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**Next TCI Art Exhibit**

Opens  
February 2011  
Watch for an  
Invitation to the  
opening night  
reception in  
the mail.

**TCI Webinar  
February 17, 2011**

You can view previous  
TCI Webinars on our  
website under the TCI  
Press Room tab.



# TCI WEALTH ADVISORS, INC.

## What SHOULD We Focus On?

**Michael Grosso, CFP®**

Over the years, this question has been the primary subject of many productive discussions with our clients and recently, the advisors at TCI decided to flip the tables and pose this question upon ourselves. The root of the conversation was questioning our perceived value proposition as an industry. This, we believe, holds that most investors work with their advisor solely for the purpose of investment management and performance. Our belief at TCI has always been that our clients rely on us for much more than just investment-related services. We have worked very hard over the past few years to try and help clients deal with the pain they were experiencing as a result of the 2008-2009 financial crisis and the struggling investment performance that ensued. Throughout this difficult period we have again been reminded that we cannot control the markets. As such, we have spent our mutual time together working on many of the complex planning issues that will hopefully help preserve and strategically grow those hard-earned investment portfolios on behalf of our clients.

As investors, we are constantly exposed to news and information that can turn our focus from the things we can control. It is im-

portant to remember that, as investors, economic data can often be interpreted in a variety of ways. We can usually look at it like you would the proverbial glass – either half full or half empty. Recently, there were three key events that could have fallen into this half –full/half-empty characterization. Corporate earning reports were positive overall, but questions remained regarding the sustainability of top-line growth. Only seven banks had failing grades when European bank stress tests were released, but investors wondered whether the tests were sufficiently stringent or if they just restated the obvious. The U.S. economy continues to grow, albeit at a reduced pace, but it's uncertain how long the consumer will be able to sustain the current level of consumption, especially with the current unemployment rate at 9.5%. For every positive event, doubts remain, adding to an overall cautious sentiment. Additional examples of this confusion is evidenced by the so-called "Hindenburg Omen" which flashed a "sell" signal in mid August only to be followed by the best September for the S&P 500 since 1939. As always, this serves as a reminder that many investors are easily persuaded that careful analysis of

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stock market trading patterns or media prognostications offers valuable clues as to the direction of future stock prices. This constant confusion, especially when framed in a negative light, can create an aura of "Irrational Pessimism" and it is important to realize that regardless of your time horizon or point of view that the worst thing we can do as investors at this juncture is to take no action.

In addition to spending our time leveraging planning techniques to help our clients navigate through these difficult few years for investors, we also have had a multitude of discussions with clients to answer, perhaps, the most important question of them all: "Am I Going To Be Okay?". It is our firm belief that one of the most important jobs we have as your advisor is to identify potential planning problems well in advance and be able to develop proactive solutions to address issues that may arise. The lives and situations of our clients are always in motion and we need to be continually adjusting goals and plans accordingly. We use our Wealth Forecasting tool to quantify the planning we do into probabilities. This helps provide a framework for which clients can better understand what their current situation might look like 10 or 20 years from now, given what we know today. This tool can also be helpful by tempering overconfidence, which is one of the biggest obstacles when it comes to making good investment decisions. In fact, this factor can have major consequences in any scenario where the outcome is an unknown.

There has been a lot of data and research published which shows that investors are not very good at dealing with unknown outcomes, but we believe that the bigger issue tends to be that we believe we are good at it. We often think we can control much more than we really can and worse yet, we perceive that we can forecast the future. Investors often find themselves pointing to what we view as clear evidence for our beliefs and we wonder how those that don't see it the same way can be so wrong. By shifting our focus to the things which matter and which we actually CAN control, allows us to keep overconfidence at bay and continue to make future decisions based upon facts versus emotion. One of the other areas which we continue to focus upon is our ongoing commitment to delivering valuable education to our clients. Our clients are comprised of individuals whom have made good decisions within their lifetime and we believe that continued delivery of this valuable information only empowers our clients to continue to make good decisions regarding their wealth. The more our clients know and understand about what we do and how we do it, the stronger and deeper our relationship becomes.



*Michael Grosso, CFP®, a shareholder at TCI Wealth Advisors, brings more than a decade of financial experience to his role as an advisor. He joined the firm in 2008 and enjoys working with and educating his clients in order to help them achieve their goals.*

**Employee Spotlight**

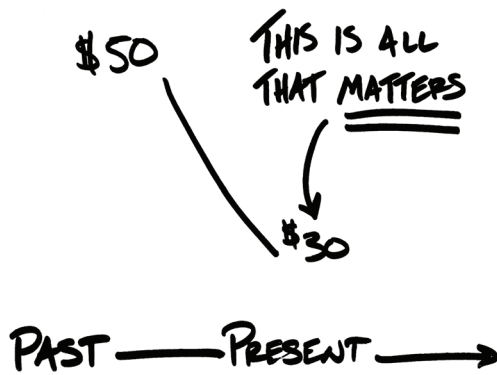


Our employee spotlight this quarter is Lisa Farrier who is a paraplanner in the Reno office of TCI. Lisa came to work for TCI in December of 2004 so this month, she is celebrating her six-year anniversary with the firm. During her first few years with the firm, Lisa served as both an associate and paraplanner but has migrated to spending all of her time working in the paraplanner role for not only the clients in Reno but in other locations of the company as well. Her favorite part of her job at TCI is helping our clients meet their goals, but she also really enjoys the great people that she works with everyday. Lisa has spent the past few years going through the education process for obtaining her CFP certification, and in March she passed the exhaustive exam and is now very excited to be a CFP certificant.

Lisa was born and grew up in Boulder, Colorado. She attended the University of Colorado in Boulder, where she graduated Cum Laude with a B.S. in Business Administration with a major in Finance. After living in the Bay Area, Lisa moved to Lake Tahoe where she met her husband of one and a half years, Mike. They still live in Lake Tahoe where Mike works as a chef and they have a spunky golden retriever named Sydney. Lisa loves spending time in the outdoors and some of her favorite activities are camping, hiking, skiing and kite-boarding. Lisa also really enjoys traveling both domestically and internationally and is always planning her next great adventure.

# The Mental Anchor of Money Mistakes

Carl Richards



1. You pay \$800,000 for your home, and a few years later you need to sell it. We have a tendency to feel like we should at least be able to get what we paid for it. So you insist upon listing it for \$800,000, even though the market value is less than that. You pass on offers around \$775,000 and then ride the market all the way down to the point where you are just hoping to get \$650,000 a year later. Now that first offer looks like a dream.
2. You buy a stock for \$50 a share, and six months later it is \$30. You decide that you really shouldn't own it anymore but you want to wait until you "get back to even" before you sell. This idea of holding on to an investment that is no longer appropriate, or may have been a mistake in the first place, until you get back to even makes no sense. The fact that you paid \$50 has no bearing whatsoever on what you should do now.

One of the more common behavioral mistakes we make when it comes to investment decisions is the tendency to anchor to a certain value or price. When we focus on, or anchor to, a price, it can lead to costly blunders. Here are a few examples:

1. You pay \$800,000 for your home, and a few years later you need to sell it. We have a tendency to feel like we should at least be able to get what we paid for it. So you insist upon listing it for \$800,000, even though the market value is less than that. You pass on offers around \$775,000 and then ride the market all the way down to the point where you are just hoping to get \$650,000 a year later. Now that first offer looks like a dream.

The forecast for home prices going up, for example in Arizona, isn't a good one. During the third quarter of 2010, Arizona saw home prices decline another 2.5%. All told, Arizona home prices are down 9.3% over the previous year. The reality is the market doesn't care what you paid for your house. It doesn't care how much you put in to it or what it cost you to landscape. All that matters is what the home is worth today, and depending on where you live that number may not match what you paid for it.

In fact, I think it is fair to say that getting back to even is never a good reason to hold on to an investment. If you find yourself saying that, it's time to re-evaluate. Just consider the time, energy, and money you have invested in such a strategy. You stand to lose significantly more than if you sold an investment that you no longer need. All too often I've watched people glued to CNBC, scanning the ticker tape and hoping that the next time around they'd see the number that made it OK to sell. Do you really want to approach life that way?

3. Your portfolio was worth \$500,000 at the top of the tech bubble in early 2000, and you still think about that value each time you open your statement and see that it's worth less than that. You just want to get back to your high-water mark of \$500,000. This may not have any impact on your decisions, but it sure is affecting your life. I know people like this, still holding on to a value in the past. It is like that guy next door who is still telling stories of his glory days in high school football.

Remember: the past is the past. All that matters now is making the correct decision for today.

## TCI Offices

### Holiday

### Schedule

Please make note of the following dates and times that TCI offices will be closed during this holiday season.

Thursday,

December 23,  
2010 and

Friday

December 24,  
2010

Thursday,

December 30,  
2010 and

Friday,

December 31,  
2010

We wish all of you  
a very Happy  
Holiday Season  
and look forward  
to seeing you in  
the New Year!!



# TCI WEALTH ADVISORS, INC.

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Photo Coming  
Soon

## Santa Fe

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