



# AZ Economy

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## INTEREST RATES ON THE RISE

0%



Rising interest rates hurt most bond prices across the board, with price erosion greatest on bonds with longer maturities.

### Brace for impacts if the pace of economic growth accelerates

**I**nterest rates are on the march, or at least the crawl. Rates generally have been rising for the past half year, though not yet in a big way — and from historically low levels. Economic growth isn't robust enough, or inflation warm enough, to justify big rate increases any time soon. Still, the impact from rising rates is starting to be felt. See **RATES**, Page 4E

ALEXA HAYES/GANNETT AND GETTY IMAGES

## Enterprising sisters carve business niche as partners in body-shaping boutique

Women combine expertise in CoolSculpting service

GEORGANN YARA  
SPECIAL FOR THE REPUBLIC

Their business partnership dates to when they ran lemonade stands together as girls growing up in Colorado. So it wasn't surprising when sisters Melissa Mickelson and Jessica Johnson joined entrepreneurial forces as adults to launch Bodify, their CoolSculpting-only boutique, in 2015. Their joint venture had been long in the making. As they went to college and pursued careers in different industries — Melissa in the medical spa field and Jessica in marketing and business coaching — they threw ideas out, but

nothing stuck. That changed when both sisters became disenchanted with their chosen professions. Years ago, Melissa owned a cosmetic surgery recovery business in Southern California, where she cared for liposuction and tummy tuck patients after their procedures. She got upset by all the promises made to get clients to sign up for services. "Surgeons downplayed the time it took to recover. The pain, the leakage ... they felt like they got hit by a train," Melissa said. "I liked that with CoolSculpting, you could be doing a kickboxing class an hour later." CoolSculpting is a non-surgical fat-reduction treatment that eliminates stubborn fat by utilizing controlled cooling. It's commonly used to treat the stomach area, love handles, under the

chin and inner thighs. Melissa went on to run a Valley medical spa and did CoolSculpting treatments. She asked Jessica to do the marketing for the business. Jessica had owned a business-coaching franchise, which brought her to Arizona after college. She moved on to work at a marketing firm and was helping Melissa on the side. One day, Jessica and her boss had a disagreement. She quit and did marketing for her sister full time. Melissa's unsuccessful attempt to purchase the medical spa from the doctor who owned it inspired the sisters to fulfill their longtime dream of going into business together. Three months later, Bodify opened its doors. See **BODIFY**, Page 4E



DAVID WALLACE/THE REPUBLIC  
Sisters Melissa Mickelson (left) and Jessica Johnson are co-founders of Bodify.

**Bodify**  
**Where:** 2999 N 44th St., Suite 135, Phoenix  
**Employees:** Five  
**Interesting stat:** Nonsurgical cosmetic procedures increased 20 percent from 2014 to 2015, with a total of 12.8 million performed in the U.S. according to the American Society for Aesthetic Plastic Surgery.  
**Details:** 602-354-8040, thebodify.com.

## AZ Economy

# Bodify

Continued from Page 3E

### 'We think it was just meant to be'

Their combined business ownership experience proved to be key. Between Melissa's extensive experience in running two businesses in the industry and Jessica's marketing and business coaching experience, they covered most of the bases typically left vulnerable by rookie business owners.

"We definitely had a leg up," said Jessica, who is 2½ years younger than Melissa. "We think it was just meant to be."

Together, they raised \$400,000 and renovated a suite for their new facility. They encountered perhaps their biggest stumbling block early on: Getting people in the door. Most CoolSculpting businesses, Jessica explained, were brought into an existing practice so all that's needed is an email blast to let clients know.

"For us, we didn't have a single person to reach out to," Jessica said.

They pushed marketing hard, doing radio and events, and working strategic partnerships with small businesses that had clients that would be interested in their services. They also mounted a powerful social-media campaign. The results started to roll in.

Bodify has a database with 4,600 clients and experienced a revenue that's doubled month over month from the previous year, Jessica said. The procedure starts at \$800, and goes up from there. The initial consultation is complimentary.

They've done more than 9,000 treatments to date, putting Bodify in the top 1 percent of all CoolSculpting practices in the nation, Melissa said. Clients come from all over the country.

It's not a quick fix for extreme weight gain or obesity. The average client is someone who is healthy, has a good diet and is anywhere from 5 to 35 pounds heavier than ideal weight as measured by body mass index.

"It's for people that are healthy but frustrated that diet and exercise doesn't get rid of it," Melissa said. "The fact that we could change people's bodies in a positive way and have them feel better ... it was amazing to find something that worked and people came back."

This was Maggie Silva's predicament



Sisters Jessica Johnson (left) and Melissa Mickelson are co-founders of Bodify.

DAVID WALLACE/THE REPUBLIC

when she contacted Bodify not long after it opened. She eats well and works out regularly, but found that the little imperfections that used to firm up with an extra cardio session seemed inexorable at the dawn of middle age.

Silva tried CoolSculpting in California, but it didn't work out well. She blamed the tech's lack of knowledge. But, she found the opposite experience at Bodify, with Melissa at the helm.

"They're just knowledgeable about the equipment and they'll advise me whether something is a good idea or if there's a better way to get the results I want," said Silva, 59, who lives in Gilbert. "They really care about their customers."

### Recognizing personal strengths

Melissa earned her degree in biochemistry at Arizona State University. Jessica graduated from Santa Clara

University with degrees in marketing and Spanish.

Their fields of study reflect their different personalities. Melissa loves the technology and science behind the process and keeping up with the research. Jessica is the social butterfly, working the front-of-house duties, calling clients and selling to prospective ones. Then, Melissa takes over.

"I like doing the treatments and the attention to detail," Melissa said. "She loves decorating and makes sure everything is perfectly placed."

Jessica added, "Melissa is more shy."

They don't describe their relationship as a best-friend one. But hearing them talk about and to each other reveals one that's rooted in respect, admiration and a sibling bond. Melissa said they've fought fewer than five times about the business since starting it.

"I love my sister. I recognize she has skills that I will never touch," Jessica

**"It's for people that are healthy but frustrated that diet and exercise doesn't get rid of it."**

**MELISSA MICKELSON**  
CO-OWNER, BODIFY

said.

"The fact that I get to hang out with my sister every day and we are totally goofy and hang out and have a good time ... After we leave (the office), we call each other in the car and talk," Melissa said.

And what their venture accomplishes for thousands of men and women makes their success even sweeter.

"I like that we can uplift people and truly make them feel better in their own skin," Jessica said.

# Rates

Continued from Page 3E

### Savers fall behind

Yields on deposit accounts have barely budged in recent months, yet interest rates on credit cards have bumped higher. No wonder bank shares have been rallying in the stock market. Spreads between what banks pay in deposits and earn on loans have been unusually narrow in recent years, yet a higher-rate trend will widen that spread.

"Banks and credit unions have been eager to increase credit-card interest rates following the Fed's latest rate hike, but they've yet to pass on their savings via higher deposit account (yields)," said WalletHub.com in a recent commentary. The average rate on new credit-card offers increased by 31 basis points (0.31 percent) during the second half of 2016, yet average yields on checking and savings accounts increased just 1 basis point (0.01 percent).

Banks and credit unions generally haven't had trouble attracting deposits during the financial crisis and aftermath, which means they haven't felt much need to offer more enticing yields on savings or checking accounts.

### Loan types vary

Not all types of consumer borrowings are affected by rate hikes implemented by the Federal Reserve. Rates on credit cards and home equity lines of credit are among the loans most likely to feel the effect quickly, noted Bankrate.com in a recent commentary. The connection to mortgages and auto loans is less direct and often shaped more by interest rates set in the bond market. Rates on 30-year mortgages, for example, are tied to 10-year Treasury notes, which is why those instruments are watched so closely. Yields on 10-year Treasuries have risen about one full percentage, to around 2.4 percent, since their 2016 lows.

Home sales already have softened, with pending sales as of November dropping to their lowest level in nearly a year, according to the National Association of Realtors. Other factors also have hurt sales, including climbing home prices and minimal listings in affordable price ranges, said Lawrence Yun, the group's chief economist. Still, "The budget of many prospective buyers (in November) was dealt an abrupt hit by the quick ascension of rates immediately after the election," he said. Rising rates also make mortgage refinancing less desirable.

### The stock/bond disconnect

Rising interest rates hurt most bond prices across the board, with price erosion greatest on bonds with longer maturities. For example, long-term government bonds have lost ground about one year in four on average, according to numbers compiled by Ibbotson/Morningstar dating to the mid-1920s. In other

words, price declines those years have exceeded what the bonds paid in interest, producing an overall negative total return.

With stocks, the link between rates and performance isn't so direct. Rapid rate hikes can unnerve investors and wreak havoc with company finances, leading to broad stock-market declines. But rising rates, especially if gradual and starting from low levels, aren't necessarily damaging. Rising rates often coincide with a stronger economy and improving profits — a scenario that seems likely to play out in the coming year.

### REITs could stumble

Real-estate investment trusts have been strong performers in recent years. These companies own portfolios of properties or make loans tied to real estate. Their shares trade in the stock market. Because REITs typically distribute most of their cash flow to shareholders as dividends, they typically yield more than most other stocks. Yields averaged 4.3 percent at the end of 2016, reported NAREIT, the National Association of Real Estate Investment Trusts.

But in recent months, REIT prices have slipped a bit, hurt by rising rates and expectations for further rate increases. NAREIT acknowledged this uncertainty in a recent commentary but also indicated these companies are generally able to withstand rate hikes, for various reasons. Among other precautions, many REITs have reduced borrowing and shored up their balance sheets in other ways. Plus, the commercial-property market appears relatively healthy, and REITs have the ability to boost rents if economic growth and inflation pick up.

An FTSE NAREIT stock-market index tracking all REITs returned 9.3 percent in 2016, its eighth straight yearly increase, but the numbers fell a bit shy of the 12 percent total return logged by the Standard & Poor's 500 index. REIT returns were solid in the first half of 2016 "but faced headwinds, in part from investor concerns about rising interest rates, in the second half," said NAREIT's CEO, Steven Wechsler.

### Gold impact uncertain

Gold prices don't seem poised to rally based mainly on rising interest rates, at least compared with many other factors that sway the metal. When gold prices spiked above \$1,900 an ounce in 2011, for example, interest rates were in a downturn as the economy remained anemic.

A recent outlook for 2017 from the World Gold Council focused on other factors that could prove more bullish for gold, such as geopolitical risks, a potential stock-market correction and a possible increase in inflationary expectations. The report predicted interest rates and inflation could rise together this year but that inflation likely would exert more influence on gold prices.

Reach Russ Wiles at 602-444-8616 or at russ.wiles@arizonarepublic.com.

**"The budget of many prospective buyers (in November) was dealt an abrupt hit by the quick ascension of rates immediately after the election."**

**LAWRENCE YUN** CHIEF ECONOMIST, NATIONAL ASSOCIATION OF REALTORS

## Bankrate.com Arizona Republic

Deposit & Loan Guide Check rates daily at <http://azcentral.interest.com>

Institution	Int Chking Acct Min	Money Mkt Acct Min	3 mo CD Min	6 mo CD Min	12 mo CD Min	18 mo CD Min	24 mo CD Min	36 mo CD Min	60 mo CD Min	Phone / Website
<b>Beal Bank</b> <sup>USA</sup>	NA	NA	0.79	0.88	1.06	1.06	1.06	1.06	1.06	<b>866-247-1795</b> www.bealbank.com
<b>Beal Bank USA</b>	NA	NA	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Call for special rates.										
<b>synchrony</b> Bank	NA	0.85	NA	NA	1.25	1.25	1.45	1.60	NA	<b>800-869-3813</b> www.myoptimizerplus.com
<b>Synchrony Bank</b>	NA	30	NA	NA	2,000	2,000	2,000	2,000	NA	
Great Rates + Safety = Peace of Mind. Member FDIC.										

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### Savings and Loan Rates

<p><b>U.S. RATES</b> These were the highest yields available among U.S. banks surveyed by Bankrate.com® as of Tuesday:</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th>MMA/Savings account</th> <th>Phone</th> <th>Min. to earn int.</th> <th>Yield (APY)</th> </tr> </thead> <tbody> <tr> <td>Dime Community Bank</td> <td>800-321-3463</td> <td>\$ 1000</td> <td>1.10</td> </tr> <tr> <td>iGObanking.com</td> <td>888-432-5890</td> <td>25000</td> <td>1.10</td> </tr> <tr> <td>firstcentral.direct</td> <td>866-400-3272</td> <td>10000</td> <td>1.06</td> </tr> <tr> <td>CIT Bank</td> <td>855-462-2652</td> <td>100</td> <td>1.05</td> </tr> <tr> <td>AloStar Bank of Commerce</td> <td>877-738-6391</td> <td>50</td> <td>1.05</td> </tr> </tbody> </table> <p><b>1-year CD</b></p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tbody> <tr> <td>EverBank</td> <td>855-228-6755</td> <td>\$ 5000</td> <td>1.36</td> </tr> <tr> <td>VirtualBank</td> <td>877-998-2265</td> <td>10000</td> <td>1.31</td> </tr> <tr> <td>Banescos USA</td> <td>786-552-0524</td> <td>1500</td> <td>1.30</td> </tr> <tr> <td>My e-BANc by BAC Florida Bk</td> <td>855-512-0989</td> <td>1500</td> <td>1.29</td> </tr> <tr> <td>Pacific National Bank</td> <td>305-539-7500</td> <td>1000</td> <td>1.27</td> </tr> </tbody> </table> <p><b>5-year CD</b></p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tbody> <tr> <td>EverBank</td> <td>855-228-6755</td> <td>\$ 5000</td> <td>2.28</td> </tr> <tr> <td>State Farm Bank</td> <td>877-734-2265</td> <td>500</td> <td>2.10</td> </tr> <tr> <td>First Internet Bank of Indiana</td> <td>888-873-3424</td> <td>1000</td> <td>2.07</td> </tr> <tr> <td>Capital One 360</td> <td>800-289-1992</td> <td>0</td> <td>2.00</td> </tr> <tr> <td>Third Federal Savings and Loan</td> <td>800-844-7333</td> <td>500</td> <td>2.00</td> </tr> </tbody> </table>	MMA/Savings account	Phone	Min. to earn int.	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Many of the funds are waiving or reducing management fees to continue to provide yield.</small></p>	Fund/Phone	Ticker	7-day eff. yield	Min. Invest	Min. Add'l Invest	Min. Check	Exp. Ratio	Vanguard Tax-Exempt MMF	VMSXX	0.57	3000	100	250	0.17	Northern Municipal MM	NOMXX	0.57	2500	50	250	0.48	DWS Tax-Exempt Money Fund	DTBXX	0.42	1000	50	500	0.37	American Century Tax-Free MM	BNTXX	0.40	2500	50	100	0.50	Fidelity Municipal MMF	FTEXX	0.36	5000	0	500	0.43	T. Rowe Price Tax-Exempt MF	PTEXX	0.16	2500	100	100	0.50	AIM Tax-Exempt Cash Fund	ACSXX	0.04	1000	50	250	0.93	PNC Tax-Exempt MMF	PXAXX	0.00	1000	1	100	0.58	Touchstone Tax-Free MMF	TTFXX	0.00	2500	50	100	0.89	Alpine Municipal MMF	AMUXX	0.00	2500	1	250	0.39
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**Best Loan Rates**

**ARIZONA RATES**  
These were the lowest loan rates available among Arizona-area institutions surveyed by Bankrate.com® as of Wednesday:

Home equity loan	Phone	Rate
MidFirst Bank	602-801-5000	5.49

**New car**

Bank of America	800-432-1000	2.64
Wells Fargo	800-869-3557	3.17
Chase Bank	800-CHA-SE24	3.49

**Used car**

Bank of America	800-432-1000	2.84
Wells Fargo	800-869-3557	3.42
MidFirst Bank	602-801-5000	3.75

Home equity loan: fixed rate, 5-year term, secured loan based on \$30,000 at 80% LTV; New car: \$28,000 fixed rate, 48-month term, 10% down payment; Used car (3 years old): \$15,000 fixed rate, 36-month term, 20% down payment. (Credit Unions have membership requirements.)

**Deposit Calculator**

See how earnings on your certificates of deposit are performing against the Bankrate National Index by using the chart below.

Deposit term	Average rate	Interest earned
<b>\$1,000 Deposit</b>		
6 Mo CD	0.19%	\$0.95
1 Yr CD	0.33%	\$3.31
5 Yr CD	0.85%	\$43.42
<b>\$100,000 Deposit</b>		
1 Mo Jumbo CD	0.09%	\$7.50
3 Mo Jumbo CD	0.14%	\$35.01
6 Mo Jumbo CD	0.21%	\$105.05

Deposit & Loan Legend: Rates effective as of 1/18/17 and may change without notice. Rates may change after the account is opened. N/A means rates are not available or not offered at press time. Yields represent annual percentage yield (APY) paid by participating institutions. Fees may reduce the earnings on the account. A penalty may be imposed for early withdrawal. Payout of interest is mandatory for certain non-compounding accounts. Banks, thrifts, brokers and credit unions pay to advertise in the CD & Deposit Guide which is compiled by Bankrate.com®, a publication of Bankrate, LLC © 2017. To appear in this table, call 888-768-4243. To report any inaccuracies, call 888-509-4636. • <http://azcentral.interest.com>