the Register

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Our Man with a Mission: Ed Morrow

Serving Financial Advisors Worldwide

IARFC
INTERNATIONAL ASSOCIATION OF REGISTERED FINANCIAL CONSULTANTS

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in this issue

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Register Letters

We welcome your thoughts and ideas. Please direct correspondence to: ***Editor@IARFC.org***

What Do the *Register* Readers Think?

This is your association — and the ***Register*** is your publication. We really need your feedback. What are your opinions about the ***Journal of Personal Finance***, the ***Register*** magazine, and the direction of the Association?

Are you pleased with the growth in membership? Do you feel we should be reaching out to other groups?

What subjects or features would you like to see in our academic publication, the ***Journal of Personal Finance***?

Are you pleased, over all, with the ***Register*** magazine — that used to be an 8-page newsletter? Would you like to see different content?

Some persons have suggested that the ***Register*** should contain more articles of a **motivational nature**. Do you think our allocation is too much, about right, or perhaps too little?

Others would like more for the ***Register*** to feature **more technical and tax-oriented** articles. Do you think our allocation is too much, about right, too little?

Some regular readers have suggested we have more about **investments** — new products, new marketing organizations, and the domestic and international marketplace. Do you think our allocation is too much, about right, too little?

We have had a fair amount of articles about **practice management**. Is this a topic you like to read about?

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Calendar of Events

MarketShare Leadership Convention
March 6-9, Las Vegas, NV

IARFC Initial RFC Course
March 9-14, Mumbai, India

Financial Expo
Sponsors: FPA, SFSP, NAIFA & IARFC
March 22, Tampa, FL

APfinSA Conference
April 13-15, Taipei, Taiwan

Financial Advisors Forum
May 15-17, Las Vegas, NV

RFC Course Part 2 & 3
June 6-8, Middletown, OH

MDRT Annual Meeting
June 10-13, Denver, CO

RFC Course Part 4 & 5
July 25-27, Middletown, OH

International Dragon Awards
August 11-13, Xiamen, China

IARFC Cruise/Conference – Alaska
August 17-24 Cruising from Vancouver, BC to Anchorage, AK

RFC Forum – China
September, Dalian, China

RFC Forum – Malaysia
September, Kuala Lumpur

Financial Services Forum (SFSP)
September 27-29, Montreal, Canada

MDRT Top of the Table
October 17-20, Phoenix, AZ

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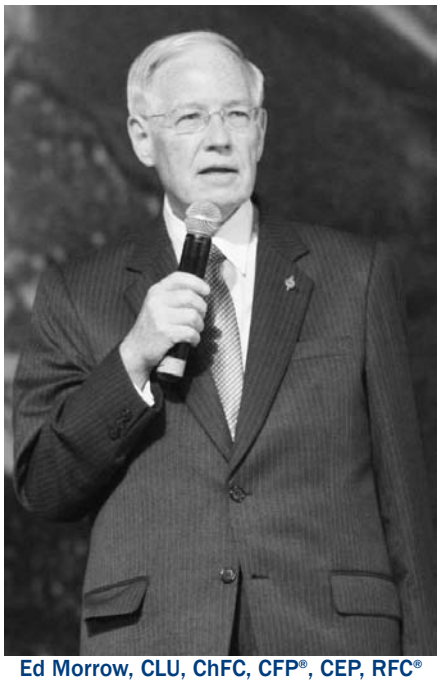
Our Man with a Mission

A profile of IARFC Chairman Ed Morrow, by Forrest Wallace Cato



Ed Morrow, CLU, ChFC, CFP®, CEP, RFC® at MDRT Experience, Bangkok

The history of IARFC is in three phases: founding, continuation and expansion. Jack Gargan established the association in 1984, with a deep reverence for professionalism, comprehensive planning and continuing education. From 1993 to '99 the organization was re-filed as a non-profit. Under Roy Henry, a Code of Ethics and new By-Laws were adopted and membership doubled from 300 to 600. In 2000 the mantle of leadership passed to Ed Morrow, and the IARFC has expanded globally, increased the impact of its publications, produced its own professional education, and membership now exceeds 8,000. We caught Ed between trips on behalf of RFC members, and posed these questions....

Cato: You have been active in many associations, including NAIFA, MDRT, SFSP, ICFP, IAFP and FPA — what distinguishes the IARFC?

Morrow: Those are all fine organizations. I continue my memberships and attend whenever possible. It is important to recognize that we are ***not competitors***! These associations really should all work in closer liaison, and we have been reaching out to them. However, the IARFC has a ***different mission***, we deliver unique benefits, and we have a unique focus. Those differences justify our existence — provided that we deliver on the commitments we have made to RFCs.

How important is the issue of financial advisor compensation?

Morrow: Compensation is both very important and also very un-important.

Important, because many financial advisors are not being paid appropriately. They do not charge for their plans, or they do not charge enough. They are embarrassed to explain that after the planning comes implementation and referrals, and they expect for both to happen. Planners must secure the initial engagement on the proper basis — with a fee for planning and an open acknowledgement of commission-based products or fee-based asset management to follow.

Un-Important, because how the planner is paid is not as vital as if he or she deserves to be paid. I am a firm believer in a Satisfaction Guarantee for the Plan. I know that NAPFA has made a big thing about "fee-only" but I think an asset management fee is just a commission by another term. Most NAPFA members are extremely competent advisors, and they do themselves a dis-service emphasizing compensation, rather than quality advice and assistance.

The **IARFC is revenue-neutral** — we have no prejudice against commissions, plan fees, hourly fees or asset fees. People, domestic and foreign, need quality financial products, and we support that.

Think of population as a pear. Some countries have a fat pear shape – many persons at the bottom economically. Some have a larger middle class. At the top, a numerically tiny part of each country is very affluent; often from great inherited wealth, sudden riches or political power. In the U.S. there's a large middle and upper-middle class.

Those with extreme wealth have teams of advisors. Below them, the wealthy, with large portfolios, need investment and trust services. Maybe that is the ideal market for fee-only advisors. From there down to those with so little money as to be unable to pay fees or buy products, is the target market for our members. In the U.S. that is well over 200 million. These people need quality plans, they need competent advice, they need good products, and they need superior service. They need RFCs — and that's our mission — to educate, train and support them.

But do those other countries really need a profession of financial advisors?

Absolutely! There are two reasons, one based on the goals of each nation, and the other based on the needs of the citizens. When we talk to the officials, regulators and legislators in these countries they respond with very deep appreciation.

No country in the world can afford to provide full medical and old age support to a growing and longer-living population. Everywhere life expectancies are increasing — because of improved medical care, vaccinations, reduced occupational hazards, safety and less global conflict. If the wealthy countries of Europe and the U.S. are losing this longevity and medical financing battle, then how can countries like China, India, Indonesia, Malaysia, and Thailand cope with the challenge? There is only one solution, and it is universal — **personal financial independence**!

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Ed lecturing on the Client Engagement Process to IARFC members in Hong Kong.

Citizens everywhere have a lack of understanding in the financial basics. Many financial advisors here have lost sight of this — in their rush to become "wealth coaches" and portfolio managers.

Governments cannot induce better money habits, nor are they good at educating their citizens on the value of investing. In fact, the failures of banks, corporations and even insurance companies (all of which are presumably supervised by their government) has created a lack of trust and consumer confidence — everywhere.

But, armed with a plan from a trusted advisor, people will pour money into their national institutions. Each of these plays a valid role: savings institutions, the stock market, real estate and insurance.

Furthermore, every country wants to grow from **internal capital**, so that the profits will be retained in that country. A financial advisor promotes thrift, savings and investments.

Can't all those institutions grow their own financial advisors? Why should we be concerned about their problems?

In the U.S. the growth of the financial planning profession was too slow. It was not supported by the insurance industry, banks or brokerage firms. In fact many of them fought it, even as they saw their brightest persons leaving for the new profession of personal financial advisor.

We have a responsibility to share what we have learned, to impart the benefit of our experience, to share our tools, and to educate and train. And we will benefit greatly in two respects:

- He who gives to his fellow man will reap even greater rewards. (A cornerstone philosophy in every religion.)

- A nation enjoying prosperity, health and economic freedom at all levels will not go to war.

How important is formal education to financial advisors?

University education is common-place today. However, I know many who could not complete formal schooling – but they have still been successful. What is really critical is formal professional education — and earning designations. The RFC designation certificate tells your client that you care enough about his or her financial well-being that you have engaged in extensive study. I was attracted to the IARFC requirement of 40 hours of CE. No financial professional can remain current in this era of rapid economic, regulatory, tax and legal change with just two days of classes. In some states welfare workers must complete more CE than a CFP who manages client portfolios and insurance in the millions.

Is anything more important than professional education?

Absolutely! And this is what distinguishes the RFC Course we are developing from CLU, ChFC and CFP®. I qualified for those designations — the CLU when I had been in business for three years, the ChFC when it was introduced and as a very early enrollee in CFP®.

Candidly I am eager to acknowledge that each of those professional courses helped me serve clients more effectively, and each increased my personal income.

Ed and Charlene Morrow — is he leaving or returning?

But there are four major shortcomings to all three designations.... They do not include:

1. Client acquisition (marketing)
2. Practice management
3. The tools necessary to practice
4. Require students to **produce a plan**

The financial advisor who cannot acquire a sufficient flow of qualified clients who agree to pay an adequate fee and purchase products if satisfied with the service — ***will fail!***

The advisor that cannot manage his or her practice effectively, keep in frequent touch with prospects, clients, other advisors and present materials professionally on an efficient basis — ***will fail!***

The advisor cannot run a practice and serve clients effectively without tools, any more than the mechanic can repair your car without specialized diagnostic and mechanical tools. The advisor who does not use tools effectively — ***will fail!***

We call ourselves "financial planners" implying we can produce a competent plan on a cost-effective basis. Yet other courses don't require plan submission. The planner who cannot plan — ***will fail!***

What are you doing about this problem?

The new RFC curriculum will address all of these shortcomings. And it will also deliver the theory, principles and knowledge required of a financial advisor that will be guiding clients to "spend, save, invest, insure and plan so as to achieve and maintain financial independence."

This was Dunton's dream, and it is our mission. The RFC Course will be for entrants into our profession, but it will also be for existing members, their staff and associates. There are many thousands of "financial services" reps in the U.S. who cannot propose, create, deliver and service the financial plans that their clients need!

You travel a lot for the IARFC. How does this benefit our members?

In 2006 I represented the IARFC in eleven countries, aided by our national organizers, who are outstanding professionals, each of whom shares the goals of building a profession and a stronger society.

Every member of the IARFC should feel proud of what we are accomplishing. We're making a difference, and we've only just begun! The momentum is now with the IARFC!

In developing RFC courses in other countries, we have learned what works well, and the U.S. courses will be based

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continued from page 4 **Our Man with a Mission**

Ed, flanked by Steve Rothschild, RFC®, the president of the MDRT, on the giant stage in China with other presenters and winners of the Gold IDA Award.

IARFC speakers at Chengdu, China

on what we have learned from Hong Kong, Singapore, Malaysia and Indonesia. We have very bright and extremely capable associates abroad — so this is not a one-way street.

Today I had calls from two respected U.S. institutions, both saying, "We realize our institution needs to be expanding to other countries, and we also need to better prepare our domestic advisors... How can we partner with the IARFC?" These inquiries take time, and all will not pan out. But we are catching up with other associations, and someday, not too far distant, we'll be the strongest organization.

What distinguishes the IARFC, and why should members stay members?

The staff and the board are very supportive, and we work hard to justify the continued membership and frequent referrals from RFCs. For those who like meetings, we produce a great **Financial Advisors Forum** with many high quality speakers. The **Cruise Conferences** are also popular.

For those who would rather read than attend, we continue to improve the ***Register*** and the ***Journal of Personal Finance***. Not too long ago this publication was just an 8-page, one color bi-monthly newsletter.

The **Search for an RFC** feature of the IARFC website produces clients for our members, especially those who have polished their Profile and who make reference to it. The **Advisor Websites** are well supported by Financial Visions, supplemented with articles in the *Register* about how all RFCs can embed a website into their marketing plan.

You recently lost a lot of weight, has this changed your outlook?

After fighting a growing waistline for 40 years, I had bariatric surgery, and I've lost almost 150 pounds. I have to eat small meals, but exercise and travel are now a lot more fun. I threw away my personal airline seatbelt extender. I have lots of energy, sleep better and no longer take medications. I am a big advocate for the surgery, and have done a series of ads for the weight loss center. Losing a lot of weight has given me a new, younger life, so I am happy to discuss this solution with others sharing the weight problem.

What are your retirement plans?

I have none! I hope to continue good health, of course, and I enjoy being of service. By helping to spread financial planning professionalism across the world, and making a lot of great friends around the globe, I am constantly fulfilled. I enjoy the speaking, writing, training, and especially knowing that there are thousands of financial advisors, delivering economic success to perhaps millions of consumers — in which I've had a role. ***What could be better than that?***

Contact: 800 532 9060
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RFC Introductory Classes: 2&3 - 4&5

The new RFC five-part curriculum focuses on the **process** of financial planning, rather than academic topics and exams.

1. **The Client Engagement**
2. **Gathering Information**
3. **Problem Identification**
4. **Developing Recommendations**
5. **Implementation & Monitoring**

The first course dealt with prospecting, marketing and how to present and close the new client engagement. Students received the **Client Builder** software.

Parts Two and Three will be compressed and presented on June 6, 7 and 8 at IARFC in Middletown.

Parts Four and Five will be compressed and presented on July 25, 26 and 27— again at the IARFC offices in Middletown.

Course Fees Will Be Waived just for these introductory, roll-out classes. The attendees will complete an extended evaluation and suggestion form to help guide the development of the future classes.

Who Should Attend?

Financial Advisor — credentialed person who wishes to strengthen capabilities.
Advisor Staff — a personal assistant or para-planner working with an advisor.
Financial Manager — who supervises or recruits persons in financial services.
Home Office — a manager or trainer who has direct contact with field persons.
Life Agent or Registered Representative — transitioning from sales to advice mode.

Examinations

There are objective exams for each of the five courses.

Plan Submission

Students will complete four modular plans, plus the preparation of a comprehensive personal financial plan. They will receive two software programs, **Plan Builder** and **Practice Builder** — to generate text and all of the correspondence to support the planning.

How to Register

Call, e-mail or fax the IARFC and request the Registration Form. While the course fee is waived, you will be responsible for your own transportation and lodging.

Phone: **800 532 9060**
E-mail: **jim@IARFC.org**
Fax: **513 424 5752**

The Dirty Little Secret

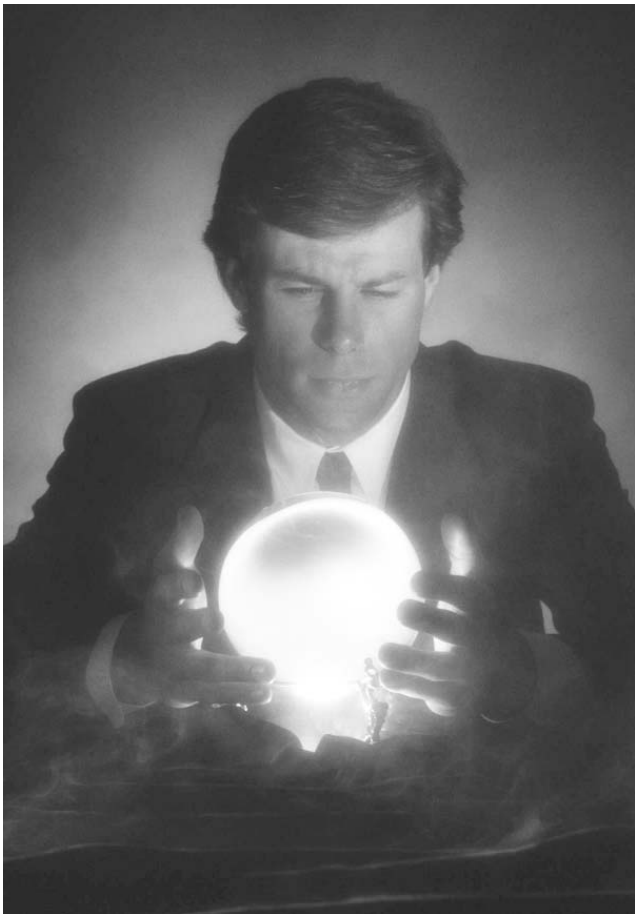
People Are Really Predictable!

Buying car insurance for a teen driver is a lot like getting expensive dental work. It is going to cost a lot and you can only hope that the pain of the experience fades quickly. Every one knows why it is so expensive to insure teen drivers — statistically, the teen years have proven to be the age when drivers are most likely to have an accident. The chances are so high you can almost count on it.

Teen drivers, however badly they do not want to be, are predictable based simply on their age. You might not have thought about it in those terms, but the same can be said for all of us, as consumers. We do very predictable things at different stages of our lives, and these stages tend to be reached at certain ages. When we have large numbers of people, or waves of our population, all reaching the same age and therefore the same stage at the same time. The economic effects can be tremendous.

If you can identify these waves of spending and consumption before they happen, you can make better informed decisions in many areas of your life. Part of the process will be avoiding having the waves crash on top of you!

Now, we do not know what any one person will buy, just as we do not know which teens will have accidents. Forecasting spending by age is based on what the average consumer does and the strong correlation of spending on goods and services with age. If we look closely at our economy we can find hundreds of different instances where peak demand for a good or service is predictable based on age, from college (age 18) all the way to home buying (age 33 and again at age 44). The reason is that most of us go through very similar circumstances in our lives, worrying first about education, then employment, then forming and providing for a family. We tend to "consume" education around 18, and then we shop in malls and live in apartments in our 20s. We get married, on average, around 26 and have that average kid at 28. Once the children arrive, we begin marching up a spending mountain that doesn't stop until they leave home. Does anyone out there have cheap kids?



What's In the Future — For You and Your Clients?

Consumer Life Cycle — Our Spending Changes Over Time

The Consumer Life Cycle highlights several key points in our lives and the average age at which we reach these points.

This information becomes extremely useful when combined with one more piece of information — the Immigration Adjusted Birth Index.

Immigration Adjusted Birth Index Chart — The number of births in the US each year, adjusted to include those who immigrate into the United States.

Using these two graphs, we can make estimates of when large groups of consumers in our economy (the baby boomers, whose peak in births was 1961, the echo boomers, whose peak in births was 1990, etc.) will spend the most on key items.

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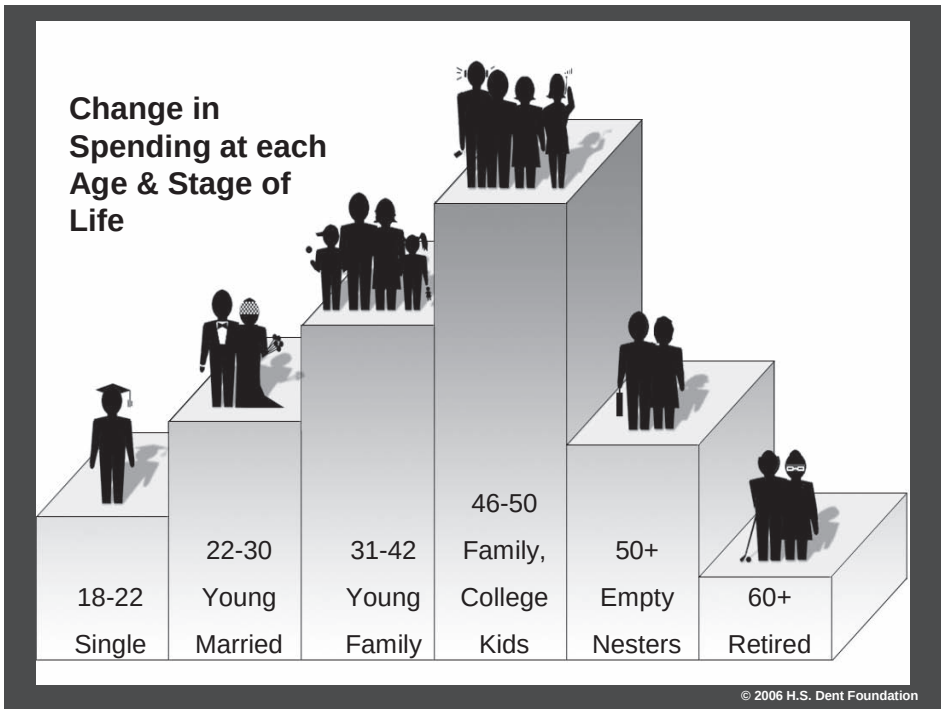

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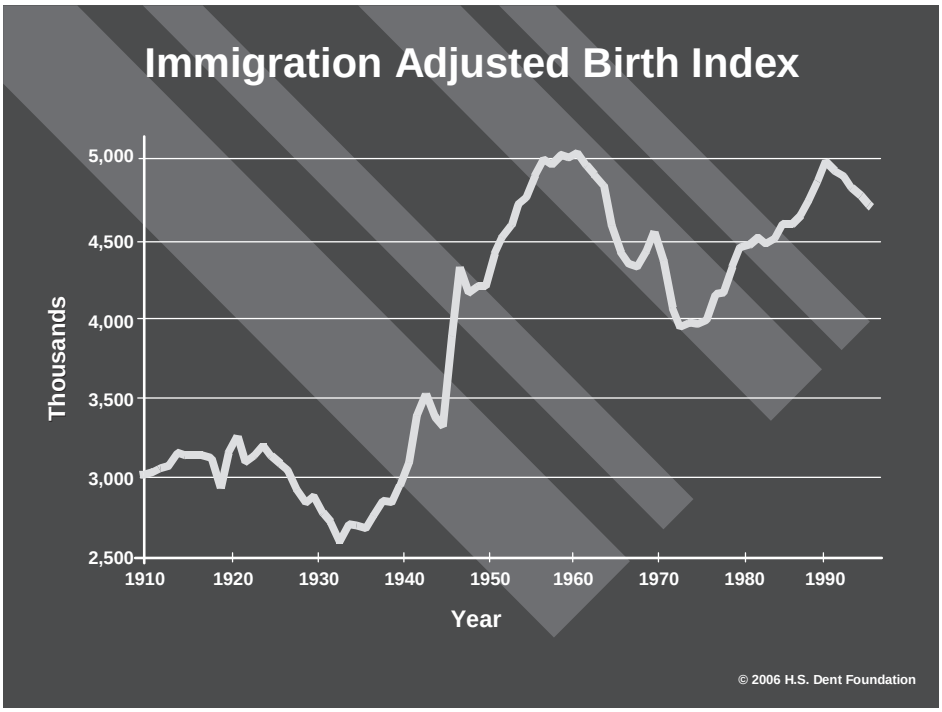

For instance, because the bulk of the echo boomers were born in 1990, we can estimate the peak demand for college entry to be in 2008. Anyone with teens knows that it is almost impossible to get into a "top tier" university these days. It's because there are so many applicants. In the years after 2008 the sheer size of the applicant pool declines, potentially making it easier to get into the college of choice. That's certainly good news for those of us with young children!

This same analysis shows us what really happened in real estate. The baby boomers, with their peak year of birth in 1961, drove the market for trade-up homes as they reached age 44, which peaked in 2005 (1961 plus 44 years). After that, the residential real estate market began to cool, and continues to cool today.

HS Dent has used these powerful tools — demographic trends and predictable spending patterns — to forecast economic change for almost two decades. The information is very much like what target marketing firms do, except we are identifying macro trends.

Over the course of several articles we will be providing you with information about several key waves of demand and consumption. We hope this information will give you more insight into what you can expect over the next 5, 10 and even 20 years of your financial life!

Rodney Johnson

Rodney Johnson is the President of HS Dent Publishing and HS Dent Investment Management. HS Dent uses the study of consumer spending, demographics, and technological innovation to forecast economic change.

Mr. Johnson has been in financial services for twenty years, and holds degrees from Georgetown University and Southern Methodist University. Join Rodney during his presentation at the IARFC Financial Advisors Forum: The Tidal Wave of Boomers Driving Our Economy.

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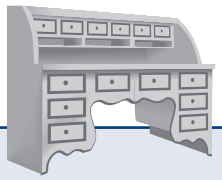
From the Chairman's Desk...



Ed Morrow

Are You Registered Yet? Have you signed up for the Financial Advisors Forum in Las Vegas? We are fortunate to have 31 outstanding and highly-respected presenters. They are knowledgeable and effective speakers. Attendees will all receive a CD-ROM with speaker notes and valuable information. **Great Hotel Rates.** As you know, room charges in first rate facilities can run as high as $250-300, but we have negotiated only $125 per night at Bally's.

Pre-Forum Workshops. We have four very informative and top quality events; two half-day sessions and two full day sessions:

- **Retirement Income Planning** is presented by Michael Zmistowski, RFC®. Michael made a similar presentation at a national FPA meeting, and the audience gave it "Rave Ratings" and evaluations were off the chart! *(Morning Session)*

- **Estate Planning Concepts and Techniques** by Charles Matthews, J.D., MCEP, RFC® Executive Director of NICEP (the National Institute of Certified Estate Planners) will be packed with great information. *(Afternoon Session)*

- **Client Relationship Management** — will be covered in detail for a full day by Mark Terrett, RFC® using the Practice Builder Financial software that is part of the new RFC curriculum. Mark will demonstrate how to use automated marketing sequences, pre-formatted service letters and task management to enhance client service delivery.

- **Creating High Caliber Financial Plans** — will be conveyed in another full-day session by David Stitt, CLU, ChFC, CFP®, RFC® using the Plan Builder Financial software, also included in the new RFC curriculum, that produces fee-based plans with product implementation.

Looking for a Young Associate? Then you will certainly benefit from the Financial Plan Competition presentations. IARFC is sponsoring a plan competition and at least eight universities are participating. The top three students, or teams of students, will present their plans at the Forum — and you will have an opportunity to judge both their financial acumen and their presentation skills. A great talent search opportunity!

The RFC Curriculum. In January we presented RFC Part 1 in a two-day session conducted in Middletown. The evaluations from the 22 attendees gave us some nice accolades and also some very helpful suggestions.

RFC Parts 2 & 3 will be similarly presented on June 6, 7 and 8 — a Wednesday, Thursday and Friday, also in Middletown. These courses are entitled, **Gathering Information** and **Problem Identification**. Part 2 includes how to gather and confirm all the soft (attitudinal) information and all the hard (financial) data and all the documents — and how to enter it into professional software. Part 3 includes how to analyze the client's present condition and how it relates to the objectives. One important skill will be how to use the ***Scenario Manager*** to explore planning alternatives. For details, see page 5.

RFC Parts 4 & 5 will be presented on July 25, 26 and 27 — a Wednesday, Thursday and Friday. These courses are **Developing Recommendations** and **Implementation & Monitoring**. Part 4 is, of course, how to assemble a superior plan that fully justifies the client having paid a fee, and how to present it during the Plan Presentation session. Part 5 will cover how to use the master ***Implementation Checklist*** to encourage maximum actions and purchases by the client, and how to effectively follow-up the plan and the products in future years.

RFC Course Distribution Options. One of the important things we are learning is how much time it takes for persons to assimilate all the information for the five parts of the new RFC curriculum. We especially want to determine what learning can be achieved by pre-class study. During the introductory roll-out sessions we will be refining the course materials and determining subject-time allocations. From this we may offer:

- **Very Intensive Sessions** — for those with substantial experience, perhaps one or more designations. Can this be presented in a five or six day format? One issue is whether or not the student can acquire all the skills necessary to prepare and submit the comprehensive plan afterwards.

- **Intensive Sessions** — for those who require a bit more time to prepare the plan. This might be in two 4-day sessions, separated by about a four or five week period. Obviously this would be a more costly program, but it would enable the student to accomplish many tasks and have them reviewed at the second session.

- **Weekly Sessions** — such as every Tuesday morning for 4 hours with 5 to 6 weeks per course. This is a more traditional study format, but requires local class sessions. This was the study format for the LUTC program, and also the learning format for the early CLU and CFP® classes.

RFC Course Verification. This will be achieved in three ways: (1) Students will prepare modular analyses — dealing with just one aspect of planning, such as college funding, survivor income needs, retirement income or estate planning. (2) Students will prepare a comprehensive and high level written plan, using the software provided with the course. (3) There will be a written, objective examination for each of the 5 parts, but no summary, after-the-course exam as with the CFP Board.

New RFC Course Textbook. We have just examined the new book, ***The Process of Financial Planning***, written by Ruth Lytton, John Grable and Derek Klock. John served as a director of IARFC for six years, and is the department chair at Kansas State University. Ruth and Derek are both at Virginia Tech University, and currently serve on the IARFC board. The book is published by National Underwriter (www.nuco.com) and it will become an important part of the profession and an integral element in the RFC Course.

"Nurture" Letters

How to Get Your Mail Opened and Read

Frances Scott

Letters are one of the earliest forms of communication. From smoke signals to carrier pigeons, mail is the oldest form of communicating when we simply 'can't be there.' Short of standing on a mountain with an old car blanket and a few pieces of flint we must find a way to get the attention of our audience — and do it with grace and class.

The problem is that most of what we believe about direct mail is a lie. What has been demonstrated to us over and over again, when we reach into our mailbox, is a total disregard of our intelligence and our time. Furthermore we find a blatant attempt to get our attention by cramming something down our throats with lots of glitz and glitter. Full color, glossy paper doesn't always get our attention.

What does get attention is a personal letter. When you really think about it we are all pretty simple at heart and unless we are bored to death with nothing else to read, then the glitz and glitter just don't cut it. We are also busy people. If those who send us their 'stuff' would firstly understand us, and secondly give us something meaningful that we can quickly scan, then they might just get our attention. Are you with me so far?

What Nobody Wants! We have all experienced junk mail or bulk mail to the point of exasperation. Our perception leads us to believe 'this must be direct mail.' If someone requested that you describe direct mail, how would you do that? Just think of it for a moment. I immediately think of the stuff that comes to me from Realtors, pizza promotions, carpet cleaners and magazine, CD and Video distributors — and of course Ed McMahon.

The dead give away is the label, then the teaser copy, then the postage meter, or window envelope. Add to that the insult, when the thing is addressed to Homeowner or Neighbor or Occupant.

But you say, "I don't send stuff like that, I send a letter with a brochure of my company." Well fine, but does that letter have a label on the envelope and does it have a postage meter imprint instead of a stamp? How can we get people to take us up on our irresistible offer when we can't seem to get our letters **opened**? A label tells me I am on someone's database. A stamp tells me someone took the time to lick the thing and mail it. Wouldn't a letter get more acceptance without the brochure?

The Message is the Medium. From love letters to business communications we have a message to convey and it's important to remember that it is not so much the **words** as the **music** that captures the reader's attention. Just as an audio message conveys a multitude of hidden messages from tone, pitch, personality, image, etc. your written communication conveys your literacy, your friendliness, your integrity, your respect, your understanding and your empathy.

Best of all you don't need to be a poet to write a good nurturing business letter. We are past the age of legalese and phrases like 'pursuant to' and 'with respect to' and we should be past the stage of 'business-eez' and acronyms. Your letters can be phrased in a language that creates responsiveness in the reader.

Words create pictures and pictures create emotion and emotion creates 'liking' and 'trust'. So how do we want to be viewed? What is the picture we really want to create in the mind of our prospect, customer, associate, employee or friend?

Opening the Mail. Maybe we should begin by examining how we sort our mail. If you do it over the garbage can; if you do it while talking on the phone; and if you do it on 'auto pilot', then you are in the majority. Somehow our conscious or unconscious mind tells us what is junk and what is worth reading.

There are, of course, dead giveaways like teaser copy, postage meters and labels that tell us loud and clear that we are on someone's database and that we are not very special. It's not that I mind being on someone's database, it's just that I don't want that message in my face.

At some point I want to feel special regardless of where my name sits — on a database, in a card index or, because I was so darned special — written on someone's hand in indelible ink.

Letters should do one the following:

1. **Convey a critical message.** This means that we are obliged to find out if our market considers our message critical. The manner in which that critical message is delivered is the only way the recipient can get to know who we really are and how we can solve their problems. When we write like we speak, people are able to understand us and respond to our warmth and sincerity.

2. **Create a relationship over time.** This means we cannot be impatient. From the largest of corporations to the small business, one-shot mailings are undertaken every day. Sure, you may get a response — but you don't necessarily get a relationship.

   Relationships are what allow us to remain profitable over the long term. Remember 'one shot' mailings only reach those who are ready NOW to buy what you are selling. What about the rest who rely on committee meetings, annual planning meetings, due diligence, budget restraints and pending need, to make a decision about your product or service?

3. **Create curiosity and anchor yourself in the mind of the recipient.** For example, I did a campaign for an art gallery whose market included corporations who could afford original works of art. We drew a picture and included a box of crayons in the letter. Now tell me, do you think six months from now, if the corporate executive was asked if he ever received a box of crayons in the mail — would he remember? I have no doubt he would.

Let your creativeness work for you because this letter writing process can not only be fun but also the most rewarding relationship building strategy you will ever

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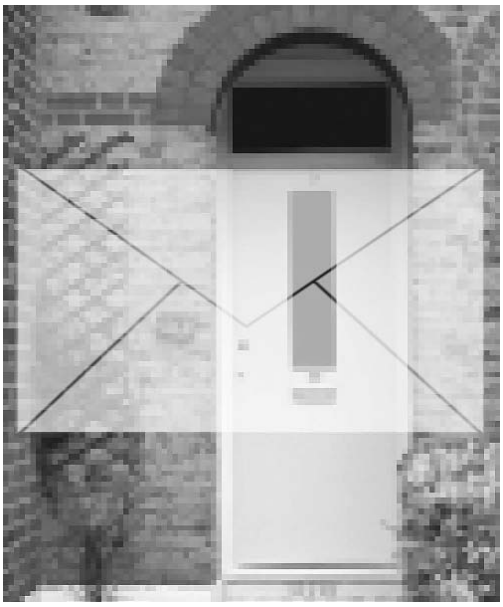
continued from page 9 **Nurture Letters**

undertake. Creating curiosity could mean putting something in the envelope that is lumpy, while anchoring may be a provocative headline, a great enclosure or something for which you will be remembered.

4. **Create trust.** Letter writing is the perfect way to think through your message, how you want to phrase it — one salient point at a time. I try not to bombard the reader with too much information and besides it gives me the chance to write again with more valuable information. When writing nurture letters, you get to re-read it for accuracy, intent and interest. Unlike the spoken word, when it's out of the mouth we can't take it back, writing gives us the chance to edit and re-write if necessary.

5. **Written communication** gives you an often-lost opportunity to speak to the problem or pain of the recipient. Whether you are conveying appreciation, or respectfully educating your prospect or client, you have the chance to get creative and explore your capacity for using the English language so as to engage the recipient and cause irresistible rapport.



After it is opened. So you got your mail opened by your prospect. Now what. You have but a few seconds to get them to read the communication. Don't concern yourself with the length of the letter. After all, if you presented me with a 20-page letter on the cure for cancer, and I had cancer, I wouldn't hesitate reading all 20 pages. If you decide not to use a captivating headline then your first sentence ought to be powerful and to the point. To continue, it is critical to understand that your reader will scan first and if you get their attention, they will read it thoroughly. People don't have time for what does not interest them, so it is vital that you know how to address the things that concern them most, and that means understanding your market.

Persistence Counts! How many letters do you send before giving up? Consistency is vital to creating the often-illusive 'irresistible' relationship. Many business owners and executives simply don't have the time to write a series of letters that either keeps customers coming back or a series that respectfully introduces them to a qualified prospect. My experience has shown me that it takes between 9 and 12 contacts to turn someone from "I don't know you" to "I'll give you the time of day." Then it requires yet another sales cycle to close the deal.

One of the greatest compliments I receive is when a prospect calls my office and tells me every letter I wrote to them was saved and filed for future reference. What a great way to virtually eliminate cold calling. If your letters are nurturing, respectful, educational and empathic, you increase the chance that they will call you. Even if you have to make an outbound call, your prospect will already be pre-disposed to like, trust and respect you. **So is nurturing mail worth it?** I think so, and my clients do too.

Frances Scott is owner and founder of Client Sense Marketing Group. Drawing on her years of business management and marketing expertise Fran has developed a systemized approach with a series of communications to a target audience and managing activities. She enables financial advisors to experience highly effective levels of communication with remarkable results. Her process is based on the principle that building sales begins with building relationships. Fran will be a workshop presenter at the upcoming Financial Advisors Forum in Las Vegas and also the Cruise Conference.

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Create Your Future

Success is almost always earned by the minority — the dedicated few who are willing to pay the price.

Success begins with thoughts.
Thoughts control our actions. Actions all too soon become habits. Habits shape and mold lives.

Our colleague of years past, Earl Nightingale, labeled this discovery, "The Strangest Secret: You become what you think about most of the time." Actually, thousands of years earlier King Solomon pointed out: "Be careful how you think; your life is shaped by your thoughts."

What is Your Future? It is our belief that the best way to predict your future is to create it. We believe you create a future, characterized by high performance and fulfillment, by making a responsible commitment to form sound habits in these areas:

- Thinking Right
- Working Right
- Selling Right
- Servicing Right
- Studying Right
- Living Right

Pro-Active Professionalism! Professionals in all aspects of financial services must display a blend of pro-active behaviors, enthusiasm and persistence. They make commitments to excellence in all they do. They resolve to make good on these commitments. Professionals know this requires maintaining a correct mental attitude, a good work ethic, sharpening persuasion skills, developing competence and living their lives in balance.

Being always comes before the ***doing***. If you desire to **do something great**, you must first **become something great**. Don't just stand there — MAKE IT HAPPEN!

Kinder Brothers International has had the privilege of teaching tens of thousands of sales and sales management professionals how to experience lasting success by building confidence through competence.

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THE KBI GROUP
KINDER BROTHERS INTERNATIONAL
Since 1976

Cato Comments – About Your Image...

Loren Dunton Believed You Can Succeed!

In the fifties and sixties, **Charles Roth**, an acclaimed speaker and sales improvement authority, was the author of many popular books on selling. During his career, Roth's plain spoken and to-the-point manner helped make him a major influence on all types of financial sales in America. His best known title was ***Secrets Of Closing The Sale***, published by Prentice-Hall.

Lew Nason, LUTCF, RFC®, a leading sales trainer today, says, "Roth spent many successful years selling financial products. Unlike so many self-proclaimed financial sales gurus of our time, Roth did not hustle financial advisors by taking advantage of their insecurity or exploiting their desire to improve. Roth imparted useful techniques that he had used many-many times before, and he sought ways to monitor individual production, after his training was applied, in an attempt to document sales declines or increases."

Some financial advisors think of themselves as "professionals" rather than as "sales persons." But that is not true, according to **Ed Morrow**, who has trained thousands of financial advisors, "Every financial planner is a 'sales person' who must first 'sell' the prospect that he needs planning, must then 'sell' them on retaining their services, 'sell' them on conveying all the information, 'sell' them on revealing their true goals, 'sell' them on implementing the plan, and finally 'sell' them on staying the course through the tribulations of the market and their life."

Loren Dunton was a huge fan of **Charlie Roth**. Loren kept encouraging me to interview his famous friend, the sales trainer and successful writer, **Charles B. Roth**. At the time **Loren Dunton** was also a nationally recognized and widely published sales trainer — and Loren considered Roth to be a role model. Later, as the world now knows, Loren went on to become the founder of financial planning in the USA.

After Roth stopped writing and speaking publicly, due to his declining health, his fame faded and Loren's renown began to grow in the financial products and services industry. An avid reader and student of selling, Loren treasured his autographed first editions of all the Roth volumes on sales improvement.

Finally Loren and I went to Roth's home in Denver, Colorado. I also prefer to interview people alone. I do not like to be accompanied by anyone. I also prefer that the subject be alone. But, I understand if the person being interviewed must be accompanied by bodyguards, nurses, a PR person, some type of assistant, an attorney, or whatever.

But Loren insisted on going with me. I asked Loren to leave the questioning to me. But as you will see, Loren got caught-up in the flow of ideas, and could not resist asking some questions. Back then I was young and knew everything. I anticipated another boring interview with an old man. I expected to hear mumbled clichés. But, Loren was enthused, and considered this to be an important meeting.

With Roth I experienced the most helpful interview I ever received on how to become a top sales producer! I believe this interview embodied practical no-nonsense dynamics that can expedite success as an RFC. In my twenty-five plus years of interviewing acclaimed leading sales achievers and sales trainers, sales writers, sales speakers, and sales consultants, I have never documented such valuable and useful information. I still find it inspiring to read highlights from the following transcript that resulted from this visit.

Master The Simple Basics

Forrest Wallace Cato: How does a financial professional become a top sales producer?

Charles B. Roth: After a movie star like **Clark Gable** died you could read countless articles praising him. You read about how handsome Gable was, his masculinity, his abilities as an actor, the money he made, and so on.

But it pleased me that the one point on which most writers about **Clark Gable** lingered longest was the most important part of Gable's career and ability. They talked most about ***what a real pro he was***. The same qualities that made this movie actor so successful in his field will make your readers great in their specialty discipline. **Eli Wallach**, a New York actor who worked with Gable in Gable's last picture, said, ***'He was always ready and he had a special persona!'*** Write these lines down! Here are your first two secrets for becoming a top producer:

- ***Always be ready! Create and project a special persona for yourself.***
- ***Use showbiz techniques and the media to create your special persona.***

Cato: What do you mean?

Roth: To me that means the man was so well equipped to do his job that no matter what the job required he knew he could do it. For example, once **Laurence Olivier**, during the early part of his career, was called from London to replace a missing actor who had a small part in a production being held in an old rural theater. When Olivier arrived, on opening day, the make-up person was also missing. Without hesitating a second, **Laurence Olivier** reached above him in the dingy theater and took from the back stage rafters, some of the calcimine from the ceiling supports, and made-up his face and the faces of the other cast members.

My point is, ***Laurence Olivier was a pro, a champ, a winner! He was a top producer! He immediately knew what to do — and he did it.*** He was not afraid to get his hands dirty. With little time to study the part Olivier still managed to deliver the goods. You see, Olivier was always ready, he was prepared, and he infused his character with a special persona. His small part became the hit of the show. That is the quality of real pros, or real leaders, or real top producers, the world over.

Cato: How does a person start to become a top producer?

Roth: I have already told you this. ***The top producer has knowledge of his or her professional ability.*** A top producer knows he is good and is always ready to prove it.

Confidence is part of being a top producer. His or her bearing and attitude reflect this. And the third quality is ***willingness to work and eagerness to do what it takes to get the job done.***

When ***Archie Moore***, the perennial light heavyweight boxing champ, was in the East he received a call from his manager in Seattle. Did Archie want to accept a fight that would pay three hundred and fifty thousand dollars? The old pro, or top

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producer, immediately said, "Yes." Always ready, you see. He didn't ask questions like when, where, who am I fighting, who will referee — or anything else!

Did you write all of that down correctly? Let's go over this again. To become a champ, or a top producer, you must do the following.

- ***Be ready.*** Stay prepared. Always do your homework.
- ***Create your unique persona.*** Then project and maintain this persona in your market. If you don't convey your special persona through media exposures then your persona is almost worthless.
- ***Know your abilities.*** Only you know what you can do.
- ***Know what to do and do it.*** Take action. Don't delay.
- ***Have confidence.*** Factors will never be perfect for you.
- ***Be willing to work, and eager to do what it takes.*** This may be the most difficult requirement of all.
- ***Specific work produces specific results.*** Pay the price. If the occasion warrants, do more than necessary!

There Is No Quick-And-Easy Way To Your Big-Time Success!

Loren Dunton then asked Roth: When you wrote *How To Make $25,000 A Year Selling*, after studying three hundred sales achievers, did you learn something new?

Roth: I thought I would find a few sales pros who had discovered a way to be great in selling without work. But I didn't. I found, to a person, that these top producers were all following the established simple rules I just gave you. I concluded that if you want to be a top producer you've got to pay that price.

The price of big-time success includes work. Work can not be avoided. I have now told you everything it takes. You have to be willing to work and willing to be disciplined.

You only need to know a few things and do those few things well. Some of the people who are massive producers in the financial industry have astonished me with their lack of perception, their lack of originality, and their lack of imagination. Many of them could do even better if they developed their persona and effectively communicated their persona. By failing to do this they have to work harder every time because they remain not very well known or accepted in advance of trying to make their close.

I might as well tell you. Some top producers didn't even seem to be overly bright. But they could follow these few and very simple requirements. People will forever pay for magic secrets and shortcuts.

But there are no real magic answers. To seek these is to seek that which never existed. False gurus will always prosper as long as people in sales endeavors believe there is a quick-and- easy way to sell more and better.

You should be true, or real, or honest. A professional who can sell, then gets away from his clients or customers and brags and boast in a strutting way, or in a loud-mouth display, about having sold them, usually becomes despised by those same clients, if they learn that he considered them as sheep to be sheared. Your prospect should never be considered a targeted potential victim.

Cato: Can you explain again how or why this works?

Roth: A prize fighter manager summed up the case for knowing a few things well when he told me what a boxer had to know. He said, "There are only four basic things to know in boxing. If a boxer can be taught to do one thing and do it well, he is a fair fighter. If he can do two, he's a real good fighter. If you can teach him the third move, he'll be the best money-maker in his division. If he can learn all four, he'll become the champion." The same is true of selling anything, be it a bottle of hair shampoo, or a big-ticket item like a yacht.

If you are willing to learn a few things and do them well, you can be a champion at selling! **Coach Knute K. Rockne** told me why his Notre Dame teams turned out so many consistent winners. He explained, "I could talk about trick plays and clever formations, but that's not the real story. We won so often because they were taught how to block and tackle. Simple things, well done! That's the answer with all pros, no matter what field."

Dunton: What are the other things that top producers need to know?

Roth: There are eight more factors. These too are all very simple:

1. The ability to explain in simple and correct English.
2. Memorize and be willing to stick to a good sales presentation. Priceless proven presentations are often offered to you for free.
3. Master a winning selling formula that works for you and insist on touching all the bases.
4. Develop the guts to try to close early and often with every prospect.
5. Know where and how to look for prospects and then communicate with them or go see them.
6. Be willing to get up and back into the fray no matter how many times you get knocked down.
7. Continue to work these simple rules regardless of how discouraged or tired you may be mentally or physically.
8. ***Finally, you must eventually close! Do not be afraid again to close.*** The first, or second, or even the third rejection, is not always final. ***Know and reuse the close that works best for you!*** Your life will be less painful if you try to close again rather than if you avoid facing this again. You can try another closing approach if you like. But often you will score the second or third time you try. So try again.

Dunton: There has to be more to becoming a top producer?

Roth: ***You must have knowledge of your goals. Plus you must have product knowledge.*** Put these down as two of the basics for becoming a top producer. There will never be a substitute for thorough knowledge of whatever it is you want, and for what you sell. For example, people do not understand mutual funds. You have to explain that so they do understand.

Use all of the sales help you can get. About seven in ten professionals who must sell products or services haven't even read their company's basic sales literature, let alone studied it. Many of them say, 'It's more of the same junk.' But the top producers do not do this. The top producers never get enough of that mislabeled 'same old junk,' because they know that the more they know the more they sell. ***Knowledge equals sales power.***

Learn How And When To Use Silence!

Cato: When is the actual decision to purchase made by the prospect?

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Roth: The real salesmanship happens when the top producers keep their mouth shut. The decision to purchase usually takes place when your prospect has silence and can think. There is a tremendous effect in using silence if you have the nerve for it. ***You actually sell more by listening than by talking.***

So many people refuse to learn and understand this. So many never learn how and when to use silence! You only need to do the essential talking. ***You should talk two thirds less than your prospect.***

Top producers already know this. A top producer like **Mehdi Fakharzadeh**, or the legendary **Ben Feldman** and his son **Marv Feldman**, or **Norman G. Levine**, will allow the prospect to explain to him or her that the prospect knows and understands the need and the solution. The guy who is not a top producer keeps blabbing away. If a guy tells you he is a top producer and he is a big blabber you can suspect that he is not really a top producer.

When you do talk make every word count. Make your comments appropriate for the prospect. Do not simply recite a canned pitch. You must master it so well that you can easily ***personalize your delivery***. Modify your comments to better fit the occasion. Customize all that you say. And always keep it moving. Do not drag out your dialogue. Never make people tired of keeping up with your slow flow of words.

Cato: There must be more you can tell me, to help people become top producers?

Roth: The top producers ***always have more endurance*** than do other sales people. Everything never goes as easily as I may have implied in this conversation. You must do like the great actor **Laurence Olivier** did. You must not allow obstacles to defeat you, but instead, do what is necessary to 'make things work out' as you desire. ***You must have endurance.*** Write down endurance. Top producers, top achievers in every profession, are willing to go more extra miles than others are willing to go.

Dunton: Is there still more you can add?

Roth: I might add the ten ways you can put more helpful effect into your voice. These include, speak with enthusiasm, avoid monotony, make your story interesting, use emphasis, use picture words, avoid shrill tones, be relaxed when you speak, lower your voice, make your meanings clear, and win confidence when you talk by projecting authority and wisdom.

This is not rocket science. This is simple. You can understand this. You can do this. All that is required is a few things well done. People often confuse everything. Even many sales consultants will deliberately confuse all of this. They may try to present some different intricate approach, or create complicated angles, so they can sell another service to you, or justify a big fee to you.

Sales strategies, techniques, and dynamics, are now discussed over and over and over. The Library of Congress reports that more books are written on sales than on any other subject. The topic of sales improvement is covered in more magazine articles than is any other topic. More speakers are paid to talk about sales than about any other subject.

Long after we are gone, sales will still be examined and researched, and studied, and discussed and dissected and analyzed. People will forever seek and even pay for, so-called new discoveries that make selling easier, or magic formulas, or secret methods, or quick fixes. Even smart sales VP types often fall for complicated proposed solutions that appear to be something new and different. But this is all nonsense!

These simple basics that we have discussed all work. These basics can be used as your guide. When these simple basics are followed then top production or big-time success results! Please tell your readers to remember and apply these easy-to-understand truths every day of the year if they are to become top producers. Don't forget that. Please tell them to remember this.

Cato: If I could add one update to Roth's advice, my only addendum would be to urge you to get and apply the most-used financial planning software programs, The **Builder Suite**.

These three vital programs, designed just for personal financial advisors, are:

Practice Builder — Client Relationship Management (CRM) for professional financial advisors,

Client Builder — a sales track for presenting planning services and closing the engagement.

Plan Builder — to produce a high quality plan. Plan Builder is the evolution of **EnterAct**, **LG**X, and **LifeGoals**, powered by **Commerce Clearing House (CCH)** tax research.

These one-of-a-kind software programs are hugely time saving for you, and vastly strengthen your financial planning operation. They advance your professional capabilities, and these software programs improve your marketing and sales position. **Practice Builder** can even help you in your use of direct mail and auto e-mail. These programs have evolved along with financial planning. Your source for more information is:

www.FinancialSoftware.com

After **Charles Roth** died the appearance, rapid growth, and mass use, of the computer, the Internet, Web Sites, blogs, e-mails, and related computer facets, became a major influence, and important factors, in financial sales, marketing, and communications. Even though computerization revolutionized everything, and is now a major part in your operation, all of Roth's recommendations for improving your sales remain timeless.

Most of Roth's advice involves 'the human touch' and that will never go out of date or be replaced. That does not mean, of course, that the professional advisor should not employ automation to get the job done more efficiently.

Forrest Wallace Cato, *RFMA, RFC® has over 25-years experience as a multi-national Media Advocate for financial professionals. He is former Editor-In-Chief of* ***Trusts & Estates, the Journal of Wealth Management*** *and* ***Financial Planning*** *magazines.*

Cato wrote the Introduction to the classic book, How To Sell Your Way Through Life by Napoleon Hill, author of the all-time best selling motivational book Think And Grow Rich. He presents The Cato Award at the IARFC Forum, and is currently developing an image and branding workshop just for financial consultants.

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Surefire Techniques for the Senior Market

Wilma G. Anderson, RFC®

America's senior citizens control a disproportionate amount of the nation's wealth, but so few of them use their money as wisely as possible. That spells enormous opportunity for agents and financial planners who can win their trust and provide the products and services they so truly need.

On the one hand, most seniors play it too "safe" with their investments, investing too heavily in low-yielding bank accounts that provide no possibility for growth and no tax advantages. While this gives them the safety of an FDIC guarantee, it exposes them to the danger of inflation eroding their worth.

Many have historically been advised to invest in bonds, thinking that they would be risk-free, non-volatile income producing assets. On the other hand, the vast majority of seniors — who are safety-oriented — are risking everything! That's because only 6% of them have bought long-term-care insurance.

When you win a senior's trust, you become golden. **Senior clients are loyal.** Once you've signed up an older person as a client you'll probably have a lifetime client who will tell other seniors about you and your services — provided you deliver good service and stay in touch frequently.

Reaching seniors isn't difficult if you follow tested techniques and market consistently. Direct mail, speaking before local clubs and cultivating referrals all work effectively and nowadays an advisor needs to catch their prospects attention at least 10-12 times per year. And more is even better! Using these techniques, I sell more than 400 long-term-care policies a year and a significant volume of annuities, life insurance and mutual funds as my second sale to those senior clients. You can succeed in the senior market with the same methods.

An Unending Stream of Prospects

Seniors will respond to well-crafted direct-mail solicitations for Long Term Care (LTC) and annuities because these products address their two biggest financial concerns: **protecting their** assets and obtaining safe, **reliable income**.

Promptness Pays. An effective LTC direct-mail piece would offer seniors a free comparative analysis of LTC policies. It includes a tear-off return postcard that asks for the recipients' birth dates and phone numbers. You should have the card sent back directly to your office, instead of a third party. That way, you can respond faster to the inquiry and you can be sure that the lead has not been 'sold' to several other agents or advisors, as well.

When the lead cards come in, **call back** promptly and ask for an appointment in their home. Going to the prospect's home helps win their trust. When you get there, engage in friendly small talk and get to know your prospects **before** you get down to business. ***Don't rush it!***

Appearance really does count. Don't show up in an expensive, flashy car like a Mercedes or a Lexus. An older person might think you're a showoff or a smooth operator. Ladies, avoid low-cut or tight-fitting outfits, which can distract Mr. Prospect and make Mrs. Prospect resentful.

Gathering Information. Once you've established rapport (the first step toward trust) you can get down to business. Asking questions like "Do you have any friends or family members in a long term care facility?" or even "Are you familiar with costs in local long term care facilities? The key is to create the need for long term care insurance in the client's mind. If you can hit their emotional hot buttons without using scare tactics and overcome objections, you'll nail down the sale on the first visit a high percentage of the time.

Mailer Design. With annuities, I recommend a slightly different approach — and a simpler mailer. I use large (5" x 8") postcards, which really stand out in the mail. With a postcard you don't even have to get the prospects to open an envelope. Your message is right on the outside — and almost impossible to ignore. Provide

a toll-free number so seniors can call you without having to spend a dime.

Who to Mail? Besides a first-rate lead piece you'll need an excellent mail list. Any good list broker can get what you need. I recommend selecting people 65 to 74 years old for LTC mailings. At that age, they're starting to see their health change or know friends and family members who have become less vigorous. Long-term care is becoming a real issue for them. For annuity mailings, focus on ages 65 to 74 too. This is the same age group you mail LTC leads to, and it's the group that has the accumulated assets you can help reposition into other investments to help the senior earn a better return.

Retirees with $100,000 to $600,000 of liquid assets are usually your best prospects. While more-affluent clients are great, they are much scarcer and far more likely to have a financial advisor already. The great American middle class is your best bet.

To build your response rate, mail repeatedly — at least once every six weeks to the same people. By taking this approach, you should be able to achieve about a 1-3 percent response rate — about four times as high most direct mail gets.

Speaking Before Local Clubs

This is another great way to reach many older prospects at once. Local organizations frequented by seniors often look for people to speak on personal finance and LTC. The club does all the organizational work and bears all the costs for putting on the event. You just have to show up and give your talk.

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Surefire Techniques for the Senior Market

A speaking appearance can easily give you ten new prospects who are eager to talk to you and get your help.

Ask your current and new clients about the groups they belong to, and let them know you're available to speak at no charge.

Events Marketing

Make Clients into Your Sales Force. It's not hard to do some little things that show your clients how much you appreciate them. Once a quarter, I have 15 of my best female clients bring a friend to an afternoon tea at a posh hotel in Colorado Springs. It's an elegant affair and a delightful way to say "Thank you for being my client." Most of the friends who come along for the tea will eventually become clients too.

I host a regular golf event every Fall for my male retired clients. They love to play golf and give me golfing tips (which I definitely need!) as we head down the course. Each of my male clients is invited to bring along one of his friends who is amazed that an agent would actually do this. This has yielded so many good clients.

Working the System

The senior market is a great market niche. Seniors have accumulated assets, want solid, safe returns and often have not been serviced well by another investment professional. Once you've made the first sale and won a senior's confidence, you've opened the doors to more sales: life insurance to fund estate taxes or to provide additional retirement income, LTCI, annuities, mutual funds and individual stocks. The possibilities are almost endless.

Wilma Anderson, RFC®, is known as The LTC Coach, one of America's leading LTCI sales trainers and a practicing producer who sells 400 LTC policies a year. She offers personalized tele-coaching sessions, workshops, speeches and several sales tools to help Advisors learn how to master the LTCI sale. Wilma is a widely published author and frequent speaker at conferences and sales seminars, including this year's Forum.

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Compliance-Friendly Marketing

NASD Arbitration 101

By Katherine Vessenes, JD, CFP®, RFC®

Katherine Vessenes, JD, CFP®, RFC®

Arbitration is an alternative means for investors to resolve their disputes in lieu of traditional court litigation. The investor, or claimant, files a claim with the NASD, where an impartial panel of three for larger cases, or a single person for smaller ones, studies the evidence and then makes a final and binding decision.

The arbitration process is generally quicker and cheaper than pursuing the same claim in court. The decision is subject to appeal in a very limited number of cases and only a small number of cases are reversed on appeal.

Although the NASD does not require any investor to arbitrate a claim against a brokerage firm or broker, since 1987 most firms have investors sign a binding arbitration clause when they become clients of the firm.

Three person arbitration panels consist of two public arbitrators and one industry arbitrator. Arbitrators are required to disclose any conflicts of interest and extensive background information, including past awards to parties to help them select their arbitrators.

Participants are asked to complete a "satisfaction survey" at the end of their case and the NASD has an extensive process for maintaining competent, unbiased arbitrators including peer review, staff observation and party feedback.

NASD Arbitration by the numbers:

- $750,000 the amount of money three firms were fined for failing to comply with their discovery obligations in 20 arbitration cases
- 8,201 the number of arbitrations filed in 2004
- 6,626 the number of NASD arbitrators currently approved for taking cases
- $400 typical daily pay for an arbitrator
- 146 average number of days to resolve a case in 2004
- 86% the number of mediation cases settled in 2004
- 60% the number of investor awards that went unpaid in 1998
- 46% arbitrators ruled in favor of an investor/claimant in 2004
- 15% investor awards that went unpaid in the first half of 2004

With NASD arbitration under attack, I interviewed four industry experts, with extensive arbitration experience, for an insider's look at what really goes on during arbitration. In this article, we will focus on 4 areas:

- Arbitrators, their competence and fairness
- Problems inherent in the process
- The right to appeal
- How to get competent counsel
- The problems with E&O coverage
- Lessons Learned

Our experts are:

- Attorney Jim Eccleston, partner in the firm, Shaheen, Novoselsky, Staat, Filiposki & Eccleston
- Attorney Dave Markun, Partner, Markun, Zusman Compton
- Attorney Terry Lister, Chief Regulatory Officer, Waddell and Reed
- Bud Bigelow, President of Cambridge Alliance

Arbitrators, Competence and Fairness

Recent attacks in the *Wall Street Journal* have put NASD arbitration under the spot light. Certain industry pundits, including the Public Investors Arbitration Bar Association (PIABA bar), have alleged there are serious problems with the process. This group sees the arbitrator selection process as one of the main problems that prevent investors from obtaining fair decisions.

PIABA asserts the mandatory industry arbitrator should be eliminated and three public arbitrators, who are truly public and have not ever had any ties to the industry, should hear cases. In their opinion, the industry arbitrators are inherently biased and tend to favor industry practices and respondents over investor claimants. In addition they claim that many public arbitrators are not truly public because they had ties in the past to the industry. As a result, PIABA is lobbying for the NASD to remove the industry arbitrators in the panel and just have public arbitrators determine every case.

Eliminating Industry Arbitrators

Attorney Jim Eccleston takes the opposite view. The industry expert is a necessary part of the process, according to Eccleston, because you need someone on the panel who understands the intricacies of the case. "One of the theories used to bolster PIABA's argument is that most cases now have a paid expert for both claimants and respondents, therefore there is no need for an industry expert to be on the panel," according to attorney Jim Eccleston. Eccleston does not favor eliminating the industry member because it would require all claimants to find an expert to help them explain their case to the arbitrators. "This can be expensive burden on investors, particularly for smaller cases," he says. Some investors or even smaller firms may not be able to afford the services of an expert witness. This would jeopardize their case and make it more difficult for them to get a fair hearing.

Terry Lister believes many of the cases are just too complicated to be left solely in the hands of public arbitrators. Take a case involving the minutiae of certain derivatives. "Most industry arbitrators would have a difficult time sorting through the evidence without the help of an expert witness to explain the details," says Lister. "Therefore, it is likely it would be much too complex for a public arbitrator."
Lister is comfortable with two public arbitrators so long as there is at least one industry arbitrator on the panel. The industry arbitrator can help explain the

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industry-specific details of the case to the other panel members. Also the industry member can be a big help when it comes to a battle of the experts.

"It is not unusual for both sides to have paid expert witnesses. They might look at the facts and come to exactly opposite opinions depending on who paid them, the investor or the broker/dealer." says Lister. With at least one industry member on the panel, they can sort through the expert testimony and help decipher it for the other panel members.

Dave Markun says just because they qualify as an industry arbitrator does not necessarily mean they are "experts" or even more knowledgeable than anyone else with respect to the particular issues that arise in an arbitration. "I have had many industry arbitrators who did not know anything about suitability or options or the other issues in a case."

Arbitrator Competence and Bias

There are other problems with the arbitrators. Markun, who has represented both claimants and respondents in hundreds of cases, thinks there are two main issues with arbitrators that make it difficult to get a fair result. They are: Many arbitrators are incompetent and biased. According to Markun, the arbitrators, as trier of fact, are only marginally better than a jury, even though they have had extensive training by the NASD to qualify as arbitrators. Given similar facts, Markun says he has had dramatically different results before different panels.

"I have seen arbitrators who were so old or tired, they nodded off during the proceedings," said Markun. This puts the attorneys in a difficult position. If they bring it to the attention of the other arbitrators, they risk bringing down the ire of all the arbitrators and ultimately penalizing their client. "Usually I just press on and pretend they are just resting their eyes so I don't jeopardize my case," he explained.

According to Markun the system has inherent biases. Take the professional arbitrator, the one who may be retired and needs to continue receiving arbitration assignments as a way to maintain his income in retirement. That arbitrator is going to be very careful about awarding punitive damages, even in the most egregious situations, said Markun. The reason is the selection process.

"Attorneys will be looking at previous awards," Markun explained. "Any arbitrator that has ever rendered an award for punitive damages would be struck by the attorney representing the respondent," he stated. Most respondents' attorneys would black ball these arbitrators because they would not want to take a chance on their client being hit with a large punitive damage award.

With a jury, they can just walk away from the case. Jurors are not worried about their future livelihood. In general, jurors try to do the right thing, because they will leave the courtroom and go back to their regular employment, according the Markun. "Professional arbitrators may want to do the right thing," Markun stated, "but their own future financial needs may affect their judgment."

The arbitrator pay of about $40 per hour is appealing to young, inexperienced attorneys who do not have any other work. So many of the arbitrators, attorneys, retirees and others are using this as a way of boosting their personal income. Although there is nothing wrong with increasing your income, this means there is a good chance any panel will have one or more inexperienced or unqualified arbitrators, whether they are from the public or the industry sector. "In my mind this type of arbitrator, the ones just looking to supplement their income, are just not qualified to render a decent decision," stated Lister. "In fact, I would guess about 40% of all arbitrators are not qualified," according to Lister. Markun would agree with that assertion but puts the number at closer to 50% who are too biased, uninformed or incompetent to render a fair verdict.

According to Lister, one of the major problems with both public and industry arbitrators is they have no training that assists arbitrators in understanding the business and the specific issues they will be asked to evaluate. Also, Lister repeated a complaint common among our experts: the NASD does not pay enough to attract arbitrators who are trained in alternative dispute resolution or have any real experience with the process or the industry.

The time commitment is another problem with attracting qualified public and industry arbitrators. In years past, arbitration would take one or two days. This was a reasonable amount of time to expect experienced arbitrators to offer their services to the investment community to resolve disputes. Now cases can take months. "I hear about one arbitration case involving derivatives that was so complicated, it went off and on for two years," said Lister. This expenditure of time, which can easily go for numerous sessions over a period of months, is not attractive to experienced and qualified arbitrators, particularly at the low pay.

Each party to an arbitration receives a list of potential arbitrators. There will be five industry candidates and 10 public candidates. Each side ranks their choices and sends it back to the NASD who makes the final selections.

It is very important to do your due diligence on potential arbitrators, according to Eccleston. Many arbitrators are older and from the old school of brokerage. They may not up to speed with the newer investment techniques like asset allocation and using hedge strategies to reduce risk, he explained. "We always look at the history of previous awards, their age and experience," stated Eccleston. He pays particular attention to their previous experience. "If they are a commodities trader, they are probably too much of a risk taker for some of our cases," Eccleston stated.

The NASD has procedures in place that are designed to disqualify incompetent or biased arbitrators. To combat some of these issues, the NASD has participants complete a "satisfaction survey" at the end of the process. Lister has not found these procedures helpful in the past. "It is important that we only have competent and fair arbitrators," asserts Lister "Because it is important that the public have confidence in the system."

Evidence and Discovery Problems

One issue mentioned as a problem by all of our experts was the means of gathering and admitting documents and testimony into evidence. What is considered evidence, documents and testimony, is the same in an arbitration or a court case.

However, the standard of what is admitted or excluded is much different. The standards for admitting and excluding evidence are far more strict in a court case than they are in arbitration.

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Arbitrators can admit hearsay or even out of date evidence. This would not usually be allowed in a court case, except in certain limited circumstances. This means evidence that might not be allowed in court could be easily admitted in arbitration. This can have a big impact on the outcome of the case, sometimes changing it completely.

Also, most arbitrators will admit just about any evidence "for what it is worth" according to our experts. Parties will never know if the arbitrators gave the evidence a lot of weight, or no weight at all in deciding their case.

In a court case, a judge could make an error in admitting evidence but it would be appealable. You do not get that luxury in an arbitration.

In arbitration, admitting and excluding evidence should be a simple and streamlined process. However, as the arbitration practice is moving closer to typical litigation, gathering evidence has also come to look more like gathering evidence during a court case.

It is not unusual for both parties to present a lengthy list of possible documents to the other side for discovery. This can be an expensive and time-consuming process to locate and reproduce documents that are many years old and stored in offsite locations. In a court case a few years pack, the plaintiff requested emails from the defendant broker/dealer. The b/d estimated it would cost about $175,000 just the retrieve the e-mails, an expense the b/d claimed should be incurred by the plaintiff. After a lengthy court battle and appeal, the plaintiff was only ordered to pay 25% of the cost of the email retrievals and the defending firm picked up the remaining 75%.

Many times this lengthy list of items is not even required for the case, but used to harass the opposing party. "Parties will make outrageous requests for documents and testimony," explains Lister, "Then they hunker down and get nothing." Some brokerage firms have sought to evade and avoid discovery obligations and thwart the intention of the rules. This practice of failing to deliver required documents can stymie a party's chance of getting a fair decision. Both sides are not cooperating and it is causing problems, according to Lister.

Markun also believes the discovery process is unfair. He says there is no real accountability for a b/d who withholds a document that is necessary for a claimant to present his case. To combat this problem the NASD has issued a new list of sanctions for failing to comply with legitimate evidence requests. Although there are sanctions available for willfully avoiding the rules, Markun has never seen them imposed against an offending firm. Even worse, without being able to depose the person responsible for producing the documents, many abuses undoubtably go undiscovered, Markun explained.

Another problem with discovery is inconsistent rulings. "I have seen the exact same evidence in five cases, and get five different decisions by different arbitrators," said Markun. Eccleston also mentioned similar problems.

To combat this criticism The NASD has proposed a new type of arbitrator, an Evidence Arbitrator, that only rules on evidence. Most of the experts interviewed liked this solution and felt it would help to get more consistent evidence rulings.

Markun would amend the arbitration rules to allow for one deposition. He would depose, under oath, the person who is most knowledge about production of the needed documents. He felt using the deposition process parties would be able to get honest testimony about evidence and it would reduce the likelihood parties would destroy or alter documents or just fail to produce them. Many attorneys favor this change because it would allow them to bring criminal actions for perjury.

The Right to Appeal

When it comes to comparing arbitration to litigation, most industry professionals prefer arbitration for most of their cases. With arbitration, it is generally faster and less expensive and taking the same case to court trial. Although Markun said one of the changes he would like to see in the system would be the right for parties to opt for going to court if the amount in question were over a certain dollar limit.

One of the trade offs for speed and reduce cost is the right to appeal. Most arbitration cases are not appealed for two reasons: first the grounds for appeal, under the NASD rules, are very limited, and second, most awards do not contain enough information in them on which to base an appeal. Bigelow believes this inability for an effective appeal is unfair to everyone.

Few cases are appealed. Eccleston estimated only one in ten were appealed, and out of those maybe one in 10 were reversed on appeal. Markun, who has won many arbitration cases, said he has never seen a successful petition to set aside an award.

Getting the Right Counsel

Getting an experienced and competent attorney to represent you has also become more difficult over the last few years. The reason is most firms have errors and omission insurance. However, it is the insurance carrier, says Bigelow, not the broker or the broker/dealer who has the right to pick the law firm to defend a particular case.

It has become a widespread practice for the carrier to request bids from different law firms for this type of work. Most carriers will select the least expensive firm — and they are rarely the most qualified. With law firms actively seeking this kind of business, usually the new and inexperienced attorney wins the bid. Rarely are the experienced attorneys willing to reduce their fees to become the winning bidder.

Under the terms of the policy, brokers or broker/dealers are not usually given the right to select their own counsel. This rarely bodes well for the party with the inexperienced counsel. "Although I have had clients who made sure my firm was listed in their policy," said Markun. "These broker/dealers wanted to be sure they had someone representing them whom they knew and could trust," he explained.

Insurance defense attorneys have moved into the security litigation arena in a big way and have won a lot of bids from E&O carriers. "What they don't understand says Eccleston, "Is this is a much different and very complicated area of law." He goes on to tell the story of one long time litigator taking on his first NASD arbitration. "During the entire proceeding he kept referring to the NASD as the NSAD!" Eccleston said with a smile. "I knew we would succeed," Eccleston explained, "Because it became apparent he hadn't even read the rules."

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When selecting your attorney, Markun recommends doing your due diligence on your potential candidates. Interview them about the number of cases they have handled and the results. Be sure to get references from other firms, too.

The Problems with E&O Coverage

Many brokers and firms have been lulled into a false sense of security with their E&O policies. This situation came to my attention recently when I had a number of advisors tell me the same story: a financial planner spent over $100,000 to successfully defend a case and then his E&O carrier refused to reimburse him for his costs.

Bigelow explained this unfortunate situation could happen to any broker or firm whose policy says the insurer has the option to defend. In those cases, the insurer can legally decline to defend, sometimes without a good reason.

"What you want in a policy," Bigelow advised, "Is the duty to defend." If your policy is written to include the duty to defend, then the insurer must defend you, Bigelow explained. Unfortunately, almost none of the broker/dealer policies have the duty to defend. They have the option to defend. These leaves you at the mercy of the insurance companies.

Strong insurance companies with good financials and integrity will probably defend the suit. If you get an insurance firm that is in some financial trouble and they don't have a strong sense of integrity, they may decline to cover you. "Regrettably," says Bigelow, "there is not much you can do about that."

Having an insurance company decline coverage can be devastating. Most companies and brokers have no idea what their policy says, Bigelow said. It is a good idea to review your policy now and make sure you won't be surprised later. "Our policies always have a duty to defend," Bigelow explained, "And this is pretty unusual in the industry."

Lessons Learned

Each of our experts had some great advice for avoiding arbitrations, or if you are in one, how to improve your chances of a successful decision.

1. **Better training.** The process is so costly, as a financial professional you want to avoid it if at all possible. Markun says spend the money on litigation prevention. It is much better to invest in educating the front line and making sure they comply, than spending the money on an expensive arbitration. When training your reps, make sure they know what suitability is and what it is not, and they take compliance seriously.

2. **Eliminate problem brokers upfront.** Markun also suggests weeding out the bad brokers. If you have reps with four or five claims, absent unusual circumstances, cut them loose. They will cause you problems in the future, he says.

3. **Choose new brokers carefully.** Many firms do not spend enough time selecting their new reps. "Your most important line of defense is the broker," stated Markun. "Make sure you choose them carefully."

   A broker/dealer's most important line of defense is the broker — choose them carefully and don't be afraid to spend money on good reps.

4. **Negotiate for the right to your own counsel.** Do not let the insurance carrier pick your attorney. Chances are they will not choose someone who is as experienced as you would like. Review your insurance policy and negotiate these terms when it comes up for renewal.

5. **Do what is in the clients' best interest.** "I tell my broker/dealer clients they should treat every customer like they are your mother," says Eccleston.

6. **Think before you act.** Eccleston has great advice. "I believe brokers should do everything as if three strangers will be reviewing it down the road," he explained. There is a good chance that one day three arbitrators will be deciding if you did things properly. If you can picture them reviewing your files, it helps you make better choices up front.

7. **Don't ignore angry clients.** Many times angry clients can be calmed down if you handle their complaint fairly and honestly up front quickly. Eccleston says almost every case he has defended involved someone responding callously to an unhappy investor. They frequently will blow them off with a stock letter that says something like "Too bad. We are not responsible. Everyone lost money." Eccleston says this can be one of the worse things you can do, because it just inflames an unhappy client. You have then missed an opportunity to keep them happy and settle for a smaller amount of money. Instead, you find yourself in an expensive arbitration case where the firm will have much larger losses.

   Eccleston reminds firms not to delay. The sooner you can work this out, the less chance you have of the investor hiring an attorney.

8. **Come clean with your attorney.** It is important to tell your attorney everything, good and bad, about your case. "One of the worst things that can happen to us is to discover something that hurts our case during the arbitration," Eccleston explained. "If we had known about it in advance we can usually mitigate the problem. However, when we are blind sided right in front of the arbitrators there is usually not much we can do," according to Eccelston.

9. **Managers need to be careful when testifying.** Sometimes Branch Managers get involved because there is a failure to supervise claim. "One of the worst things is when a BOM testifies something along these lines: "I have known this broker for years and I trust him. I seldom inquire about what he does because he is such a wonderful person." They have just shot themselves in the foot, he explains. The BOM basically just confessed to failing to supervise. Eccleston's advice, "No matter what a great person the broker is, the BOM should still be doing his duty."

10. **Review your policies in advance.** Bigelow says now is the time to become familiar with the limits, exclusions and whether your firm has a duty to defend you.

Katherine Vessenes, JD, CFP®, RFC®, is a nationally known author and speaker, focusing on sales, marketing, compliance and practice management issues for broker/dealers and advisors. Look for her latest book: Become a Multimillion Dollar Financial Advisor.

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Business Mirrors Life

Performance-Enhancing Drug Stimulates Sales Reps

Hesh Reinfeld

In the audience, 500 of the best sales professionals sat restlessly. At the podium, Bill Gates was about to announce the winner of "The Ziggy," the top salesman award. Gates opened the envelope, but before he could say anything, the host, Donald Trump, grabbed the microphone and announced there would be a delay. "A check of the finalists' urine samples had shown the presence of the sales-enhancement drug — **saleroid**."

The Donald asked for members of the Board of Ethics to meet him immediately back stage. Smoothly, Gates moved on to the next award, "Best sales-objection turn-around for a product or service priced under a hundred dollars." The winner, a personal-fitness trainer, was exuberant, but no one listened to her acceptance speech. Instead, the camera kept on focusing on the two finalists for the "Ziggy Award." They both smiled, trying to be cool, making idle chatter with their CEOs who sat beside them.

The producers switched to the videotape of the finalists entering the Hollywood Bowl hours earlier, each proudly displaying a sample of his product. The industrial-paint salesman held up a gallon of his best while the software rep tried to look suave with his shinny box of CD-ROMs. The show went live again and continued as if nothing had happened. The next award was for the best foreign product sold in America. As the salesmen and their products were being announced, the audience giggled in anticipation. It was always fun to hear a car salesman from Duluth, speak in broken Japanese. You knew the acceptance speech would be short.

The jumbotron screen showed the TV announcing crew intercepting previous winners of the Ziggy in the lobby. They asked for reactions to the current saleroid controversy. The 1957 awardee for the "hoola-hoop" was willing to talk. "In my day we knew that finalists used alcohol as a means of softening up their prospects. The three-martini lunch meant three martinis for your prospect."

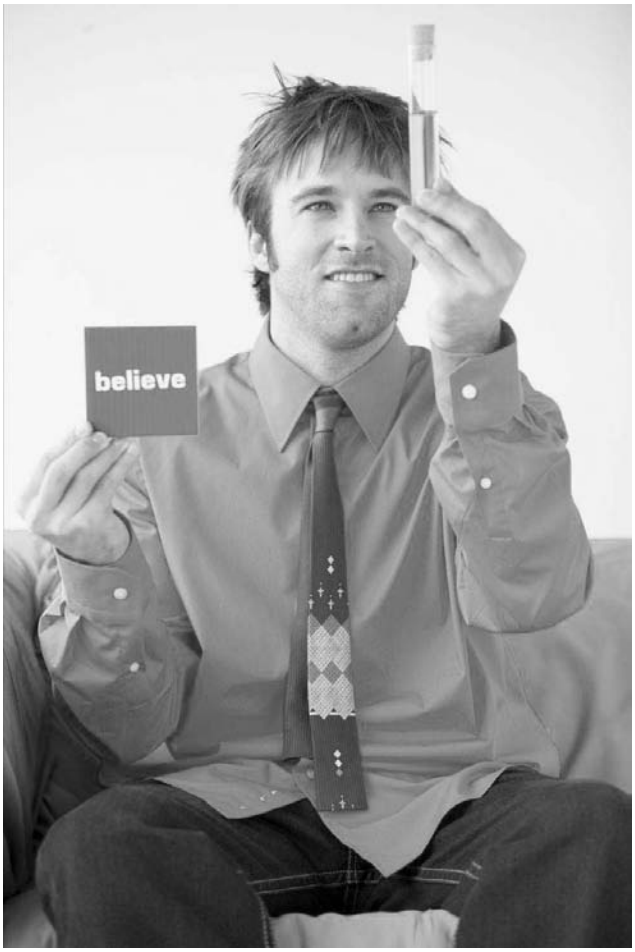
Poochie Shrub, who had recently turned pro as a golfer, commented on all those years that he lost to prospects on the links, just to ingratiate himself. "After 20 years of living a lie, I left the sales field and joined the pro-golf circuit. I don't make as much money as when I was in sales, but I do sleep comfortably at night." His interview was cut short, and the camera focused back on the podium. Gates stood in between the two finalists. He announced that the Ethics Committee had ruled. The audience would decide who should win the Ziggy. Both men were to give their 30-second elevator pitch, and the audience would then vote.

Within seconds, a giant screen came down and the software sales rep began his PowerPoint presentation with animated Disney characters. The TV color analyst was impressed, "This is the first time anyone has ever explained CRM software in a way that I could understand. I'd vote for this guy."

The paint sales rep stepped forward. He didn't say anything. He opened his can of durable 100-percent coverage paint and poured it over the marble floor of the Hollywood Bowl.

"My paint will cover any surface in one coat, and it lasts for 20 years. Have fun trying to remove it." The glossy white floor had turned a shade of orange well known to anyone who drives over the San Francisco Bay Bridge. With the self-confidence of a winner, he seized the Ziggy from Bill Gates, looked into the camera, blew a kiss and said, "I love you, mom," and walked off the stage.

The audience stood in applause. What moxie! What chutzpah! And in the back alley the price of "**saleroid**" doubled instantaneously.



Hesh Reinfeld uses his story telling skills to help financial advisors with marketing biographies that transform their image from financial calculators into authentic and appealing people. As an experienced journalist, Hesh passionately believes that a properly crafted bio or marketing profile will cause a prospective client to be sufficiently attracted to read it, and to feel, "I'd like to meet this person." If you would like Hesh to help you prepare a similar biography for you, or to assist you with writing assignments that will help you in your market, give him a call.

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You Need a Brief Bio!

Lisbeth Wiley Chapman

I can't stand bad professional biographies. Preparing your professional biography doesn't seem like a front burner issue to most financial advisors — a huge oversight. An excellent professional biography can serve many purposes. Most professional biographies are humdrum lists of your education and work experience. Your one page professional biography should go far beyond such a list. A good professional biography needs to sell you and your services to someone who has not met you (prospects, reporters, and referral sources). For that purpose it must contain a strong first paragraph that both tells and sells what you do.

Your audiences of prospects, reporters and referral sources assume you are smart and well educated. Likewise, parties interested in your expertise have no real interest in your previous work experience. Don't lose the education and work experience paragraphs, just be careful where you put them.

Telling What You Do, For Whom, and With What Expected Results

A CV or curriculum vitae (what I call a laundry list of education, former employers, honors, community activities) is definitely not a sales tool. What the reader needs to know is **what you do, for whom and with what expected results**.

Your professional biography should include the following in the first paragraph:

1. What do you actually do?
2. What kind of clients do you actually do it for?
3. What results should your clients expect to receive?

This exercise of "what do you do, for whom, and with what expected results" will take some time and thought. The answer should be limited to 25 words or less and needs to be carefully designed to represent the image you want to leave in prospective clients' minds.

Your Written Elevator Statement

This brief description of yourself is just as powerful in writing as it is when delivered orally — except that your written version might include a few words that don't trip lightly off the tongue.

For instance, "Lisbeth Wiley Chapman delivers clients and assets (expected results) to investment advisory firms (to whom) using media marketing and web communications strategies (what I do)."

A financial advisor could write the following: John Smith supports the retirement lifestyle plans (expected results) of pre-retirees (for whom) with financial planning strategies (what he does) that focus on growth with preservation of capital (expected results).

You Get 25 Words or Less for the Important Information

In a time crunched world, make sure the first paragraph tells and sells you in the most effective fashion.

Why should you worry about the quality of your bio or what is in the first paragraph? Doesn't your history stand on its own merit? The answer is NO. Your bio is a written handshake or introduction to someone who does not know you and as such, it needs to sell you quickly.

Besides, most of us don't read everything we pick up. We read what we need to know or we trash other things because we know they will take too much time, *and*, they are not "attention grabbers". Twenty-five words or less in the first paragraph is just about right for getting and keeping a prospect's attention.

So, for the moment, assume the prospect is not going to read all the way through your professional bio. Using the "first twenty-five words" strategy, you have transferred the most important information to your prospect, regardless of whether he finishes reading it or not. Hold the paragraphs about your previous experience, your education and honors, or even your laudatory charitable works until the end.

Use Your Bio as a Sales Tool

Once written, the sales bio has myriad uses. You can use your first paragraph as a brief introduction when you are speaking. Let's face it, most speakers' full biographies are printed somewhere in a conference binder, so why bore your audience with information they already have available. A short introduction gives your audience an enthusiastic heads up.

Many experienced speakers have one biography for the conference handouts that includes full contact information.

Some conference flyers expect you to write a short-form bio for inclusion with your photo. The "what you do, for whom, with what expected results" is exactly the sales tool you want to use to attract people to your speech or presentation.

Often, financial advisors can place articles in the trade publications of industries whose high-net-worth senior management they are trying to attract as clients. The only "pay" you want from this opportunity is the promise that your descriptive blurb will appear at the bottom of the article along with your phone, e-mail address and URL.

This consistency between how you describe yourself in your professional bio and how you describe yourself at the end of an article you have authored is essential. In both cases you have sold yourself, your services and what the prospective clients can expect in return.

Don't waste your marketing efforts. Create your twenty-five word description and begin using it in the first paragraph of your biography, as a speech introduction, as a short-form brochure biography, and as the blurb at the bottom of your articles. Now you are using your biography as a selling tool.

Lisbeth Wiley Chapman, Ink&Air, delivers clients and assets to investment advisory & financial services firms through a blend of media and web communications strategies. She is the author of "Get Media Smart! Build Your Reputation, Referrals & Revenues With Media Marketing," a professional development program.

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The Need for a POLST

Charles Matthews, JD, MCEP®, RFC®

In 1992 Madeline Neumann of West Palm Beach, Florida was dying of Alzheimer's decease and progressive dementia. She moved to a nursing home. At age 89, she was still competent when she signed a living will declaration form provided by the nursing home. The form instructed doctors not to revive her if she collapsed. It also authorized one of her granddaughters, a nurse and a licensed psychotherapist, to make decisions for her if she could not. She also signed a Do Not Resuscitate Order (frequently referred to as a **DNR**).

Nevertheless, when Mrs. Neumann was found to be unresponsive she was moved to a hospital and kept alive tethered to wires, tubes, and life-support machines for a week before the devices were removed and she was allowed to die.

For nearly a decade now Mrs. Neumann's granddaughters have been pursuing a complaint filed in a W. Palm Beach court against the doctor and the hospital **who kept Mrs. Neumann alive for that week**.

They are seeking damages claiming breach of contract, negligence, and that their grandmother was subjected to a form of battery or beating. The doctor and hospital involved have responded saying that although they knew Mrs. Neumann had signed a medical care directive they were justified in keeping her alive for a week because, in her medical directive, she directed that antibiotics were to be administered if they would prolong her life, her doctor was not immediately available when she collapsed, and they needed to have Mrs. Neumann's condition thoroughly evaluated to determine whether it was truly life-threatening.

There was also a problem with the DNR. It was not placed in Mrs. Neumann's file. Under Florida law a DNR signed by a doctor tells the health care community not to attempt emergency CPR if a patient stops breathing. In the absence of a DNR Florida law requires CPR to be administered.

Where will this end? The case will probably come to trial later this year. As you might suspect it is drawing a great deal of attention nationwide because it is one of the few times a court has been asked to decide whether a doctor or hospital can be held liable for providing life-prolonging treatment at odds with a medical directive.

Interested Parties. The AARP and other organizations that advocate for the elderly, of course, are also very interested in the outcome of this case. Keep in mind that the number of people over age 65 in this country is projected to double in the next 25 years to 72 million.

The Legal Fraternity. However this case turns out it has already made its point to a great many lawyers and estate planners: A living will, and even a DNR signed by the treating physician, may not be enough to assure the client that his or her wishes as to how he or she will be allowed to die will be followed.

What's the solution? For many years now I have had my clients sign DNRs and living wills, if that's what they wanted. I have also had them shore those forms up with similar language incorporated into their revocable living trust, their Five Wishes Directive, and their health care power of attorney. Still, as Mrs. Neumann's case so clearly makes the point, all that may not be enough.

Of course, in every case, the most important thing the client must do is talk over their end of life wishes with their family and their doctors. If their weakened condition persists over a period of time, that "end of life" conversation should be held not once, but every three months or so. An additional step that I strongly suggest you consider recommending to a client who is concerned about end of life issues is that they consider initiating the process to implement a **Physicians Order for Life Sustaining Treatment** better known by its acronym, **POLST**.

A **POLST** basically converts the client's wishes as to how he or she would like to die into a doctor's order.

Converting the patient's wishes as to his or her end of life treatment from a directive or a wish into a doctor's order is nothing short of a paradigm shift in advance care planning!

Several states, including Oregon, Washington, Wisconsin, New York, and West Virginia, already have formal **POLST** programs in place. Other states have the **POLST** procedure in place but under another name. Other states are actively considering adopting the **POLST** program.

Under a **POLST** procedure the Doctor's order regarding the patient's end of life treatment must travel with the patient should the he or she be moved from one health care facility to another. More important, the **POLST** form, once completed and signed by the doctor, translates the patient's wishes regarding their end of life treatment onto the patient's medical charts, something a health care directive, power of attorney, revocable living trust, living will, or DNR can never do.

Being incorporated into the client's medical charts the **POLST** form is recognized as the treating doctor's orders and, as such, it controls other doctors, as well as nurses, emergency medics, hospitals, nursing homes, and the entire medical community. If you work with the elderly I strongly suggest that you become acquainted with the **POLST** movement.

If you Google "**POLST** Medical Directive" you will find that a world of information comes up. One excellent website is **www.POLST.org**. Recommending **POLST** to your elderly clients and their children who are concerned with end of life issues will set you apart from your competition and will also be an extremely valuable service you can provide your clients.

Join Charles Matthews, JD, CEP, RFC® ***Estate Planning — Maximizing Techniques*** *pre-conference workshop on May 14 at the Financial Advisors Forum. Learn the Fundamentals of Comprehensive Estate Planning for Non-Lawyers. A discussion of the Unauthorized Practice of Law, the Essential Estate Planning Documents needed by all your clients, and a very insightful discussion on Revocable Living Trusts Compared to Wills, followed by Action Techniques for Settling an Estate.*

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The Lifestyle of Spenders Versus Savers

Economists are sounding alarms everywhere because recent statistics from the federal government all point to America's rapid decline in the rate of personal savings.

Some experts say the rate is now actually a minus. **How can that be?**

However, the data used in calculating America's savings rates, excludes things consumers think of their own savings, even though may not have a separate savings account with a credit union or bank.

Consumers include as savings the equity they may be building in their home, money in their own 401k or IRA, money contributed to their employer sponsored pension plan and the employer's matching funds which may not be vested yet and their second homes.

No matter what is counted in the savings rates, there is no doubt in anyone's mind the rate of personal spending continues to increase, especially credit-based spending. Debt levels are up in every category, from credit card debt to home equity loans and interest only mortgages.

Many consumers are reporting lower and even zero credit card debt because they paid it down or completely paid it off by cashing out their home equity. It's a lot like filling a hole in the front yard with dirt from the back yard.

What American consumers didn't report, however, was a slow-down in spending. More people hear "spend, spend, spend" when their money talks, than hear "save, save, save." Most consumers do not consider themselves an over-spender because they have never been delinquent on a debt or monthly bill. The fact is, a consumer is a spender if he, she, or they:

- Regularly spend more than is earned,
- The bills are paid on time but, there is little or no savings.
- Routinely pay too much for things, by failing to engage comparison shopping, which is the single biggest group of over-spenders.

Spender's Lifestyle Spending		Saver's Lifestyle Spending	
Housing			
Rent: 2 BR apartment	$1,000	$550	(rents out a bedroom for $450)
Utilities	90	45	(the renter pays half)
Cable TV 200+ channels	85	45	(basic cable)
Telephone/long distance	40	25	(basic + 5 cents per min for LD
Total spent	$1,215	$665	= lifestyle saving of $550
Food			
Groceries ($60 a week)	$280	$250	(uses coupons and rebates)
Restaurant lunches	105	75	(uses coupons)
Restaurant dinners	250	150	(uses coupons, drinks water)
Total spent	$635	$475	= lifestyle savings of $160
Travel/Entertainment			
Gasoline*	$148	$136	(self-service pumps)
Movies/snacks/parking (2/wk)	190	138	(1 movie , 2 rentals/week)
Total spent	$338	$274	= lifestyle savings of $64

Monthly Lifestyle Savings $774 - $9,288 per year!

Consumers who fall into one of these categories may be wasting up to 30 percent of their income every month because of poor spending practices and habits.

Whether a person is a part-time student worker taking home about $125 a week or a professional taking home more than 10 times that, everyday spending and life-style decisions determine, rather quickly the lifestyle they can enjoy during their 60s, 70s and 80s.

People are surprised to learn their everyday spending decisions, and especially the credit-based ones, will do far more harm to their financial future than any investment decisions they might ever make.

The chart represents how different life-style decisions determines how much may be saved and, of course eventually alter the spender or saver's life-style. It illustrates the cash flow comparison of a spender's versus a saver's life style.

Note: The comparison are based on the following: Single individual lives in a two bedroom apartment at $1,000 per month, pays own electric and/or gas. Optional expenses are telephone and cable TV.

Transportation: owns a 6-year old mid size 2 door sedan, runs on 87 octane fuel. What does the "Spender" drive? Movies $10, snacks $10 and parking $5.50; video rentals $5.

Month after month, year after year the spender's habits grow worse. On the other hand, early savers tend to improve their financial practices and the earnings on savings and investments continue to compound — producing dramatic impact.

Paul Richard, RFC® the Executive Director of the ICFE, founded by Loren Dunton. Paul is the author of the Certified Credit Report Reviewer, and he is nationally regarded as an identity theft prevention specialist.

Local Online Classified Ads Why Not?... They're Free

Sylvia Todor

If you were told that you could advertise for free on the seventh largest English-language Internet site, would this get your attention? This site gets more than 15 million visitors a month. It offers local classifieds and forums, and has a service mission and non-corporate culture. Revenues are generated by job ads in seven of the cities that it covers. All other listings, including postings in dozens of categories, are free.

This amazing website phenomenon is, of course, **craigslist.org**. All states and major cities in the U.S. are covered (as well as many other countries). And there is a category for financial services.

You are allowed to choose just one craigslist site for which your ad is most relevant, generally the site closest to where you are located. Posting the same ad to multiple locations is considered spamming, and is prohibited. When selecting the city or region for your ad, don't just automatically select the closest major city that is listed. Select the state you are in, instead, and see if a closer city is listed there.

Each ad runs for 7 days, then needs to be re-posted. You cannot refresh it more often than about every 48 hours. If you submit a post that is similar to another currently active post of yours on the site, you will get a blocked message.

Removing the active post will allow you to post the new ad, unless the active post is less than 48 hours old.

Always Include Your URL!

The smartest thing to do in your posting, and to optimize your website for search engines, is to include your website address in each ad. You must include the http:// in front of your Uniform Resource Locator (URL), and it will automatically make it an active link. Even if you don't get calls or e-mail from your ad, it raises your site's online visibility with search engine "crawlers." Your ad might show up on someone's Google search for your specific service in your city.

Financial Services Postings

The number of ads posted under the Financial Services category varies widely among regions. For example, the San Francisco Bay Area, where craigslist was founded and is headquartered, is among the most active, and has about 150 listings a day in this category. Chicago gets about half that number, and Raleigh, NC usually gets fewer than 20 listings a day. Louisville, KY only gets two or three listings a day — a great opportunity for a financial advisor in that city.

Don't worry too much about the company you keep in this category. You'll see a large number of ads appealing to people in financial trouble, needing loans or debt consolidation. The site is "community moderated" so users alert the webmasters when anything suspicious, untruthful, or prohibited appears. That's not to say something sleazy can't sneak through. Users are clearly advised to avoid scams and fraud. The important thing is to craft your own ad with honesty and integrity, and simply communicate the valuable services you provide.

What makes a good craigslist ad?

The same rules for effective advertising anywhere apply here — a strong, attention-getting headline, a clear, persuasive message, and a call-to-action. Provide a free report or some sort of no-obligation offer that will tweak the readers' interests and get them to contact you. You can dress up the ad with hyperlinks and images. Have a look at what others have done to get ideas.

What About Other Online Classifieds?

They do exist, and you can search for them with phrases like "(Your City) Classifieds." Another popular, nationwide one is Oodle.com. It also offers free listings, and charges a modest fee for your ad to be automatically refreshed when it expires. And many newspapers have online classifieds. But you may as well start with the biggest one: craigslist.org.

Remember that Internet marketing has many facets, and involves constant effort to steadily build your visibility. A bit of effort to craft a well-written set of ads to test, and a few minutes a week to refresh you craigslist ad is time well spent.

Sample Financial Services Ad

Here's an example similar to a recently posted ad:

401k
Where Is Your 401k?
XYZ Insurance – Philip Anderson
http://www.xyzinsurance.com

Call us at 708 555 0000 or e-mail us at info@xyzinsurance.com. We are here when you need us, and we are open later to serve you better. We are licensed for all your insurance needs in Illinois and Indiana. Our team of insurance and financial representatives are licensed to sell financial products such as IRA's, mutual funds, variable life insurance, variable annuity products, college planning, 401k rollovers, and more.

Philip Anderson – 708 555 0000 – 17933 S. Wolf Road, Mokena IL 60448

Sylvia Todor is the Marketing Director for Financial Visions, an IARFC technology partner that creates affordable, high-content websites for IARFC members. To view the website that hundreds of RFCs are using to connect either prospects and clients. ***To learn more attend the Financial Visions workshop at the IARFC Financial Advisors Forum, May 15-17 in Las Vegas, www.IARFC.org***

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IARFC
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Financial professionals helping people do a better job of spending, saving, investing, insuring & planning