



DEAL DIVA
Looking to save money in 2013? Blogger Tara McAlister has some ideas. **2D**

The Charlotte Observer



PHOTOS BY DIEDRA LAIRD - dlaird@charlotteobserver.com

Developer Peter Pappas, at his office at the Metropolitan, is upbeat on apartments.

Peter Pappas picks a pack of primo projects

WELL-KNOWN CHARLOTTE NAME BROADENS HIS REACH

By **KERRY SINGE**
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Charlotte developer Peter Pappas is back to developing new projects and, for the first time in his firm's history, he is branching out into other Southeastern markets.

A developer who built his brand creating high-end master-planned communities and mixed-use projects centered on luxury condominiums, Pappas has retooled his strategy. He has joined other developers catering to young professionals expected to rent instead of own their home.

Last fall he broke ground on a \$52 million apartment project

near the corner of Fairview and Sharon roads. He has land under contract in Atlanta. His firm is eyeing potential sites in Nashville, Tenn.

And in December, the firm closed on 22 acres near Crabtree Valley Mall in Raleigh, where he plans to build 292 luxury apartments. He said he has received his zoning and site plan approval. Plans call for 250,000 square feet of office space and a hotel to be built during a second phase. More residential units could follow later. The land sits about 80 feet above the mall, so some apartments will have "great views," he said.



Pappas is working on a new apartment complex in South Park. He also is involved in an Atlanta development and is considering a project in Nashville, Tenn.

Metropolitan, a \$225 million retail, office and condo project built on the edge of uptown near Interstate 277 it was developing with Colonial Properties Trust and Collet & Associates, when the financial crisis hit and real estate markets crashed.

Pappas said the company put plans for new projects on hold and focused on completing projects under way and "creating as much value as we (could) and getting our assets to perform as well as could be expected."

Metropolitan tenants include grocer Trader Joe's, Best Buy, west elm, Modern Salon & Spa and various restaurants.

Of the project's 101 condominiums, four in the MetTerrace tower are still available for sale.

National investors have eyed the project, which is close to being sold, according to people fa-

SEE PAPPAS, 2D

"It's nice to be busy," Pappas said from his conference room at the Metropolitan near uptown Charlotte, where renderings and site plans cover one wall.

Started in 1999, Pappas Properties has specialized in building mixed-use projects centered around high-end condos and luxury retail. They include the

award-winning Nantucket-themed Birkdale Village in Huntersville that mixes homes with shopping and dining, and Phillips Place in SouthPark, where luxury retail, high-end restaurants and residences are nestled amid a backdrop built to resemble a main street.

The company was finishing up

More raid retirement accounts to pay bills

More than one in four Americans use their 401(k)s to pay current expenses

By **MICHAEL A. FLETCHER**
The Washington Post

WASHINGTON — A large and growing share of American workers are tapping their retirement savings accounts for nonretirement needs, raising broad questions about the effectiveness of one of the most important savings vehicles for old age.

More than one in four American workers with 401(k) and other retirement savings accounts use them to pay current expenses, new data show. The withdrawals, cash-outs and loans drain nearly a quarter of the \$293 billion that workers and employers deposit into the accounts each year, undermining already-shaky retirement security for millions of Americans.

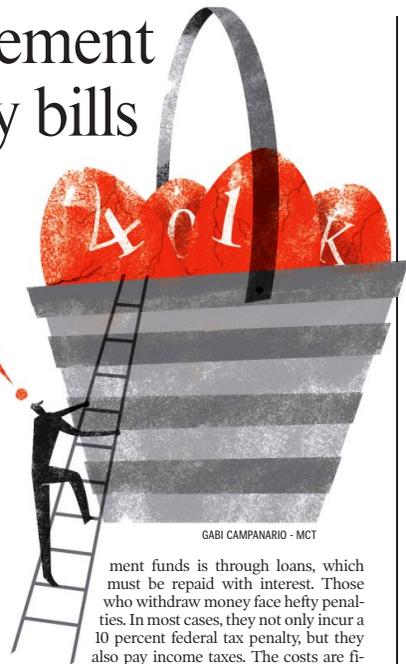
With federal policymakers eyeing cuts to Social Security benefits and Medicare to rein in soaring federal deficits, and traditional pensions in a long decline, retirement savings experts say the drain from the accounts has dire implications for future retirees.

"We're going from bad to worse," said Diane Oakley, executive director of the National Institute on Retirement Security. "Already, fewer private-sector workers have access to stable pension plans. And the savings in individual retirement savings accounts like 401(k) plans — which already are severely underfunded — continue to leak out at a high rate."

A recent report from the financial advisory firm HelloWallet found that more than one in four workers dip into retirement funds to pay their mortgages, credit card debt or other bills. Those in their 40s have been the most likely culprits — one-third are turning to such accounts for relief.

Fresh data from Vanguard, one of the nation's largest 401(k) managers, show a 12 percent increase in the number of workers who took loans against their retirement accounts or withdrew money outright since 2008.

The most common way Americans tap their retire-



GABI CAMPANARIO - MCT

ment funds is through loans, which must be repaid with interest. Those who withdraw money face hefty penalties. In most cases, they not only incur a 10 percent federal tax penalty, but they also pay income taxes. The costs are financially harmful to families even as money-management firms reap massive fees for handling retirement accounts that ultimately are not used for retirement.

In addition, employers often subsidize the accounts with matching contributions on the assumption that the money is helping to secure their employees' retirements.

"What you have is 401(k) participants voting with their wallets saying they would much rather use this money for other purposes," said Matt Fellowes, a former Brookings Institution researcher who is chief executive of HelloWallet. "In many cases, the only one benefiting is the vendor."

Insurers ask homeowners to OK increases

N.C. law allows companies to charge above the maximum rate if policyholder agrees

By **DAVID RANII**
dranii@newsobserver.com

Monika Smith, a 49-year-old secretary who lives in Fayetteville, was flabbergasted recently when her homeowners insurance company asked her to agree to a new premium that would be 53 percent above the state-approved maximum rate.

"That's not a rate increase," Smith said of Allstate's proposal to raise her annual premium to \$1,330, \$464 above the rates approved by the state Insurance Department. "It's a greed increase."

That's a matter of opinion, but it's beyond dispute that Allstate has the legal right to seek such an increase on Smith's 1,450-square-foot home. Although state regulators set limits on premiums, the law allows insurers to charge rates above and beyond that maximum if a policyholder agrees by signing a "consent to rate" form.

"Since the premiums we are offering are higher than the (state-approved) rates," Allstate wrote in its letter to Smith, "we are notifying you in writing and need your consent to renew your policy through your signature."

Allstate further noted that, without Smith's consent, "we will not be able to renew your property policy and your coverage will end on 03/14/13."

Once a rarity, in recent years the volume of North Carolina homeowners receiving consent-to-rate requests has mushroomed, experts say.

The state Insurance Department only started tracking how many of the state's approximately 2.2 million policyholders agreed to rates above the state-approved maximum via the consent-to-rate process in 2010.

The data show that about 22 percent of policyholders outside the state's beach and coastal areas agreed to

SEE INSURERS, 2D

Money-saving practices

DEAL DIVA
TARA MCALISTER



There are plenty of deals on toys now at Target. (BTW, January and July are the best times to load up on toys at Target.) A few tips if you hit the sales:

Use the scanners located around the store to check the price.

Look through your family calendar for kids' birthdays and buy ahead.

Pick up a few extra toys for those last-minute parties. If you don't end up using them, you'll just be two steps ahead for the holidays.

Ace Hardware rewards program

Loyal Ace shoppers frustrated with its rebate program now have another option: Ace's free Instant Savings program. Members earn 10 points for every \$1 spent, a \$5 reward for every 2,500 points earned, money-saving coupons and sale reminders, along with helpful tips and content.

To sign up visit a local store or Ace's web-site, <http://www.acehardware.com>.

New app for that

Download the Ibotta app for free. Before shopping, browse through the app's offers, watch some quick video, look at recipes and take a few polls. After shopping, upload your receipt. Your purchases will be verified within 24 hours and your account will be credited.

Once you reach \$5, your PayPal account will be credited. This app currently works at Rite Aid, CVS, Target, Wal-Mart, Walgreens and Harris Teeter. Let Ibotta know which offers you like and dislike and the app will customize the offers. There is no limit on the number of offers you can redeem.

Once you have successfully redeemed an offer, Ibotta immediately restocks your shelf with a new offer. The more offers you redeem, the more new offers you will see, and the more money you can earn.

Reach the Deal Diva at thedealdiva@bellsouth.net.

Career Almanac

On the Move

Robert Aquilino joined Newport Board Group as a partner in its Carolinas practice group. Moore & Van Allen has elected the following attorneys as firm members: **Evan Bass, John Gilson, Joshua Lanning, Renee Miller, Nicholas Naum, Charles Rayburn III and Emily Reynolds.**

Cathy Dickey is the new health information management director at Lake Norman Regional Medical Center, and **Julian Bell** is the environmental service director.

Roger Bell was promoted to coordinate and manage business development of loans and deposits for Carolina Premier Bank's South Carolina branches. **Todd Bywalski** was promoted to northeast regional manager for Murata Machinery's Turning Division.

Robert Engle was appointed CEO of Otto Environmental Systems North America Inc., a manufacturer of waste containers for residential and commercial markets. **Anthony Hardwick** was named vice chairman of the board of Otto Industries North America Inc.

Jessica Ernstberger joined Carolina Public Relations/Marketing Inc. as administrative coordinator. **Amanda Kirkpatrick** was promoted to account supervisor.

Cameron Ferguson was appointed a property and casualty risk adviser in Scott Insurance's Charlotte office.

Stephanie Fessel was named director of professional development for Allen Tate Company.

Stephen Hagood was appointed vice president and chief information officer for Ingersoll-Rand.

Tyler Herman joined Smith Turf & Irrigation's Commercial Equipment Division as territory manager - commercial turf products.

Brent Miller was promoted to sales manager - commercial turf products.

Simeon Jackson and Hilary Maskas were hired as recruiters at CEO Inc., a full-service recruiting and business resources firm.

Daniel Merlin, Holly Norvell and Kerry Traynum were elected as partners at Johnston, Allison & Hord P.A.

Vickie Miller was promoted to senior vice president at Peoples Bank.

Notable Items

Melissa Kelly, director of sales for the Fairfield Inn Charlotte Northlake, earned Hotel Equities' Sales Award of the Quarter.

Hannah Little, Garfinkel Immigration Law Firm supervising attorney, is now a Certified Immigration Law Specialist.

Ryan Marsh, sales manager at HF Financial, a General Agency of Massachusetts Mutual Life Insurance Company, was recently featured in a Black Enterprise article titled "Financial Services Careers Should Get a Second Look."

Dr. Michael Mozayani, a board-certified ophthalmologist and fellowship-trained cornea specialist at Providence Eye & Laser Specialists, was named one of the Best Doctors in America for 2013.

Todd Moss, a structural project engineer for the Pease Division of LaBella Associates, recently passed the Engineering Licensing Exam to become a North

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Carolina-licensed engineer. Robinson Bradshaw & Hinson P.A. named four new shareholders (who were previously associate attorneys at the firm): **Carl Beattie, Heyward Bouknight III, Danielle Conrad and Henry Riffe III.**

This week

MONDAY

'American Subcontractor Association'

Hickory attorney David Hood will speak about the 2013 N.C. Lien Law Revisions at the American Subcontractor Association meeting, 5:30 p.m. at the Box Car Grille, 3140 N. Oxford St., Claremont. \$5 for ASAC members; \$10 for nonmembers. Registration recommended. Details: 828-612-9334.

TUESDAY

'Simple Steps for Starting Your Business'

SCORE presents an introductory workshop focusing on the basics of testing business ideas. Cost: \$25. 6-9 p.m. Ben Craig Center, 8701 Mallard Creek Road. Details: <http://charlotte.score.org/events>.

THURSDAY

TSA leader speaks

Transportation Security Administration Administrator John Pistole will speak with business travelers, 4-5 p.m. at Charlotte Chamber - Belk Action Center, 330 S. Tryon St. Details: www.charlottechamber.com/events.

FRIDAY

'Faith Communicators'

The Faith Communicators, an informal group of communicators who work for houses of worship and nonprofits, meets

on the fourth Friday of each month. This month's speaker is Observer staff writer Michael Gordon, who has written about Charlotte's faith community. Anyone who works in public relations, marketing, development or other field for a charitable institution is welcome. 10 a.m. at the Cornwell Center at Myers Park Baptist Church, 2001 Selwyn Ave. Details: Ken Garfield, 704-295-4819; ken@mpumc.org.

PAPPAS

PAPPAS

[from ID] milar with the deal. Pappas declined to comment.

Betting on apartments

As condo sales stalled after the meltdown, the apartment market was heating up. Lenders were willing to lend money for new apartment projects. Projections showed a growing number of young professionals would want to rent instead of buy a home, which would boost occupancy rates and rents.

In September 2011, Pappas tapped Trammell Crow apartment veteran Alan Dean to lead Pappas' multifamily division from a new office in Atlanta. Dean was charged with expanding the division's operations throughout the Southeast.

Apartment analyst Engle Addington with Real Data said Pappas' moves are well-timed.

"The apartment market's hot right now. Demand is strong. Rents are growing," she said.

Addington also said that while some pockets may be close to being overbuilt, the Southeast in general is still ripe for new apartments.

In Charlotte and Raleigh, for example, rents have been increasing at around 5

percent a year, which she called "really strong" growth.

Pappas' Charlotte project, Sharon Square, is catered toward people who want to live in an urban setting and walk to restaurants and shopping, a common theme among Charlotte's many proposed multifamily developments. Most of the new units proposed for Charlotte are near uptown along the Lynx light-rail line.

Farther south, Sharon Square's key was landing the popular Whole Foods Market, which opened last year, Pappas said. One 133-unit five-story building will be built adjacent to the grocer. A three-story building will sit on the opposite side of Ashley Park Lane. The project will include outdoor amenity areas with catering kitchens so residents can socialize outside.

Pappas bought the land with partner Allen Tate in 2008 with the idea of creating a mixed-use project with condos or a 120-room boutique hotel. When the economy soured, plans were dropped.

One project that remains stalled is a mixed-use development near the Scaleybark light-rail station. Pappas is partnering with the city of Charlotte for the project, which is supposed

to include apartments for low-income residents. The developer still must secure funding for the affordable-housing piece. The project lost out on tax credits in the past because it lacked nearby shopping and other services for residents. Pappas said he continues to talk to potential tenants for the roughly 20-acre site.

Pappas said one reason his company fared well during the downturn was his investors continued to pump money into their deals. With the SouthPark project, for example, Pappas said his partners were willing to wait and hold the land, confident the location would pay off when the economy turned.

Ultimately, Pappas plans to develop retail and office buildings on either side of Ashley Park Lane where it meets Sharon Road.

Pappas bought the potential tenants, both locally and nationally owned, he said. The site plan, he said, allows for ample outdoor seating.

"The market obviously changed," Pappas said. "Multifamily is where the activity is. We just took what we were doing before and added multifamily experience to our team."

Singe: 704-358-5085

INSURERS

[from ID] consent-to-rate requests in 2010, rising to about 26 percent in 2011. In coastal counties, the number was about 30 percent in 2010 and 25 percent in 2011; in beach areas, it was 40 percent both years. (The data don't include homeowners policies that are provided by the state-created Beach Plan.)

Some companies go the consent-to-rate route "with more regularity than others," said Bob Mack, deputy commissioner of the Insurance Department's property and casualty division. "And there are still some companies out there that don't use it."

Function of 'inflexibility'

Industry insiders attribute the spread of such requests to the industry's inability to win approval for the rate hikes they think are necessary to make a profit.

"It's a function of the inflexibility of our pricing system in North Carolina, where it takes two or three years to get rates sorted out," said Stuart Powell, a vice president for the Independent Insurance Agents of North Carolina.

"We believe ... that the rate we have been able to agree with (the Insurance Department) on is inadequate," said Ray Evans, director of the N.C. Rate Bureau, which represents insurers. "This suggests that companies are trying to overcome that inadequacy."

The last increase in North Carolina, which went into effect in May 2009, limited rate

What to do

Policyholders who receive a consent-to-rate request from their homeowners insurance company shouldn't sign it without doing their homework.

State Insurance Department officials suggest contacting your insurance agent or calling the agency's consumer services hotline at 1-800-546-5664.

Simple adjustments to your policy, such as raising your deductible, or notifying the company that you have a new roof or a new security system, could be sufficient for your insurer to agree to renew your policy at the state-approved rate, Mack said.

If that doesn't work, shop around for a better deal. You need to be aware that if you don't sign the consent-to-rate form and you don't find an alternative, your coverage will lapse.

hikes to an average of 4.05 percent. The N.C. Rate Bureau initially sought a much higher increase - an average of 19.5 percent - but agreed to the lower hike after negotiating with state regulators.

In October, the Rate Bureau filed for a new rate hike that would average 17.7 percent, ranging from a high of 30 percent in coastal counties to a low of 1.2 percent. The industry cited an uptick in claims per 100 homes, higher expenses per claim and a big jump in the cost of reinsurance - which insurance companies buy to protect themselves from catastrophic losses - as justification for the increase.

Companies pull back

But a parade of residents from the state's coastal counties decried the proposed hike as excessive and unfair at a public comment session held in Raleigh. The Insurance Department's experts subsequently determined the industry's request wasn't warranted.

That led to Insurance Commissioner Wayne

Goodwin scheduling a public hearing on the request for June 3 in Raleigh. After the hearing, Goodwin will issue a ruling that can be appealed to the courts.

The lid on homeowners rates has prompted some insurers to pull back from the homeowners' insurance market. Some companies, including N.C. Farm Bureau and Allstate, stopped writing homeowners' policies in some instances unless customers also bought auto insurance policies from them.

Oyango Snell, regional government relations counsel for the Property Casualty Insurers Association of America, said in a statement that insurance companies need to collect sufficient premium dollars to pay off claims.

According to the association, North Carolina consumers paid an average of \$743 for homeowners insurance in 2010, below the national average of \$906 and less than surrounding states.

Rani: 919-829-4877

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