

Success Story



Paxton Farese
The Farese Group
Jackson, Miss.

Educational Workshops Key to Niche Market Success

Paxton Farese, 37, never expected to have a career in financial services. He grew up with the goal of becoming an attorney just like everyone else in his family. After college, he went straight into law school, but later deferred a year for the opportunity to work on a governor's campaign, he soon found himself knee-deep in the investment business, never to return to law school. Now 13 years later, Farese is one of the top advisors at Securities America.

"I had a pretty strange start to my career," Farese said. "I fell into the investment business through a guy who told me I was going to be working with PGA professionals. I thought I would be working with pro golfers like Tiger Woods, but he meant teaching professionals at country clubs. After about a year of doing that, I decided I needed some formal training on investments, and went to work for Morgan Keegan in 2001."

Farese said Morgan Keegan's training program taught him to focus on niche marketing, the power of asking people for advice and staying in contact with centers of influence. One of the centers of influence he had met in his prior life of politics was the president of a large telecommunications company. Farese began his career with a bold elephant hunt – meeting with that president about his personal account. As could be expected, the president softly let Farese down; satisfied with the situation the company was already providing him. But he informed Farese that many people at his company were being offered voluntary severance packages and may need the services Farese could provide.

Farese embraced the opportunity and began researching the company and the severance package being offered. He even hired a former benefits specialist from the company to train him and explain everything being offered, including the summary plan descriptions for the 401(k) and pension plans. Once prepared intellectually to offer sound advice, Farese began to pursue company employees.

"I didn't have a list or a database of names, so I just started calling work centers and asking if anyone was nearing retirement," said Farese, who was still in the Morgan Keegan training program.

Farese eventually identified six individuals that planned on retiring but were not eligible for the package for another six months. While cultivating those relationships, Farese found himself ranked as one of the lowest representatives of Morgan Keegan's training program, having secured fewer assets under management than others in the program who had reached out to secure assets from friends and extended family members. Farese never pursued that option, as he knew that business model would not be sustainable. Instead, he focused his attention on these six individuals, making the commitment that this tactic would work, or he would return to law school.

His persistence paid off when all six chose to invest nearly \$3 million in assets with Farese, earning him nearly \$48,000 in revenue in a single month – more than he had ever made his entire life. But more important than his original six clients, and the amount he was able to earn as their financial advisor, Farese learned why he was supposed to be in financial services and how he should build his business.

"I realized the incredible need and desire these folks had for help they were not getting," Farese said. "I was shocked that there wasn't already education available to prepare these employees at such a large company. I also learned there were other advisors targeting the same group of individuals, so I started looking at companies with a similar regional footprint that had been around for a long time."

Farese eventually inquired about an electric company with a fellow church member who led him to talk with the board of the Quarter Century Club – the group for employees who had at least a 25-year tenure with the electric company. He went through the same steps he did with the first company approached: educating himself, hiring another former benefits employee out of his own pocket and researching the company and packages available, before presenting his plan to the board. His plan was simple: he wanted to conduct educational retirement workshops across Mississippi for the nearly 1,000 employees that were part of the Quarter Century Club. The workshops would never include pitches with specific investment products or market commentary, but were instead purely educational

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Farese continued

based on retirement plans. The board approved his request, passed a motion to allow Farese to become their financial representative and then provided him with the names and addresses of all qualifying members.

“I knew these workshops were going to be the one shot I had to make a difference,” Farese said. “I wanted to make sure they could learn everything they could, regardless of if they worked with me or not. I really felt this was something I was supposed to do to help these people.”

Farese put together 30-45 minute PowerPoint presentations and sent a letter from the organization’s president introducing him with an invitation to the workshops. After completing 10 workshops over two weeks, Farese secured nearly \$6 million in assets the first month, and more than \$20 million that first year.

“I knew I had stumbled upon something big,” Farese said. “A totally untapped market desperate for help. I also realized the landscape of traditional investing was about to change from asset accumulation to income distribution and asset preservation, and that is what I focused on over the next decade. The need was overwhelming, and I was going to need some help.”

Over the next six years, he built The Farese Group in Jackson, Miss., at Morgan Keegan, eventually becoming a top producer. Farese hired his first assistant – Erin McCain, the current director of operations at The Farese Group – in 2004, and along with a junior partner, the business grew to manage nearly \$100 million. In 2006, Farese moved to Wachovia Investments to begin using his own personalized branding, something Morgan Keegan did not allow. Growth continued after the move to Wachovia as Farese expanded his attention from electrical companies to the nuclear industry, opening the door to test his model in other states as well.

“Our business increased dramatically,” Farese said. “We were getting requests from Louisiana and Arkansas to hold our educational workshops as employees continued to share our name with others. I was hesitant to expand at first, mostly because I didn’t want to dilute the unparalleled service we strive to provide our clients.

Farese was also concerned about issues with his broker-dealer.

“Going from a regional broker-dealer where we were on top, to getting lost in the midst of 14,000, and having conference calls about conference calls was a miserable experience,” Farese said. “At Wa-

chovia, I had a lot of problems dealing with individuals that didn’t understand what we did.”

Farese said he was anxious to move somewhere where he could work with like-minded individuals that would allow him to do what he wanted to do, so he kept looking for other financial advisors with similar business models. In early 2008, as the U.S. economy was falling apart, Farese met with a Securities America recruiter and eventually attended Master’s Forum as a guest, with the opportunity to meet the executive leadership team.

“We really began serious discussions there,” Farese said. “I was interested because they understood my model and had been integral in helping other advisors build a similar retirement network through their best practices. Their knowledge of my specific model and their willingness to support it, instead of being a deterrent to it, was the greatest show of support I needed.”

In December 2008, The Farese Group joined Securities America, transitioning with nearly 100 percent client retention. Since then, Farese has opened two additional office locations in Little Rock, Ark., in 2010, and in Baton Rouge, La., in 2012. The practice now includes Erin McCain, Jeff Turnipseed, Denise Stevenson, Paul Gregory, Melissa Meyers and Farese’s wife Christie, who is not an official employee, but has served as his sounding board and has the honorary title of chairman of the board. By continuing to market themselves as a full-service retirement planning practice with a focus on income distribution planning, The Farese Group has grown to more than \$170 million in client assets.

Farese said unlike other firms that work on the wealth accumulation phase, The Farese Group focuses on the transition to retirement and the actual retirement years to provide clients with a strategic game plan that uses sound income distribution tactics and helps clients spend their money wisely. The practice is unique in its ability to provide specialized investment, insurance, accounting and legal services all under one roof through a team-based approach where every professional a retiree needs communicates and works congruently.

“On average, retirees work with three to five financial professionals, who often do not communicate with one another,” Farese said. “So after years of trying to quarterback for our clients, we brought those services in-house. Now our clients don’t need to drive all over town. Often people don’t know where to go when they retire, so our goal as a company is to be the premier, all-inclusive financial services company for retirement planning in the Southeast.”

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