world. The Financial Analysis program prepares students to take the Chartered Financial Analyst (CFA) Level I examination by offering a CFA Review Program in the spring semester. The department has also initiated a wealth management program where students will be prepared for the Certified Financial Planner (CFP) designation. Finally, the department houses the only Real Estate program in the state of Iowa and offers a major in Real Estate.

### What is your favorite class to teach?

Advanced Financial Management.

### What's your most interesting student memory?

When the FMA student chapter at UNI (I was the faculty advisor) arranged the first of many field trips to New York to visit the New York Stock Exchange and other financial institutions. To cut down on expenses we decided to drive down to Kansas City and fly from there. Back then UNI owned a bus to transport students for such occasions. The only problem was we needed to provide the driver with a commercial driver's license. We were stumped since none of the students or I had the requisite license. Guess who came to the rescue? The then Dean of the College of Business, Bill Greer had driven semis earlier in his career and was the designated bus driver for the trip. The students thought it was really cool that the Dean had driven semis for a career.



### Have students changed in your 25 years here?

I have noticed that students today possess less quantitative and communication skills. I think this deterioration is a nationwide phenomenon and we here at University of Northern Iowa are focused to ensure that our students graduate with the requisite skills to ensure a productive professional career.

### Describe the research publication that makes you most proud.

There are two research publications that I am really proud of. The first paper is 'Market Efficiency and Insider Trading: New Evidence', co-authored with Michael Rozeff and was published in the *Journal of Business*, 1988. We suggest that the anomalous profits to outsiders are a manifestation of the size-and earnings/price ratio-effects. This paper was heavily cited not only in academic journals but also other sources like *Money* magazine and trade journals. The second paper is, 'Aftermarket Support and Underpricing of Initial Public Offerings', co-authored with Paul Schultz in the *Journal of Financial Economics*, 1994. Subsequent to the publication of this paper I worked with Paul Schultz and others on behalf of the plaintiffs in the Nasdaq Market-Makers Antitrust Litigation. This was a class-action lawsuit initiated in 1996 alleging collusion amongst Wall Street traders. Litigation took almost four years and was eventually settled for \$1 billion, which was the largest antitrust settlement up to that point.

### What will be the role of financial advisors in the future?

I see the role of financial advisors to be critically important and challenging in the future. With the baby boom generation retiring and the millennial generation entering the workforce the role of financial advisors will change dramatically. Instead of just brokering transactions (making investments, purchasing insurance) the advisor will also have to provide basic financial help through digital technology for the millennial generation while providing a holistic, personal service to the older and affluent generation. In other words, they have to adapt well to technology advancements, stricter regulations and market volatility. A good place for a successful financial advisor would be to get a CFA charter or CFP designation.

### If you could change anything in your career, what would it be?

I would not change anything. I have no regrets in my choice of a career and I continue to enjoy teaching and research.

## Some Advice on What will Happen in the Stock Market

Fred, our beloved department head, ambushed me in my office a few days ago with a request that I write a short piece about the stock market, and give my opinion as to where it is likely to go. Well, I do have a Ph.D. in Finance so I should be able to do that, right?



him that advice. I rattled off some standard reasons: anemic growth, the Fed is out of ammunition, excessive leverage, China, the deficit... What I didn't mention was that the immediate catalyst for my advice was the sudden revelation that when strangers are desperately seeking advice on what stocks to buy from strangers they have just met on the beach, well, then maybe it is time to sell everything. I also didn't mention that my advice, which I knew he wouldn't take, was probably not worth the price of the drink he exchanged for it.

The summer before last, in late June, I was vacationing on the Riviera Maya south of Cancun. I struck up a conversation with a fellow resort guest who, when he learned that I was a finance professor, made a request very similar to Fred's. It turned out my new friend was on the resort's all-inclusive program while I was not, so he offered to "buy" the margaritas in exchange for my advice.

The beauty of our markets is that thousands of competitive investors glean bits of information from all corners of the globe, trade on that information, and thus set market prices that are likely the best estimates for what particular assets are really worth. Asset prices move to new levels in response to new, unanticipated information. Since this new information is unanticipated by most market participants, the direction of asset price movement is also impossible to anticipate. This holds for individual assets like stocks, and for the market as a whole.

While we were waiting for our beach waiter to return with the drinks I learned that my friend really only wanted to know what stocks to buy. He said to me, I want to buy, I need to buy, I have to buy, please tell me what to buy! When the waiter returned, I looked over at him and gave him my hastily considered opinion. I think you should sell everything, I said.

So, sorry Fred, I don't know what the stock market is going to do, but if you buy the Margaritas, I'll come up with something.

My new friend was astounded and asked why I would give

*–Dick Followill*

## CFP Board Approval



On April 11, 2016 UNI received notification and recognition from the Certified Financial Planner Board of Standards Inc. that our CFP Board-Registered Program application was approved. This program meets the specific criteria for educating individuals who wish to fulfill the education component for obtaining CFP® certification. With guidance from the Finance Advisory Board the Department of Finance began developing courses for the financial planning emphasis

in 2014 to meet this objective. This decision was based on growing interest in financial planning as a career combined with the standard of excellence established by CFP® certification for competent and ethical financial planning.

In addition to developing the courses, the process of submitting the application was long and detailed. The CFP Board expects a Registered Program to clearly state objectives, develop a long-term strategic plan and demonstrate that the 70+ learning objectives are covered. The combination of the business core courses (13), required finance courses (3) and the newly developed financial

planning courses (3) meet all of these learning objectives. The CFP Board requires documentation that involved providing a copy of the syllabus of every listed course, the vita of every instructor and the learning objectives covered in each course. While this process took significant time and effort to collect and organize, it is rewarding that the initial application was approved without any revisions. Charles R. Chaffin, Ed.D. (Director of Academic Programs and Initiatives) stated in his review of the application, "I applaud the completeness of the statement of program objectives, including the vision statement for 2020."

The new Personal Wealth Management emphasis of the finance major (the one that received CFP approval) is now wending its way through the university and Regents curriculum approval process. We will go live with this for the fall of 2017. The department and the CBA are actively recruiting students to choose this course of study as well as building relationships with the financial planning industry to provide students with internship and career opportunities in the future.

While the CFP Board partners with over 360 programs at more than 225 institutions, UNI is the first (and currently only) undergraduate business degree CFP Board-Registered Program in the state of Iowa.

*–Deb Giarusso*

## Sara Klaessy, Principal Financial Group | Finance Advisory Council

### Department of Labor (DOL) Fiduciary Regulation Package Impacts Financial Services Industry



A regulation was recently issued that is significantly impacting the financial services industry. After years of proposed rules, comment periods, and advocacy efforts on both sides of the issue, the DOL published their long awaited fiduciary rule and affiliated exemptions. On April 6, 2016, the U.S. Department of Labor (DOL) issued its final rule expanding the “investment advice fiduciary” definition under the Employee Retirement Income Security Act of 1974 (ERISA).

The regulation becomes applicable in April 2017. (The recent presidential election result has resulted in speculation on whether or not there will be an impact to timing of this regulation.) The new DOL regulatory package contains 900 plus pages of content, and has resulted in firms taking several months to review and determine their approach going forward.

The regulatory package greatly changes the scope of activities that make financial advisors an ERISA fiduciary. This regulation is one of the most substantial regulatory undertakings by the DOL since the enactment of ERISA in 1974. The DOL’s intent is to help protect investors by requiring all who provide retirement investment advice to plans, plan fiduciaries, and IRAs to abide by a fiduciary standard, which includes putting their clients’ best interest before their own profit.

While the fiduciary standards of behavior have not changed, it is now much easier for financial advisors to cross the fiduciary line than in the past. The regulatory package does not change what it means to be an ERISA fiduciary (which is commonly considered the highest standard of care known to American law), but it changes the definition of who is an ERISA fiduciary. If fiduciary duties are breached, this could result in personal liability, disgorgement of profits and self-reporting excise tax, and co-fiduciary liability.

#### **How will financial advisors mitigate their risk as a fiduciary?**

Financial advisors must continue to act in his/her client’s best interest. Their recommendations:

- Must be made solely in the interests of the retirement investor they are working with;
- Cannot be influenced in any way by their own interests; and
- Must reflect considerations that a prudent expert in the field would employ.

Although it has always been a best practice for financial advisors to document their discussions with their clients, this regulation makes it even more important. Financial advisors will want to be able to document what products/services they are proposing for a client(s) and how they arrived at that recommendation in case they are challenged by a client or the courts.

#### **Regulation impact**

Due to the significance of the regulation, there have been many research studies done to attempt to reflect the possible impact of the regulation.

- More than 62 percent of NAIFA (National Association of Insurance and Financial Advisors) members said the DOL rule will or probably will force them to stop serving some or all of their clients. (Source: NAIFA survey September 2016)
- Lower- and middle-income clients could be particularly hard hit by implementation of the rule. Nearly a quarter of the advisors (24.2 percent) said they will lose all of their lower- and middle-income clients. (Source: NAIFA survey September 2016)
- As result of the rule, 10 percent of advisors are planning to leave or retire from the field earlier than expected, and 18 percent are reconsidering their careers as advisors. (Source: Fidelity 2016)

This regulation also is impacting financial services firms, in addition to financial advisors. Retirement plan and IRA service providers, as well as broker dealers, are all impacted. Each entity is reviewing the regulation and making business decisions on how to move forward.

*cont. on page 11*



## From the Finance Advisory Council

### John Steen & Mike Daugherty



**John Steen**

We are proud to announce the creation of the new Finance Advisory Council and Alumni Endowed Scholarship. When Fred became department head he said this was a top priority for the department and he hoped it could be done. We are pleased with the response of the Advisory Council since with payments and pledges we have now reached the amount necessary to create an endowed scholarship. Once it begins the annual award will be the interest earned off the scholarship and the principal is never touched. The awards will be made far into the future.



**Mike Daugherty**

Last year, John completed his role as president of the advisory council and Mike was selected to replace him. John has enjoyed his time heading up their activities and is confident the progress will continue under Mike's able leadership. Mike is looking forward to the future with great anticipation.

At the last meeting we tried something new and were pleased with the results.

After discussion with Fred, we decided to have some presentations by advisory council members to the group as well as finance faculty. While we always get updates on the department and college at every meeting, we thought it would be useful to have an opportunity to provide insights into what was happening in our industries.

John gave an excellent presentation on the history of the 2008 banking crisis and is there a probability of it repeating? Everyone in the room agreed steps need to be taken to prevent that. Sara Klaessy then made two presentations. The first on the DOL Fiduciary Responsibility rules scheduled to go into effect in April 2017. This led to a wide-ranging conversation on the major changes coming because of it. It will cause significant alteration in how we all do business. She followed that up with a presentation on Robo-Advising which is an online wealth management service that provides automated, algorithm-based portfolio management advice without the use of human financial planners. This is really exciting and will also affect the financial services industry. All in all, this experiment of council members making presentations worked well and we will continue in the future.

Finally, we wish good luck to Fred in his retirement. We have enjoyed working with him and wish him well!

*-John Steen & Mike Daugherty*

*Sara Klaessy - Continued from page 10*

#### **Change, but there is opportunity**

As with most significant changes, opportunities also exist. Financial advisors and financial services firms that treat this regulation as an opportunity could potentially be more successful going forward. According to a recent Fidelity 2016 study, financial advisors see potential opportunities for acquisitions (one in five advisors indicated their firm is actively pursuing acquisitions) and nearly a quarter of advisors suggested that their firms will more actively pursue retirement assets as a result of the rule.

This regulation is one example of how the financial services industry is always changing and the importance of keeping on top of the changes. Financial advisors and firms that view these changes as an opportunity will help position themselves well for the future.

*-Sara Klaessy*

## Contributions

We rely heavily on the generous financial support of our friends for things like this newsletter, scholarships, tutors, and a host of other things that improve the quality of our program. Below is a list of individuals and companies who have helped us up to October 31, 2016. Note the matching gifts by companies which significantly leverage contributions. Thanks to one and all!!

**If the time isn't right for you to contribute, we want to hear from you anyway.** Please just use the back of the form to tell us what's happening with you. We and your former classmates are interested. Thanks!!

### Contributors

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### Matching Gift Companies

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Bank of America Matching Gift Program  
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Fidelity Foundation  
Fifth Third Bank  
Lincoln Savings Bank  
Principal Financial Group  
Principal Financial Group Foundation  
Rockwell Collins Charitable Corp.  
Rockwell Collins Matching Gift Program  
State Farm Companies Foundation  
U.S. Bancorp Foundation  
Wells Fargo Foundation

## Students and Money

There is no question university education is expensive. Fueled in part by declining state support, tuition has risen considerably in the last decade. As a result, students borrow to finance schooling. At UNI, while not all students who graduate have debt, those who do average about \$23,000. Our financial aid office has a program called "Live Like a Student" that tries to teach students how to make sound financial choices. By helping improve decision making the program has successfully reduced student debt loads.

Topics taught are that budgeting is a fundamental requirement, living within your means, and how today's decisions affect tomorrow's financial future. Our department offers a course, Introduction to Personal Planning, that is open to all students on campus. We touch on the various aspects of financial life and we try to blend it with the financial aid office.

What is surprising to me is how many students have a limited financial knowledge. I fear parents are not spending enough time teaching the do's and don'ts of money. My parents were married during the depression and believe me, we were taught how to handle money growing up. I hope I have taught my kids the importance of money management!

*-Fred Abraham*