the Register

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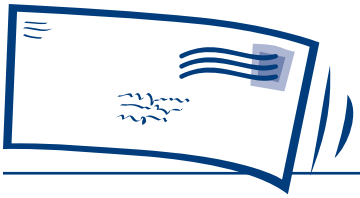

Register Letters

We welcome all your comments, suggestions ideas and articles. Please direct correspondence to: ***editor@iarfc.org***

Letters may be edited for length and clarity.

First I just want to say thank you for Hesh Reinfield's IARFC article in the ***Register*** last month; the one about taking a nap. I think I need to laminate it and hang it on my wall as a reminder that I'm not crazy. I can't tell you how many times I have screwed up my business plan and went off the deep end instead of just taking a nap and waiting for business to come back around in my already successful marketing plan.

It's just nice to know that I am not the only one who goes off in the wrong direction instead of maybe just tweaking my plan or maybe just hanging in there until it works.

Antonio Filippone, RFC®
Lovas Park, IL

The article by Wally Cato that appeared in the January 2008 edition is one of the greatest stories ever told. I thank God for bringing him to help our profession. He has contributed so much to financial planning. And Cato is not even a financial planner.

If my health holds up, I plan to do one more speaking world tour, from April through May 11, 2008. I hope to see many of my RFC friends at some of these events, and at future meetings of the association.

Charles "Tremendous" Jones, RFC®
Mechanicsburg, PA

We Have a Responsibility To Report Unsuitable Practices!

Phil Calandra's article on page 12 of the December edition of our ***Register***, entitled ***"Free" Senior Seminars Present Major Problems***, should remind every RFC that we, as planners, have the expertise to identify unsuitable practices and we have a responsibility to the profession and to our clients to uphold ethical behavior.

During the past five years I have attended various financial seminars which promised all sorts of outcomes for prospects. On several occasions, I found firms making false statements and accusations, or not operating under a proper business license or business name. One of the firms making false claims in Las Vegas had a home office in California that was shut down by the California Department of Corporations. This same firm was operating in Las Vegas under the same premise. I brought this to the attention of the Nevada Securities Division which later shut down the business in Nevada.

I understand the difference between those financial advisors that Cato calls "clowns" and those that state and federal regulators call criminals. We may have to tolerate the "clowns." But we do not have to tolerate the "criminals."

We as financial planners and advisor's need to make sure that members of our industry are performing in a legal and proper manner and report the violators to the appropriate authorities.

Geoffrey A. VanderPal, CFP®, CLU, MBA, PhD, RFC®
Las Vegas, Nevada

I read your *From the Chairman's Desk* and found you to be totally on point in every paragraph. Our leaders in Washington are in total disconnect with the country as a whole. One of my favorite movies that is so on point to this is ***The American President*** in which Michael Douglas gives an excellent response in the last ten minutes of the movie. No longer are our elected officials interested in doing their job for the people who elected them, they are in Washington to feather their own nests and damn the people they are representing. Washington bemoans the lack of saving by the general population yet thinks nothing of spending six dollars for every five tax dollars they collect

I speak with clients of different economic, age and political persuasions and all seem to agree that no matter who gets elected as a whole the middle class is going to get taken for a ride once more. The middle class which now encompasses incomes from $50,000 to $250,000 are seeing the American dream disappearing.

On Long Island in particular where real estate taxes average in excess of $10,000 a year or more, people are barely paying their bills making $100,000. That is the equivalent to probably $60,000 in your area when you factor in the cost of living in the New York Metropolitan area. The Alternative Minimum Tax is a crusher for my clients. Prior to the December change one client would have seen his tax bill without out any increase in income jump from $11,000 for 2006 to $16,000 for 2007.

College costs are increasing at double inflation where many famous schools are forcing the middle class out. This leaves the extremely rich and dirt poor able to attend there. This new social engineering is making the middle class more and more disenchanted with government. You may not be familiar with New York politics but our state is run by three individuals in Albany.

In conclusion, Ed, I do apologize for rambling on but I firmly believe that if there were five hundred and thirty seven individuals in Washington that each had run a small business, we would have a surplus of monies instead of owing nearly a $100,000 per every man, woman and child in this country and beholding to every country to bail us out. By the time our Washington people figure it out we won't be a third world country, we will be a fourth world country instead.

Brian E. Glickman, CPA, RFC®
Smithtown, NY

***Register* correction:** It has come to our attention that Vol. 9 No. 1 page 12, article by Dirk Dixon included the incorrect contact phone number:
Please contact: 515 285 5546

The IARFC is proud of our members and in reverence we would like to remember our passing members: Edwin F. Comunal, RFC®, Kings Park, NY, Edward K. Fazekas, RFC®, Chesterland, OH

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in this issue

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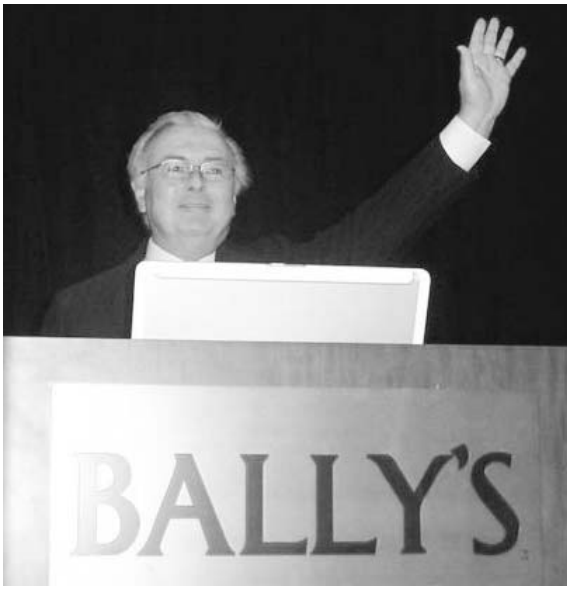
Jim McCarty — The Master Trainer



Jim as Master of Ceremony at the 2007 Financial Advisors Forum

How did you first enter financial services?

In 1969, I was selling electronic components in St. Paul, Minnesota when I was recruited into the life insurance business by Robert J. Gallivan, Jr., a successful agent with the Minnesota Mutual Life Insurance Company. I met Bob when my father died, and because of his outgoing personality and helpfulness during my time of need, we became good friends. Eventually, I became Bob's client and he became my personal life insurance agent.

Bob and I frequently enjoyed 6:00 a.m. breakfasts together at a downtown St. Paul restaurant. Bob always had a proven insurance concept or sales technique which he eagerly demonstrated each morning on the back side of the paper place mat before him. I didn't realize it at the time, but my sales skills were being developed on a weekly basis by a master trainer. A master who constantly reminded me that "until they buy into the concept, Jim, they will never buy into the details."

One day, Bob introduced me to Norb Winter, Jr., a prosperous general agent with Minnesota Mutual. Norb asked me several probing questions concerning my sales position at the electronics firm and listened intently as I shared my experiences. I enjoyed my job but was often "miffed" at the low commission I received on each sale. Frequently only two or three percent. When I finished my discussion Norb suddenly said, "Jim, come to work with me and sell life and disability products. I will give you 50 cents for every dollar you bring in the door." I couldn't believe my ears! So, I quickly signed on!

It was my own insurance agent, Bob Gallivan, Jr., who exposed me to this exceptionally rewarding opportunity. An opportunity that opened the door to a highly profitable thirty-eight year career in the financial services industry.

What jobs did you hold prior to this?

I graduated from a military prep school at the age of 17 and immediately entered the United States Marine Corps. Frankly, I thrived on the discipline and proudly served for six years. My decision to join the Marines was one of the best decisions I ever made. In the Corps I learned a valuable lesson, one that I carry with me to this very day. The lesson? **Do the things that must be done, when they must be done, whether you like them or not.**

Upon my discharge I spent the following three years selling electronics, as we have previously discussed, and then entered the financial services business as a full time life insurance agent.

How did your insurance career move forward?

Success came and went quickly. I worked my "natural market" of corporate buyers and electronic engineers, who I previously did business with and with whom I enjoyed a good repertoire.

We did two interview programming back then, which was a precursor to our financial planning today. Of course it was not nearly as effective as the more comprehensive plans of today but it was a good beginning. With my clients, I discussed how Social Security provided only a base of death, disability and retirement benefits and sold life insurance to fill the gaps around the "widow's blackout period" etc. I sold life insurance to pay off mortgages, fund education and provide income to survivors.

In addition, I encouraged wills/trusts and co-coordinated veteran and employer benefits. I even managed to sell a few annuities along the way. All this was accomplished with the aid of a three ring binder that included planning concepts. Prospects seemed to "beat a path to my door" but my prosperity soon came to a close after about nine months because I never asked for, and never received referrals. The pipeline was dry and I seriously considered leaving the business and returning to the world of electronic component sales. My activity level fell, and so did my income, my attitude and my pride.

Because of his concern for me and my success, my General Agent, Norb, suggested an activity that reversed my faltering direction. Norb invited me to join him at the September luncheon meeting of the St. Paul Life Underwriters Association where I was exposed to a dynamic speaker who shared a very basic and easily transferable sales idea. I left the meeting and used the presenter's technique with my next three prospects and sold all three. The excitement was back! The speaker was none other than the now industry famous, Tom Wolfe, Sr., and the idea that turned me around was his well known "Funnel Talk." (Often called Financial Planning 101.)

I relate this story to stress the value of belonging to a professional association such as the IARFC. I caution, however, that the value doesn't come from merely paying the dues. The true value comes from being **actively involved** and **personally interacting** with the other association members.

What association activities have been of greatest value to you?

During my career, I held several industry executive offices including President of the Houston Association of Life Underwriters, Regional Director of the Texas Association of Life Underwriters, and President of both the St. Paul Health Underwriters and the Minnesota Association of Health Underwriters. In addition, I served three years as a national Trustee of the Life Underwriter Training Council (LUTC). Frankly, I got back more than I ever gave.

One huge dividend came when, because of my industry involvement, I was introduced to Ed Morrow. Ed was

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recognized worldwide as a totally committed proponent of financial planning at the time, and remains so today. In his friendly, compelling way, Ed asked that I earn the Registered Financial Consultant designation (RFC), join the association and, if elected, serve on the board of directors. And so I happily did. After all, who can say "No" to Ed?

Frankly, I knew that if I became successful in my career, due in part to the effort of others, I owed it to others to help them become successful as well. Ed gave me one more opportunity to give back to the financial services industry, and I gladly shouldered the yoke. Several years ago, when I joined the IARFC, financial planning was a common theme. Everyone called themselves financial planners or advisors and even charged fees, but few were actually doing a plan.

While many producers sought and received financial designations at the time, by merely taking correspondence courses and passing an exam, none were required to demonstrate any level of proficiency. They were advisors and consultants in name only. Many have still never learned how to produce a plan. In addition to Ed's influence, my attraction to the IARFC was due, in part, to the fact that to earn the coveted (RFC) designation, not only did the applicant have to complete a rigorous course of study, but also had to demonstrate his or her proficiency by actually producing a comprehensive written financial plan.

As time went on, I was elected to a three year term as Director of the Association and presently serve in the capacity of corporate Secretary for the IARFC.

What one or two items did you do, or wish you had done early in your career that you would suggest for other new entrants?

Looking back I wish I had realized sooner that no one ever accomplishes anything worthwhile in life alone. In their quest for success, I would suggest that new entrants to our industry solicit and accept help from other professionals. They should also read a lot. Not only academic material. Rather, they should concentrate their efforts on self help books such as "The Magic of Thinking Big" by David Schwartz.

Noted author, speaker and IARFC member, Charlie "Tremendous" Jones, is often quoted as saying "You will be the same five years from now as you are today, except for the people you meet and the books that you read." Bottom line? Successful people read a lot! My final suggestion for neophytes is to get out of their offices and network. No amount of technology or online education will ever take the place of the good old fashioned "schmooze". See Executivebooks.com

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

I am an eternal optimist, and strongly feel the economy during the next 5 years will be bigger and stronger than it is today. Frankly, the state of the economy is all in how an individual chooses to look at it. Financial consultants will prosper in the future, but they must take certain steps now to make it happen.

Specifically, RFCs must learn to think bigger and in turn motivate their clients to do the same. An example might be found in advice given on education. As it stands today most financial consultants do not measure the full impact of future education costs when doing their plans. According to the education C.P.I., college tuitions are increasing at the rate of 7% per year. And, according to the rule of 115, in order to fund education for a current two year old, three times today's costs will be needed when the child turns eighteen and is ready for school. If higher education costs $30,000 per year, today, it will cost $90,000 per year sixteen years from today. **Think Big! Think Bigger!**

In addition, advisors today must develop and expand their creativity — within compliance and regulatory guidelines of course. There are many purveyors of products and services in the marketplace. But the one thing that sets us all apart from each other is the creativity which is reflected in our plans and in our recommendations. Clients will come to consultants five years from now, like they do today, seeking creative solutions to their complex financial problems. Regardless of the planning tools we use, we must forget the "one size fits all" approach. I am proud to say the RFC curriculum encourages this creativity and true personalization of the plans.

While on the subject, to prosper in this profession five years from now, advisors must ***overcome the fear of self promotion*** that seems to permeate producers today. If financial advisors have a proven track record and are proficient at what they do, the world should know about it. We, as IARFC members are blessed with some of the finest minds anywhere to teach us the art of self promotion. The names of Wally Cato, Hesh Reinfeld and Katherine Vessenes come to mind. "He who has a thing to sell and hides it safely in a well, will never earn as many dollars as he who climbs a tree and hollers." Thinking big, being creative and constantly promoting oneself, are three keys to an advisor's future success.

What will be the impact of technology on the practice of financial advisors?

Technology issues are quite encompassing. I will comment on only one facet, Systems. Unless financial services companies solve their systems issues, financial advisors' businesses will suffer. It seems that "since the earth cooled" no company has been able to effectively keep up with the demands of clients and producers. All advisors want faster, accurate, and more simplified trades, better underwriting and quicker problem resolution. No company, at present, seems to have all the answers.

There is some light at the end of the tunnel, however, and it seems to be coming from an unlikely source; the direct marketing companies. These companies who support on line insurance sales are able to process tens or thousands of fully underwritten life insurance applications each month in record time. How are they accomplishing this feat? Why is their policy issue so much faster than traditional companies?

State of the art systems is the answer. Maybe some of their expertise will eventually spill over into other aspects of our business. Rapid, effective, technology systems are a must if we are to continue to grow and prosper.

As a national board member of the Life Underwriter Training Council what has been your impression of that program?

When it was originally offered, LUTC was a local course, with weekly classes. It was organized by Life Underwriter Associations and the instructors were always leading local producers.

LUTC was training, not just an academic study program. Every week agents were given practical assignments. They

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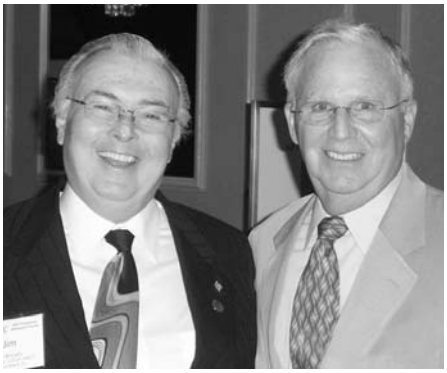
IARFC CEO Ed Morrow, Secretary Jim McCarty and President Steve Bailey.



Jim and Ben Baldwin, Dunton Award Recipient

Building relationships: Thomas Holt, Jerry Suver, Jim McCarty, and Dick Norton

went out in their community, performed those assignments, and returned the next week to LUTC class for critique.

And it worked! Many great producers of life insurance, now financial planners, were both LUTC students and instructors. However, the LUTC as an independent training organization collapsed not because of lack of need, but because it did not embrace the transition from insurance products selling to financial advice. The course transferred to the American College — where it is now primarily a distance learning self-study course. It has now "morphed" into the Financial Services Specialist (FSS) program, but remains primarily a distance learning academic program.

What can IARFC learn from LUTC?

The old program, which was phenomenally successful, equipped life agents to prepare rudimentary plans — Income Needs and other illustrations. Today, financial planning requires software — for presentation and the development of the analysis and recommendations — it cannot be done without a computerization.

This is why I applaud the intent of the IARFC to include software into the new RFC curriculum. The **new Financial Planning Process™** course must both **train** and **equip** the new RFC how to perform their job effectively.

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

Frankly, I want to see us triple the size of our United States membership. We are truly an international association, but, our compliment of US members isn't nearly where it should be. We must get the word out, here at home, that the IARFC is the premier financial planning association and that the Registered Financial Consultant designation (RFC) conveys professionalism and dedication to the industry and to our clientele.

Tell us about your current position:

After ten years conducting intensive |sales coaching with financial advisors nationwide, I decided to "retire" on January 3rd, 2007. At the time I held the position of National Life Insurance Sales Spokesperson for a major financial planning firm which had approximately 10,000 advisors across the country.

My responsibilities included speaking at company sales conventions, client appreciation meetings and award banquets. In addition I conducted classes for advisors on sales skill building which included self promotion, prospecting, plan design, closing, motivation and inspiration. It was both challenging and very rewarding. But it was time to move on....

Now I am the founder, president and CEO of a company called ***Showbiz Selling***. Showbiz Selling teaches the art of employing glitz, glamour, entertainment and charm to present a person, product, or an idea, in such a way as to inspire targeted prospects to hire that person, purchase that product, or implement that idea without delay.

The results oriented curriculum, which is packed with fun, is designed for financial advisors and all other professionals who want to become more effective and increase their income dramatically.

What is your perspective now on our profession?

Looking back over the past 38 years I must say I have been blessed with a very rewarding career. I have given over 5,000 major speeches throughout the United States, Canada and Australia. I have published five books on effective selling. I have also authored hundreds of sales achievement articles, received numerous industry awards and have earned constant recognition. In addition I have been bestowed with top honors from two state Governors. They have commissioned me to the rank of Admiral in the Texas Navy and awarded me the rank of Colonel in the Commonwealth of Kentucky. Wow! What a ride! And if all this isn't enough, I have now have been interviewed by one of the most prestigious publications in the financial services industry today; the IARFC *Register!*

Thank you so much for the interest you have shown in me and my career. Thank you also for your advocacy and constant support for professionalism in our industry. Continue the march! I will be happy you did!

Contact: 386 304 9684
Jim@showbizselling.com
www.showbizselling.com

Calendar of IARFC Events

Critical Illness Insurance Conference
March 12-14, 2008, Toronto, Canada

Financial Planning Expo
March 20, 2008, Tampa

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

Financial Advisors Symposium
April 16-18, 2008, Las Vegas

IARFC Accelerated Course — Trinidad
April 28 – May 2, 2008, Port of Spain

MDRT Annual Meeting
June 22-25, 2008, Toronto, Canada

CE at Sea™ Cruise/Conference
August 16-23, 2008, Mediterranean

Worldwide Chinese Life Insurance Conference
September 4-7, 2008, Singapore

NAIFA Annual Meeting
September 6-10, 2008, San Diego, CA

IARFC Accelerated Course — Trinidad
October 4-8, 2008, Port of Spain

Financial Advisors Symposium
October 13-15, 2008, Chicago

MDRT Top of the Table
October 22-25, 2008, Austin, TX

World Financial Services Forum
October 20-31, 2008, Beijing, China

SFSP Forum
November 30 – December 3, 2008
Las Vegas, NV

We welcome IARFC Members to visit us at IARFC exhibit booths. Please contact us for booth numbers and dates of exhibiting for the conference you plan on attending. 800 532 9060 or editor@iarfc.org

From the Chairman's Desk...

Important Compliance News. Please see the article on page 8 that indicates the RFC® designation has been reviewed and approved by the Nebraska Department of Banking and Finance. Nebraska is the first state, but it will certainly be followed by others, to introduce a procedure for the review and approval of financial services designations.

RFC® Compliance Procedures. Also on page 8 is the process we go through when we learn that an organization is reviewing financial services designations. We have a complete package and a series of letters and phone calls that are all carefully defined and being implemented.

We Need Your Help. If the organization you are doing business with has already approved the use of the RFC® designation, we need to add it to our growing list. If any organization has a review process in place, we need your help in getting our package to the correct person. **Please follow the procedures on page 8.**

Cooperation with €FPA. Following my presentation at the recent meeting of the European Financial Planning Association, I spoke with their Board of Directors. They have expressed interest in working cooperatively with the IARFC on several important issues. I will be coordinating with their Executive Director, Michael Fawcett. And I believe we will have important news to report later this year. €FPA is a fine organization, and has the strong support of the European Union.

RFC® Classes. We are completing the materials, and making enhancements as result of the first full class held in Northern Kentucky in December. IARFC Education Director, Jim Lifter, is now beginning to schedule the offering of classes across the country. We are firming up dates and plans now. Would you like to be an Instructor? Naturally there is compensation, but the greatest value will be that of making a contribution to the profession. See the interview of a great trainer, Jim McCarty, who has pledged to help us as a co-instructor. If you are interested, send an email directly to: **Jim@IARFC.org**

CE Approval for RFC® Class. The **Ohio Department of Insurance** has already approved the course for 20 Units — the maximum. Before scheduling the course in other cities, we will file for CE approval for insurance and securities, if applicable.

Membership Eligibility. This is a gradually evolving topic. At some point, when the new course is available on a widespread basis, the only avenue to the designation will be for those who complete the Course. We will offer attendance for existing members and their staff at very reduced rates, but it will not be required of those having being approved before the course.

Get Your CE at Sea™. We have a marvelous cruise lined up for this summer. You should plan to join us, and get a few business deductions for the educational component. More Business deductions is always good, but so is rubbing shoulders with the giants of the financial services industry. (Now that I am no longer giant-sized I can use that phrase.)

Ethics in Action. All of you are very aware of the IARFC ***Code of Ethics***, and we have been delighted at how many members have purchased the walnut plaques and mounted the Code in their office. The public and the media are more aware of this topic. A class will not make someone ethical. Most serious violations of Ethics are persons committing criminal actions. But there are some gray areas, and that is where we might be of service to our members and to the public.

We Need Your Ethics Input! We are considering an Ethics CE requirement. It would not be every year — perhaps every other year or every three years. The CE requirement could be fulfilled on line, or at a conference, or in writing for those who prefer paper to electronic viewing. ***What do you think?*** We would like to hear from you. Do you like the idea? Do you think it would be a wasted expense? Would it be a great inconvenience? For those already subject to the CFP® Ethics CE requirement we would accept any of their approved courses, so there would be no duplication for dually designated persons. Please send your email to: **Info@IARFC.org** and please put Ethics in the subject line.

RFC® Designation Approved by Nebraska

The first state to establish an approval process for financial services designations, Nebraska, has recently reviewed and approved the Registered Financial Consultant designation. The Bureau of Securities, within the Department of Banking and Finance has published a list of 29 designations that it has approved for use. There are approximately 200 designations in use within the U.S. and the members of this association are well aware that they range significantly in terms of the qualifications of the holders of the designation.

The Nebraska "Department takes the position that the use of a certification or designation on business cards, stationery and in advertising materials confers an impression with potential clients that the adviser or agent has special qualifications in a certain area of finance or financial planning. The requirements to obtain certifications and designations vary greatly, as can the processes for monitoring compliance with any code of conduct adopted by the organization which awards the certification or designation."

In reviewing specific certifications and designations, the Nebraska Department considered the following factors:

1. The history and reputation of the issuing organization.
2. The experience and/or educational requirements, including the material and content of the required coursework to obtain the certification or designation.
3. The type of examination required, the complexity and length of the examination and the method of examination delivery.
4. The time period for completing the course work and achieving the certification or designation.
5. The continuing education requirements.
6. The ethical standards or code of ethics of the designation or certification.
7. The process, if any, by which the designation may be revoked for violations of the ethical or other standards for the designation.

The Department does not endorse the use of any particular certification or designation or any registrant holding such certification or designation. Its Interpretative Opinion No. 26 is not a determination concerning the qualifications of any person holding a certification or designation.

Verification: The Interpretative Opinion issued by the Nebraska Department of Banking and Finance, Bureau of Securities can be found at:

http://www.ndbf.org/forms/IO_No_26_12-2007.pdf

Other States. While other states have taken an interest in the matter of financial designations, the first to issue an approval list is Nebraska. Such a review could be conducted within a Securities Department or an Insurance Department, or some other agency of a state.

Members Can Help. If you have reason to believe that any agency in your state is considering a similar designation review/approval, we would like to submit an information package to them immediately.

Contact: 800 532 9060 ext. 31
Kathleen@IARFC.org
www.IARFC.org

Compliance Review Procedures for the RFC® Designation

The Compliance Departments of many insurance companies and broker dealers are taking a strong interest in the matter of the qualifications that are claimed by their representatives. We feel that this is a very healthy activity, and one that can only be beneficial to the public and to the financial services profession.

The IARFC has a well defined procedure for providing information for any organization wishing to review the RFC designation. Our members can help in this matter, and we are soliciting your support.

1. A member advises us that his or her Compliance Department is reviewing designations and certifications. The member sends the IARFC an email message providing us with the critical information necessary for us to respond:
   - Reviewer's Name and title
   - Corporate Department
   - Mailing address
   - Phone number
   - Any related bulletin
2. We call the compliance person and verify the information, and inquire as to whether they have any special form or information that they are seeking.
3. The IARFC sends a substantial packet of information, including copies of our publications and a three page special memorandum that addresses the concerns expressed to us by the departments we have already been in contact with. This includes a personal letter to the Reviewer.
4. A copy of this first contact letter is sent to the IARFC member.
5. We place the Reviewer into our Practice Builder CRM system, and initiate the Compliance Sequence, which will trigger a series of additional follow-up letters and phone calls.
6. Each follow-up letter is accompanied by some brochure of the IARFC and a message that relates to our desire as a professional association to assist in the compliant behavior of our members.
7. When the Compliance review has been completed, we notify the member of the action.

At this point the RFC designation has not been disapproved by any Compliance Department. We have about 25 reviews in process at this time, and each one has recently been sent additional information, including a copy of the recent approval by Nebraska.

Contact: 800 532 9060 ext. 31
Kathleen@IARFC.org
www.IARFC.org

Plan Now for LTC Sales Success

You're looking for prospects, more clients, a mailing list, a lead generating program, any or all of the above! Let's review how you can better market your services and products to Retirees & Boomers in 2008.

Use Direct Mail. Drop your first LTC mailing in February or early March. Plan to mail the same lead piece for at least three separate mailings to the same folks every 6 weeks this year. Target your prospects by age, zip code, and income. Don't stop with just one mailing: Someone usually has to see or hear about a product at least three times before buying it. By consistently mailing the same lead piece in the same zip codes for ten years, I now get a consistent 4% response — and you can too.

Should You Deliver Seminars?
Absolutely, if you plan to be a Big Producer. Seminars don't have to just attract the plate-lickers who are looking for another lunch or dinner paid for by our generosity. No, you can set up your Seminars as an educational workshop. I call mine 'Coffee With the Coach' and provide a series of workshops geared to topics of interest for Seniors, and then other topics that will attract Boomers. Another workshop that serves both groups well is one given by an FBI Agent on Identity Theft.

On the day of your workshop have water on the table, coffee in the back of the room, and arrange your tables classroom-style. My prospects and clients get an overview hand-out of the workshop provided to them when they take a seat, receive pencils, and they feel like it's a continuing education course.

Tombstone Ads. Take out a 3" x 3" ad in the professional journals of your state dental and medical societies. My ad just says "Has anyone told you about Critical Illness protection? Call for more information." Simple, concise, and don't try to educate anyone about a product. All your ad should do is create interest and solicitation response. You can educate the prospect when you call them back and meet them in their office or yours.

Free Publicity. Do some research to find out who the Editors are in your local newspapers or magazines. Send them regular announcements and press releases about changes in your company, comments on topics that are affecting their readers, such as Medicare, insurance, annuity benefits, LTC and Medicaid, whatever you feel is important. Sooner or later they will call you for a comment. But don't be a **PEST** and expect the Editors to print everything you send to them. Position yourself as an advisor with knowledge. That's all you need.

Referral Development. You can create a bevy of referrals from attorneys and CPAs, but it might take awhile. I take one attorney or CPA for breakfast every week. They get a copy of my press releases sent to them three days after the Editors of the newspapers receive them. Doing this will keep your name in the forefront on their desk and when their clients come to see them, guess what? When you have been supplying them with consistent information and they will tell their clients to call you.

If you want referrals from your clients, ask for them. I ask for a referral whenever I deliver a policy. Some advisors or agents ask for referrals when they first meet a client. Do whatever feels best for you.

Keep in Touch. Send birthdays cards. Send flowers on a golden anniversary. Watch the papers for announcements about the community leaders. If your client is one of them, or gets an award or is mentioned, send them a congratulations note or handwritten message.

Have a Client Appreciation Event twice a year. They'll love the event and they can bring friends because they appreciate the care and service you give, and best of all, they'll remember you when one of their friends is asking about LTC, investments, life insurance, whatever your specialty is.

No matter what products we sell or how we choose to market our services, the **BEST** program for results is an integrated program. Make sure to approach your market with a blanket, not a one-shot arrow. You'll acquire more clients and sell more products in 2008 with just these few additions to your marketing campaign!

Wilma G. Anderson, RFC®

Wilma Anderson, RFC®, has been known as The LTC Coach, one of America's leading LTCI sales trainers and a practicing producer who sells 400 LTC policies a year. Continuing to expand her services, she now supports the rapidly expanding market as the Critical Illness Coach. 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 ***Watch for a series of products coming to help you learn how to sell Critical Illness Insurance too!***

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The New Year Embraced 'Benonomics"

Let me first give credit where credit is due. The 'Benonomics' came from my wife. See — I'm getting help from everyone in defining the 'new era' economics. It is becoming more and more obvious even to non stock market observers that the Fed Chairman has taken over our stock market, our economy, our country. The only weapon that Ben has used is that monetary printing press and the general populace ignorance (aside from readers of this publication). He just keeps 'injecting' 'billions and billions' of Federal Reserve Notes. Most people erroneously refer to those pieces of paper in our wallet and bank account as 'dollars' but read the top of the paper. It says, 'Federal Reserve Note'.

Why is it significant? Because we now have a true 'fiat' currency — the same as every other third world country. Ain't it great? That means our currency has nothing behind it except ink and paper. This is part of 'Benonomics'. It is the way things will be run from now on. Get used to it. There are no doubt billions and billions more coming down the injection pipeline.

But let's give our new leader, Ben, some credit. Had the stock market and economy, ...uh, I'm sorry — the 'Benonomy' — not experienced cash injection after cash injection in 2007, where would we have ended? Most likely, the hundreds of billions of injected cash buoyed the stock market to a positive year. Much like a critically injured patient, we have at least made it to the emergency room. Albeit, Ben is still on the patient's chest thumping away with his CPR regimen. We all breathe a sign of relief that yet again the stock market finished a year in positive territory. Never mind how it got there. It got there! Whew!!

2007 saw three very distinct market swoons of about 10% or so for the index formally known as the 'Dow'. We should now call it the 'Ben'. It is his baby now. This same year also enjoyed the greatest options volume of all time. Gee, I wonder who traded all those options?

Anyway, we also suffered the most severe housing slowdown in a generation along with the most severe financial crisis our financial system has ever experienced this side of the Great Depression. The financial crisis was of course obscured by esoteric financial and accounting inventions like CDOs, CMOs, and SIVs.

Needless to say, the money printers of the world would never have needed to pump trillions into the world banking system unless it was out of money. Here is a great quote from the last week in December that basically surmises the entire state of affairs. Chrysler, the number 3 US automaker, warned that it was facing a serious cash crunch and was selling assets. (Yeah, and so is every other US corporation.) When the company President was asked if they were bankrupt, he replied, "Technically no. Operationally yes".

Defibrillators! Clear! Pow! Inject, inject, inject!!! Hurry, Ben!!! In other words, the patient is technically not dead because operationally, they are still on life support! Why are you still reading this newsletter? Shouldn't you be out buying stocks like a madman because our government claims everything is nirvana!!

Housing, or more specifically, home building, turned south and as the year came to a close, only got worse. Every major US home builder had the same refrain as Ara Hovnanian, the CEO of Hovnanian Enterprises so eloquently conveyed, "It sucks".

The money evaporated, subprime melted down, potential buyers disappeared, and the builders were all left with inventories that will likely have to be bulldozed to effect real recovery. That's one sector of the 'Benonomy' that has been dissolved. And worse, it is not likely to recover in the coming year either.

The financial sector piggy-backed with the housing sector to spook the Fed into all-out desperation. The hundreds of billions (in affect, trillions) of dollars injected by

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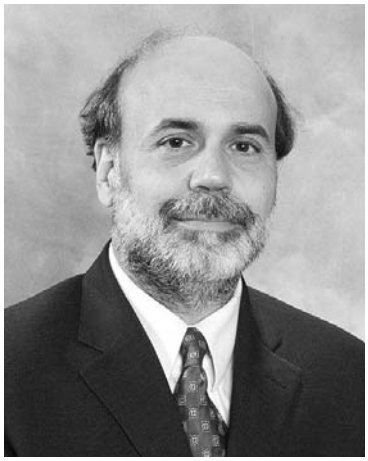
central bankers and foreign governments have allowed us all to get down to Wal-mart to spend more money than we have at least for another day. Why? Because that keeps the Chinese happy. And, we have to keep them happy because they now own so much of our currency and debt they are in effect, becoming our landlord. We spend-a-holics of the world have spent everything we have, borrowed from our inheritance, and then borrowed from the rest of the world to keep going. And to keep the party going, the entire world stands ready to swap out an empty keg of money for a fresh one faster than a NASCAR pit crew can change a set of tires.

For instance, on 12/24/07, The European Central Bank injected $500 billion. About in this same time frame, China Investment Corp. announced that it now owns 9.9% of Morgan Stanley stock. Citigroup last month got injections of $7 billion from an Abu Dhabi fund and $11 billion from Singapore (9.9% of its shares). Merrill Lynch is getting $6.2 billion from Singapore (They get to buy Merrill at $45 a share while at the time of the deal, the stock was trading at about $55. What are they doing — having a yard sale of their company?)

And most importantly, the Fed pledged to 'inject' forever if necessary. This is absolutely extraordinary! This is America! It is pathetic but we have been 'Greenspanned' to the point that we are now dependant on bailouts and life preservers thrown to us from all over the world. And yet, most citizens spent their Decembers merrily shopping for Christmas presents. Many shoppers spent money that they no doubt don't have. Many lenders no doubt lent them the money that they will no doubt never see again. Quick, someone call the Chinese so we don't have to declare bankruptcy! At the very least, dial up Ben so he can throw some more money at the market!

Of course, printing money devalues the currency under normal laws of nature, but never mind. This is the 'new era'. This headline came from an Internet site on 12/14/07: Dollar gains most since May 2005 versus Euro as inflation rises. Sure, this is a one day or a one week event that does not really change the longer term trend. And, that trend is for the dollar to continue to weaken. And yes, as the headline indicates, insanity temporarily rules the day. First of all, inflation erodes the purchasing power of the currency and rising inflation serves as kryptonite for currency valuations. Inflation is up and so is the value of the dollar? This is not normalcy. As the dollar declines, so too does the value of our assets. As in the corporate world, that makes it easier for everyone else to buy us. But, with a negative saving rate and a national almost trillion dollar credit card debt on our backs, we are desperate. We will accept an offer from anyone, anywhere. America is now for sale! Only the 'For Sale' sign is no doubt made in China and shipped to the US on Korean made cargo ships and unloaded by illegal immigrants!



Ben Bernanke, Chairman of the U.S. Federal Reserve System

I don't mean to be too pessimistic. After all, our stock market indices climbed higher for the year. The market has beenblatantly manipulated all year by government data sorcerers and the Plunge Protection Team. One way to play the modern market of the new era is to scan the financial news for word of Federal Reserve 'injections'. Wait two days and buy like crazy as hundreds of billions of dollars hit the shore of the NYSE. As we move into the New Year, keep in mind that Ben already has a couple of C130s stuffed full of cash and ready for takeoff in mid-January. He looks to be a busy man in 2008.

Also, consider the 'requests' that the Fed gets from the market. Early in December, market analysts were all in agreement that the S&P 500 index had to march higher than 1490 to turn the bearish chart into a bullish chart. Granted. And, in an effort to improve their service, the Fed and the market manipulators turned the trick in less than a week! I would like to state publicly, right now, that I would turn very bullish if the Dow gained 1,000 points in the month of January.

The Nasdaq was even more interesting. Analysts wanted this index to stay above its 200-day moving average. In technical circles, the 200-day moving average is a drop dead absolute line that an average must stay above for the bull market to be in place. The Nasdaq had violated this line three times this year after touching it in February. Once at 'THE BOTTOM' on August 16, once in November, and once again in December. Granted. Late December enjoyed a nice Nasdaq rally above the 200-day moving average right on queue. Interestingly, since the magical year of 2003, the Nasdaq has dipped below this line eight times only to have rallies ignite. It is almost as if we can all become very mechanical in our investing now that Ben is on our side. We just have to know what instigates his 'intervention'.

As for the data sorcerers, I just had to include this to wrap up the year. I saw a table the other day on the Internet with government 'data' such as payrolls, CPI, durable goods, and so on. One column listed 'Expected'. The title of the other column was 'Actual'. It had an asterisk beside it. At the bottom of the table the asterisk was identified as meaning 'Subject to revision'.

That means to me that the information is not really 'actual'. It is more like 'estimated'. Or better yet, since it came from our government, it was probably 'just made up'. Or, as we used to say, the data is just a SWAG — Scientific Wild #%! Guess. Of course, the guess is always fantastic and wonderfully ebullient. That always gives the stock market a reason to rally. Oh what the heck, even if bad news leaks out, the market rallies anyway!

So the very interesting year of 2007 comes to a close. But wait — on the last day of the year Bernanke injected another $18 billion or so, our financial institutions have their hand out to the rest of the world for more cash infusions, and existing home sales increased over the previous month. Well, of course they did! What would you expect to hear — the truth????

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Update Corner

Did you know that the Dow is actually down since June? So are the other major US indices. All of them peaked in the first half of 2007. So, the market has basically been negative for the entire second half of 2007. It is difficult to make much headway when the market is giving us nothing to work with. Worse, the S&P 500 and the Wilshire in particular have very distinct bearish double top formations that we technicians pay close attention. So too does the Dow, or the Ben as I think we should call if from now on. In fact, the Ben has a distinct neckline at 12,800. This is of course THE BOTTOM as defined by our Federal Reserve. As we prepare for the coming year, I would urge that everyone pay very close attention to this level. Should we fall below it, we should assume that Ben can't keep the market up anymore than Humpty-Dumpty could be put back together. I can't stress this enough. There is incredible risk in this market. That's not just my opinion. Why else would the Fed be throwing money at the market like at no time in history? We are in uncharted territory and it is time to be very cautious. That's what I think!

Money Management Moment — Do you know how well the Dow did this year? Most likely, everyone knows how well the Dow did. It was up about 7% while the Nasdaq was up about 10%. Of course, the Dow is only 30 stocks and is now driven by the Fed. But what about broader indexes like the S&P 500 or the Wilshire 5000? The S&P is 500 stocks and the Wilshire is actually over 6,000 stocks. They were both up only about 3%. I guess it is a little tougher to manipulate that many stocks at one time. Oh, but what about the Russell 2000? You remember the index of supposed small stocks that everyone had their eyes on over the past few years. Well, it was actually down a few percentage points.

Here is the point of money management. Money management, at least in my case, takes a target and sticks with that target. We don't drift. If your goal over the past few years was to match the Russell, then you should be content to be down like the Russell this year. But, I suspect that everyone that ogled the Russell over the past couple of years is now ogling the Nasdaq. Or better yet, India or Brazil or whatever the best performing index in the world might have been. How about Zimbabwe? Don't you want to put all of your money there? No. Almost everyone that I talk to would describe themselves as being somewhat risk intolerant. Therefore, their benchmark is 'not losing a lot of money'. One of the biggest keys to investing money is to not allow yourself to fall victim to benchmark drift. Don't be a chaser.

The views of the above are of this writer. The information herein is derived from sources believed to be accurate and up to date.

Barry M. Ferguson, RFC®

***Barry M. Ferguson**, RFC® is the President and founder of BMF Investments, Inc. an independent SEC registered Investment Advisory fee-based money management firm located in Charlotte, North Carolina. Barry has more than a decade's worth of experience in the financial services industry. He has a diverse background ranging from financial software consultant to registered representative of investment products to President of an Investment Advisory firm. His strong technology background has been beneficial in today's 'information age' market.*

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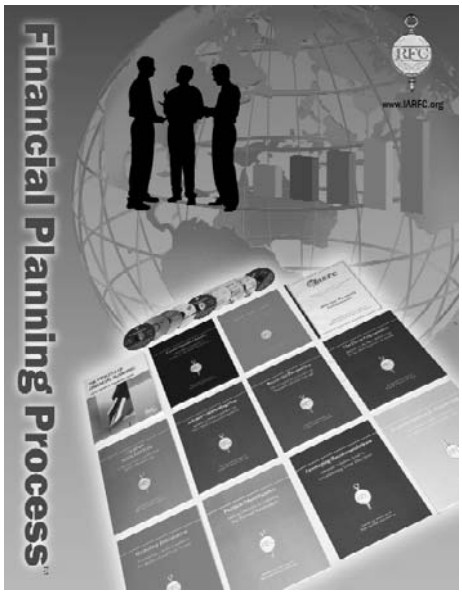
RFC® Course Approved



The new RFC Course, entitled the Financial Planning Process™, has recently been reviewed and approved by the Ohio Department of Insurance, and awarded credit for 20 units of Continuing Education. Twenty units of CE is the maximum amount granted for any program, and it fulfills the bi-annual requirement for those with insurance licenses in Ohio.

Every state has different standards and procedures for CE approval. For example Ohio uses the firm ProMetric for CE review and tracking, as do many other states.

Some states are very concerned that testing be a component of the curriculum, especially if the course involves the granting of a designation, as ours does.

Other state agencies are very concerned with the quality of textbooks that are part of the curriculum.

The IARFC Education department, has submitted the new RFC® Course for approval in several states where we are already making plans to hold the new classes. It is our goal to have the number of CE units identified for insurance and securities (if applicable) within all states, but this is a lengthy process.

Jim Lifter, MBA, RFC®

__Jim Lifter__, MBA, RFC®, the IARFC Education Director, has an undergraduate degree from Ohio State University in Marketing and an MBA from the University of Dayton. He holds the RFC designation and will be responsible for coordinating the development and distribution of the new RFC courses.

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Stepping Into Our Client's Financial Shoes... And Walking With Them

I'd like to share a financial planning experience with you that I've encountered because I think we can all relate to it, and hopefully learn from it as well. For the purposes of the article, we'll call the clients John and Jane Doe.

In 2001, John Doe was a 34 year-old single male with an annual income of approximately $120,000. The first step I took in helping John to establish a solid financial plan was to set up a "cash cushion" for unexpected events, funding it with approximately 90 days of living expenses. I then advised John to raise the deductible on his Car Insurance to $1,000 and the deductible on his Homeowners Insurance to $2,500. In doing so, he saved approximately $400 a year and I advised John to use this savings to purchase a $4 Million Umbrella policy, which he currently owns. I also advised John to raise his Uninsured/Underinsured protection limits to $1 Million/$1 Million, since there is a tremendous risk of being injured by an uninsured motorist. John also purchased a rental home, and we established a $2,500 deductible on his rental Homeowners Insurance, and also verified that his Umbrella policy covered this property as well.

Since we all know John's most valuable asset was his income, I helped John purchase an Individual Disability Insurance policy to replace as much income as possible in the event that he should become unexpectedly disabled. I also added a 3% Cost of Living Rider as well as a Future Increase Option that would allow him to increase his coverage as his income increased in the years ahead, which he subsequently has done.

The next step was for me to advise John to acquire his Human Life Value in life insurance, so he purchased a $2 Million 30-Year Term life insurance policy. As John's income grew over the next 7 years I have also helped John to consistently increase his coverage, and now owns $6,000,000 of 30 Year-Term life insurance.

John fell in love and got married to Jane Doe in 2003, and soon after their marriage, I advised them to immediately acquire Human Life Value in life insurance on Jane's life as well by purchasing a $2 Million 20-Year Level Term Policy.

In the next several years John and Jane had two children and, prior to the birth of their first child, I advised that they both establish a Revocable Living Trust complete with Durable Powers of Attorney and Advanced Medical Directives. We met together with an experienced estate planning attorney and completed the process. I also assisted them in properly funding this Trust by transferring their house, bank and investment accounts, and life insurance to this Living Trust. After the birth of each child, I helped John and Jane established a Uniform Trust to Minors Account for a College Savings Plan. In addition, since their parents also wanted to help gift monies for their grandkid's college, we established and began funding a 529 Plan for their future college needs.

John and Jane wanted to purchase a new SUV to help them with their travel needs with their new children. Since they had large Home Equity positions in both their primary residence and their rental home, I advised them to refinance their 30-Year Fixed loan on their primary residence and utilize some of this Home Equity to purchase their new SUV.

Finally, in addition to funding John's group 401(k) plan to achieve the maximum company match, I also advised John and Jane to start an investment account, and begin automatically saving on a monthly basis (via bank draft) into a nicely diversified mix of quality mutual funds to help fund their future life events and retirement needs.

So I guess you would say this is a fairly standard financial planning case, right? Well, here's my point here...this is my story. John Doe is actually me, Jane Doe is my wife Terri, and the children are our daughter Taylor and son Nicholas.

So you may ask why I am telling you this story? Well, I think that for many of us in this business (including myself) we have the ability to sometimes get caught up in focusing too much on helping our clients with their investments. However, the reality is that there are so many other pieces to the everyday financial lives of our clients that are equally, if not more important than the rate of return on their investment portfolio.... and most of these decisions can be extremely complicated, misunderstood, and overlooked.

I have had a blessed career in the business with excellent training as well as working closely and learning from some of the most experienced and talented people in this business. However, learning about financial planning first-hand through my

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continued from page 14 **Stepping Into Your Client's Shoes**

own personal experience and financial life has given me a true understanding and passion about this business. Now when I meet with a client or look at their financial picture, **I feel like I AM that client**. This makes me feel compelled and obligated to educate and plan for my clients in a way that never existed when I was focusing on solely helping them with their investments.

So in summary, here are the most valuable lessons I've learned throughout this wonderful journey I've had over the past seventeen years:

Never forget the big picture. Our job is to look at our client's entire financial life and make sure **each piec**e is working as efficiently as possible. Since we are responsible for the accuracy and outcome of every plan we design, we should leave no stone unturned.

Practice what you preach. As financial professionals, we cannot count on a financial plan that depends on solely their investments or a specific rate of return. We have to take into consideration things like losing a job (having a "cash cushion"), being sued (having an Umbrella Policy), becoming disabled (Disability Insurance, or dying prematurely (Life Insurance and Wills/Trusts), and many other planning strategies.

Having a plan that is built on investments and the "perfect world" in our client's ever-changing lives is simply not good enough. And if this is our advice for our clients, we must **practice what we preach**. I tell my clients that I wake up every day knowing that, no matter what changes life brings, I've done everything I can to ensure that my family is OK under all circumstances. That's exactly what we are entrusted to do for our clients... and our own families as well.

Put yourself in every client's shoes. Look at every client's financial picture **as if it were your own**. Whether you are in a similar situation as your clients, or not, our job is determine exactly what it is our clients are trying to accomplish and then "step into their shoes". Using this mindset should allow us to plan accordingly using the right perspective.

Maintain Annual Reviews. As you can see from my personal story, everyone's lives and financial circumstances are constantly changing. Our job is to grow with every client and ensure their plan **stays on the right track**. This simply cannot be accomplished without annual reviews, and I firmly believe that is not only our job, but it is what can separate us from the rest of the financial services industry.

In summary, as financial advisors, we are the luckiest people in the world. We have the opportunity to build a rewarding career and, at the same time, help our clients improve the efficiency and security of their entire financial lives. What a win-win situation!

I can promise you that these lessons have made me a happier person, improved my business, and created a stronger bond with every one of my clients. I truly wish the same for all of us.

Christopher Hill, RFC®

***Christopher P. Hill**, RFC®, is a financial advisor in Tyson's Corner, Virginia. Chris started his career in financial services as a college intern assisting an experienced stockbroker. He was first involved in working in portfolio management and then held seminar positions as a national wholesales and ultimately Vice President of Marketing and Sales. In 2001 he formed his won company and he has now built a team of professional specialists to provide superior customer service.*

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Recession... 'Decide NOT To Participate'

In the spring of 1982, I was fed up with the corporate culture and early on a Friday morning I resigned my position as a 'Quality Control General Foreman' with **Chamberlain Manufacturing**, a Fortune 500 company. Not one of my most brilliant decisions! After several months of unemployment, and spending $5,000 for career counseling, our family finances were beginning to run low. So, in July of 1982, I decided to take a temporary position as an Account Representative with Metropolitan Life Insurance Company, only because they offered me a minimal training salary for the first three months. I accepted this sales position even though the career counseling I had received from **Haldane Associates** told me I was not cut out for sales.

Most of you were not around in 1982 and may not know (or remember) that in 1981-1982 the United States was experiencing its worst recession since the Great Depression, with conditions frighteningly reminiscent of those 50 years earlier. This was a major recession with massive job loss, run away inflation, and mortgage interest rates over 15%. Yes, you read correctly 15%. By November 1982, unemployment reached nine million, the highest rate since the Great Depression; 17,000 businesses failed, the second highest number since 1933; farmers lost their land; and many sick, elderly, and poor became homeless.

It was an extremely difficult time financially for many middle-income families, and you may think that it was not the best time for me to be entering the insurance business. However, being new to insurance sales, I was oblivious to the problems of selling permanent, cash value life insurance in a recession, and in 1982 I led my District Sales Office with only six months in the business. And, every year after that, from 1983 to 1988, I was either the number one, or the number two life insurance producer in my office, and in the 'Top 10' for the New England Region.

Why was I able to be so successful, when the economy was so bad? It was because unwittingly, **I decided 'NOT' to participate in the recession.** Being new to the business, I was very focused on learning and practicing the basics.

In 1982, prior to entering the insurance industry, I was making over $40,000 per year, which was a lot of money back then, about the equivalent to making $100,000 or more in 2007. So, I listened to everything my managers told me. As they suggested, I read everything I could about marketing, sales, income taxes and personal finances. I attended the LUTC classes (Life Underwriting Training Council) through NALU (National Association of Life Underwriters) now NAIFA. I paid for and attended all of the courses **Metropolitan Life** offered: Personal Insurance Planning, Business Insurance Planning, Estate Conservation, Wealth Accumulation Planning, and Retirement Planning. I was a sponge, attending every course I could find, and soaking up as much information as I could. I even sought out the most successful insurance agents in the area and asked what made them successful. And, I asked successful people outside of the insurance industry about their financial situation. I listened to everyone about their problems, concerns, successes and failures.

What I quickly learned is that to be successful in insurance sales... **it's not about selling your products!** To be successful you must find ways to help people to improve their financial situation! It's about becoming a respected and trusted financial advisor instead of a sales person. I learned how to help middle-income families to become financially independent. And, everything I've learned during the past three decades is what has now become our **'Found Money Management™'** program.

Are we in, or headed for a recession?

Maybe? Most economist say yes!

Are most middle-income families struggling financially and looking for real help with their money? Yes!

If you want to be successful today and stay successful, then 'Decide NOT To Participate In The Recession!' Stop listening to the "Nay Sayers!" Become the trusted financial advisor people want to see. Starting today, learn everything you can about marketing, sales, income taxes and personal finances. Become a true student of your profession.

As a new agent, I did it in 1982 in one of the worst recessions in history. **And, you can do it too!!!**

Lew Nason, RFC®

***Lew Nason, FMM, LUTC, RFC®**, with his sons **Jeremy Nason,** RFC® , FMM and **Will Nason,** RFA® , FMM are the founders of the **Insurance Pro Shop®** and the creators of the... **Found Money Management™ Advanced Life Insurance Sales System...** The most endorsed and successful Life Insurance prospecting and sales system available for today's insurance professional! **Lew** has been helping agents and advisors to achieve long-term success in financial services industry for over two decades. His unique perspective, on how to truly help clients, has enabled scores of agents and advisors reach the top levels of their profession.*

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2008 Marketing Quick Start

As the New Year commences it is appropriate to ask yourself, "Have I set in motion the steps necessary to achieve the **required** and **desired** flow of new clients for 2008?

For many advisors, they must reluctantly respond, "No!"

Of course the long term action is to produce a full **Marketing Plan**. But, however important that may be, it is a longer term proposition. While financial advisors are all "planners" of one sort or another, those skills do not necessarily extend to developing their own Marketing Plan.

So maybe your New Year's Resolution list should have included "Develop a Fresh Marketing Plan." If you have an Action Checklist for your practice — add that now. I intend to provide more guidance on how to develop a Marketing Plan in a future issue of the Register.

However, in a recent newsletter ***The "Daily Plan-It"*** by veteran attorney, Ted Gudorf, he offers six excellent strategies you can start on right away:

> **Teach More.** The more opportunities you have to share your expertise, the more you'll be viewed as the "go to" expert. What better way than to teach more? Look for clients, clubs, and professional groups as a way to share your knowledge.

You might find community educational organizations, civic clubs and a Chamber of Commerce as groups that would like a speaker on financial topics or to serve as a teacher of a course on personal finance. Having served as an instructor is a valuable credential.

One way to trigger this is to develop a one or two page "Speaker – Lecturer Profile." It would include some of your speaking and teaching credentials as well as your designations and degrees. By all means it should have at least one picture of you, such as the traditional head shot, but it would also be great to have a photo of you standing and lecturing to some organization.

Send your speaker profile to the civic organizations in your community, suburb, or in the region of your office, if you are in a larger city.

> **Write More.** If you have any chance to share your expertise in writing, take advantage of it. The more your write, the better you think, and the more clearly you express yourself. Write more to communicate with clients and with local publishers.

Are there weekly papers or business courier tabloids in your area? Frequently these publishers do not have full time writers. They can easily become desperate for free copy that is carefully written. They do not like copy that requires additional research on their part, or which requires editing of grammar, spelling or structure. So be sure to have your copy reviewed and edited before you send it to them.

Check for local publishers and send them a cover letter asking if they would be interested in copy like the attached. Then attach a well drafted short article about some aspect of personal finance. If you use the Practice Builder Financial software there are hundreds of articles

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you can easily adapt for your local copy — plus checklists. Editors love a checklist they can place in their publication, adjoining an article.

If you are considering writing an article for a professional journal (i.e. the IARFC ***Journal of Personal Finance*** or a magazine (i.e. the ***Register***) then please remember, the true value to such an article lies in your re-distributing the copy to clients, center of influence, and prospects. Your natural prospective clients do not read such publications — but they are impressed that you are a "published" entity.

Update your website. An increasing number of people are turning to the Internet to research everything from cars to doctors to financial planners. Make sure that your website is well-designed and easy to navigate. Moreover, you could hire a specialist with experience in Search Engine Optimization (SEO) to learn how to effectively direct more people to your site. Bringing clients to your site is half the battle; making sure they can easily locate what they're searching for once they get there is the key to winning it. Putting yourself in the shoes of a potential new customer will inspire your clearest choices.

As an IARFC member if you do not already have a good website then check out **www.IARFCwebsites.com** and use the preformatted and very inexpensive website managed by Financial Visions.

You should also read Sylvia Tudor's bi-monthly articles in the Register and join or use their support services for website search optimizations. In this era, you must have a website. To not have a professional website marks you as "Not ready for business!" or even worse, prospects will consider you to be, "Not truly professional!"

Reconnect with clients. Staying on the top of mind of your clients is the key to referrals and repeat business. Stay in touch, whether it's sending a newsletter, some friendly correspondence, or communicating relevant changes in tax laws that effect planning. To turn an old maxim on its head — ***in their sight, in their mind.***

There are several tips here. One automatic is a bi-monthly newsletter. It is not your total communication, but a nice base of six contacts per year. Be sure to have a good photo on your newsletter. Liberty Publishing produces two great newsletters, the *Financial Insider* and *The 20/20 Letter* that can also be formatted with your personal contact information and photo, available at an IARFC membership discount rate.

Then plan a campaign of other communications. One solution is a client drip marketing program. There are excellent Marketing Sequences in the Practice Builder Financial — for individual clients, business owners and professionals, and that very important category, referrals. Drip marketing is the automatic process of sending communications and having contacts with your prospects, clients and centers of influence.

Let's have coffee. Now's a great time to connect to other industry professionals in order to develop referral sources that will lead to new, lifetime clients.

Make a list of the other professionals in your area who could refer business to you — or who might like to co-sponsor some type of seminar or public briefing event. Create the list in writing, including firm name, address and business phone number. Plan to meet with one per week — for coffee.

One advisor calls estate planning attorneys and accountants and says. "I have a small problem, maybe you can help?" They always say "Yes" or "What can I do?" He then responds, "I've made a deal with Starbucks to buy two coffees and muffins every week. So I was wondering, next week, could we schedule a time early in the morning in your office — just for a brief chat — an I'll bring the coffee and muffin?" They **always** say "yes." He selects a day with them and asks what type of coffee, muffin etc.

His return on this marketing investment is over 1,000%!

Say Thank You. This is obvious, but one we frequently forget.

Ted Gurdorf wanted to end his list of marketing quick starts with prompting you to say a simple thank you for your referrals and support.

Use the IARFC personal Note Cards for quick personal Thank You notes. Print your business info on the cards or simply enclose a business card. Plan to send at least five Thank You notes every week. Place the notes and envelopes on your desk and don't quit on Friday until they have all been addressed for mailing.

Remember, that successful marketing is often not one big event, a major advertisement or an expensive brochure. Often it is just a little effort expanded in some simple activities.

The Daily Plan-It
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937 898 5583

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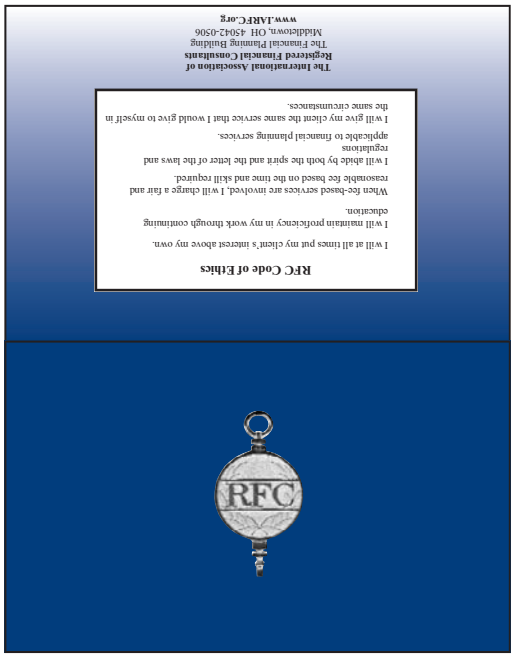
Ed Morrow, CLU, ChFC, CFP®, CEP, RFC®

Ed Morrow is the chairman and chief executive of the IARFC and he speaks frequently at professional conferences on topics related to his practice experience — and enabling financial advisors to increase their sales production and client services, by building their practices through effective client relationship management. He first used computers in '70 and he has authored seven computer programs and 21 operation manuals.

Contact: 800 666 1656 ext. 14
edm@iarfc.org
www.iarfc.org

Classic RFC Gold Key Note Cards Order Form



William J. Nelson, LUTCF, RFC®
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Phone: 937 426 7032
BillN@NelsonFinancialGroup.com

Example of how you can imprint your complete contact information inside the Note Card.

The International Association of Registered Financial Consultants is pleased to acknowledge the appointment of

WILLIAM J. NELSON

For having acquired the professional distinction as a Registered Financial Consultant through the completion of seven criteria: education, examination, ethics, experience, licensure, business conduct, and annual completion of ongoing continuing education.

An optional formal RFC announcement message can be printed by us, or by you.

Use this space for your handwritten notes or message.

Printed Gold Key Note Card Options

	Price	Quantity	Total
❑ Classic Gold Key Note Cards & Envelopes, 250 Boxed	$ 100.00	_____	$_____
❑ Optional—Your RFC Announcement Message and your address printed inside, per 250 cards	$ 50.00	_____	$_____
❑ Smaller Quantities, per Card & Envelope	$ 0.60	_____	$_____
❑ Imprinting Smaller Card quantities, cost for each card	$ 0.30	_____	$_____
❑ Gold RFC Seals for envelopes, cost per 250	$ 30.00	_____	$_____
Plus Shipping & Handling			$ 15.00
U.S. Shipping Only			
Total Cost			$_____

Ohio Residents Sales Tax 6.5% must be added

Unit Cost Analysis - Imprinted			Without Imprint		
750 @ $465	=	*$0.62 each*	*$315*	=	*$0.42 each*
250 @ $165	=	*$0.66 each*	*$115*	=	*$0.46 each*
100 @ $95	=	*$0.95 each*	*$75*	=	*$0.75 each*
60 @ $63	=	*$1.05 each*	*$51*	=	*$0.85 each*

Name: _____ (Please print your name only – no other designations)

Firm: _____ ❑ Visa ❑ MasterCard

Address: _____ ❑ Amex ❑ Discover

City: _____ ❑ Check written to: IARFC

State: _____ Zip: _____ Card No. _____

Phone: _____ Expiration: _____

Fax: _____ E-mail: _____

Website Address (optional): _____

Signature: _____ Date: _____

Fax to: 513 424 5752 **Mail to: IARFC, Box 42506, Middletown, OH 45042-0506**

Increase Client Awareness on Identity Theft Risks

Every advisor needs to reinforce client awareness on the risks to their financial well-being brought on by credit and identity theft — America's fastest growing crime. The ICFE in 2007 trained and certified over 1,000 individuals as Certified Identity Theft Risk Management Specialist (CITRMS™) and among them is "Identity Theft Revealed™" author, Gene Turner of Lee's Summit, MO.

Gene, who is a speaker, professional magician and pickpocket entertainer, earned his CITRMS™ early in 2007. Because of his unique manner of consumer and client education programs, ICFE asked him to list the areas of concern a financial planner should discuss with their clients when it comes to credit and identity theft risk management.

What to talk about with clients on the increase of credit and identity theft risks.

Identity theft affects about eight million Americans every year. Targets range from top executives and celebrities to children and the deceased. What can your clients do to protect themselves? The purpose of this article is to provide some ideas and solutions to help you help your clients. Protecting one's identity is extremely important because Identity Theft will cost valuable time and money and cause major frustrations.

Protect Social Security numbers and date of birth. That information alone allows identity thieves to access a lot more private information. Never put a Social Security number or date of birth on checks. Don't carry a Social Security card, passport or birth certificate. Check to see if the Social Security number is on a driver's license. If it is, request a different number. Be sure to shred the old card.

The top way that identity thieves get information is lost or stolen purses and wallets. A wallet carried in a back pocket, even with the button done up, is still very vulnerable to pickpockets. It is safer in the front pocket, but only with a hand on it. Purses are even easier to steal. Ladies need to refrain from putting their purses in shopping carts, and never leave a purse on the back of a chair in a restaurant or public place. Purses can be easily snatched or the billfold removed in an instant by a pickpocket while the owner's attention is diverted. It's not usually about the cash; they are looking for the information that is inside your wallet, which is worth a lot more to a thief. It is wise to copy the front and back of all cards that you carry and keep that copy in a safe place. If a wallet is lost or stolen, there is a record of card numbers and the phone number to quickly report the theft.

Be aware of the billing cycles on charge accounts. If charge account or credit card statements are not in the mail at the right time, call the company to check the status of the account. Thieves may have had those statements routed to a new address.

I am often asked about credit cards versus debit cards. Credit cards are the safest. Credit cards allow for disputed charges and withhold that payment until a decision is rendered. Debit cards automatically withdraw the funds right away. Even if the charge is disputed and the funds are returned, two to three months time may have elapsed.

If possible, get credit cards and business cards with the holder's picture on them. Although this isn't a solution, it can be helpful. Cancel credit cards not used within the past year. Make sure to sign the back of credit cards. Some people write, "See photo ID." Although this sounds safe, it is not. "See photo ID" allows thieves to sign the card with your name using their signature. When they make a purchase using your card, the signatures on the credit card and credit slip will match.

Pre-approved credit card applications can be very dangerous if identity thieves steal them. A simple call to the 800 number will activate the card. The thief then calls in and says, "Hey, I've had a change of address. Are you the one I tell?" Victims don't even know the account exists until sometime down the road when the company calls about the overdue account or it affects their credit report. Make sure to shred all pre-approved credit card applications. The best protection is to get off the pre-approved credit card list by calling 1-888-5 OPT OUT. They will ask for a Social Security number because of its link to the credit bureaus.

Make sure to check credit reports regularly at the "big three" credit reporting bureaus — Equifax, Experian, and TransUnion. Request free yearly reports at http://www.annualcreditreport.com or by calling 877-322-8228. Other websites advertise free credit reports, but they usually involve trial memberships in their credit monitoring service. If it isn't canceled, there is a yearly fee. Be wary of other websites offering free credit reports, as they are set up to steal personal information. Check credit reports carefully for any suspicious activity. Also remind clients of the credit freeze option that is now available in all 50 states from all three credit bureaus.

Don't give out personal information on the telephone, in the mail, or with Internet access unless the contact was self-initiated. If somebody calls and asks for personal information, call them back at a number that is the true number, like the main switchboard rather than some kind of extension, and ask for that person. Don't take the number down from them and turn around and call them right back with the number they provided. Never reply to unsolicited emails. Any reply will provide the sender a city and state. Having a name, city and state allows them to Google that individual.

Cross-cut or diamond-cut shred all confidential mail and papers. Be sure to shred outdated credit cards, CDs with financial information, income tax returns over seven years old, and outdated medical cards. Trash cans and garbage

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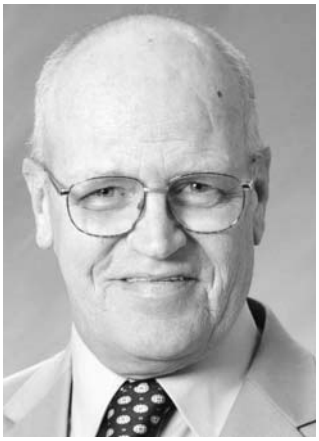
Consumer Focus

bags become public domain once they are on the curb. A shredder is a very valuable tool in protecting against identity theft. Computers hold a wealth of personal information. Everyone needs a secure browser with software that encrypts or scrambles information you send over the Internet and from wireless computers. Everyone also needs virus protection with automatic updates (http://free.grisoft.com), a firewall program (zonelabs.com), anti-spam filters, and Spyware removal program (lavasoft.com). (These websites listed provide free programs.) Make sure that any Internet sites used for purchases are encrypted, secure sites with valid and reputable companies. Do not save financial information or passwords on a laptop computer. Also, consider a lo-jack anti-theft device for laptops.

This information is intended to help reduce the risk of being a victim of identity theft. It is not intended as legal advice. Turner's website, www.pickpocket.com, and his CD, *Identity Theft Revealed*™ contain further information on identity theft. The CD includes an extensive "Resource List" and "Actions To Take List." He will e-mail a free PDF copy of each list if contacted: 877 263 8718 or gene@pickpocket.com



Paul Richard, RFC®

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

Cato Comments – About Your Image...

One Trip to the Men's Room

Senator Larry Craig blew his long-time, carefully cultivated image as a straight-laced, up-tight, Republican family man with the strongest of Christian family values! Craig's toe-tapping in a public men's room changed his image for life and marked the end of his career as a U.S. Senator from Idaho. And this is a man who most likely spent much more money on his image, year-after-year, than you do. Of course the middle aged Senator didn't really do anything, and continues to deny lurid intent, but the media wanted another sensational story, so he was crucified. This was all about image. ***Now tell me that image is not very important for you?***

Successful persons create, establish, and maintain the desired images that are most appropriate for each person. **Napoleon Hill** said, "The greater your image, the greater your success."

I like to think of financial planners as sharp professionals. ***The right image for you results from specific effort and careful on-going attention to image detail.*** You either define and polish your image — or you allow others to do so for you. Those others may not have your interest at heart.

You either have the desired image as a sharp, competent, prepared professional, or you do not have a desired image as a sharp professional.

You define your own image. If not, your competition or the general media defines your image to their advantage. For example, does the image of **Suze Orman** fit you and the way you do business?

Former Presidential candidate **Howard Dean** blew his skillfully created image by screaming inappropriately during a major media exposure, and the media devoured him for this. **Tom Cruise** blew his carefully crafted image as a movie action he-man by jumping on **Oprah Winfrey's** couch and acting like a school boy. Fans stopped believing his image and his films started bombing. His studio even dumped him. ***Image is important but must be kept consistent 24-7.***

Senator Craig, **Howard Dean** and **Tom Cruise** were big spenders when it came to image. What about the celebrity homemaker/investor, TV promoter and former stockbroker, **Martha Stewart**? They all spent tons of money, over time, to build their image.

Many financial planners want to spend very little, but expect to immediately establish their image. They may expect to accomplish this with some great pronouncements or embellished claims. They suspend reason and actually expect to start at the top image-wise. Apparently they believe that just a few quick efforts will establish and maintain their desired image. You don't get there quickly. But even if you have carefully built a well-established image, you can fall quickly.

Once you establish a perception you can not change radically mid-stream. **Tom Cruise** went from super-hero to wimp with one powerful media exposure. This causes tons of work and lots of money to be spent to repair the damage. **Howard Dean** was perceived as a strong leader and a disciplined physician until his silly scream during one powerful media exposure changed his image. ***If you are going to position yourself as a sharp professional you have to look the part and act the part — at all times!***

Financial planning is evolving. We now see the old clowns being replaced by the young professionals who are more responsible with the truth, accountability, and display good manners, good taste, and control their egos. The huge success of young **Phil Calandra** made financial planning history in his marketplace (The Atlanta region) in only a few years. Calandra made our industry proud. ***Phil paid careful attention to his image from the start.*** He is polite, respectful, and mannered. He does not dominate conversations. He doesn't boast endlessly. He doesn't promise whatever a listener wants to hear. He's very careful with any comment he makes.

At one time **Britney Spears** had a national image as beautiful, talented, disciplined, gifted, young and with a brilliant future. Spears totally destroyed the image that many image professionals worked years to establish for her. She devastated her career and earnings outlook with one highly publicized stupid and irresponsible action after another. She quickly went from being liked and admired to being the object of contempt, disgust, and pity. She allowed herself to be associated publicly with others having a poor image, like **Paris Hilton**. Who is the worst enemy of **Britney Spears**? The answer is **Britney Spears**. Think **Anna Nicole**. Think some jerk financial planner.

Princess Diana created, established, and maintained such a strong positive image that this influenced the way people perceived her. But soon before her divorce it all started to go downhill. She had powerful resources (as a member of the British Royal Family) to establish and maintain her image. But, after the divorce, she went from a favorable public posture maintained by the Crown, to negative publicity brought on by her actions. When her PR effort ended, her image dramatically changed. Now, she is regarded with sympathy, not affection.

Queen Elizabeth (at the time of Diana's death) had horribly low (publicly reported as at an all-time low) image ratings with the people of England. But by spending a massive fortune on an image makeover, the elderly Queen is now more popular than ever with British citizens and world-wide. Today her image and approval ratings are at an all-time high.

These image examples I am using all involve people who had huge amounts of money invested in their desired images which were built over time. ***The typical RFC does not have a huge amount of money to invest in building an image as a sharp professional.*** You have to use all your resources, not just your checkbook. ***You have to spend smart — not Large!***

When you tell people — through your media exposures — what you are all about, you absolutely must start with, and adhere to, a base of honesty. Be true. If not, you will eventually fall on your face. Look at a few of the big names in the financial services field who are egomaniacs and thus highly disliked by the rank and file in financial services. Such people are always riding for a fall. They are their own worst enemy but are incapable of realizing this. Such people can not really be what their image promoters say they are. They will eventually "out" themselves.

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However, **"Mister Mehdi,"** one of the most successful men in our industry, is also one of the most disciplined about his image. **Mehdi Fakharzadeh** is actually beloved by his clients and by America's insurance agents and financial planners. Beloved! To know this man is to love him. He is highly respected among our RFC members. Mehdi once told me, "My clients and the people in our business do lots of my PR for me. But, I still pay attention to the details about my image."

About Your Letters!

Most of the letters or e-mails I receive from ***Register*** readers fall into the category of asking for quick tips about the basics on how to improve the planner's image. Here is a basic I find myself often harping about when I visit with groups of planners around the nation. I keep mentioning this because I continually see planners failing to do this. The basic is: Wear a neat suit and tie, have a good haircut, and keep your shoes shined every day.

Even if you are wooing the young demographic so coveted by Hollywood you still need to look like a sharp professional. The young person who looks sharp is more likely to end-up the greater success. Of course there are exceptions but that is no reason to argue as some planners do when it comes to their image. I believe some planners never think much about their image until their inappropriate dress and dirty shoes are pointed-out to them.

Some planners insist, "I must be more comfortable, and I believe my casual appearance makes me more acceptable, plus prospects or clients are more interested in what's in my head and what I can do than in how I look." If you are locked into that belief then I can "beat your brains out marketing-wise" with a planner who simply has enough sense to look like a sharp professional.

Even in the ice and snow of the Iowa and New Hampshire primaries there were no jeans or snow boots, just dark suits for **Barack Obama**. There are always consultants that tell politicians to take off their suit coat and hold it over their shoulder, or better-yet, wear casual clothes.

Professional Appearance Checklist

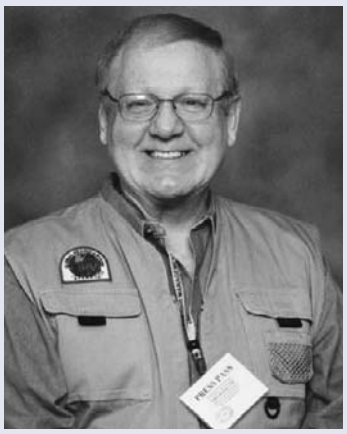
- ☑ **Professional** Clothing, good fabrics, etc.
- ☑ Well-pressed and neatly arranged
- ☑ **Men** – High quality tie
- ☑ Men – Over the calf socks
- ☑ **Ladies** – Coordinated scarf/belt, etc.
- ☑ **Both** – Shoes shined and heeled
- ☑ **Professional Jewelry** (RFC Pin)
- ☑ High caliber **leather briefcase**
- ☑ Professional **notepad** cover
- ☑ **Haircut**, trim and color
- ☑ Professional appearing **glasses**
- ☑ Gold, not plastic, **pen**

Be careful about the consultants you retain. I want my planner, or my President, to be a professional and look like a professional. **John Kennedy** wanted to stress his youth when he ran for President. But even more, Kennedy also wanted to be perceived as a sharp professional capable of leading the free world. The visual impression is the first impression even if that impression originates as imagination stimulated by sound or writing.

What is your image of the three most popular Presidents of the last half century — **Eisenhower**, **Kennedy** and **Reagan**? Are they in a suit looking presidential, or in some jeans and a sweater?

Sharp suits with dirty, worn, or scuffed shoes are often found on planners and other professionals who are only marginally successful. If any professional neglects detail to personal appearance, then he or she is likely to neglect other important details and may not even know what important details are!

Once I was amazed to find Senator **Howard Baker** in his hotel room shining his own shoes. My former assistant **Tom Watson** became **Howard Baker**'s assistant when **Senator Baker** was the White House Chief of Staff. I also once saw **Ted Kennedy** alone and shining his own shoes. I had assumed that certain people had their shoes shined by someone else. The late **Jerry Reiter**, former CEO of the Financial Advisors Legal Association, always wore shoes that were highly shined. Jerry once told me that he routinely had his shoes shined when passing through the local Las Vegas airport. **Ed Morrow**, IARFC CEO, is another leader who shines his own shoes. Shoe shiners are often people who were in the military or people who attended military school. ***Successful leaders know the importance of looking like successful leaders.*** Are your shoes usually shined? Your shoes are an important image detail. But shoes are only one aspect of your appearance. There are many other items that should be carefully considered in your image review. Now, at the start of a new year, it would be a good idea to ***Polish Your Image***.



Forrest Wallace Cato
RFMA, RFC®

***Forrest Wallace Cato**, RFMA, RFC® is a senior fellow in Financial Planning Media Advocacy at the Jamal Al-Habtoor School of Business in Dubai (United Arab Emirate). He is a former Editor of **Financial Planning** and **Trusts & Estates** magazines. He presents The **Cato Award** during the annual IARFC International Convention. He is an award-winning author, op-ed writer, critic, essayist, sales researcher, and International Editor of **Advisers** magazine in China.) 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**. As a media advocate he helps financial advisors receive the local publicity they deserve by promoting and publishing their services in an effective manner. Cato polished his education at Oxford University in England, but you'd never guess it from his southern drawl.*

Cato is shown in the photo in his CNN jacket and press pass. He has interviewed six Presidents of the United States and more members of Congress than he would like to remember. He is fond of saying, "I don't make the image for financial advisors; I can only expose solid image that is already present."

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Think Right – Advice from Kinder Brothers International

Wisdom Doesn't Grow Out of Date

Benjamin Franklin, when he was just a small printer in Philadelphia, found himself badly in debt. He thought of himself as a simple man of ordinary ability, but believed he could acquire the essential principles of successful living, if only he could find the right method. Having an inventive mind, Franklin devised a method so simple, yet so practical, that anyone could use it.

Franklin chose 13 subjects, which he felt were necessary or desirable for him to acquire and try to master, and he gave one week's strict attention to each subject, successively. In this way, he was able to go through his entire list in 13 weeks. But Franklin knew he had not permanently mastered these thirteen issues. So he repeated the process four times in a year, year after year.

It was to this one idea, taking personal responsibility to improve oneself, that Benjamin Franklin felt he owed all his success and happiness. Sales training legend Frank Bettger took Franklin's idea and applied it to selling. Here's Bettger's list from his legendary book, ***How I Raised Myself from Failure to Success***:

1. Enthusiasm
2. Order: self-organization
3. Think in terms of others' interests
4. Question Reveal Solutions
5. Determine the Key issue
6. Silence: listen
7. Sincerity: deserve confidence
8. Knowledge of my business
9. Appreciation and praise
10. Smile: happiness
11. Remember names and faces
12. Service and prospecting
13. Closing the sale: action

Bettger used what he called a Pocket Reminder and kept it with him at all times. We are following his example. Create your own list of 13, or use Bettger's list. Read your own short Reminder several times a day. Memorize it. We believe your results this year will substantially outshine last year's performance!

REMINDER #1 — Enthusiasm

- Force myself to act enthusiastic, and
- I will become enthusiastic!
- Enthusiasm puts fear to work for me
- Enthusiasm is contagious
- Enthusiasm sustains me in difficult times
- I am committed to double my enthusiasm
- Be Enthusiastic at work, play and family life

Kinder Brothers International teaches sales and management professionals how to experience lasting success. Both Jack and Garry are members of the IARFC and authors of books and courses on financial services.

Their associate, Bill Moore, delivers the Professional Patterns course and is developing the Registered Financial Manager workshop.

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Since 1976

Passing of a Pioneer — Jerry L. Reiter

Jerry Reiter

The founder and chairman of Financial Advisors Legal Association (FA Legal), Jerry Reiter, passed away on December 26 as result of complications from surgery. He pioneered in developing defensive measures to protect financial advisors from aggressive attorneys. FA Legal was the first organization to offer advisors concrete steps to reduce their liabilities from unwarranted claimants and equip them to take swift and effective action when challenged. Recently FA Legal has developed an insurance program for advisors and has been in the process of negotiating with the IARFC on how these benefits can become available to our membership.

Jerry was the author and subject of several articles in the Register and FA Legal has been a frequent exhibitor at the IARFC Financial Advisors Forum, most recently the last event in Las Vegas in May 2007. Jerry's presentations on how advisors could identify and reduce their liabilities held RFC audiences spell bound.

The firm, FA Legal, continues under the capable leadership of Robin Mills, and members of the IARFC can expect to learn more about their new insurance program, Financial Advisors Assurance Select, is the best tool for liability protection. Persons knowing Jerry may express their condolences through the company at:

FA Legal Association
7469 W. Lake Mead Blvd., Suite 170
Las Vegas, NV 89128
www.FALegal.com
800 261 0633

Compliance-Friendly Marketing

Trouble in the Workplace

By Katherine Vessenes, JD, CFP®, RFC®

Investors are not the only group going after the financial service industry's deep pockets. With numerous class actions pending against broker dealers by unhappy reps, it has become clear that claims between reps and their firms can be even more costly than the claims made by unhappy investors.

Furthermore, with both broker dealers and their reps continuing to get poor legal advice, these issues keep escalating. Let's look at the six most common claims and as well as claims that are currently making their way through the courts or arbitration.

1. Class Actions for Unpaid Overtime

In order to avoid paying registered reps overtime, virtually every securities wire house has acted on its legal counsels' advice saying that its reps qualify for the administrative exemption to the Federal Labor Standards Act. The only problem is that this advice is dead wrong.

"This is an area where the broker dealers got caught with their pants down," said Jim Eccleston, a nationally known attorney from the Chicago law firm, of Shaheen, Novoselsky, Staat, Filipowski & Eccleston, who specialize in securities litigation and employment law.

There are a number of conditions required for eligibility for the exemption, Eccleston explains, and "one of them is the employee must be paid a salary." Under the current law, the minimum amount an employee must receive in order to meet the criteria for the exemption is $455 per week. In addition, the salary must be a predetermined amount, which is received regularly, and cannot be reduced according to the quantity or quality of the employee's work. Also, commissions or draws don't qualify.

Most brokers work more than 40 hours per week, yet very few ever realize that they are entitled to overtime. In fact, each rep could be owed for hundreds of hours per year. According to Eccleston, the bottom line is just about every brokerage firm has violated the employment law, and are now exposed to a barrage of lawsuits and claims. Eccleston's firm and a coalition of other law firms have already started filing class-action suits on behalf of the reps. Their plan is to file class-action suits against every firm in every state.

Already the settlements have been staggering. UBS settled nationally for $87 million dollars. Citigroup settled recently for a whopping $98 million by consolidating three suits from New York, New Jersey and California that involved approximately 20,000 reps. Merrill Lynch and Morgan Stanley each settled in California, Morgan Stanley for $42.5 million and Merrill for $37 million. Some of these firms are likely to be facing actions in the other 49 states as well.

On the surface, it appears there is no legitimate defense for these cases. Either the firms paid overtime to their reps or they didn't. If they didn't, they are probably going to be facing class actions until the statute of limitations expires. Some states have a two-year statute of limitations on these claims, but in other states the cases could go on for five or six years.

According to Eccleston, "These are such open-and-shut cases of which none will be going to trial." It is in the firm's best interest to settle early rather than go through the time and expense of a trial where they don't have any meaningful defense.

Going forward, Eccleston expects most brokerage firms to change their policies, "They will probably pay the minimum in salary and then create a plan for the reps to get the balance of their compensation in bonuses or commissions," he explained. Many attorneys think this arrangement will allow brokerage firms to avoid paying overtime, but no definite decision has been made yet on this issue.

In the meantime, Eccleston cautions that changing a compensation policy now does not affect liability for past behavior. There will still be lawsuits because the firms' activities were illegal in the past.

The easiest cases are those where reps have recently left a firm and, feeling safe and secure in their new position, know they can seek unpaid overtime from the old broker dealer without jeopardizing their new employment. "We definitely want to hear from these people," says Eccleston. "There is a good chance we can help them."

Lessons for broker dealers: now is the time to get good advice about your overtime policies. Every day you delay changing your policies, is an increase of your exposure.

Lessons for reps: if you think you are owed overtime pay, you can contact a firm like Jim Eccleston's to see if you qualify. Also, from now on you should keep track of the hours you work every week. This information may be helpful in your suit.

2. Claims for illegal charges for sales assistants, trading errors, marketing costs and technology fees.

Another area that will be getting more attention in the near future is some firms' practice of charging their employee/brokers for sales assistants, trading errors, marketing costs and technology fees. Eccleston points out that it is illegal in most states for employee/brokers to be made to pay for their own sales assistance, and he cites New Jersey as a state where employers are not allowed to divert the wages of employees.

"Are particularly irksome to brokers," says Eccleston "and they are fighting back." It is really irritating to brokers to be charged for trading errors only when the firm loses money. When the error is in their favor, most firms don't share the profits with the reps, and this makes them very angry.

Technology charges are another area that seems to make reps upset enough to seek legal advice. Eccleston explains that it is not unusual for a firm to charge a branch $10,000 to $30,000 per month in technology fees, which is really just a way of using the employees' wages to offset the company's expenses. Eccleston points out that as of yet, no class action has been settled or won on this issue, but in his opinion the law seems to be on the side of the employees. He believes that in the meantime some firms are hoping that these cases will slip under the radar, and therefore are being quietly settled without much publicity.

Lessons for broker dealers: Carefully review the labor laws of every state in which you conduct business, and if you

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are contravening any of them, change the way you practice.

Lessons for registered reps: If you think you are being charged illegally, contact a law firm that specializes in the employment issues facing reps and broker dealers. They should be able to tell you if you have a good claim.

3. Promissory Notes

Promissory notes are also receiving a lot of attention lately. Although this is not a new issue, some recent trends in the size of the loans and their duration have brought it to the forefront again.

It is becoming increasingly common for a rep to receive a large, up-front bonus, frequently called a "waffle", as an inducement to switch firms. Although called a bonus, it is in fact a loan that can be forgivable if the rep stays long enough with the new firm. As each portion is forgiven, the rep must report it to the IRS and pay taxes on the forgiven amount.

These loans are usually based on 100% to 150% of the rep's trailing 12-month commission. However they are getting so large that it is not unusual to see bonuses in the range of $1 to $1.5 million being used to motivate a rep to switch firms. As the bonuses have increased in size, so too has the length of the term of the loan. The notes are now commonly six to nine years long.

For the reps, it looks good on the surface, but the strings attached to the bonuses can cause problems down the road. Reps need to realize that they will be indentured servants for the period of the loan, and six to nine years can be a very long time if they are unhappy at the new firm.

Should the rep leave before the note expires, there could be some very unpleasant tax consequences. Eccleston explains it like this: a typical situation is where the rep doesn't want to leave the new firm, but some circumstances force him to move on. Many such cases involve a bad start at the new firm. Typically there are problems with the on-boarding process, and the rep suffers financially as a result. It could be that the ACAT transfers did not come over as quickly or completely as anticipated, or maybe the new manager was uncooperative in some way, costing the rep some commissions, or maybe the phones just aren't working. The net result is that the rep realizes he's not making nearly as much money as he expected, and therefore decides to leave.

The firm then files a lawsuit against the rep for the balance of the loan.

The portion of the note not forgiven is owed and accelerated, and the rep, who is struggling anyway, now finds himself owing the firm a great deal of money. The advance has probably been spent during the switch-over.

"Sometimes, after reviewing the facts, we feel that the firm should owe a check to the rep, and not the other way around," Eccleston says, because often the firm has made the rep's life so difficult that, (a) he can't make a decent living at the new firm, and (b) he finds his business in ruins. Then to make matters worse, he is asked to pay back his loan. "That's when they call me and ask for remedies," he says.

Typically, the counterclaim brought by the registered rep is for lost revenue over three or more years. According to Eccleston, these cases usually settle, but problems arise when the rep consults with an attorney who may not be familiar with the tax consequences of these issues. Eccleston says when his firm negotiates on behalf of the rep, they try to string out the payments over as long a period of time as possible, because at the final payment date all the unforgiven portions (those the broker dealer agreed to waive during the settlement process) are reportable as income, and therefore taxable.

Eccleston gives the following example: suppose the rep was given a bonus of $500,000 and signed a promissory note. At the point in time when $250,000 is forgiven, reported and the rep pays the taxes that are due, he decides to leave the firm, accelerating the balance due of $250,000.

After hiring an ace attorney to negotiate a lower settlement, our rep is determined to owe only $100,000 because the broker/dealer agreed to waive $150,000 to settle the suit. It is at this point that Eccleston has seen a number of reps hurt by incompetent counsel, because the firm will issue a 1099 for the unpaid amount — in our example, a whopping $150,000 — treating it like a further forgiveness of the original loan. The rep will then owe taxes on the $150,000.

Eccleston says it's unfortunate, but most reps haven't a clue what is happening until they receive the tax bill. In the higher income tax brackets, they could see close to 40% of the amount the broker dealer waived going to the IRS, and suddenly their settlement doesn't look nearly as good as it first appeared.

Lessons for Registered Reps:

- Read the language in the promissory note very carefully.
- Get legal advice before you sign the note.
- If you decide to leave, take careful notes about any problems with the on-boarding process. Make sure they are detailed and dated because this will help strengthen your case.
- Watch out for the tax consequences.

Lessons for broker/dealers:
Good file notes can also strengthen your case. Make sure your branch-office managers are documenting the transfer process, and noting that things are going smoothly. If the transfer is not going smoothly, you should document what you have done to try to fix the problem.

4. Wrongful Termination

Eccleston says he has seen a number of wrongful termination cases that have come up after reps have left firms. Usually the reps don't know they have the right to bring an action for wrongful termination, and are not inclined to sue until they get the note advising them that the firm is going to sue them for the balance of the promissory note. "This is usually the last straw," Eccleston says. "This just sends the rep over the edge, and they will file a wrongful termination as a counterclaim."

5. U-5 Defamation

The U-5 is a Termination Form that the FINRA/NASD requires members to fill out whenever a registered employee leaves the firm, explaining the reasons for the termination. Certain comments on this document can effectively end a rep's career in the industry since most firms will not hire any registered person who has been terminated at another firm if the termination was precipitated by egregious conduct.

Sometimes the reps will sue to reform the statements on a U-5, however the statements must be both defamatory and

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false in order for the rep to have any chance of winning. In addition, the rep usually has to prove the broker dealer filed the statements knowingly and maliciously. On the other hand, according to Eccleston, some categories of defamation are so heinous that damages are presumed. One area is job performance.

Attorney Richard Levan of Levan and Friedman in Philadelphia, notes that this area is in a state of flux, because it is a question of whether the broker dealer has an absolute or qualified privilege regarding statements on the U-5.

If broker/dealers have an absolute privilege, they can state whatever they want to on the form and be immune from a rep's lawsuits, even if the statements are deliberately false and defamatory. If broker/dealers have a qualified privilege, the reps can sue only if they can prove the statements are false, defamatory, and that the employers made them with malice.

Reps faced with a state law which holds that broker/dealers have an absolute privilege which can put them in a difficult position, because they may have been falsely defamed but have no means of getting the language on the U-5 amended to reflect the truth. The end result is they are usually out of work, since no one will hire them.

Levan is intrigued by a New York case in the Second Circuit of the US Court of Appeals, Rosenberg v. MetLife Inc. The rep, Rosenberg was terminated by New York Life, who filed a U-5 which stated in part: ". . . Rosenberg appeared to violate company policies and procedures involving speculative insurance sales and possible accessory to money laundering violations." Rosenberg says the real reason he was fired is because he is a Hasidic Jew".

The district court dismissed Rosenberg's claim, holding that Met Life had an absolute privilege to say whatever they wanted on the U-5, even if it was false and defamatory towards Rosenberg.

"What is quite unusual about this case," says Levan, "is that on appeal the Second Circuit sent the case directly to New York's highest court to get an opinion on the issue."

Levan thinks this case, because it is from New York, our financial center, will have a bearing on similar cases in the future.

Another case that Levan believes gives hope to brokers is Galarneau v. Merrill Lynch, which was decided in July of 2005. In this case, Debora Galarneau, a Merrill broker for 15-years, sued Merrill for filing a false and defamatory U-5 Form. A Portland Maine jury agreed with her, and awarded her $3 million in damages. Merrill has stated that they will appeal.

According to Levan, this is a difficult case to prove because the plaintiff must prove that the form was incorrect, and the firm knew it was incorrect and proceeded to file it anyway. In essence, Galarneau had to prove that Merrill was knowingly blackballing her from the industry.

Although Galarneau may have won the battle, it is unclear whether she will win the war. She is still facing an appeal, and as of August 2005, she had not found another job as a broker. She fears that the U-5 Form may have permanently damaged her reputation in the industry.

Lessons for broker dealers: although it can be tempting to ruin a rep's career and livelihood, take the moral high ground and print only true statements on a U-5, and make sure you can defend yourself if you are sued.

Lessons for reps: if you are unwillingly terminated from your broker/dealer, consult with an attorney. They can frequently negotiate language on the U-5 that will not damage your career.

6. Errors and Omissions Coverage

It is rare to find Errors and Omissions insurance involved in employment-based complaints between reps and broker/dealers. The reason, according to Bud Bigelow, President of The Cambridge Alliance, a firm that offers E&O to RIAs and registered reps, is that E&O coverage excludes employment practices.

In conclusion, it is anticipated that the number of employment-related claims between brokers and their firms will continue to increase, so clearly this is one area where it pays to get good legal advice from a law firm that specializes in these issues. Many of the problems listed here can be avoided if parties use a qualified legal expert from the beginning. Whether you are a broker dealer or a rep, get the best help you can, and you will greatly increase your chances of success.

A prior version of this article appeared in *Broker Dealer Magazine*

Katherine Vessenes, JD, CFP®, RFC®

***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. Order her latest book: Building a Multimillion Dollar Practice.*

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The author wishes to express her appreciation to all the experts interviewed in this article, including compliance consultant Paul Bruce of Waterside, who provided background information. They may be reached at:

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Richard Levan: rlevan@levanfriedman.com
Bud Bigelow: bbigelow@cambridgealliance.com

Need an Explanation of the Subprime Mess?
Not Here!

As a business-humor columnist, I'm always trying to find comical topics in the financial section of the daily newspaper. The latest confusion in the subprime mortgage fiasco seemed like an opportunity I just couldn't pass up.

However, in order to make fun of an issue, I need to understand it. And I don't understand this one. I read about loans no longer being on the books of the banks, but being securitized. What does 'off the books' mean?

I reviewed my notes from the accounting course I took; there is no chapter on off-the-books loans, I've even tried to read up on quant type financial gurus to see if that would help. It didn't. I started getting into the world of derivatives. And now I'm even more confused.

Is the subprime issue a derivative issue? I don't know. And forget about SIVs, or structured-investment vehicles. The financial press writes about them, but I know for sure there isn't one reporter who can explain them to his mother. And remember that is the litmus test, "Can you explain it to your mother?"

Back to my challenge, how do I make fun of stuff I don't understand, nor my readers?

Maybe the joke is on us. We are supposed to read all this stuff about financial re-engineering and pretend we understand it. But it's like the emperor's new clothes, no one does, but everyone pretends.

Imagine a Presidential press conference and a reporter asked the President to explain the most recent mess and not use any jargon. I bet the President's handlers would step in immediately and say that Treasury Secretary Paulson would be holding a separate press briefing to explain the intricacies of subprime-mortgage securitization to the American public. Poor Secretary Paulson! He'll have to spend the entire weekend with his staff trying to figure out what to say. He would definitely need a lot of graphs and charts. And they'd have to be in multiple colors.

And then all those reporters who want to prove to their editors that they understand the issue would be asking questions. It is the kind of press conference that even C-SPAN may not carry live. It would bore everyone. I bet Alan Greenspan would even skip it. This way when he's asked for a quote, he can offer his 'independent analysis.'

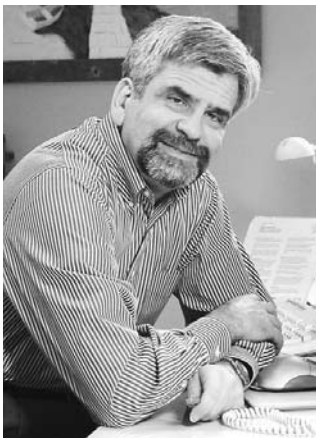
So I am back to what's funny about the subprime mortgage crisis. I know. It could mean the end to that terrible show on cable, "Flip This House."

You know it, a couple decides that instead of working for a living, they'll buy a fixer-upper in California, spend 50 grand on cosmetic upgrades, and then sell it for a $150,000 profit.

I wonder if the President's bailout of homeowners will cover these "home flippers." You know if they live in the house, they may qualify. Now this means that the 2008 version of the TV program will have an interview with the mortgage broker to explain the finances. And then we are back to explaining the subprime market and keeping the loans off the books of the banks, and again I am lost.

Maybe we should just add this to the list of topics we really don't understand. My list starts with international exchange rates. The Canadian dollar is now worth more than the U.S. dollar. How come?

What's on your list?



Hesh Reinfeld

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.

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The James Equity Style invests in stocks of all sizes, small, mid, and large cap stocks. JIR also has a disciplined value approach to investing.

- JIR's proprietary model is an important tool in the search for securities using a database of over 8,500 stocks. JIR looks for those stocks with the strongest combination of Value, Neglect, and Management Confidence traits.
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  - Neglect – finding stocks which are overlooked by Wall Street analysts or underrepresented in institutional portfolios.
  - Management Confidence – looking for companies where the managers are showing confidence by buying stock in their own company.
- Fundamental analysis is then used to seek out the most promising candidates which show excellent intrinsic value.

Product Info

Composite Statistics (as of 12/31/07)

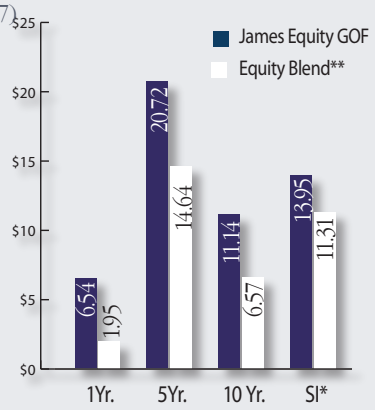
Benchmark Index	Equity Blend**
Average # of Holdings	102
Assets	$53.3 million
Average Market Cap	$29.7 billion
Price/Earnings	14.2
Price/Book	2.5
Target Allocation	95% Equities 5% Cash

Top Ten Holdings (as of 10/31/07)

Exxon Mobil Corp	3.0%
Energen Corp	2.8%
Merck & Co Inc	2.8%
McDonald's Corp	2.6%
Edison International	2.4%
Paccar Inc	2.3%
Hess Corp	2.1%
Manpower Inc	2.1%
Valero Energy Corp	2.0%
Metal Management Inc	2.0%
Total	24.1%

James Equity vs Equity Blend** (Annual Returns Ending 12/31/07)

	4Q****	1Yr	5Yr	10 Yr	SI*
JIR Equity- Gross of Fees	-3.49%	+6.54%	+20.72%	+11.14%	+13.95%
JIR Equity - Net of Fees	-3.61%	+5.96%	+20.05%	+10.52%	+13.34%
Equity Blend **	-3.96%	+1.95%	+14.64%	+6.57%	+11.31%
Russell 3000***	-3.34%	+5.15%	+13.63%	+6.22%	+9.36%



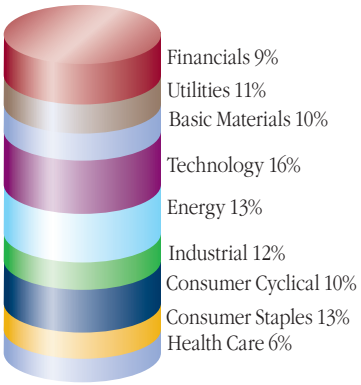
James Investment Research, Inc. is an independent investment management firm and is not affiliated with any parent. James Investment Research, Inc. has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS). The composite's inception date is 12/31/83. No segments of balanced portfolios are included. The James Equity Composite Performance included the equity bank pooled retirement funds under our management from 1984 (composite inception) through 1991. Performance from 1992 includes representative equity tax exempt funds not restricted by market capitalization plus any equity bank pooled retirement funds. As of December 31, 2007, the Equity Composite consisted of 7 accounts totaling $53.3 million which was 2.5% of all assets under James' management of $2,115.9 million. No alterations of composites have occurred due to changes in personnel or other reasons. Performance results are total returns and include cash. The returns are time weighted. Gross and net performance results are total returns after custodial/brokerage fees and trading expenses. Gross of fee returns are presented before management fees; net of fee returns are calculated by deducting the quarterly management fee as charged to the clients at that time. Current fees may be higher, which if they had been in place at that time, would lower the net of fee performance. The current quarterly fee schedule is 0.3125% of the assets value of the first $1,000,000, and 0.125% of the asset value of the balance of the fund. These terms may be negotiated, according to the firm's ADV. To receive a complete list and description of James Investment Research, Inc's. composites, a presentation that adheres to the GIPS standards, and/or policies for calculating and reporting returns, contact Diane Rose at 1-888-426-7640. Data from 1992 through 2001 was reviewed by Ernst & Young. Subsequent year's quarterly performances were reviewed by Clark, Schaefer, Hackett & Co. No promise of future performance or profitability should be inferred from this data. The benchmark for this product is 50% S&P 500 and 50% Russell 2000. The Russell 3000 is being provided as supplemental information due to client requests. All returns are in U.S. dollars.

The dispersion of annual returns is measured by the standard deviation across asset-weighted portfolio returns represented within the composite for the full year.

The dispersion (S) for the quarter ending December 31, 2007 was 0.35%. $S = \sqrt{\sum W_i [R_i - WtMEAN(R)]^2}$

* Since Inception 12/31/83-12/31/07 ** Blend 50% S & P 500/50% Russell 2000 ***Supplemental****4th quarter is not annualized

Sector Diversification



As a % of total equities as of 12/31/07

James Equity Style	98	99	00	01	02	03	04	05	06	07
Annual GOF Returns %	12.72	12.40	3.77	-0.62	-14.13	33.47	28.68	23.97	13.01	6.54
Annual NOF Returns %	12.08	11.78	3.16	-1.20	-14.64	32.70	27.96	23.29	12.40	5.96
Equity Blend % **	12.10	20.61	-6.03	-4.64	-21.21	37.82	14.63	4.80	17.29	1.95
Russell 3000 % ***	24.13	20.89	-7.46	-11.46	-21.55	31.04	11.95	6.14	15.71	5.15
Annual Composite Dispersion %	0.00	4.52	8.21	1.26	2.49	1.88	2.36	3.80	0.63	2.41

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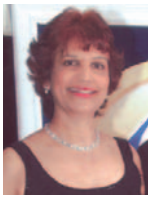

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