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Features:

Rich Goldman of
Conscient Capital

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It's **NO** Time for Nostalgia. Today's Investing Takes *Alternative Vision*.

By Kathy Heasley

Ask anyone and they might just agree that the last few years have been a rocky road economically, financially and in some cases, emotionally. Most of us have never experienced a recession and its aftermath quite like the one that hit us in 2008. We're still wondering when things will get back to normal.

Rich Goldman, founder and CEO of Conscient Capital™, believes that the world we live in is the *new* normal. And that waxing nostalgic about the past is pointless at best and dangerous at its worst, financially speaking. He says there are massive differences in earlier decades—the 70's, 80's, 90's and even the 2000's—when compared to today and it is important to recognize them. “Every investor, everyone who wants to retire and fund their post-employment lifestyle, must recognize that what was once risky is now safe, and what was once safe is now risky,” says Goldman.

Conscient Capital was built on the premise that the times we

live in are unlike any other era in our lifetimes and that they require an alternative vision for investing. Goldman is also quick to point out that even though we haven't lived through times like these, they are not unprecedented historically. Goldman has been a lifelong student of history, economics, world events, money and politics—the very factors that have shaped our world. From that intense decades-long study he recognizes that the scenarios playing out today have happened before. He recognizes the patterns and uses that awareness to shape his alternative vision for investing.

He also reads and monitors the news of the day. “Not the news on page one,” Goldman says, “But the news on page 18. News from unconventional sources. That's the news that I find most relevant, the news that hasn't made it to mainstream media.” Goldman then scours the data, monitors the markets, tracks the trends and coalesces this and much more into strategies that he and his team then manage for the benefit of the company's clients.

Below: (From left to right) Shanna Blanchette, Phil Bervig, Rich Goldman, Leslie Goldman.



“It’s next to impossible for investors who have jobs, lives, and commitments to pour through the vast quantities of articles, reports, data and market movements, even if they knew where to look and what to look for. The time and experience required to makes sense of it is beyond the time constraints and frankly the interest levels of most people. I do this for a living, so finding the time isn’t even a question. And I have no trouble maintaining my high interest level,” says Goldman whose obsession for world affairs, money, economics, markets and history is part of his DNA.

The World According to Conscient Capital

What exactly is different today? What has changed? What are the issues shaping our present and setting up our future? Goldman, who seeks to anticipate how past, present and future events converge so he can position his clients to meet their financial goals, sees several important trends. Here are three of them.

1. The Nature of Risk has Changed “People are used to putting their money in the bank in a savings account or certificate of deposit. Others are used to investing in government bonds. These vehicles are considered safe and secure, but I don’t see them that way,” says Goldman. He is quick to point out to clients that today, if you put your money into vehicles like these, the money in them is earning such a low interest rate that the principle, the very thing the investor is trying to preserve, is losing value. In other words, the inflation rate, a.k.a. the escalating cost of living, is outpacing the performance of the investment.

These investments, therefore, are very risky plays for investors who are looking to build, preserve and live off of a retirement nest egg. “It’s the classic case of thinking a million dollars will be enough only to find out that that million plus the interest it earned won’t buy nearly what they had hoped. Held in these ‘safe’ investments, people discover too late that their principle plus interest won’t even fund their current lifestyle, let alone allow them to fully enjoy their golden years,” says Goldman. Conscient Capital works with people who understand this reality and are looking for alternatives that make sense.

2. Inflation and Loss of Purchasing Power Are Real The Conscient Capital client understands that inflation is real despite what the consumer price index (CPI) numbers report every month. Goldman is quick to point out that those numbers

What exactly is different today?
What has changed? What are
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most important, what can we
do to prepare ourselves?

do not take into account two of the most important indicators—food and energy—two areas where most people regularly spend a large percentage of their incomes. Take food and energy into account and the inflation rate would be significantly higher. “If you still don’t believe that inflation is real and is impacting your purchasing power, then look at the trend line,” says Goldman.



Conscient Capital focuses on investments designed for inflation protection, cash flow and spendable income that outpaces inflation. Goldman says, “You can be angry about rising prices all day long, but that won’t do you any good. We’d rather direct our clients into hard asset investments that are more suited to our inflationary times. We aren’t trying to change our reality. We’re trying to work with it rather than against it.”

Working with rather than against our current economic times takes a great deal of knowledge, experience and perspective. One of Goldman’s biggest concerns that he addresses with clients



Rich & Leslie Goldman

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is that inflation isn't just about rising prices, it's also about the weakening of our currency. In a global economy, countries seek to weaken their currency to increase exports—certainly something that we need in the United States to boost our economy. But the trade off is that a weaker dollar means that everything we buy will be more expensive. As a currency loses its value that bottle of shampoo, that car wash and that dinner out will cost increasingly more.

Goldman cites this example: "Let's say your income is \$100,000 per year. Do you believe that same \$100,000 will buy you the same amount of goods and services three years from now as it does today? Most people instinctively answer 'No' to that question, but they don't know what to do about it." Conscient Capital clients are people concerned about having enough spendable income from their investments to fund their lifestyles and retirement. "If someone calculates how much money they need today at 3% interest to fund a 25-year retirement, that number is pretty big. Add in the effects of inflation and the shrinking value of the dollar and the number gets even bigger. Conscient Capital looks for better solutions with the potential of greater returns that compensate for the effects of inflation.

3. The Evolution of the Interest Rate Environment

Goldman revealed another important trend that will likely be news to investors, and that is, the evolution of the interest rate

environment. He explained because of the difficulty in finding a safe place to park their money, investors will soon experience regulatory changes relating to financial instruments such as money markets. Goldman says, "Traditionally people have always assumed that they could put their money into a money market account—where they were in essence lending money to a financial institution. In return for that 'loan,' they rightly expected to receive a return on that investment. But the reality today is that there is so much money available to invest, looking for a rate of interest and looking for protection that the competition has driven interest rates into near-negative territory. There simply isn't a positive interest rate available."

Goldman foresees a time when investors will not earn interest on their money, but instead be charged a fee for a financial institution providing a safe place to store it. This is already happening in some parts of the world. He also foresees a time when people discover that they may not be able to withdraw all their money, despite the fact that they assumed their safe investment was liquid. The reason, Goldman states, is what's known as fractional reserve banking. Simply defined, this term means that for every dollar a customer deposits into the bank, the bank can loan ten or more dollars to other customers. This ratio has grown over the last decades and contributed to bank failures during the recession. Goldman calls it a house of cards and sees financial institutions allowing customers to withdraw only a portion of their money or requiring them to pay a penalty for full withdrawal. "This amounts to the free use of your money by financial institutions," Goldman says, "These are the kinds of possibilities that most people are not even considering...until they happen. And then it is too late."

A Guiding Business Philosophy

Conscient Capital's Alternative Vision™ Investing is a guiding business philosophy that Goldman has lived by for decades.

Conscient Capital works with high-net-worth individuals... other investment advisors and institutions that are looking to place a portion of their clients' money in alternative investments.

Education is foundational to it and the company believes in telling people the truth by sharing the realities and diving as deep into the subject as people are willing to go. “Some people are happy with the basic information that helps them understand why we do what we do. And that’s fine. Others want to know more and talk about the details. We have clients who even become as interested in the world, money and economics as we are at Conscient Capital,” says Goldman.

Goldman is happy to teach and often gives presentations to groups, companies and associations on the subject of world affairs, money, economics and the principles behind Alternative Vision Investing. Of course Conscient Capital can gain clients from those efforts, but that’s not why Goldman takes the time to educate. “I teach because I want people awakened to the reality

individuals, the company also works with other investment advisors and institutions that are looking to place a portion of their clients’ money in alternative investments. Goldman points out that the work he and his team do is a specialty and proprietary. “No one else does what we do nor do they have the decades of experience Conscient Capital has. Alternative Vision Investing is not status quo investing, so dabbling can be dangerous,” says Goldman.

Goldman’s path to his Alternative Vision Investing was by no means direct. After graduating from Columbia University, Goldman went to work in Manhattan as a media buyer and handled the Toys ‘R’ Us’ account. It was there that he discovered not a love for advertising, but rather—the *Wall Street Journal*. “I would get to work early and read it cover-to-cover. It was my



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(From left to right) Rich Goldman, Shanna Blanchette, Leslie Goldman, Phil Bervig.

of our times. What they do with that awakening is up to them. I want them to question the status quo before the status quo surprises them a few years down the road. That’s a fate I want for no one, believe me. “

Dedicated to education, Goldman hosts “meet-ups” once a month at a local establishment for people who want to talk about the world and alternative investing. “Sometimes two people show up, sometimes ten or more, it really doesn’t matter because it’s about conversation and learning. It’s a good time because the subject is so compelling and important to people and their futures,” says Goldman. Anyone who wants to join in the discussion can learn more on the Conscient Capital website, ConscientCapital.com, or call our offices at 480-471-5456.

Although Conscient Capital works with high-net-worth

favorite part of my day,” confessed Goldman who wore a three-piece suit to work, always dressing the part of a banker rather than an adman.

His observant boss didn’t get angry that Goldman’s passion wasn’t TV commercials and rating points. Rather, he got tough and did the hard job of letting Goldman go. Not because of poor work, but because he recognized a young man’s passion for finance, maybe before Goldman recognized it in himself. Goldman’s heart wasn’t on Madison Avenue; he would soon find it on Wall Street, and his former boss would become his first client.

After 22 years and several major Wall Street firms later, Goldman decided to strike out on his own and bring to life his own vision of investing: Alternative Vision Investing. “I knew

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that my best chance of providing objective investment advice to clients could only happen by becoming an independent advisor,” states Goldman. So he left the major houses and started his own investment advising company in 2004, which was rebranded as Conscient Capital in 2013.

The Personal Side

The more you know about Conscient Capital and the people who work there, the more you discover they are people who love money, love family and love making the world a better place. “It’s hard to be successful in this business if you don’t enjoy money, but there’s a lot more to it for us,” says Goldman who has been married to his wife, Leslie, for 30 years. “She’s my best friend and together we have two great kids, both in college.” Both Goldman and his wife are active in the community including the Phoenix Boy’s Choir, ICAN (International Cancer Advocacy Network) and the Jewish Community Association of Greater Phoenix.

Goldman has also recently discovered a love for scuba diving and the marvels of the undersea world. He makes time for cooking, one of his favorite creative outlets, and continues to travel internationally saying that it helps give him the global perspective he needs to be effective in his work. “It’s next to impossible to do what we do at Conscient Capital with a purely American point of view. It’s a good thing I don’t mind getting on a plane and regardless of whether it’s for business or a vacation, I always come home with new perspective,” says Goldman.

Goldman admits he works in one of the most challenging industries during one of the most challenging times in history. “The work is difficult, rewarding and I love it,” he says. “Honestly, a good day is getting up and facing another challenge and solving it because to me that’s an exciting part of life and achievement. It’s a privilege. Just as helping people is a privilege. I’m also blessed to have clients who are interesting, creative and successful. I love what I do, and it probably shows.”

AT A GLANCE



Rich Goldman, Founder and CEO, Conscient Capital.

- **Founder and CEO, Conscient Capital**
- **Creator of Alternative Vision™ Investing**
- **Works with high net worth individuals and institutions**
- **30-year track record in asset management**
- **22 years with major Wall Street firms**
- **Accomplished speaker on world affairs and money**
- **Graduate of Columbia University**
- **Wife Leslie, two college-age children**
- **Enjoys international travel, scuba diving and cooking**

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