

interchange

Talking with Ginny and John O'Donnell

Lakeside Investments, L.L.C.

How do you describe your practice?

Ginny: At the risk of over-simplification, we're "safe-money strategists." Mostly we manage retirement money for people. But our practice has been evolving into comprehensive financial planning. One of our aims is to help clients be forward looking—and forward thinking. We have repeatedly found that clients that come to us for investment help need financial planning—maybe college planning, tax planning, risk management, you name it. In meetings we wind up asking clients about beneficiaries of various insurance policies and investment accounts, wills, power of attorney, all sorts of things.

Having realized our clients need all these services, we have worked hard at gaining those skills ourselves and have partnered with Allegheny where we need more. We are licensed for insurance as well as securities, so we can address long-term care issues, disabilities, and other insurance. Plus we have a small-business-retirement-plan side of the practice.

Who are your clients? How can you describe them?

John: Three quarters of the assets under our management belongs to individuals. They are typically between 40 and 65 years old. About 80% of individual clients are within 20 years of retirement.

We also have a number of small-business clients, and a quarter of the assets under our management are in employer plans. We have set up 401(k), 403(b) or other small-company retirement plans, such as Uni-Ks and Uni-DBs. Uni-Ks and Uni-DBs are for employers with fewer than five employees. These single-participant plans are appropriate when the owner is only a few years from retirement and wants to "catch up" on his or her retirement assets. We also try to develop

relationships with the individual employees of our business clients, to provide them investment and other financial advice and planning.

Ginny: Among individual clients we have a couple of noticeable concentrations. One is Information Technology professionals—largely because of John's substantial experience as one of them. He moved from IT to a big Wall Street firm in the '80s, before we established our own firm, Lakeside Investment Advisors. But working families with children are also a sizeable portion of our client base, reflecting where we live and work—in northeastern Ohio.

Many of our client families are two-income earners. These people are all smart. But they have limited time to educate themselves about saving and investing for retirement. Many people don't even pick their own cars anymore; they consult the experts. We provide the same sort of service with respect to investments and other financial matters. Our clients just don't have the time to do it themselves. And they recognize they don't have the resources and skills to do what we and Jack Kraus at Allegheny do for them. In a sense, we sell time.

John: We say to prospective clients, "Given the demands on our time and the availability of specialized skills, many of us outsource numerous functions in our personal and business lives. Consider outsourcing some of your financial work—asset allocation for your 401(k) plan, for example."

What's most frequently on your clients' minds now? What do they want to know and how do you advise them?

Ginny: Clients, or more often, prospective clients, worry whether they have saved enough to retire. If not, they want to know what they have to do.

Ginny and John have offices in Willoughby, Ohio, and can be reached at 216.533.8000.



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Given the recent weakness in financial markets, the older ones are sometimes worried about their diminishing retirement assets in the few years remaining before retirement. They want a guarantee of some sort.

John: We really don't know what advice we'll give until we collect the data, spend time with them and analyze their situation. There's no one shirt or skirt that fits everyone. Depending on the particulars, we might introduce those looking for safety to variable annuities. Insurance may be a solution for others. Maybe it's a matter of saving more. But those are just examples.

The best thing we can do for clients is focus on a financial planning perspective. Based on the information they provide us about their situation we are able to provide a solution that best meets their goals. No one has refused to provide the extensive information we ask them for. That information tells us what they need and what the possibilities are.

Where is your practice headed now? And how are you developing it?

John: We've had client growth of 15-20% a year for several years now. And while current financial market and economic conditions, along with our larger base, point to a slower growth rate in the future, we don't see ourselves retiring any time soon. We like being engaged at this level.

We're looking for more of the same kinds of clients: individuals within 20 years of retirement and small businesses in need of well-managed retirement plans to address particular situations. We focus, as David Jeter has urged us, on the market defined by who we are and what we know. The 40-65 age bracket is a natural market for us because of our ages. And I've been working all my life with IT professionals. I know them, know how they think, and speak their language.

Ginny: That's also the case with our family clients, including the working families. Ditto the small-business market. We have lived here in northeastern Ohio all our lives. Our office is in Willoughby, and we live in Geauga County, with its mix of working and professional families. With our ties through family, friends, clients, contacts, "partners," office and suppliers, our connectivity—and visibility—is good. And we're starting to hit a critical mass in local employer relationships.

As a result of our experience, we have not set minimums on the size of accounts we work with. Most of the married couples, both working, in their 40s or 50s, have 401(k) money. Small business people may have only five or six thousand dollars in a retirement plan, but soon they call and bring over other assets. Most have assets in addition to what they talk about at first. Once we gain their trust, they "open the door" and want guidance about other investments and other financial matters. Often they ask us to help with spouses' and children's investments, or refer us to other relatives or friends.

John: There's nothing better than a referral. Most of the business we've developed comes from referrals. One of our core strategies going forward is to draw more referrals from the relationships we've already built.