the Register

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Southern Grace and Charm
IARFC Board Member
Connie Luttrell

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***

When Hesh Reinfeld approached me with the idea of interviewing me for a marketing profile, I was somewhat skeptical. I was not sure what the final product would look like, and I was somewhat uneasy as to how the profile would be received, particularly by total strangers.

(See the Business Success Profile on Gary Storie that appeared in the February issue of the Register)

Hesh went to great lengths to interview my friends and clients to get a total perspective on my background, values, and what is important to me. We decided on the interview format because we felt that people have more of a tendency to read the piece, particularly those who scan.

When the profile was finished, I distributed it to family, friends, co-workers, strategic partners, and Centers of Influence (COI's). The piece was extremely well received, and I had several requests for additional copies, to be handed out to their friends, customers, etc. About half dozen prospective clients that read my profile have hired me. They commented that, although they knew me and were somewhat familiar with my background, the marketing profile got much deeper into my background and values, and that created great appeal to them.

Additionally, the profile has resulted in several leads, particularly from business associates and COIs passing them out to clients and prospects. Often when I met with a few of these leads, the first thing mentioned is my profile.

Furthermore, the profile has proven to be good direct mail piece and website fodder. I've done an extensive direct mail campaign to leads, prospects, particularly to veteran's organizations and flying/aero clubs. Although too early to tell, I believe the profile will prove to generate leads at a much higher success rate than the usual company brochures, handouts, etc. Wealth Management is highly competitive, and I feel my marketing profile is a key differentiator.

Gary A. Storie, CFP®, RFC®
Wexford, PA

Calendar of Events

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 — Forum and Graduation
July 12, Mumbia, India

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

RFC Forum and Graduation
August 3, Manila

International Dragon Awards
August 10-12, Xiamen, China

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

RFC Forum — Thailand
September 8-11, Bangkok

RFC Forum — Malaysia
September 15, Kuala Lumpur

Financial Service Forum
September 27-29, Montreal, Canada

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

MDRT Experience 2008
April 11-13, 2008, Chiba, Japan

Worldwide Chinese Life Insurance Conf.
June 4-7, 2008, Singapore

Register Correction

Volume 8 Number 2: ***Thailand Rocks***

Jack Gargan's e-mail address was listed incorrectly. His correct e-mail address is cedarkeyJack@yahoo.com.

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Southern Grace an Charm

Connie Luttrell, longtime IARFC Board Member

We interviewed Constance O. Luttrell, RFC®, who is completing her eighth year on the Board of Directors of the IARFC. In addition to providing wise counsel, and occasionally presenting lectures at RFC Forums, Connie has served as Vice President and was quite instrumental in suggesting provisions for the IARFC By-Laws.

Register: How, when and where did you first enter financial services?

Luttrell: In the early 1980s in Nashville, Tennessee I worked for a financial planning firm as an office administrator. Later I began securing various licenses and was able to supplement my income as a single mother of three. From there I moved to another planning firm in Brentwood, Tennessee with a mentor, Doug O'Rear, who assisted me in furthering my financial career.

What was your educational background, before and subsequent to entering the profession?

My major in college at the University of Tennessee was in Business Administration with a minor in Theater. The latter proved quite valuable to me later when I started presenting seminars in the financial planning arena. Subsequently I took business and investment courses at David Lipscomb University and at Aquinas College in Nashville to further aid me in my career.

Senator Bill Frist and Connie Luttrell

What jobs did you hold prior to this?

I had been working as a legal assistant with a downtown law firm, then in an administrative capacity with a local finance corporation, and afterwards with a local full-service real estate company. While working at the former businesses I was simultaneously in financial services on a part-time basis, creating my clientele base and supporting three children as a single parent.

Those job duties were obviously varied based on my job assignment schedule, and it was difficult to find enough hours in the day to accomplish all that was demanded of me. But, I was encouraged about financial planning because I was continually learning vital information that would carry me into a new profession, and would also be helpful with my personal life. I managed to set up appointments early for breakfast meetings, before going to my salaried job, and often again late in the day prior to coming home to care for my family.

Were you successful at the outset? What influenced you the most?

Success came slowly at first because of my divided attention. However, as soon as I could devote the majority of my energy to the financial area, my success became more rapid. When I formed my own financial services company I realized more strongly that this was a profession and not just a "job." I also learned what "full time" really meant to a person who owns their own business.

What were your major obstacles?

Time. For several years I held a full-time salaried job, plus the growing financial practice, plus the learning required, not to mention my family responsibilities.

Tell us about your practice now.

Currently, my firm has over 270 accounts, of which a small portion may be considered insurance only. These clients are spread over more than a half dozen states as I choose to maintain some of these clients, even after they might leave my resident State of Tennessee. I have a relatively small office so I can have a more "hands-on" approach with those who allow me the pleasure of assisting them toward a more secure future financial independence.

Connie with husband Al Luttrell

Operationally, we have a computer/technology specialist, and adjunct administrator/bookkeeper and a part-time receptionist. I find that while I can always use an extra pair of hands. My clients always seem to want to talk to me personally about everything — from how to design their portfolio and future to how to design a room.

How do you market yourself?

Among my group seminar clients are agencies of the State of Tennessee and Nashville Metro employees. I also present seminars at the YMCA, and other civic associations. I submit articles frequently to local papers and have been pleased with how often they run with negligible editing. I also try to make television and radio appearances with local stations, and speak to civic organizations on financial matters. I am one of the contributing authors of a book titled ***Love, Money, and Control***.

Many clients have come to me through my civic activities, such as Cheekwood, Belle Meade Mansion, Republican Women of Williams County, Heritage Foundation, Nashville Symphony Guild and Cumberland Heights Auxiliary. I have been a board member of Friends of Children's Hospital, President of Harpeth Valley Garden Club, and Vice President of Middle Tennessee Home Builders Association Auxiliary.

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When people see you diligently supporting a cause that is important to them, it is quite likely for them to ask, "And, what do you do?" and that often leads to a new client relationship.

What is unique about how you brand yourself?

I indicate to these persons that I *specialize* in working with single, widowed, and divorced females — although my clientele fits all categories, including male clients and couples.

What are you enjoying most about this position?

Helping others learn valuable information they may otherwise have thought to be difficult to understand. Soon they realize that this knowledge will greatly affect their future mental and financial well-being.

What are your major frustrations?

A few potential new clients are not always honest with their financial advisor. Unfortunately they do not realize how this may impede the relationship — as well as possibly creating a compliance-related situation in the future. I have learned to listen closely for any tip that a new client is not telling me everything.

Non-responsive clients also make things more difficult. Their choice of "No Response" can often create a compliance issue that must also be addressed in another way.

We don't like to consider this, but there may be times when we must reject a potential client, or disengage from one that is not being forthcoming.

What attracted you initially to the IARFC?

Several members who were actively involved with the IARFC many years ago encouraged me to consider an affiliation that might enhance my career and make new friends in the process.

At Forum meetings and on the Cruise Conferences, Al and I have enjoyed the networking with other advisors and sharing ideas, not only throughout the United States but globally! The Financial Advisors Forum offers a great selection of very knowledgeable speakers, and the informal conversations are even more valuable. RFCs who do not attend just don't realize how much they are missing!

I have also found the discipline required to keep my Continuing Education current has been good for me — to keep up-to-date on issues facing our profession.

What would you personally like to see for the IARFC in the next five years?

Growth is progressing nicely in the States and Asia, but I'd like to see the IARFC push for a larger presence in Europe. We have a program underway in Greece, but there are so many countries in central and eastern Europe that really need what we have to offer.

Connie Luttrell with Representative Marsha Blackburn

What are the major trends in financial services — and how should RFCs be positioning themselves?

In spite of protestations of some of the "Talking Heads" to the contrary, we need to be educating clients about how to use annuities more effectively in their portfolios. There is a wide variety of excellent annuities that offer many desirable benefits for consumers. The sale of annuities may perhaps help reduce the risk of compliance issues as well.

I believe the trend will be towards more "fee based" practices vs. commission-based, and if RFCs should choose that venue they should learn how to couch the position such that clients understand the advantages they realize by opting for it. Some of the ads I have seen or heard are misleading and will not help the approach in the long run.

Where will the economy be moving in the next 3-5 years, and what should financial advisors be doing NOW about it?

I am no clairvoyant (no one really is) but "Save" is still an optimum word — and using a mixed array of vehicles may still remain sensible to offset the fluctuations of markets and interest rates. Barring another 9/11 or another global threat posed by a rogue nation, which could have a severe negative impact on the economy, I believe the general trend will be upward with some fluctuations, much as it has done for the past 60 years, i.e., more of the same.

Advisors and their clients need to pay more attention to investments that perform well in down markets as an important aspect of portfolio management.

What will be the impact of <u>technology</u> on the practices of financial advisors?

There is always something faster, cheaper, and better. It keeps us all on our toes while reducing the opportunities for error. While these new technologies can be expensive to implement, they can make a major difference in how well our practices perform, as well as how we can operate with less support staff.

What three things would you advise a Registered Financial Consultant to concentrate on in 2007 to have the greatest impact on the next three years?

Keep very current on: Products, Laws and Regulations, and Technology. I personally think every advisor must watch the Asian market, not just China, but maybe even more so India which has a roaring economy. It will be a very important consideration in 2007 and subsequent years I feel.

I am a bit concerned about the possibility of a slight recession because of such indicators as long-term interest rates being lower than short-term rates and the possibility of a run on the dollar because of its weakness. The real-estate market worries me a bit as well, though not here in Middle Tennessee where it remains robust.

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continued from page 4 **Grace and Charm**

Do you see any problems looming on the horizon for our profession?

First, as long as there are dishonest or unethical professionals we will always have to be aware of the consequences of inattention to our image by purging these individuals from the profession.

Secondly, the incursion of the banking industry into our profession creates the specter of an 8-foot gorilla invading our turf. The banks generally have a large advertising budget and enjoy an apparent cloak of "respectability" that can be difficult for the independent practitioner to refute.

Thirdly, increased scrutiny by regulators, exacerbated by those in the first statement above, will make it increasingly expensive to practice our profession and will require more of our time for compliance.

What do you wish you had done early in your career?

Check out the potential client well at first. We have the ability to choose whom we work with, not necessarily the other way around. It is critical to get to know the individual as much as possible in order to build a long-lasting relationship. The devil is in the details you not only don't want to lose that special client, but you also don't want any surprises in other ways either.

What is the most important thing you have done to brand your professional practice?

Being a "Teacher" to my clients. I help my clients realize that while my focus may be on widowed, divorced, or single women, I can also assist couples identify goals and target strategies to aid in solving problems. In other words, my concentration is on helping to give peace of mind rather than a particular rate of return.

What are your personal plans for retirement?

My short term plans are simple — I intend to continue working for a good while as I enjoy my profession very much and helping others is so rewarding. I may plan to reduce my workload somewhat to permit more extended travel which I treasure doing a great deal. Long range I have an arrangement with two local planners whereby we are assisting each others clientele base for any future succession plans. In precious leisure time, I enjoy writing poetry, applying interior design concepts for my own, family and client homes, and I have an interest in flying.

Connie's firm is CC & Associates, located at 817 Willow Springs Boulevard, Franklin, TN 37064. Securities offered through Wall Street Financial Group, Inc. Member NASD/SIPC

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You Can Write A Great Article for the Register

We are accepting articles of from 500 to 2,000 words on planning and practice management topics. Please submit your copy by e-mail, along with an electronic photo and a short bio statement of less than 100 words to: editor@iarfc.org

Your article can be sent to clients, prospects and centers of influence in your community — either as reproductions, or as complete copies of the entire publication. This is a powerful and effective form of public relations, and your articles are a very effective way of attracting favorable attention from your local media.

- ***Get Published***
- ***Get Distributed***
- ***Get Noticed!***

Think Right

We believe you create a future, characterized by high performance and fulfillment, by making responsible commitments to:

Think right, Work right, Sell right
Service right, Study right, Live right

At first, these seem rather simplistic, but they are actually the cornerstone for personal success — as a financial advisor, as a manager of others, as a community leader, and as a responsible family member.

Here are ten strategies for forming the habit of thinking right:

- **Make every occasion a great occasion.** View every event through the lens of an expectant, determined, creative attitude.
- **Develop the winning feeling.** See yourself winning... emerging victorious in every task you undertake.
- **Be a peak performer.** Learn to pay attention, be motivated to pay the price, be effective at promoting yourself, and above all, persist.
- **Visualize desired outcomes.** Get a clear, distinctive picture of what you intend to do. Mentally rehearse it until it becomes automatic. When you imagine clearly the destination you are seeking, or the achievement you are targeting, you'll have begun your path to excellence.
- **Expect the best** — of yourself and of your associates. Don't cheat yourself out of high achievement; expect it!
- **Maintain a positive attitude.** Learn to think optimistically. Talent + Motivation + Optimism = Success.
- **Build a strong self-image.** Never surrender your self-confidence. See yourself as competent and well-informed. Feel good about who you are and what you do!
- **Fail forward.** Learn from your experience. Strengthen your resolve. Move steadfastly toward your goals.
- **Never give up.** Perseverance, not genius, separates winners from the losers in selling. Press on!
- **Bloom where you are planted.** Forming this habit develops your self-discipline, sparks your imagination and increases your staying power.

Kinder Brothers International teaches sales and management professionals how to experience lasting success.

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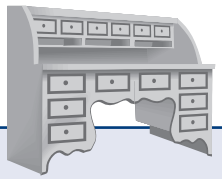
From the Chairman's Desk...



Ed Morrow

Expanding at Home. I recently had a conversation with a long-time member of the IARFC. After commenting on the formatting improvements in the ***Register***, and the high quality of the articles in the ***Journal***, he made this comment, "Ed, I am really proud that our association is continuing to grow offshore. We are helping to spread the profession. **However, what are you doing for us here in the States?**"

It was a valid question, and it points up the need for us to be constantly reinforcing our benefit communications. Every member has to equate their on-going membership fee with the benefits being currently received from the IARFC. We are delivering values in four areas:

Publications. The ***Journal of Personal Finance*** includes the more technical and academic articles. **See Page 26** Yes, some are slow reading, but it is very important for our members to continue the expansion of their intellectual horizons. Readers have indicated that these articles are proving quite valuable. The ***Register*** generally has shorter articles, with more focus on marketing, practice management and events taking place of interest to members. The ***Register*** will continue to expand in size and improve in layout, design and content.

Meetings. In May we offer a great line-up of speakers at the ***Financial Advisors Forum***, held at an exciting location — Bally's in Las Vegas. Of course, we don't expect every RFC to attend, but this is a significant benefit, and the costs are quite reasonable. For those who want to get their ***CE at Sea*** the ***Cruise Conference*** offers a great opportunity to mingle with the most influential persons in the profession in an exciting venue, and on a tax-favorable basis. **Are you attending...?**

Member Benefits. We are always looking for more items that the association can make available to the members at a discounted price. Some, however, are under-utilized, such as the Websites by Financial Visions. We also recognize that many RFCs have not yet updated their Profile at **www.IARFC.org**.

In this issue we have the first in a series of articles about creating attractive and professional Investment Policy Statements using IPS Advisor Pro — a new IARFC member benefit. **See Page 24**

Education and Training. In January we held Part 1 of the new RFC Course on the Client Engagement. June 6-8 we will hold Parts 2 & 3 on Gathering Information and Problem Identification. July 25-27 we will roll out Parts 4 & 5 on Developing Recommendations and on Implementation and Monitoring.

Many IARFC members took CLU, ChFC, CFP®, CEP or LUTCF classes to qualify for their RFC® designation. Unfortunately those courses did not teach how to propose, prepare and present a financial plan. Those courses provided an excellent education, but not necessarily the training and tools for plan production.

Planning Revived. There is a resurgence in planning, as Americans recognize there is a whole generation of persons making money, but having very bad financial habits. They need plans. They need to establish a relationship with a financial advisor who will start with an objective plan, and then lead them on to the insurance, investments and annuities they need. The Plan comes before the Product!

Who Will Attend? Many current members will either attend the new RFC courses, or send family members or associates to attend. We also know that there will be a steady flow of new students graduating from RFC courses that will be eligible for hire — and that many of our current members would like to expand — provided they can locate someone who is capable of initiating the planning process.

There are many RFCs who used to produce plans, but who have gotten out of the habit, as they began to concentrate on managing portfolios or selling specific products such as variable universal life, annuities or investment packages. They want to resume planning, but want to delegate the plan construction to a qualified associate...but, where to find one?

Adding Plan Revenue. Many RFCs originally offered financial plans as a method of acquiring customers for their insurance or annuity products. They did not charge for these plans. But now the public expects to pay for a plan, and this has raised the expectation level for such plans. They want to charge for plans, but need to deliver a higher quality plan than they gave away in years past.

Components of the RFC Curriculum. This is a process-based course, not one based on academic topics with strong emphasis on multiple examinations. There are exams for each of the five parts, just like LUTC or CLU, but no "monster over-all ten-hour" exam as with the CFP Board.

At each stage of the planning process the student is given practical assignments that involve client acquisition, fact finding, computer input, plan design, presentation and follow-through. They also receive all the textbooks, the forms, files and software necessary to be a successful practitioner.

Study vs. Learning. Imagine you have enrolled in ***Transmission College.*** You take courses on gears, metallurgy, hydraulics, differentials and you pass rigid exams on those topics. But you never go into the shop, drop a malfunctioning transmission from a drive train, disassemble it, make all the repairs, re-insert it with new parts and fluids, adjust the linkage, and test drive the car. But, having completed the course, you were qualified as a "Certified Transmission Specialist" without ever having worked on a transmission. ***Sound familiar?***

A Real Difference! In the RFC course, students will be "fixing the transmissions" — in sub-assemblies (with modular plans) and the complete overhaul (a comprehensive plan). The RFC students will learn how to use the special tools required to pull the gears (financial software). The new RFC course represents a **major difference** — and one that we have long felt was needed in this profession.

We are doing a lot for our members, but I must ask you, our members, the critical question, "Is there more you'd like?"

You can E-mail Ed at: edm@IARFC.org

Long Term Care Insurance

How RFCs Should Respond to Marketplace Changes

Wilma G. Anderson, RFC®

Industry leaders expect Long Term Care insurance sales in 2007 to continue their increase. As an RFC, it's time to look at LTCI and tell your clients about this important coverage.

Here are several key reasons:

The Federal Deficit Reduction Act of 2005 encourages the purchase of LTC insurance. It is now more difficult for a client to artificially impoverish themselves to qualify for Medicaid due to the toughening of Medicaid eligibility rules. Medicaid was originally structured to pay for care for the indigent and disabled. Now, with LTC plans available to most everyone, as an RFC you can help your client to select a Plan that fits for their health and their budget. Once that's completed, you have freedom to work with your client's financial resources without the future threat of paying for the cost of care when their health changes.

States are also now free to pursue the development of LTC Partnership plans which, prior to 2006, were only available in four states. Idaho is beginning its program and 17 other states are preparing for the future by introducing these Partnership plans in the coming years.

The ***"Own Your Future"*** Consumer Awareness Campaign will continue its expansion. This initiative from the Centers for Medicare has paid for an awareness campaign sent from State Governors to State residents who are ages 55-70. In the states where this campaign was implemented, LTCI sales increased substantially.

Partnering with LTCI Specialists. Financial professionals, including RFCs, are seeing the value of partnering with an LTCI Specialist in their area to sell LTCI to their clients. The LTCI sale continues to be difficult for some, unlike the simplicity of a life sale or a mutual fund/stock sale. RFCs across the country see the value of making the introduction of the LTCI Specialist to their clients, splitting commissions, and knowing that their clients will be protected for the future.

The Aging of the Baby Boomers. These Baby Boomers are turning 60 and this age (60 to 72) is the most PRIME target age for making an LTC sale. Why? Their health is changing, they're planning for retirement, they're experiencing care issues with their parents, and they're ready to make a decision about long term care insurance. The savvy RFC is segmenting his/her client base and making sure to ask if the clients have looked at long term care insurance yet. It's a great way to enhance your services to your clients!

New products are emerging. These new products are designed to be simpler, are more attractively priced, and the carriers are offering these products through wider distribution channels, including CPAs, financial planners, and investment advisors like RFCs. Look for more life insurance carriers to introduce products where the death benefits on a policy can be used to pay for long term care costs when policyholders are alive.

The LTCI market now has fewer carriers after the rate increases of 2005. If you were afraid to propose LTCI to your clients, now is a good time to re-look at how to offer this product to your client base. Rate increases can always occur in the future, but the products which are offered today are much better priced from an actuarial standpoint.

Client Needs. As an RFC, it's important to protect your clients, their future, and their financial resources. They need to look at the varied options which are available and make a decision. And, you can help them make the best choice for their own individual situation.

If you need help learning how to sell this product, let me know. You can learn how to sell these products and evaluate the choices your clients have, or you can select an LTCI professional to partner with in this area. There's simply no reason not to tell your clients and prospects about LTCI. They need your help....NOW.

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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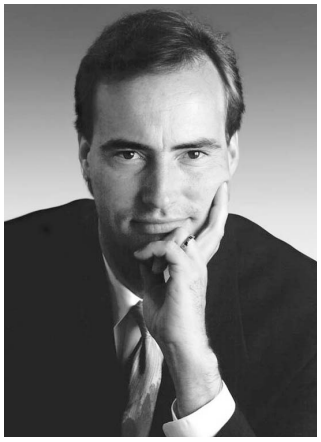
Got Demographics?

The Impact of Consumer Spending on the Market



Harry S. Dent

For better or worse, we live in an economy dominated by consumer spending. This fact is a cause of concern for many traditional economists, as they believe that it is largely capital investment on the "supply side" that drives economic growth. An economy that consumes more than it produces is bound to collapse into insolvency, right? And by this rationale, the United States is due for a massive economic correction to purge these excesses?

It is highly likely that these economists will be correct about an eventual crash, though the reasons they list are effects, not underlying causes. And this inevitable crash will happen a little later than most economists think. Our forecast, at the H.S. Dent Foundation — and we have been largely correct thus far — is for our economy and markets to boom for the rest of this decade. **But around 2010**, the day of reckoning that economists have long feared is likely to finally come.

First, a little background. We acquired a fair amount of notoriety in the late 1980s by forecasting that the Japanese boom was quickly going to go bust and that the U.S. was on the verge of its own two-decade boom. At the time, every major financial figure, with the sole exception of Sir John Templeton, forecasted that the 1990s would be a miserable time for American investors and that Japan would soon be the preeminent world economy.

In our book, ***The Great Boom Ahead*** (1993), we forecasted falling interest rates, falling inflation, growth in productivity, and — perhaps most audacious given the economic mood of the day — we even forecasted that the Dow would hit 10,000 and that the U.S. government's unprecedented deficit in 1992 would turn into a surplus between 1998 and 2000 due to a massive increase in revenue. We will discuss below how we reached our conclusions and what all of this means for us today.

What Drives Our Economy?

Traditionally, there are two ways of explaining how an economy grows. An old-school classical economist would insist that savings and investment in productive assets is what pushes the economy forward — "Supply creates its own demand," as Say's law says. "To the contrary," a Keynesian might retort, "What happens when there are no buyers for what you have to sell? The key is aggregate demand that spurs production."

Does Japan Offer a Preview for the U.S.?

In fact, both of these points of view are true to an extent, but neither sees the full picture. Production creates jobs, which provides income and gives the means for consumer spending, so classical economics certainly have merit. Company profits are reinvested, and the virtuous cycle continues. But the other side of the coin, Keynesian economics properly points out, is that consumers must make decisions on how that income is used; will it be spent or saved?

Both of these views attempt to explain the "how" of economic growth, but neither explains the "why." And both are focused disproportionately at the macro level. It is the micro level — the extreme micro level where we find the answers.

The Impact of Education

The single biggest expense to the average family is children, and the older they get the more expensive they become until they finally leave home. The U.S. Government estimates that the cost of raising a child born today from birth through high school to be $211,370. Raising the standard two children would set an American family back nearly half a million dollars, and these figures do not take university education costs into account. It is this highly predictable spending by families that drives our modern, mass-affluent economy. This spending continues even during very difficult times, as the first half of this decade has shown.

The Impact of Politicians

Since the year 2000, Americans have suffered through one of the worst bear markets in history, a disputed presidential election in 2000, and the worst terrorist attack in American history, two subsequent wars in Afghanistan in Iraq, and a massive oil bubble. Yet despite the chaos, consumer spending has actually risen every quarter though it all. It appears that even calamities of biblical proportions cannot stop the American consumer.

Are Americans blind to the world around them? **Of course not.** At worst, they can be accused of being a little stubborn. Americans will do anything in their power to maintain their standard of living, even if it means taking on more debt than they should. The typical American Dad doesn't consider the trade deficit or the price/earnings ratio of the S&P 500 when Junior grows an inch and needs a new pair of jeans. Instead, Dad just buys the jeans and figures out how to pay for it later. As a general rule, people simply do not consider the macro economy when making household decisions. They may fret about it, but at the end of the day they still buy that big, gas-guzzling SUV when Junior and his friends start carpooling to soccer practice.

What Will Impact the Market?

Enough about Junior. What about the economy and the stock market? Well, as it would turn out, Junior leads us to quite a bit of insight. On average, people progress through a set of very predictable stages; marrying, having children, purchasing homes, and finally retiring in successive chapters of their lives. Understanding that this life cycle exists, and then seeing how it can be forecast, is the key to understanding the economy and the stock markets.

By studying consumer purchasing data compiled by the U.S. Bureau of Labor Statistics, we can forecast demand for hundreds of goods and services, including things as simple as potato chips. From

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this wealth of data, we know that the average American's spending on potato chips peaks at age 42. This can be expected, given that the average American marries at about age 26, has an average child at about age 28, and 14 years later that child is eating everything in sight at the peak of their calorie cycle. Just as this type of forecasting can be done for individual products and services, it can also be done for aggregate household spending. Total household consumer spending tops out when the breadwinning hits age 48, just as the average kid is leaving home.

The good news is that the largest section of the Baby Boomer generation is quickly approaching their peak spending years, which will shift our economy into another bubble boom. The bad news is that once this mass of Boomers passes that threshold, consumer spending will slow down progressively for over a decade. When it does, our economy and stock markets will suffer.

And unlike recent recessions, where an accommodative Federal Reserve and free-spending Congress were able to muster enough demand to produce a relatively quick recovery, no amount of government stimulus will compensate for the loss of spending this time. For an idea of what to expect, look east.

Turning Japanese: A Metaphor's Triumph

Japan's rise from the ashes of World War II was truly meteoric. No country in history could match Japan's growth rates from the 1950s through the 1970s. In just two decades, Japan evolved from a largely agrarian country to an industrial giant that rivaled the U.S. and Europe. By the 1980s, American companies found themselves struggling to compete with Japanese manufactures in steel, autos, and consumer electronics. Business schools began teaching classes on Japanese management techniques, and American workers looked on in fear as their bosses were replaced with Japanese managers.

The Japanese stock market played its part too. After putting up good returns throughout the 1960s and 1970s, shares shot through the roof in the 1980s, and by the middle of the decade Japanese stocks were in a full-blown bubble. Between 1985 and 1990 the Nikkei tripled, hitting a high just shy of 40,000 in December of 1989. (The Nikkei plunged as low as 7,000 and has recovered to a current level just above 17,000)

Today, we see a very different Japan. The present rally notwithstanding, the Nikkei is still down over 60% from the top — more than fifteen years later! Japan has spent the last fifteen years in and out of recession, never able to get any real momentum. So what caused Japan to fall into this hibernation? The falling desire of Japanese consumers. Low consumer demand due to the aging of the population meant low profits for Japanese companies, which in turn led to decreased hiring and even lower demand. A vicious cycle developed with no way out. This cycle — lower demand, lower profits, lower production, etc., is exactly what we see in our future.

The Japanese consumer got old. As he slowed his purchases in the early 1990s, the economic bubble burst despite all efforts to keep it inflated.

The Bank of Japan cut interest rates from 6% to zero, essentially giving money away in the hopes that someone would spend it to build a factory, increase production, or to consume. In the standard formula, lowering interest rates spurs consumption and investment. As the reward for saving money gets smaller, the incentive to spend it gets bigger. But an odd thing happened in Japan; interest rates dropped, but savings remained high. Consumer spending stayed flat and then fell. New investment in productive assets stalled — Japanese business already had more than enough capacity.

The United States will start "turning Japanese" around mid to late 2010. The demographic trends that have powered the economy since the early 1980s will peak at this time and finally reverse as the Baby Boomers begin to save every dollar they can spare for their impending old age. Demographically, we will be in the same place as the Japanese when they began their slow, grinding decline in 1990. And when consumer demand falls, American businesses will have a hard time turning a profit. Stocks will likely enter a long bear market, and investor portfolios will be ravaged.

Our policymakers will follow the example of the Japanese, because it is the only model they can reasonably be expected to follow. And as in Japan, the policies used will ease the pain a little but will certainly not cure the disease. Americans, long scolded by the rest of the world as being spendthrifts, will suddenly start to resemble their Asian counterparts in their saving habits. Consumer spending will fall, and the economy will scratch and claw frantically just to avoid falling into the abyss of deflation, the likes of which haven't been seen on American shores since the 1930s.

The moral of the story? Save and invest as much money as you can in the next five years, and put your money more in growth stocks as opposed to real estate or bonds. Enjoy the grand finale of the greatest boom in history! But as we get closer to the demographic turning point, you need to get conservative. You'll need to start "acting Japanese."

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LISA versus NAIC — On a Collision Course?

Viatical Insurance, Policy Settlements, Stranger and Investor Owned Policies

Following the decisions of their Committee on Life Insurance and Annuity, the National Association of Insurance Commissioners (NAIC) may move to adopt varied amendments to the Viatical Settlements Model Act. However, officials and members of the Life Insurance Settlement Association (LISA) vowed to continue the fight and condemned NAIC's so-called consumer protection measure as "a direct assault on consumer rights and established law."

LISA's Position. LISA officials also claimed that representatives from the "consumer public" were willfully denied the opportunity to explicitly communicate their concerns and to be heard by policymakers during the NAIC dialogue. They said that these amendments would only make things more difficult for all life insurance policy owners to access the secondary market for life insurance — if they seek to sell their policies.

Notwithstanding the imminent passage of the proposed amendments to the viatical law, some analysts believe there is still strong likelihood that this year will be a banner year for life settlement products. Life settlements are current life insurance policies which are sold to a third party for more than the cash surrender value but less than the net death benefit. Policyholders might enter into transactions like these in order to free up assets that can be reinvested for medical, estate and/or financial planning.

Officials from LISA, though, lamented that their biggest challenge this year would be the regulatory environment, which they fear is already becoming more and more repressive. Normally, the NAIC process involves all concerned parties (even the public sector) in an ongoing public dialogue so that the model regulations perfectly – if not, appropriately – mirror the market and regulatory needs. It is also the goal of NAIC to make recommendations that can realistically be adopted by the various states.

Proposed Moratorium. This amendment proposed by NAIC would implement a 5-year moratorium on the sale of life insurance policies (after their initial purchase). The LISA proponents, who represent organizations that package or sell these life settlements, believe that such a moratorium can prevent the committing of investor-initiated (or stranger-initiated) life insurance fraud.

Inducements to Purchase Coverage. Investor groups can entice an individual to take out a policy, just for the purpose of its re-sale. Although LISA feels that the NAIC is taking a very vague, wide approach on the matter, they do understand the relevance of preventing investor-initiated insurance fraud and they still support most of NAIC's stands on such provisions.

However, LISA members consider the proposed moratorium as "extremely anti-consumer" and they feel it restricts the consumer from easily "accessing the settlement markets." They believe it is bad timing for such a moratorium to be even considered — since the life settlements industry is priming itself for a bullish performance this year and especially now when the industry is re-infusing more fresh capital than ever before. The effects of a moratorium — when implemented — won't really hurt the business operations of some companies right now, but may further down the road.

Commission Disclosure Discrepancy. One of the proposed amendments to the viatical model law is the mandatory disclosure of all commissions of life settlement brokers...a requirement which could be very burdensome for those brokers. Moreover, policies in life settlements are really just one and the same yet they are being treated as two different products. A ***lifetime settlement broker*** who sells the same policy shouldn't be compelled to disclose his or her commissions, LISA analysts contend, since ***life agents*** who sell the same type of policies aren't required to do so.

For a decade now, LISA has been advocating laws that represent the regulatory structure of the life settlements industry. For example, they backed the Florida law, which mandates the disclosure of both the price and process of compensation for brokers in the settlement industry. Similar laws were introduced but not ratified in other states (very recently just last year).

According to one of the major players in this field, Coventry Life, the difficulty with adding the proposed, albeit macro-level measures to the viatical model law is that it would impact "valid" life settlements at the same time as restricting the transactions that NAIC is trying to prevent. One pressing issue for LISA and life settlements brokers is the lack of understanding on the part of policymakers and regulators, many of them they feel know very little about the life settlement market.

LISA claims that it has sought bi-partisan support in the development of beneficial and suitable industry regulations that likewise benefit the public. That's why, to date, they have been quite vocal in their request for a spot at the dialog where the NAIC's proposed amendments will be deliberated. They wanted the NAIC executive committee to include them in the meeting so that they can explain how the life insurance settlement industry works, and how to efficiently address fraudulent investor and the stranger-originated life insurance practices.

Political Opposition. LISA officials made it clear that they would mobilize all efforts to contest the model law if the NAIC executive committee decides to give its nod to the proposed moratorium.

Ultimately, LISA considers itself to be safeguarding what's truly in the best mutual interests of the consumer public and also its LISA members, the life settlement insurance industry.

The Big Tax Issue. Life insurance policies have always been awarded favorable income tax features:

- The inside cash value build-up is tax free
- The death benefit is tax free
- Total premiums are the cost-basis for surrender or installment withdrawals

In addition, the death benefit may be excluded from the estate of the insured, provided that the policy ownership has been properly arranged, by having the policy owned by a trust or beneficiary.

These same tax benefits are also accorded to business owned life policies. Furthermore, business policies can be transferred (subject to responsible rules)

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between an insured and his/her company or partner.

Why the Favorable Tax Treatment? For public policy. Life insurance was originally designed as a financial instrument to indemnify families and legitimate business purchasers for a very real loss, the death of the insured, to not serve as a speculative instrument.

Remember Janitor Insurance? When the public realized that some major companies were buying jumbo policies on low level employees the legitimate life insurance agents rebelled, supported by some associations, "That's not the purpose of life insurance! They are risking all the tax benefits that real purchasers have come to expect." As result, measures were swiftly adopted to restrict this purchase of large policies on employees purchased simply to get the tax benefits afforded to life insurance.

Stranger Owned Life Insurance. Does that seem right — or does it harken back to the old days of the French Tontine contracts — when the last survivor got the big jackpot! When the public became aware of the inequities, measures were adopted to curtail this profit taking.

Viatical Settlements. At first Viatical Settlements seemed so logical. A person who had a large policy and needed medical treatment or final long term care could sell their policy to a group of investors who would accept the responsibility of paying premiums until death — and the insured could immediately get the care needed. But then they became speculative investments.

Viatical Partnerships. Some enterprising investors began pooling their funds to buy policies from persons nearing the end of life. There was even speculation that some of the insureds already knew they had HIV/AIDS and there might be "social" justification for the transactions.

Surprise! Some Applications were Frauds. Since the big payoff was the responsibility of the giant insurance companies, some persons entered into the fraudulent purchase of coverage with the attitude, "They can afford it!" They failed to reveal their medical history and some even faked the examinations and tests.

But the life insurance companies were soon alerted to the problem and they started toughening up the application process with more sophisticated urine and blood testing and personal history checking.

Investor Owned Life Insurance. Sounds nicer that "stranger" doesn't it? Sounds like just another business transaction, an investment. But is it? No — we are back at square one — trying to take advantage of the favorable tax treatment of life insurance.

Select persons will be insured for very large amounts. And since the insureds will get some benefit from "lending — their life" to a business transaction, we know that they'll make a fully honest application — right. These are the same folks who just held marijuana cigarettes — they never inhaled....

Investor's Love Profits. What these groups want to do is to buy jumbo policies on persons who are going to die soon. Personally I wouldn't feel too secure knowing that some strangers (investors) stood to gain millions if I met my maker earlier. I'd be awfully careful crossing the street!

But nevertheless, there is a large group of persons who favor this lottery of life insurance: some life insurance companies, the marketers of Stranger Owned Life Insurance, the agents, the investors and initially at least, those being insured.

Who Don't We Hear From? The moms and dads needing family protection and the legitimate business owners who are buying key person, cross purchase or stock redemption policies. They won't know what hit them if the tax benefits of life insurance are removed — until after it has happened!

Not In My Back Yard. That is what we hear when someone wants to erect a radio tower, or high voltage transmission lines. NIMBY. "We won't loose the favorable tax treatment that life insurance policy owners have enjoyed for nearly 150 years." That's what the business community said in India. That's what was said in England. But it happened there almost overnight!

RFC Survey — Stranger/Investor Ownership of Life Insurance Policy

- ☐ I do not approve of investors developing a market in life insurance policies purchased for the purpose of making a profit.
- ☐ I approve of these policies – and feel there should be no restrictions on their purchase and distribution.
- ☐ I support legitimate viatical transfers of a life insurance policy by the insured, when the purpose is for final care – assuming there are some restriction to preclude profiteering and speculation.
- ☐ I have held a life insurance for _____ Years.
- ☐ I have personally sold a viatical transaction.
- ☐ I've never sold one or recommended one, but I'm not opposed to the concept.
- ☐ I am very concerned that the proponents of "Stranger-Owned" and "Investor-Owned" Life Insurance will jeopardize at the traditional tax benefits and respect of life insurance.

Comments: _____

_____

_____

Name (optional): _____

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Business Success Profile

Jim Zalenka — An imposing force of good for his clients

The financial success of many individuals is the direct result of their having benefited over a long period of time from the services of a professional financial advisor such as Jim Zalenka, CFP®, RFC® of Pittsburgh. Jim was recently interviewed for the *Register* by Hesh Reinfeld, a free-lance business columnist.

Hesh. How tall are you, Jim?

Zalenka: I am six feet, seven inches. But I have to ask, Hesh, why is that your first question? Aren't we supposed to be talking about my work as a financial planner?

Jim, I hate to tell you this, but the first time someone meets you, he's not going to be thinking... can this guy help me retire in five years. No, he's looking at you and wondering... just how tall are you?

Sounds strange.

Remember, I am trying to get at the questions individuals may have, but are embarrassed to ask.

That's fair. Let's try the second question that people might have. Something very important, I guess. What do you think that would be?

Why do you shave your head?

Hesh, That's enough, lets get down to the meaty and important issues.

Go ahead Jim, if you don't like that question, why don't you ask yourself the first question and answer it.

Well, my first question would be; how long have you been a financial planner?

OK, now answer the question.

Seventeen years, five years with American Express and twelve on my own as an independent financial advisor.

Do you feel better now? You know you can just hand the person your resume, shut up for a minute and have them read it.

Ok, Mr. Professional interviewer, I give up! You ask the questions....

Thank You. How are you different than all of the other fine advisors in Pittsburgh?

I care about my clients.

Jim Zalenka, CFP®, RFC® knows listening is critical.

Sorry, Jim, I have to stop you again. That statement is really meaningless. Every business says that they are into ustomer service, and that they are always available to answer a question day or night.

Honestly, I really do care as a person.

Jim, I know you do. In preparation for this interview I spoke to four of your clients. I know they were biased because I asked you to give me their names. So, I met with them in their homes and just listened.

What did my clients say to you?

Just what you said: you care. You are there when they need an advisor and when they just need a friend. One woman said that after her husband had a life-threatening illness you were the first person she called after talking to her immediate family. (And that you actually were at the hospital more often then some of her family.)

Yes, but I did that because we've developed a very close relationship. Obviously I don't have that kind of relationship with all of my clients.

I realize that. But it was heart-warming for me to hear it from one of your clients. Lets get back to Jim, the financial advisor. What are you most proud of?

> The phone in my office doesn't ring often.

Why are you proud of that?

It means my clients are content with the plan I've developed for them, and the service they are receiving, and they don't need to call me.

That is an interesting perspective.

Let me add to that. I don't work well with a client that is constantly calling me. If he wants me to react to every dip in the stock market, then we won't work well together.

What other type of client would you prefer not engage you?

Someone who doesn't know how to save money. I don't care how large their yearly income is. If they spend all of it (and some even spend more than they earn) then we won't work well together.

Why is that?

Because the first thing I'll tell them is to stop spending all of their money. It may be something they don't expect to hear from a financial advisor. They may even ask me to leave. And I am OK with that.

Jim, as a financial advisor, what is the first thing you talk to your clients about?

Clients come with a concern for the future. Will the stock market be a good place to invest in the coming years? Can I promise them above average returns?

Well, you can do that, can't you?

I can't. And legally the government won't even let me say anything about future gains. I believe in acting prudently.

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Therefore investing in stocks is part of good long-term game plan. And, I do believe in finding investments that charge very low annual fees.

And as an independent advisor I can offer that lower cost product.

What is some of the sage advice you do give your clients?

Avoid any investment or strategy you don't completely understand. I'm always amazed at persons holding strange investments they were sold by someone, and when I ask, "Why did you buy that?" Or perhaps even, "What kind of investment is that?" They just don't know.

Tell me about the name of your financial advisory firm, Baran James Company. Are you some kind of royalty or what?

My mother's maiden name happens to be Baran. I have fond memories of my grandparents.

Jim, I got a sense from talking to your clients that you focus on more than just dollars and cents.

Yes, one thing I can promise for sure is that life will throw a few curves — to everyone. Things will happen that were never expected. And I am not thinking of 'bad' things only, like getting ill, losing a job, or having to support an adult child.

The future also holds the possibility of a new blended family; young children in your life again when you never thought it would ever happen; an opportunity to start a business when you are 58 years old or the decision to retire a few years earlier than expected.

My real job is to be there when these opportunities and/or challenges arise. I need to help clients to keep their financial game plan flexible — so that we can respond to these new situations.

Also, I'm not saying I'll have all the answers. I do promise my clients that I will help bring around the table the right people and resources for them to make sensible decisions.

That reminds me of a comment by one of your clients. They needed an attorney. You did some research and suggested a few. Then, and this is the surprising thing, your client asked you to join them when they interviewed the attorneys. Actually, a few of the attorneys were not sure why you were present and asked you to leave when they started asking some very confidential questions of your client.

Jim Zalenka, CFP®, RFC®

Yes, I was ready to leave but my client asked me to stay. He said I was their most trusted advisor and I needed to be there.

Now, that is impressive and it shows a very high level of trust.

Thanks, but I have to be honest...I don't have many of situations like that.

OK, Jim, let me finish up. So... why do you shave your head? You never answered the question.

Hesh, this is your powerful ending for our interview?

I just want to know.

Hesh, I can honestly say:.It's none of your business!

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Compliance-Friendly Marketing

4 Things You Can Do to Improve

By Katherine Vessenes, JD, CFP®, RFC®

The first stage of any successful sales process, including the No-Sell Sale™, begins with "like me/trust me." Few consumers will buy your services, especially financial services, if they don't trust you. It is a lot easier to trust a person you like.

Take these steps to improve your likeability factor and build trust quicker with new prospects and clients.

First impressions: yes, you never get a second chance to make a first impression. Although most financial advisors dress the part, many have not considered the importance of their body language. Some experts believe over 50% of all communications are conveyed from your face and body language.

It is imperative to communicate to prospects that you are approachable, warm, friendly, confident and trustworthy. I recently watched a vendor try to promote his services to one of the country's premier financial advisory firms. Most of the top guys were pulling down $2 to $4 million dollars a year — and it showed. Everything about their clothes and their mannerisms screamed: "we are at the top of our game." Their closing ratio was over 90%.

Contrast that with the vendor. He walked in with bad posture, a weak handshake and clothes that were significantly more casual than the successful advisors. He constantly fidgeted with his hands. He had a nervous laugh and a desperate look about him. The results: most of the communications during that meeting were directed at me. He was largely ignored. It was a shame, because he had a lot to offer.

Things you can do to make a better first impression:

- Watch your eye contact. Don't let your eyes wander. Look at your clients right in the eye.
- Use a strong, thumb to thumb, handshake. Many people don't know how to shake hands. A limp handshake that is just fingers is a big turn off.
- Smile. It not only takes years off your face, it builds rapport.
- Ask questions that show you have a genuine interest in your prospect.
- Mirror your prospects body language. If they lean forward, you lean forward. If they put their hands on the table, you put your hands on the table.

Be empathetic. Have you ever wondered how Oprah or Larry King can dive so deeply into a person's heart and get them to expose their deepest feelings on national TV? Both of them have a reputation for checking their egos at the door and focusing all their attention on the guest. They want the guest to look good. Unlike other TV interviewers they avoid making the guest uncomfortable or feel like they are being judged.

This quality is invaluable in our business. It constantly amazes me how much information total strangers will give me about their lives. After thinking about it for years, I think the reason is I make a constant effort to not only be genuinely interested in what the other person is saying, I also offer no judgment for their behavior. I make an effort to convey a feeling of affirmation and unconditional acceptance. I want them to think (rightly) that I empathize with them, understand them and appreciate their problems.

Be humble. One of the most powerful statements I have heard from numerous multimillion dollar advisors around the country goes something like this: "It is easy to stump me — I am just a poor farm boy from Iowa. But I know where to go to get the answer for you." This comment tells the listener you don't know it all, but you do know where to go to get them help. The end result is they appear approachable, modest and self-effacing.

Contrast with another advisor I know. He berates his prospects in the first interview. I have heard him say something like: "You have done a terrible job managing your money. I would give you a D on this portfolio!"

Another one, on a local radio station said "We don't work with anyone unless they have at least one million dollars to invest." That may be true, but it sure sounds bad and makes him seem arrogant and unapproachable.

Send a good bio in advance of the first meeting. A one page bio about you and your background is an important step in improving your likeability factor. Send it out prior to the first meeting so your prospects can get to know you and start to trust you.

Take the time to write it well, or get some help. It should include your professional background, but also personal information about you. Information on mine included: "Katherine has 3 grown children and likes to search for antique Japanese wood block prints. She loves to cross country ski and take her two Springer spaniels pheasant hunting."

The photo is also an important part of the building trust through the bio. It should be a smiling one, where you are looking directly into the camera lens. Photos where the subject is looking away, make them look shifty and untrustable — the exact opposite of the impression you want to convey.

Take these four steps to build your likeability factor and you will get the same reaction I did when working with investors: I would ask them at the end of the first meeting if they had any questions about me or my background. Almost always they would say "No — we know everything we need to know about 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.

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Cato Comments – About Your Image...

How to Merchandise Your Articles!

Do we all believe what we want or need to believe? Why do we believe myths when we should know better?

Lana Turner was not discovered sitting at a soda fountain counter in a Hollywood drug store while wearing a tight sweater.

Girls did not really become so excited they screamed when a skinny young Frank Sinatra sang. The swooning young girls were "plants" paid to act that way.

Paderewski, the great pianist, also experienced young girls who ran to the stage thrilled with his performance, paid by his sponsor.

Managers for Elvis Presley and the Beatles both also paid "audience screamers" early in their careers. When I was a young man, Colonel Tom Parker hired me to help promote Elvis Presley and he said, "Our objective is to influence reality."

A struggling young actor, Archie Leach, experienced so many discouraging rejections he was about to quit, when for his final try-out he created a different persona and changed his name to Cary Grant.

Was it talent or marketing and promotion efforts that enabled these personalities to "turn out" as they did? Or was it both? Where does myth stop, and reality begin? What part does reality play?

The Great Article Myth

There is a harmful myth I forever witness among financial planners. They believe if they get an article by or about them published — then their phone will ring off the hook, prospects in large numbers will line-up to enter their office, and their invitations to speak will soar. ***This is totally incorrect thinking.*** But this myth prevails.

Published articles do not stimulate massive results! Why? Because it is very unlikely anyone will read them — in that month, in that issue!

Influence Your Reality!

Published articles have little, or none of the desired effect, unless they are merchandised. ***You must merchandise your articles.*** You must add the necessary promotion efforts that make published articles work for you. Do nothing and your articles do nothing for you.

How can you make your published articles work effectively for you? Not doing this is like seeing a small fire break out in your home and having a powerful fire extinguisher nearby, but failing to turn it on.

Is Getting Published Important?

The readership of most financial magazines is not important to your success! Why? The readers are not your prospects!

Furthermore, most have publishers and editors are not sensitive to how your article will be interpreted by your prospect. So they may write about your economic success or how you gather clients in a way that would offend your prospect — and they don't care. Or their article, to appear objective, mentions another advisor with an opposite opinion — dimming your brilliance.

Why do you need to be published in these magazines? Your "pay off" is in the ***merchandising of your articles***, not in the printing of them by these magazines.

Lew Nason, LUTCF, RFC®, who founded the Insurance Pro Shop became a major sales improvement training success partly by showing financial professionals how to see and accept reality rather than myths. **Jim McCarty, CLU, RHU, LUTCF, RFC®**, who teaches "show business sales techniques," says: "Nason focuses on the difference between the realities and myths. Reality is having your article noticed by your prospect."

Your Opportunity To Be Published

As an **RFC®** the ***Register*** is your magazine. This publication is written mostly by, and always for, **IARFC** members. Certainly your magazine will treat you with the respect you deserve. The ***Register*** is your ever-present opportunity to be published.

Your article should be of immediate interest and/or lasting practical value for readers, without special interest plugs or puffery. You might write just about some planning technique that has been useful to your clients. In your article you should get to the point. You should be precisely specific (and honest) in your bio-sketch.

Do not embellish. Resist any temptation to say that you are the father of the national award-winning Senior Life Plan Reverse Investment Program.

The ***Register*** and the IARFC's academic publication, the ***Journal of Personal Finance***, welcome your article submissions. If you need articles to effectively promote you and your services then submit them to your ***Register***. Take advantage of this opportunity.

If you are not a highly skilled writer, and if you can accept that reality, then pay a skilled writer to help you! Do not submit a manuscript that is not worthy of publication. You have a responsibility to the readers and to yourself. Make certain your complete contact information is included as a part of your article. Then make your article work for you....

Your Articles Will Work Hard

- Mail copies of your articles to all your **clients**. This reassures them of your professional posture. This reveals that you are respected by your peers.
- Send copies to all the **prospects** in your database. Ask for their opinion on some point or points in your article. Your objective is to begin a dialogue.
- Place copies of your article(s) in your **Press Kit**. Being published reflects your professionalism.
- Use copies as **hand-outs** or **"leave behinds"** when you make platform presentation, conduct seminars, or speak to civic groups.
- Use copies of your articles as **enclosures** when you do **direct mailings**.
- Incorporate your article into your **drip mailing** program.
- Make stacks of your article reprints available at your **realtor's, attorney's, dentist's or doctor's office**.
- Attach copies when you submit something to others who can be useful for you, such as **meeting coordinator**.

continued on page 17

continued from page 16 **Cato Comments**

- Place your article(s) on your website. Include your article(s) on your on your blog, or e-zine.

- By all means, send a **news release** about your article to all **publications** within your **local** or **regional** market area and enclose a copy.

- Make copies of your articles available to **appropriate organizations** in your market area, the civic, social, fraternal, business and religious groups you'd like to address.

- Make copies available to your **building association** members, your **country club** members, **hospital waiting rooms**, community colleges, etc.

- If you are a member of a fraternal or civic association send the article to their magazine editor and **propose to the editor an original and exclusive version on this subject created especially** for their readers.

- Remember that **it is OK** to send an e-mail attachment of the article, and then follow-up by mailing a hard copy of your article, both to the same person. Or do this in the reverse order.

- **Frame and display** your articles in your office, on walls, in your conference room, lobby, or hall.

- **Carry extra copies** with you, and **recognize when it is appropriate** to "place them" or give them away.

- Send copies to **appropriate contacts** in your greater market area and invite the recipients to use you as an **information and reference source**. Include the "correct person" at your local radio, newspaper, TV, etc.

- If you have access to **places that sell "big ticket" items**, like airplanes, yachts, luxury cars, see if they will allow you to leave copies of your article(s) at their places of business.

- After you have enough articles published, extract or condense from them and assemble these sections into what becomes a booklet. If appropriate indicate where your copy originally appeared. Now you have an impressive quality booklet that can be used. Size your booklet so it will fit within a regular business size No. 10 envelope.

Dear _____:

*The attached article of mine recently appeared in the professional publication of the International Association of Registered Financial Consultants – the monthly **Register**, distributed internationally to financial advisors.*

I realize that the topic of this article may not be one of great interest to you personally, but that you still might want to learn a bit more about how our firm is regarded by the publishers of this respected magazine.

Should you have any questions, or if there is any way that we can be of service to you, please give me a call....

Sincerely,

- Over time, you can compile your articles into a book. You can edit them to add a theme running throughout.

I have been guilty of assuming it was obvious every advisor knew they needed to merchandise articles, and everyone knew how to do so. Don't get published and then forget about this exposure.

In 2001 I observed a noted financial planner on a magazine cover in glorious color, with a large-space feature article inside including many photos. But he totally wasted a major opportunity to benefit from this exposure. This amount of print space would have cost $50,000 or more, if purchased at advertising rates.

Magazine exposure is much more creditable. Unlike advertising, the ulterior motive of a magazine, if any, is not obvious. Being on the cover is priceless. He should have sent hundreds or thousands of full copies to his clients and prospects. He should have mounted a follow-up campaign by a staff member asking to schedule an appointment. Years later they would still recall his being the cover feature!

I hope you never make the mistake of not having your articles merchandised by yourself or others. The reality is that you must promote any article if you want results from it.

Avoid the myth that "good things will happen" if you only appear in print. If you do nothing to merchandise your article then you will get nothing. The impact of your articles will be far-reaching and of long duration and great value, if you will just use them properly.

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.*

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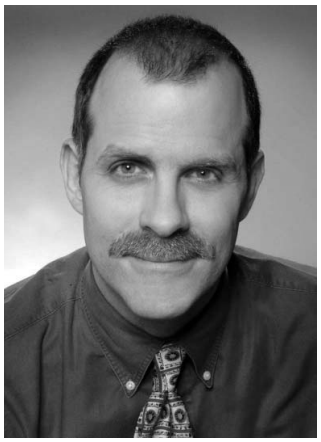
www.CatoMakesYouFamous.com

A Must Have Tool for Minimizing Time Online



Kip Gregory

Ever stop to consider how many hours a month you spend online?

Between managing e-mail, monitoring market activity, keeping up with client, prospect, and competitor information — not to mention everything else you do with the Internet — the total might surprise you.

According to Neilsen NetRatings, three years ago the average worker spent 27 hours a month online at work roughly 3 workdays worth of time or about 15% of a typical workweek.

Know what the number is today?

82. Eighty-two hours a month. Three times more. Less than four years later. That's frightening. If ever a statistic underscored the need to adopt more efficient ways of working with technology, that's it.

Here's a way to cut that time dramatically that doesn't cost you dime and will make your online productivity soar. Download and master the **Google Toolbar**, a free browser add-in available for both Internet Explorer and Firefox.

What exactly is the Toolbar and how does it help?

Think of it as a dashboard of Google's most powerful search features built right into your browser ready 24/7 to guide you to the information you need whenever you need it, faster and with less frustration than you ever thought possible.

The first reason to love the Toolbar is that it lets you access Google's search engine from anywhere on the Web, without having to visit Google's home page first. Like when you're reading the paper and see someone quoted you'd like to know more about or an organization's mentioned that you'd like more background on. Just press Alt + G to put your cursor in the Toolbar's search field, type in the name (or highlight and drag it there if you're reading online), hit Enter, and Presto! a list of results is displayed on screen.

Or here's another scenario that may hit home: *ever come across a page with especially good information on a topic of interest to one or more of your clients — a hobby, an event, a travel destination, a cause people are passionate about — and wish you could quickly put your hands on other Web pages that speak to that same subject?* The Toolbar's Similar Pages feature can tell you what those pages are instantly.

Or how about jumping instantly to exactly where your search terms appear in the text of a page so you can quickly decide if the page offers something of value and you don't waste time scrolling through paragraphs of text unnecessarily to find out? The Toolbar gives you that ability too.

Want to forward a page you uncover onto others in your network you think would benefit from seeing it? The Toolbar's latest release (version 4) lets you do so in a couple of clicks.

Here are some other ways the Toolbar can shorten tasks you and your team probably perform every day:

1. ***Find addresses and phone numbers for anyone in the phone book.*** A real timesaver in locating both individual and corporate prospects. Try typing your own name and address, or a friend's, to see what I mean.

2. ***Get quotes and news on stocks.*** Type stock: followed by the symbol(s) you want to look up (e.g. **stock:GE** or **stock:ECA** no space), and at the top of Google's list of results will be financial information on General Electric or Encana Corp from six of the leading sites Google Finance, Yahoo! Finance, MSN Money, CNN Money, and Reuters.

3. ***Search within a site for information.*** A great way to unearth mentions of clients or prospects that may be buried within trade group, company or news media sites; information you might otherwise miss.

Getting your hands on the Toolbar is simple. Go to http://toolbar.google.com and click on "Download Google Toolbar". The program should install quickly and without a problem on standalone PCs. Installing it on a corporate workstation shouldn't be a problem either, unless your firm's IT department has restricted the ability to install browser add-ins. If that's the case bookmark **Google's Advanced Search page** as an alternative, and be sure to at least put the Toolbar on your machine at home.

Once installed, spend a few minutes experimenting with the icons displayed on it to see what they do. Take a look at the different features you can add to or remove from it by clicking on the Options icon (Google is continually adding features so check back regularly to see what's new). And if you need more than that, there's a comprehensive **Help section** devoted to the Toolbar.

Making the Toolbar a standard part of your Web search process is a big step toward reducing the hours you spend tethered to your keyboard. Take my advice and give it a try. I'll be amazed if you don't see a pickup in productivity within minutes of putting it to use.

*Kip Gregory is the author of **Winning Clients in a Wired World** and is a specialist in creating and implementing successful financial service business development strategies. Did you enjoy this tidbit of information? To receive Kip's Tips via e-mail for free or learn more about Kip's coaching and consulting services.*

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Just How Serious Is the Hazard of Smoking?

Financial advisors have generally been concerned with the smoking habits of their clients only when the need for additional life insurance arises. However, new information alters this reticence.

More Life Coverage. Generally speaking, the floor of benefits available to beneficiaries of workers is reducing with regard to the need for income. Employees are reducing, limiting or eliminating survivor income benefits within their benefit plan structure. Reason — they cost money, and these benefits don't seem to be appreciated. So they are being reduced or dropped.

But the greatest impact is on the reducing income benefits of Social Security. No — the actual cash awards aren't being reduced, but every year the benefits fall further behind in the comparison with the steadily rising cost of living. For example, the benefits were increased 3.3% from 2006 to 2007 — but for many the actual cost of living increased far more.

Add to this the fact that many persons have acquired more debt — increased mortgages on primary residences, mortgage debt on second homes, more expensive financed vehicles and a greater amount of credit card or installment debt. Increased debt consumes a large part of life coverage.

Furthermore, it is looking as if the federal estate tax will not be eliminated, and that may encourage states that are always looking for more revenue to resume or increase inheritance taxation.

Estate Planning. Apart from the amount of life insurance needed there is the issue of when an estate is likely to be settled. That's a nice way of saying, "Just how soon might this person die?"

Some Objective Statistics. We have seen the federal government move to the adoption of unisex mortality tables — as if all groups have the identical life expectancy. That's for "social purposes." We know that women live longer than men, non-smokers live longer than smokers and those with various social life styles, avocations or hobbies cause major adjustments in their life expectancy. But the government, like an ostrich with its head in the sand believing it is hiding from a foe, is ignoring these longevity statistics.

Let's Get the Facts. John M. Bragg, FSA, ACAS, MAAA past president of the Society of Actuaries writes in the *National Underwriter* about the Vast Mortality Difference. He expresses this as 1,000q — the number of deaths that will occur in one year per 1,000 persons in a particular group. While Bragg has the statistics for various ages, the ones for persons age 50 are most illuminating. These are persons pre-retirement who are likely to still have substantial needs for insurance. (Please refer to the Table).

A person who is Class 1 Preferred would be one who scores well on all medical and lifestyle issues — good weight control, regular exercise, risk free occupation and avocations.

The Standard Smoker male age 50 is more than five times more likely to die than the Non-Smoker Class 1 preferred. And for women the difference is nearly seven times as great.

Rated Conditions Not Considered. Note that Bragg's tables are for Preferred and Standard. We haven't even looked at 50 year old persons who have already developed a medical condition such as hypertension, arthritis or diabetes.

Mortality Level Differences
(1000q*, Ultimate, Ordinary Life, Age 50

Nonsmoker	Male	Female
Class 1 Preferred	1.28	.66
Class II Preferred	1.94	1.00
Standard	2.91	1.72
Smoker	**Male**	**Female**
Preferred	2.74	1.77
Standard	7.37	4.51

Source: 2007 Bragg Life Tables, Bragg Associate, Atlanta
* The Term 1000q refers to the number of deaths per 1,000 in one year.

All Insurance is Affected. Term life insurance costs will be dramatically different between these non-preferred classifications. That is because the primary element in term insurance pricing is the current mortality risk.

While the gross premium difference in whole life policies will not be as great, non-preferred the long term effect will still be quite significant. In a Variable Universal Life contract one of the cost factors, which becomes a more significant factor as the insured ages, is actual mortality. If the insured is within a group of policy owners of smokers or standard rather than preferred risk person, the mortality charges will be significantly greater. The VUL policy will have poorer performance as age increases.

Clients Need to Know. This information is important in their family and financial planning. It also impacts the significance of immediate estate planning. It is difficult to say it, of course, but don't you really owe it to your clients to indicate the followings.

"Your smoking and your lack of health care and exercise are increasing the likelihood of your death by as much as five times! Shouldn't you be taking this issue much more seriously?"

Maybe the best way is to share this article with them....

The RFC Course Launch

The new RFC Course was initiated in January with a two-day curriculum for Part 1. The classes were conducted in the training room of the Financial Planning Building in Middletown. Included were 19 financial advisors, most of whom already held their RFC designation. The attendees came from across the country, Georgia, Pennsylvania, Indiana and California. Faiz Versey, RFC® even flew in to Middletown from Botswana, Africa.

The curriculum for this course, the **Client Engagement**, was presented by Jim Lifter, the Education Director for the IARFC and the IARFC Chairman, Ed Morrow. Students received a lot of material:

- Client Acquisition textbook
- Client Acquisition workbook
- Client Engagement workbook
- Chapter 1 of Financial Planning Process
- Client Builder presentation software

Based on the request of the attendees there will also be a subsequent distribution of some PowerPoint presentations, and more than twenty Word and Excel files to help launch the client marketing activity of the advisors.

The participants responded very strongly to the suggestions for the development of two small, but critical elements in their preparation — their brief "Elevator Statement" and their follow-up "Extension Statement" that is the response for the anticipated, "Tell me more..." These are used to aid them in articulating their USP — Unique Selling Proposition.

Each of the participants completed the course examination and we were quite pleased with how well they had mastered the material presented. We also received fine feedback on how to better focus the examination questions to measure the students' mastery of key concepts. According to Don Oldham, an RFC® with over twenty years experience, "This is a necessary training experience for anyone who is serious about helping their clients plan for their financial future."

Of the 19 participants, 13 have committed to participate in the subsequent educational sessions. Parts 2 & 3 of the RFC course will be presented in a three day format on June 6-8. This session will cover **Gathering Information** and **Problem Identification**.

Parts 4 & 5 will be conducted on July 25, 26, 27 and will cover **Developing Recommendations** and **Implementation & Monitoring**.

All five of the RFC courses stress practice management — not just the technical and academic aspects of financial planning. The enrolled students receive software to enable them to actually perform the steps being studied.

In Part 1 the students received the ***Client Builder*** software – a PowerPoint program that is supported with about 20 Word and Excel files that aid the financial advisor in presenting financial planning to the prospect and securing the **Client Engagement** with the emphasis on charging a modest

Plan Preparation Fee. They learned how to arrange and conduct the Introductory Meeting with a prospective client. As part of the presentation, they learned how to employ the Client Builder PowerPoint and the display of their sample written plan.

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Wesly Sykes and Donald Oldham Jr. seated in front

Jim Lifter, John Gillespie and Jeff Roach

Ryan Miller, Craig Wright, Faiz Versey, Duane Six , Mark Dahlenburg, advisors networking on break

Ed Morrow illustrating how to edit marketing documents

continued from page 20 **RFC Course Launch**

They also learned the power of having all the documents prepared, such as the plan Satisfaction Guarantee and the Planning Engagement Agreement.

As the RFC course moves forward, the Client Relationship Management program, Practice Builder, will provide enrolled advisors with the tools to manage their prospect and client data base, and generate all of the correspondence necessary to start the planning process and develop the plan. Later, the same program will be used to guide the development of recommendations and the production of an implementation checklist to assure client action. Practice Builder also includes some spreadsheets and the correspondence tools to generate all the servicing letters for the follow-up after the planning recommendations have been agreed upon.

A unique aspect of the RFC course is that it requires the participants to actually produce plans, unlike the ChFC and CFP®. Students will prepare four modular analyses, plus an in-depth, comprehensive financial plan. The plans will be submitted for professional review, since all graduates of the new RFC program must demonstrate their ability to assemble and deliver a comprehensive plan. The plans produced by each student will also be available for the students to use in their marketing.

Since a large number of those attending Part 1 have enrolled for the subsequent elements of the RFC Course, the numbers of attendee positions still available are somewhat limited, because we have capped attendance at these introductory "roll-out" sessions at 20. If you are interested in enrolling, in the Part 2 & 3 Course to be held June 6, 7, 8 in Middletown, Ohio, please call IARFC at 513 424 6395.

Michael Moeller, Hesh Reinfeld and Ed Morrow visit the RFC executive office

Course attendees Donald L. Oldham Jr., Wesley P. Sykes and John Baker

James J. Lifter, Jr. – IARFC Educational Director

James J. Lifter, Jr., MBA, RFC®

As the IARFC expands its educational programs the need for an Education Director was apparent and we have been fortunate to obtain the services of James J. Lifter, Jr. MBA, RFC®.

Jim has been the Director of Marketing for the Financial Services Institute of Columbus Ohio working with I. David Cohen, CLU, ChFC, RFC®, a very experienced and highly respected life agent. Cohen is the author of *Prospect or Perish*, which has been adapted as Client Acquisition for the new RFC course.

Jim worked very closely with David on the textbook, the workbook and the instructional aids. *Prospect or Perish* is now being promoted by the Ohio NAIFA organization in various cities. Jim's responsibilities for Financial Services Institute included:

- Developing curriculum for classes including all student materials
- Promoting *Prospect or Perish* class offerings to business clients
- Producing several curriculum and classes for Capital University

Previously Jim was an underwriting supervisor for Nationwide Insurance, and a sales representative for John Hancock. He also worked with the Columbus firm of Estate Planning Professionals to help them provide estate planning services to individuals develop relationship with clients for long-term growth, and to create marketing materials for use with both individuals and business partners of the firm.

Jim has an undergraduate degree from Ohio State University in Marketing and a MBA from the University of Dayton. He holds the RFC designation and will be coordinating the development and distribution of the Registered Clergy Advisor program in addition to the new RFC courses.

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www.IARFC.org

Web Marketing Secrets

Increasing the Likelihood Your Website Will Attract Visitors

Stephen Anderson

There's little doubt that Internet marketing is a vast and complex arena. You can break down the numerous possibilities into a handful of categories, and focus your marketing efforts on tactics that will most likely have the greatest impact. You'll need a website, of course, but that's a relatively easy first step. The challenge is to actually use your website to grow your business.

For the most part, Internet marketing is very cost effective when compared to traditional marketing channels. That's why its popularity and growth have exploded in recent years. There are plenty of secrets to uncover, and they begin with the six areas that form a basic foundation for successful Web marketing: Keywords, Site Content, Submissions to Search Engines, Link Strategy, Paid Search, and E-mail Marketing.

There are other Internet marketing categories, but these generally require more resources: Banner Ads, Affiliate Programs, Blogs, and interactions with Online Communities. These areas can be explored later in your online marketing efforts, after the basics have been implemented.

Keywords

It's no secret that keywords are a fundamental element of Web marketing. They are the words and phrases that people use to find everything on the Internet. What you may not realize, however, is the importance of putting a significant amount of effort into building your list. You should refer to it constantly — as you write content for your site, as you instruct your webmaster to add keywords to the "source code" that is seen by the search engines, as you write your press releases, as you compose your online ads, as you write your directory listings, etc.

Organize your list so that the words and phrases are ranked by importance. Include the cities, districts, regions, and zip codes that your services cover. People often search for services locally, by entering geographic locations in their search queries.

Constantly add to your list. Listen to your clients. What words do they use? Try out the Google Adwords Keyword Tool, a free service that provides you with keyword variations. Enter a word or phrase and the tool returns a list of searched-for phrases containing those words, and indicates their frequency of use. The tool is at **https//adwords.google.com/select/KeywordToolExternal**.

Site Content Review

Place your most important keywords near the tops of your pages. Headlines are especially important. You can also add keyword-rich text, in a small type size, in a long paragraph at the bottom of your Home Page. See an example at **www.goldkeylongtermcare.com**.

It's a smart Web marketing tactic to create different pages on your website that each focus on an important keyword. But each page needs to be informative, relevant, and easy to read. A page on College Funding, for example, will use that phrase several times, along with variations on the phrase, such as: saving for college, prepaid college funds, college financial aid, 529 college funds, college funding strategy, education savings, etc.

Search Submissions

You should certainly submit your site to the important Web search engines. But the secret is to focus only on the major ones; they feed content to the other minor ones. It's a waste of time to do much more than that. In fact, there's a simple online tool that will do it for you in one step, after you've added your keywords in some important places. Go to **www.iarfcwebsites.com**, to the Customer Central section, and look at the Marketing Tips. Tip #2 will walk you through the process. It will show you how to get your important keywords into your "source code," then submit it to all the major search engines.

Getting your business and website address listed in online directories is also very important. You can follow the steps in the Marketing Tips at **www.iarfcwebsites.com**, mentioned above. Many of these tactics will cost you nothing but a bit of your time. In some cases, as with Local Yahoo!, you can pay about $10/month for an enhanced listing that will place you at the top of the directory for your community.

Link Strategy

Relevant, incoming links to your site (called "link popularity") are viewed favorably by search engines, so link-building efforts are critical to improving your ranking. It's an ongoing process. The directory listings are a big step in this direction, and sending press releases through online press release distribution services, like PRWeb.com, will quickly build more links. Finding link partners in your community to exchange links is another strategy. See an example on the "Useful Links" page at **www.goldkeylongtermcare.com**.

Paid Search

Google Adwords is the leader in this category, though all search engines offer paid search. These are the small ads (also called "sponsored links") that appear next to the "organic"

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search results. The process is quite straightforward. You set up an account, decide on your daily budget and the price-per-click on your ads, create the ads, and watch the results. Of course, it gets very sophisticated because of all the "rules" for the ads, and the data analysis that is available. There are experts who focus entirely on this area of Web marketing. A smart thing to do is to pay Google $299 and have them set up your first customized campaign.

E-mail Marketing

The most important tactic in this category is to constantly work to build your own email list from people you know, and those who agree to receive emails from you. Capture addresses on your website by offering free reports, free seminars, and other compelling offers. You can also rent "opt-in" lists from email list houses. One resource is **www.listfinder.directmag.com**. These services will send your message (you never see the addresses), and anyone who responds is then added to your own list. The secret to successful e-mail marketing is to stay in steady contact, offer useful information, always include a call-to-action, and maintain your list, being careful to remove anyone who asks to unsubscribe.

So there you have it, in a nutshell of sorts. Once you have your website, you can begin the Web marketing process. Many of the tutorials and Marketing Tips at **www.iarfcwebsites.com** are fairly simple to follow, and can be delegated to others on your staff, or to an exuberant family member. Web marketing can bring amazing results, so the more you know, the more you do, the better for your business.

Stephen Anderson is President of Financial Visions, an IARFC technology partner that creates affordable, high-content websites for IARFC members. The company can be reached at 800 593 9228. To learn more, join Financial Visions during a workshop at the IARFC Financial Advisors Forum May 15-17 in Las Vegas. To view the website service that hundreds of RFCs are using to connect to prospects and clients, go to: www.IARFCwebsites.com.

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Investment Policy Statement

Making it a Part of Your Investment Process

Norman M. Boone, CFP®, MBA

Linda S. Lubitz, CFP®

Advisors who manage money for their clients are discovering the value and the importance of using an Investment Policy Statement as a key part of their investment process. Clients appreciate the opportunity to better understand what to expect from their advisor. That clarity helps to build a much ***higher level*** of trust and respect, which can, in turn, lead to ***growing accounts*** and ***more referrals***.

Significant Disclosure & Communication

An Investment Policy Statement (IPS) is a written document that provides a record of the agreements reached between client and advisor with regards to the policies and procedures to be followed by the advisor in managing the client's money. Such a document is legally required for all ERISA plans and for virtually all trust and institutional clients. Using an IPS with individual clients has so many benefits that it is considered a "best practice" for advisors.

The most frequent question we hear is: "How do I do it?" What follows reflects our suggested approach to investment management — it is what both of us have been doing in our own investment advisory practices for many years.

We believe that the creation and confirmation of the IPS is the single most important step in the investment process, because all the other steps either lead into the IPS, or are directed by it.

The investment process can be seen as occurring in six steps shown in the adjacent chart, all centered around the development and continued use of the IPS:

1. **Initial Discovery** — We learn about the client's circumstances, goals, income needs, restrictions, current holdings, risk tolerance, etc.

2. **Discussion and Agreement** — We talk with clients about the various issues and choices that must be agreed to before we can appropriately manage their money. This gives us an opportunity to educate, to set appropriate expectations, and to find agreement on issues like the degree of client involvement, the asset allocation to be used, the kinds of instruments we'll be investing in (or not), our approach to taxes, dollar cost averaging and a host of other implementation concerns.

3. **Creating the IPS** — Once we have agreement on the full list of issues (systematized through a questionnaire to help ensure we don't miss anything), we record the agreements in the document known as an IPS. We and the client both sign the document, signifying its acknowledgement of our agreements.

4. **Investment Implementation** — We do no trades in the client's accounts until we an IPS in place. Once the IPS has been signed off by all parties, we are then free to do all the initial and on-going trades according to the "roadmap" provided by the IPS.

5. **Ongoing Communication** — Our regular meetings, phone calls, e-mails and periodic reports are all conducted as called for in the IPS.

6. **Monitor & Adjust** — No portfolio stays as originally structured. So, as laid out in the IPS, we monitor the portfolio for poor performers, for rebalancing opportunities, for tax loss harvesting and other ways to keep the portfolio in line with the objectives set forth in the IPS.

Changing Circumstances

Clients and their needs change over time. It is therefore important to periodically go back to step one, to make sure you are addressing the client's current needs and wishes and not ones that are now out of date. Every one to two years, the IPS document should be reviewed with the client, to make sure that they continue to agree with its provisions.

This review offers an opportunity to remind clients about all the things you do to make sure the client's portfolio continues to serve their needs and it helps remind them of your philosophy and approach; all of which helps to avoid surprises and disappointments. If you do what a client expects you to do, then you are more likely to have a happy client.

Advisors who use this process find that taking a little more time with clients up front helps to cement the relationship and brings opportunities for more and better business. Clients appreciate the extra effort and the greater clarity the IPS development process brings to them.

Renewing Understandings

The other important benefit that accrues is that clients have a better understanding of what we are going to do with their money and of our approach. They understand we have a reason for each of the things we do or will be doing. As a result, they are more confident in our abilities and therefore much more willing to release the controls.

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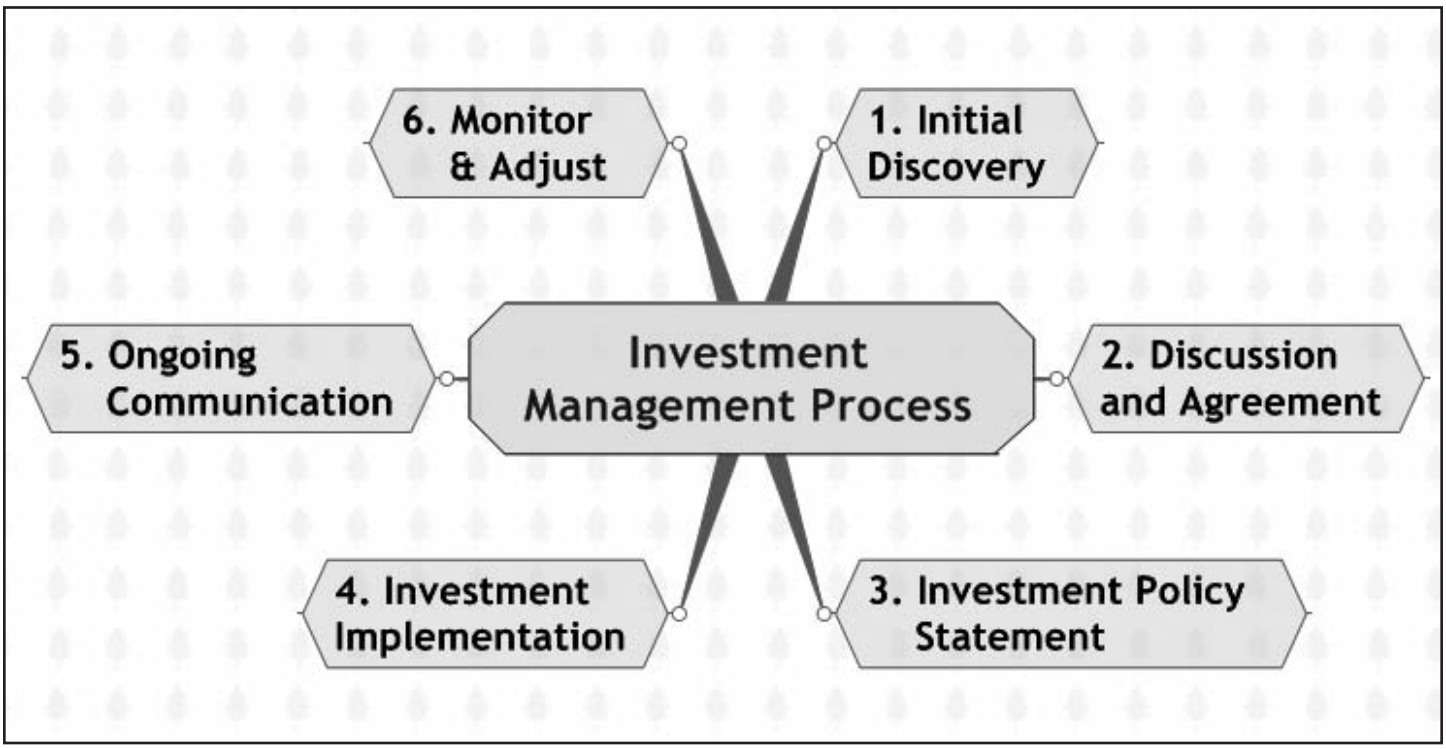

We each take full discretion to manage our clients' accounts. This can only happen if you have established a comfort on the part of the client for your abilities and approach. Working through the creation of the IPS and its prior steps forms the basis for that confidence. It makes our lives much easier.

Adjusting to the Market

When the markets go through a down period, if the clients have confidence in you, they won't be calling to ask you to move their accounts to more safety. The IPS establishes investment guidelines and a framework for long-term investment thinking. Simply reminding clients of what they agreed to in the IPS is often enough to calm their nerves.

If they persist, then a change in the IPS becomes necessary in order to implement the client's changed instructions. Often, when we show our seriousness about the requested changes by insisting the policy statement itself be changed, clients realize the seriousness of their request. The IPS serves clients well by providing a framework to help them think about investment decisions, allowing them to get through difficult market periods. Doing so obviously makes the advisor's life easier as well.

How to Produce the IPS

Of course you could do each one manually, using Excel and Word, as we did originally. But this becomes extremely time-consuming, and repetitive. We found ourselves focusing more on the production of the IPS report than on the communication with clients. So, we started putting the production into software, first on a hard dirve, and then on the Internet. It is now available (as a member benefit for IARFC members) as IPS Advisor Pro™.

IPS AdvisorPro™ is new software (recently named "Best Software of 2006" by Morningstar's Technology Editor Joel Bruckenstein), now available to advisors who want to use Investment Policy Statements in their practices.

A Web-based Resource

The online application is fully customizable (the words, the asset classes and the asset allocation models) by each advisor so that the final document will reflect his or her own practice.

- To create an IPS, the advisor simply completes a questionnaire about the client, selects the asset allocation model to be utilized for that client, makes any final adjustments to the words and the IPS is ready to print and save.
- The IPS remains on the system until the advisor returns to modify it or do an annual update.
- The highest available security systems assure complete confidentiality of the data. If you are interested in learning more, see www.ipsadvisorpro.com for tools and resources.

Norman M. Boone, CFP® and Linda S. Lubitz, CFP® are the co-founders of IPS AdvisorPro™, providing an online investment policy solution for the professional wealth manager. Boone is also the president of the San Francisco wealth management firm Mosaic Financial Partners, Inc. Lubitz's independent advisory firm, The Lubitz Financial Group is in Miami, Florida.

They will be presenting at the IARFC Financial Advisor Forum in Las Vegas, and will demonstrate how easy it is for you to produce high-quality Investment Policy Statements for your clients.

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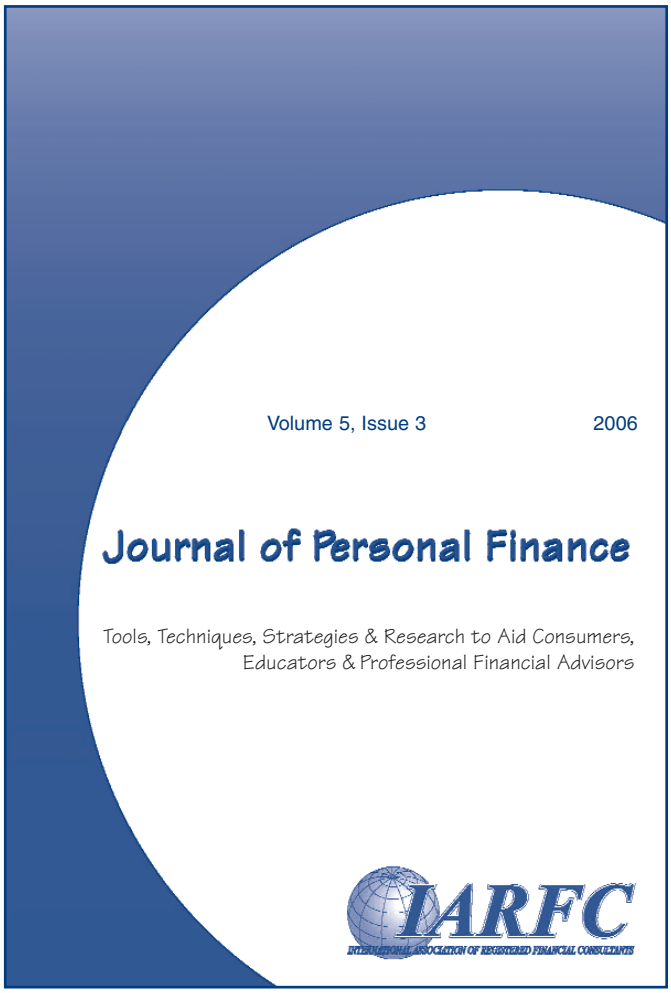
IARFC *Journal of Personal Finance*

CONTENTS OF THE NEXT ISSUE

Comments on the Journal by the Editor, Ruth H. Lytton, Ph.D., RFC®, and an encouragement for the readers, financial advisors and educators to express their interests and to contribute their research and thinking.



PLANNING STRATEGIES

The rare U.S. coin market is moving from the backwaters into the mainstream as an alternative tangible asset investment. Independent coin certification services and national electronic dealer exchanges coupled with widespread coin population and price data have lead to increased transparency and liquidity in this growing, multibillion-dollar industry. Financial professionals who want to consider offering rare U.S. coins to clients should become familiar with this asset's specific performance characteristics. In addition to reviewing research on the role that certified rare U.S. coins could play in a well-diversified investment portfolio, this paper provides practical guidance related to coin portfolio construction and size, client characteristics, liquidation options, tax considerations and tax-deferred portfolio rebalancing.

Arguably home ownership is one of the most important investments many consumers make. Alongside the difficult choice of selecting the home and negotiating its purchase price is a myriad of complicated decisions associated with the mortgage financing process. Unfortunately, comparing one mortgage loan to another is an extremely complex task. While information is available as required under Truth-in-Lending Act and the Real Estate Settlement Procedures Act (TILA-RESPA), it is often complex and jargon-specific. Further exasperating the problem is that some required information disclosures come late in the process, impeding consumers' ability to use them when shopping multiple lenders. More financial planners may expect to be called upon to give advice with respect to financing a real estate purchase. This article details the disclosures a consumer can expect along with an explanation of the yield spread premium. A working knowledge of both is a necessary precursor to providing adequate counsel through the mortgage lending process.

It is important for couples to communicate about family finances. However, many couples neglect to discuss finances and, in particular, they fail to discuss what to do in the event of an unexpected death. This paper attempts to motivate financial advisors, educators, and clients to address this situation by providing suggestions and approaches that can lead to open communication. It is helpful to recognize that men and women communicate differently. The use of Life Scripts and two types of communication approaches are described. In addition to advising clients on an individual basis, financial advisors could include a case study utilizing these communication strategies when presenting a seminar.

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RESEARCH & THEORY

Every member of the IARFC is invited to submit a manuscript for an article for the Journal. Advisor articles are generally less academic and frequently discuss marketing, practice management or plan implementation issues.

Note: The Journal of Personal Finance is mailed automatically to every U.S. member of the IARFC. Single Copies are available for $15 for non U.S. members, including postage. Many of the domestic members of the IARFC have found that it to be an extremely valuable outreach to distribute additional copies to professional associates, perhaps with their card or identification label attached. Members can purchase multiple copies for $10 each.

Annual Subscriptions for the four quarterly issues are: $55 U.S. and $68 non U.S.

Business Mirrors Life

Hard at Work, Becoming a Non-Salesman

Hesh Reinfeld

In sales training I was taught to have responses prepared for a long list of objections, such as "I've got no budget", "We've got an existing supplier", "Send me some literature", "You're too expensive!" However, the one that always flustered me was: "I'm doing well without it. And anyway I don't want to grow too fast."

I always wanted to say, "Don't you worry that your top ten customers will all decide to drop you in the next month?" But instead I'd shrug my shoulders, say "Thank you for the time," and return my glossy presentation book to my briefcase and leave.

Back in the office I'd go through the dozens of books I keep on sales. They all have chapters on responding to objections. However, I couldn't find any that could respond to my conundrum. My boss said the guy was simply trying to get rid of me and knew that his response flustered many sales people. Maybe she's right.

I really wanted to know my former prospect's motivations. I called him back. Fortunately he took my call. I explained my problem. He said. "Hesh I'm telling the truth. We're doing very well and I'm afraid of growing too fast." I had to ask, "How should I have responded?"

"You actually did the right thing. You left my office," he said. "So you're telling me that your comments weren't objections, but the real truth," I said in amazement. "Yes." He said.

I thanked him and hung up the phone. Now I was really perplexed. He was telling me that some prospects actually respond honestly. They're not trying to create obstacles. I threw all of my sales training books in the trash. Then I cancelled my participation in the weekly web seminar on sales. There was no solution there.

Now I was really flustered. What would I do? What should we all do, as sales people; if we **actually** believed what prospects tell us? We could practice the latest mantra of 'consultative selling.' However, I always thought that idea was formulated by some sales guru who was just looking for a new way to get past the receptionist. Imagine if our goal was to really help organizations succeed. I know I am into sales because I'm competitive. I've never returned to the office and boasted that I've helped a client. Instead I'd tell my colleagues, "I just went over quota and I'll be taking the free trip to Bermuda."

Now I may have to change professions. What could I do? I could stay at home and take care of the kids so my wife could return to her career. No way. I could go back to school, major in history and teach junior high kids. That was once my dream but no longer, I'd suffocate in a classroom with a bunch of twelve year olds.

I have the answer. I'll become a Coach — perhaps a new Strategic Motivator. I'll write a book about my new journey and begin speaking and running seminars for other wayward sales people. I wonder what objections they will have to paying big fees to attend my seminars? I'll need to prepare for their objections.

I bet the answer is in one of those books I just dumped in the trash. Excuse me; I'd better get them back before they're put in the shredder.

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. Hesh prepared the Business Success Profiles for Gary Storie and Jim Zalenka.

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.

Contact: 412 901 0037
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Recommended Attire: Business casual is appropriate. For your comfort, we encourage long sleeves or a light sweater as inside temperatures can occasionally fluctuate. No jeans, tennis shoes or T-shirts please. A jacket is optional, but recommended, for the Dunton Award Dinner held on Friday evening.

Cancellation: A refund (less 20% administration fee) will be made if notice of cancellation is received in writing three weeks before the event. We regret that no refunds can be given after this period. A substitute delegate is always welcome at no extra charge.

Disclaimer: The program may change due to unforeseen circumstances, and IARFC reserves the right to alter the venue and/or speakers. IARFC accepts no responsibility for any loss or damage to property belonging to, nor for any personal injury incurred by attendees at our conferences, within the conference venue.

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