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the Register

Vol. 9 No. 8 • August 2008 Official IARFC Publication www.IARFC.org

Dr. Rosilyn Overton

Scholar-Practitioner

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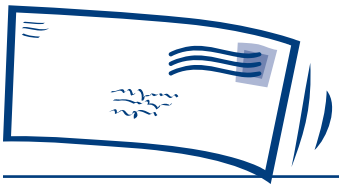

We welcome all your comments, suggestions ideas and articles. Please direct correspondence to: ***editor@iarfc.org***
Letters may be edited for length and clarity.

Coming Soon! We want to know what our members think. Amy Primeau, our Domestic Membership Chair, will periodically include a member survey in the Register. Our goal is to find out what is working for you, and how can the IARFC help you improve. Watch for our first survey in the next issue.

The IARFC is proud of our members and in reverence we would like to remember our passing members:

Joshua Mills, RFC®,
North Stonington, CT

***Register* correction:** It has come to our attention that Vol. 9 No. 6 page 15, article Tomorrow's Market is Here Today, was printed with Dr. J.T. Dock Houk's name misspelled at the bottom of the article.

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

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Calendar of Events

2008

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August 4-8, Middletown

RFC Client Engagement Workshop
August 1, Hong Kong, China

RFC Client Engagement Workshop
August 5, Macau, China

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

- **Barcelona, Spain**
- **Nice and Villefranche, France**
- **Florence and Pisa, Italy**
- **Rome, Italy**
- **Naples and Capri, Italy**
- **Palermo, Sicily**

Worldwide Chinese Life Insurance Conference
September 4-7, Singapore

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

RFC Accelerated Course
September 8-12, Venue TBA

RFC Accelerated Course
September 22-26, Venue TBA

RFC Accelerated Course — Trinidad
October 6-10, Port of Spain

Financial Advisors Symposium
October 13-15, Chicago

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

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

RFC Accelerated Course
October 27-31, Venue TBA

RFC Accelerated Course
November 3-7, Venue TBA

RFC Accelerated Course
November 17-21, Venue TBA

SFSP Forum
Nov. 30 – Dec. 3, Las Vegas, NV

RFC Accelerated Course
December 8-12, Central Florida

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Rosilyn Overton
Scholar-Practitioner

This month the Register interviews one of the most influential educators within financial planning. Influential, not only because of her classroom skills, but because of the in depth experience she brings to academia as a currently practicing financial advisor. Rosilyn is a partner in the broker/dealer Mid-Atlantic Securities, Inc , with an office located in Little Neck, New York and a faculty member at New Jersey City University.

Dr. Rosilyn Overton and associate senior advisor, Brian Early, CFP®

As a full-time professor of finance and running a multi-advisor financial planning practice, do you ever sleep?

Well, I don't sleep as much as I used to do, but I sleep until I wake up. Most of the time I don't even need an alarm clock! Both being a financial planner and being a professor are tremendously exciting to me. Most jobs get to be repetitious after a while, but financial planning still brings surprises every day. Working with graduate students is exhilarating. We have very motivated students at New Jersey City University (NJCU) and many of the graduate students are working parents who want to get ahead in their careers. It is gratifying to teach people anxious to learn. I absolutely love both aspects of my career, so working on them, while time-consuming, is very rewarding.

While studying for my doctorate at Capella University, they taught the scholar-practitioner model as the essence of achievement. The person who works in a profession and also teaches it truly contributes to society. I would not be able to do both jobs without excellent staff. They handle many operations for me, freeing me to be creative and work on adding value. I taught as an adjunct professor for many years at Pace University in their financial planning program, so moving to a full-time tenured position was a matter of shifting some emphasis. I am fully engaged and never run on auto-pilot.

When did you first enter financial services?

I started in financial services as an economist for Citibank (then First National City Bank). I had recently earned a Master's degree in economics and had worked at a Dayton, Ohio newspaper as an economic and business reporter. Citibank placed a blind ad in the New York Times for an Economics Editor/Writer. I got the job. Later, I was an economist for AT&T. Switching from being an economist to being a stockbroker was an easy choice because I wanted to work with people and I wanted my compensation to be based upon my achievement and effort. In those days there was a thick glass ceiling and I had already reached it at age 30 in the position that I had at AT&T.

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

When I started college back in Houston, I majored in Physics, but switched to Mathematics after one year. Before I came to New York City, I had earned an MS in Economics and a BS in Mathematics and Computer Science from Wright State University in Dayton. I was a real computer geek and loved solving problemswith the computer.

What jobs did you hold prior to this?

I was a cryptanalyst at the National Security Agency during the Vietnam War, using my math skills. I worked my way through college with various office and waitressing jobs to pay for school.

How did your career as a financial advisor move forward?

Merrill Lynch trained account executives. I started in the Park Avenue office. I had been in New York for less than two years and didn't know many people, so I did things that one had to do to get clients. I sent out mailers, cold called, gave seminars and begged for referrals.

In those days there wasn't a discipline called financial planning, but I quickly figured out that my conscience wouldn't just let me recommend the stock of the day. So I set up "programs" for my clients where I figured out where we wanted to go, set up an asset allocation model and then looked for stocks and bonds that met the client's needs. When Merrill started into insurance, I also looked for insurance that met their needs.

I still have a few clients from those first years at Merrill, a sure sign that if you do the right thing for clients they stick with you. After seven years at Merrill, I took an offer from E.F. Hutton to become Vice President — Investments (as senior financial advisor), for five years.

A headhunter called me, and I became Vice President and National Marketing Director for Investment Products at Manhattan Life. I spearheaded their annuity, GIC and structured settlement business, and established their broker-dealer. We were creating variable products when purchased by Union Central. Of 723 employees, all but 12 were let go. They were very generous with me, giving me

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outplacement and severance, so I used that as an opportunity to set up my own business. How often do you get a chance to have someone else pay you a salary during your first year of business?

I was an independent financial advisor and a brokerage general agent, but it was only a few months before the crash of 1987. Believe me; I would not have made it through without fixed annuities and the Union Central severance. Nathan & Lewis was my broker-dealer, and then I went to Robert Thomas Securities, now Raymond James. I have been independent ever since. Eight years ago, I took a temporary job at NJCU that grew into full-time tenured position.

What association activities have been of greatest value to you?

Back in the 1980s I joined the International Association for Financial Planning, and within a year I was on the Board of Directors of the New York Chapter. We had four Vice Presidents, and over the next few years I filled each of those positions, plus was Chairman of the Wall Street Division.

I became President of the New York Chapter, and worked to integrate the IAFP and the Institute of CFPs into the new FPA and was Chairperson of the New York Chapter in its first year. Then I served on the national Chapter Advisory Board. I found being active in the IAFP and FPA rewarding. I learned advanced techniques in financial planning from both programs and interaction with the other members.

The IAFP included attorneys and accountants as well as dedicated financial planners, and I learned from them since their background was different from mine. That is one of the things that I like about IARFC — I can learn technical matters from the experts specializing in that aspect of financial planning every day. Estate planning attorneys have become my estate planning source; and CLUs and ChFCs for the latest in risk management and insurance.

Obviously, I believe strongly in the duty to consult, Associations give you the contracts, and friends that become your consultants. When you attend workshops and seminars, you quickly can tell who is knowledgeable. After years of experience, I don't need to consult as much, but I still like to talk to specialists and work with them to get just the right thing for my clients.

One thing that influenced me the most was advice from Jay Lewis, founder of Nathan and Lewis Securities, "Rosilyn, don't ever forget who you really work for — you work for the client, not my firm or any other firm. The job is to do the right thing for your client, and the money will take care of itself." That is why I joined his firm, and even though I later moved on, I never forgot what he said.

I started out a little slower than some people. As an economist, I was thought to be quite aggressive by my bosses, but only a year later, the people at Merrill told me that I needed to be more aggressive! I have never been able to push for a sale. I just work with the client. When I have the right thing for them, I tell them. I know I lost out on some great accounts because I didn't push harder. I made up for it by working hard every day.

What were your major obstacles?

Being female was a huge obstacle in the early days. I started at Merrill before they had an Equal Opportunity suit or settlement. The only way I got an interview was to send in my resume as R. H. Overton. The guy in Human Resources was surprised when I showed up! I give him credit — he let me take the exam and do the daily simulation that they gave all prospective brokers and then when I did well, he hired me. After that I was interviewed by several managers before one would give me a chance.

We were in a big office (80 brokers) and I was the only woman broker. When I would be broker of the day — the person who talked to all the walk-ins — it was not uncommon for the prospective client to ask me when they could talk to the broker, and when I said that I was the broker, they would say that they preferred a male broker.

Another obstacle was my Texas accent. When I first came to New York, I still said Y'all and "I'm fixin' to do that." When I would cold call, the tough New York prospects would laugh. I don't think that I have a New York accent now, but I do sound more like the people on TV.

I really wasn't assertive enough. Even though I had education and I knew financial things cold, I wouldn't push myself forward. Cold calling was horrible — I haven't done it in years and I am so glad. I was young then, and that didn't help either.

I wish I had realized early in my career how much I had to offer potential clients. I would have been less shy about the forcefulness of my recommendations. I would have taken courses on marketing and practice management in addition to classes in finance. For new planners I would say, be knowledgeable about your profession, run your practice as a business, and be proud of helping people.

Tell us about your current practice:

Right now I practice in Little Neck, Queens in New York City. There are three other financial planners that work with me, two who have certification as a CFP® and also a CPA. We have several support staff, and believe me, without them the office would not do nearly as well. I am a partner in our broker-dealer, Mid-Atlantic Securities, Inc., headquartered in Raleigh, NC. It is a member of FINRA and a Registered Investment Advisor. Mid-Atlantic, has a very strong compliance section, so I don't have to worry as much as if I were alone. While most business is fee planning, I still get an income from commissions. I use whatever compensation method makes the most sense for the client. There are many more good insurance products that are commission-based than there are good no-load insurance, so I usually do insurance on a commission basis.

Let me make it very clear that I do not double-dip. I do not charge a commission

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Rosilyn interviews Ben Baldwin in process of her researching of the history of financial planning for her Ph.D. dissertation.

and a fee on the same assets or task. If I think a deferred annuity is best for the client, and we move assets into it, then those assets are no longer part of the asset base for computing a fee.

What is unique about your marketing ?

Most of my clients come from referrals. I wrote a local newspaper column on personal finance for a while, and became well-known because of it. I am also active in community affairs, although I don't prospect community contacts. Once or twice a year, I offer a seminar on either retirement planning, retirement plans for businesses, or estate planning and advertise in the paper. I use the Practice Builder drip marketing software to send out articles about every three weeks. Finally, I have become a resource for program chairs of local service clubs and speak to them frequently.

What new planners have to understand is that there really isn't any magic bullet. As in so many things in life, success in financial planning follows from diligence every day. You have to read and keep up with new products, tax laws and ideas. You have to do the work for the clients even when you don't feel like it. You have to constantly let people know what you do without being pushy. Attend seminars and conferences of professional associations. You can learn as much from your peers at the cocktail hour as you can from the sessions, but you learn plenty at both.

What are you enjoying the most now?

I love helping people, and I enjoy sharing knowledge. That has always been the basic appeal of financial planning for me. I was brought up to believe one's vocation should be an opportunity for service. By practicing my profession I can help my clients achieve their goals and dreams. That is tremendously rewarding!

For this reason a few years ago I started a second career as a college professor in charge of a master's degree in finance at NJCU in Jersey City. We designed the MS in Finance curriculum to provide a core of finance expertise plus specialized knowledge in financial planning, analysis, or management. We made sure our learning objectives cover all the items required for the examinations in the professional certifications. After making an excellent living as a financial planner, I wanted to give back to the profession. Teaching people how to be efficient, ethical and helpful financial planners, analysts and managers satisfies my desires.

A financial planner is already a teacher. Many people do not understand that the first step in achieving financial security and freedom is to control spending and debt. Part of what we do is teach them methods to do the things that they want without breaking the bank. I hope in the future to set up a peer counseling service at the university so that our financial planning students can advise other students on their finances. There are obstacles to that — the students have jobs and not much time, and the work would have to be supervised by faculty members, who also don't have much time, but I think that we will eventually work it out.

Rosilyn and assistant, James Lee

What are your major frustrations?

I think that the regulators and the media put out the idea that financial planners are just one step above being criminals. While there are always some bad apples in any profession, most financial planners are good people who want to help others and make a decent living for themselves and their families. The people who go to their planner, get quality comprehensive and integrated advice, and thus are able to put their kids through college and have comfortable retirements are not the ones who make headlines. The media and the regulators focus on cost, not on value. Apparently they think that there is no value to objective professional advice when it comes to money matters. In fact, what the form of compensation does not matter is, what matters is the character of the planner. That's why a Code of Ethics with enforcement is important to the development of our profession. On my first visit to a physician, my major question isn't "What do you charge for an office visit?"

What attracted you initially to the IARFC?

I interviewed Ed Morrow as part of the research for my doctoral dissertation on Financial Planning Theory and Practice, since he was one of the 13 people who founded the CFP® certification. I was looking at how the profession had changed over the years (Answer: The basic principles are the same: the emphasis is different.) Naturally, since he is the CEO of the IARFC, I was intrigued by how it differed from other financial organizations and that it recognized specialists.

After more investigation, I decided to join the IARFC. I attended a conference and liked the intimacy of the meeting. There was time to meet with other planners and talk. Some of the financial planning conferences have gotten so big that you just feel completely lost. While I still go to them for the professional presentations, it is not as easy to make friends with the other attendees. I also liked the variety of viewpoints. I don't agree with all of them, but that is part of the challenge.

The special tools and techniques that I have learned, the people that I have met, and the varying viewpoints that I have learned from them have been invaluable.

What would you like to see IARFC head?

Since it complements the education programs for other credentials. I would like to see the IARFC curriculum, with its emphasis on successful practice as well as financial planning theory, fully developed and offered by many educational institutions. The association should publicize the RFC® credential and get more public recognition. The organization's internal controls and practices need to be documented and systemized to grow without problems.

What are the major trends in financial services?

The financial planning movement is a global one, and as countries become more globalized their citizens will need objective financial advice just as people in

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the U.S., Canada, Australia, Hong Kong and Malaysia do now. In Queens, we have more diversity than any other county in the U.S. As I walk to the grocery store, I may hear 10 or 12 different languages spoken. NJCU is also located in an area of great diversity.

We need to address the financial planning needs of people whose native language is not English, and whose customs may not be the same as our own. This means bringing people of more diverse backgrounds into the profession, since people prefer to deal with people like themselves. While the next generation — born in the U.S. — will not be as inclined to go only to people in their own group, they are actually the ones who can become the U.S. planners over the next years, and bring financial planning to their parents' generation. The IARFC should be recruiting practitioners from a diverse population and focusing on workshops that help those new planners become successful.

Where will our economy be moving?

The Baby Boomers are now close to retirement age, but their retirement will be different in the past. With the exception of diabetes, they are in better health than their parents were at their age, and they are more vigorous and active. Many them will use their retirement to pursue a less lucrative career than they followed for most of their lives, rather than being fully retired. We will see more art, music and inventions coming from those over age 60.

They may also be inheriting money that will let them pursue dreams they long ago dismissed as impractical. Something will be done about the rising cost of health care and the lack of access to it because this large population will demand it — already health care has become the central issue for political campaigns. Every employer — small businesses included — will have a full benefits suite for employees, and the benefits will be portable.

Financial advisors should become knowledgeable about employee benefits and retirement plans from both the employee and employer perspective. We should know how to set up the various types of retirement plans for businesses and be helping our clients make better choices within their benefits packages. Since most retirement plans are now 401(k) plans or SIMPLE plans, employees have to make their own investment decisions, a task they are not ready to do.

Despite the urgings of the media to do it yourself, most people would rather be going to their children's or grandchildren's Little League game, pursuing their own sports, reading, or watching television than poring over asset allocation schemes, stock reports, fund and prospectuses. The many choices required when choosing long term care or disability income insurance baffle them. They need a professional to help make the right decisions. Professional financial planning is the strategic management of the clients' economic and financial resources to meet the clients' goals and objectives in a manner consistent with their values. That is the value added we offer and need to educate the public to appreciate.

2008 NJCU Master of Science in Finance Graduates: (*L to R*) John Ng, Mohammed Kaifa, Jason Nadolny, Dr. Overton, Klodiana Opari, Kevin Khaleel.

What will be the impact of technology?

The use of technology has already transformed financial planning. An advisor with a PC can now do Monte Carlo simulations on hundreds of asset allocation schemes, project retirement funding needs and other tasks with the push of a few buttons. However, understanding the full implications of the results still takes an educated person. Some think of technology as a threat to financial planning, but those are people who do not understand the behavioral and emotional impact of planning.

Anyone can download a 1,000 calorie diet or the diet du jour from the Internet, yet people keep getting fatter! There is a behavioral counseling aspect of financial planning that is not yet fully recognized. People know they should stop spending so much, save for retirement and college education, divide assets among different types of investments, but they don't do it. The financial planner uses a combination of strategic management, finance and behavioral skills to get the client on the right track, and then keeps monitoring progress so they don't stray. It is a personal service, even when you are advising a large 401(k) plan. The participants are counting on you for help.

Every financial planner should become technologically literate and purchase software to help perform the calculations and administrative functions of the profession. It isn't enough to press the button and let the machine do the work; the financial planner has to have human insight and empathy to do the job well.

Do you see problems on the horizon?

Excess regulation is already a huge problem. I realize that the public needs to be protected from incompetence, unscrupulous and downright criminal behavior, but the time spent on compliance is simply staggering. Many regulators are ignorant of the field that they are regulating. I value my broker-dealer's compliance department, but some of the requirements from the regulators are ludicrous. Unless we can change the image of the financial planner, our profession will continue to suffer.

What is the most important thing you have done in your practice?

I have done everything in my power to run my practice ethically and responsibly. I put myself in the clients' shoes and ask myself if this is what I would want. I also ask myself if I would recommend this for my mother. If the answer is No, then I don't do it I try to teach my students the same.

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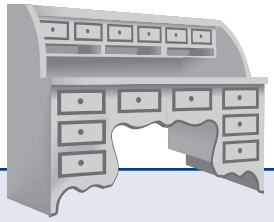
From the Chairman's Desk...



Ed Morrow

Are We Headed for Tough Times? The truth is that folks are always asking that question. They asked it when the markets were soaring, and they asked it during the recessions and during the Great Depression. The answer is always the same:

> ***Yes. Tough times lie ahead for some — while for others there are great opportunities.***

But which is the case — for your clients and for you? Well that depends on how well you prepare. Certainly the current financial situation would look very rosy had you and your client invested in oil futures — but it is perhaps too late for that now.

The Dilemma of Debt. Personal Debt — Your clients and you personally should have been making reductions during the last year, since there have been many indicators of problems ahead. But if action has not been taken, now is the time to be aggressively tightening the belt, reducing credit card balances and short term loans. As interest rates decline, loan consolidation will again become a wise move, going to lower interest rates and deductible interest.

Business Debt. In some cases it is a wise move, but not always. One educational institution got into serious problems by borrowing heavily to finance software for expansion into online learning. The debt caused them to have to sell their revered and lovely campus. A painful outcome. But now they are flush with cash, albeit with rented quarters and disillusioned alumni. Was it a wise move? Only time will tell, but it doesn't look too good at this point.

Match Debt with Income. Now is not a good time to acquire more debt just to gain slight operational cost reductions. Keep using the old equipment and furnishings and stay in the same quarters if possible.

Don't Gamble with Debt. One financial advisor was about to borrow $25,000 to promote two dinner seminars. His seminar attendance had been steadily declining, both in attendance and in the percentage of client conversion. More seminars were a serious gamble. For much less he could distribute a series of brochures and mailings to his existing clients, and then aggressively solicit referrals.

Plan It Thoroughly. This seems like a silly statement to make to financial planners, who operate their profession aiding clients through forward-focused actions. But many are not planning their own marketing campaigns. A Client Awareness Campaign can be wildly successful, but you must be prepared for a series of mailings, not just one or two. And you must also mix in phone calls and Client Invitation events.

A Reality Check. Let's face it — ***You are going to lose some clients!*** You will lose a few if the market keeps declining. You will lose a few from corporate mergers and acquisitions, plant closings and transfers. You will lose a few from disability and death (85% of the managed portfolio accounts leave the manager within one year of death) You will even lose a few to the aggressive marketing and wild promises of competitors. What should this tell you?

You Need More Good Clients! But getting them is not like turning on the spigot and getting a rush of water. It is like slowly turning on the faucet handle, and waiting while the water travels down a very long hose, to slowly begin reaching your flowers. Nourish clients and they will bloom. Water them and they will grow and multiply. Good clients are easy to find — but not fast!

Client Increase is a Process. There are several factors, and you know this. If you are not over-burdened with new high-caliber clients, then you must re-address the fundamentals. You must have an over-all ***Marketing Plan*** that considers your Positioning, Competition, Market Analysis and your Branding. This leads you to a ***Prospecting Plan***. Precisely what steps are critical and when will you take action? You must have a very well-developed ***Presentation*** that leads to the right type of engagement. Are your clients agreeing to pay a reasonable fee? Do they know you wish to also provide products and other services such as portfolio management?

Back to Debt. If you are facing a client crisis — then it would not be unreasonable to borrow a small amount to acquire the tools and techniques to remedy this problem. You need to do this while you still have good credit. ***Just one new client*** will pay off the cost of attending a marketing-oriented course line that is now offered by the IARFC — Financial Planning Process™. Please review the article on page 11 of this issue. For more information, call Amy Primeau at 800 532 9060, ext 34

Article Requested. The *Register* is you publication — an opportunity for you to learn, to share, and to meet the most influential advisors in the financial services community. We eagerly solicit members to submit articles about the techniques of solving client problems as well as practice management.

October 13-15. Plan now to attend the ***Financial Advisors Symposium*** in Chicago. We are partnering with the ***Financial Advisors*** magazine and ***InterShow*** to have a dynamite event. You should be there. Incidentally early fall is a beautiful time of the year in Chicago, so you might plan to drive. Gasoline may be expensive, but it is cheaper than the direction the price of plane tickets are headed. The Symposium cost is quite inexpensive (other than hotel room in Chicago, of course) and you should **plan now to attend.**

Become a Sponsor

Maribeth Kuzmeski, MBA, RFC®

Sponsorships offer excellent opportunities for you to gain significant added exposure for your services. Just think creatively. Sponsorships can be far more effective in bringing in new clients and their investment accounts than the traditional public seminar with its high attendee acquisition cost.

- If your niche is those getting ready to retire, host a retirement party.
- If your niche is new parents, buy a booth at the "Baby Fair" held at your local hospital.
- If your niche is the over 65 crowd, sponsor a dance or an educational workshop at the local senior center.
- If your niche consists of the employees of a large corporation, sponsor its bowling or softball team or underwrite the cost of its newsletter.

Then, follow up with the group, attend the events you sponsor, and increase your credibility and exposure within your niche.

In the words of Walt Kelly's cartoon character Pogo, "We're surrounded by insurmountable opportunities." Pick out a couple and go ahead and surmount them!

Maribeth Kuzmeski, MBA, RFC®, *President of the consulting firm, Red Zone Marketing, works with some of the nation's most successful, million dollar producers to assist them in continuing to grow and systematize their practices. Maribeth has written four books including the bestselling book, "85 Million Dollar Tips for Financial Advisors." She is a national keynote speaker, has spoken at the Million Dollar Round Table and has created webinars, top advisor toolkits, and other products for MDRT and other industry organizations.*

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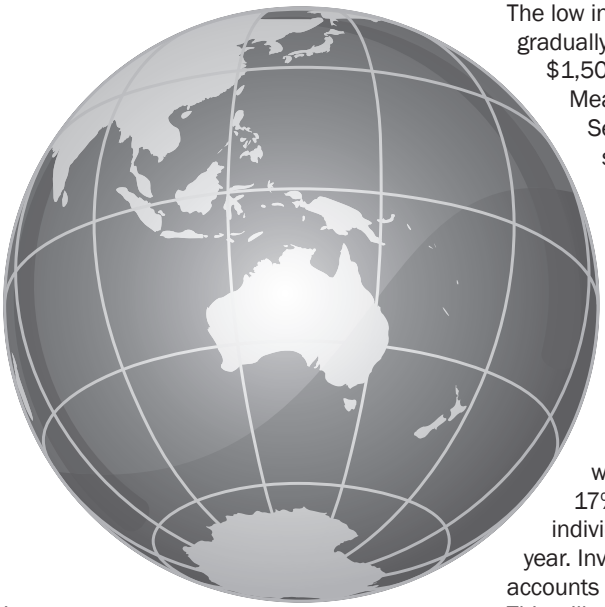
Australia News Flash

Personal Financial Outcome: Australian Federal Budget 2008



Income tax cuts and the introduction of means testing for numerous Australian Government concessions and payments featured in the latest Australian Federal Government Budget are claimed to help working families. Australians will take home more in their pay packets over the next three years, thanks to phased-in income tax cuts.

Australian IARFC CEO & RetireInvest's Bendigo Proprietor George Flack RFC®, CFP® says those earning $40,000 a year for example will save $1,050 in tax during 2008/09, and slightly more in the following two years.

"While the across-the-board tax cuts will help those struggling with rising interest rates, petrol costs and food bills, some could put themselves in a better financial position by saving or investing the tax cuts.

Directing the pre-tax equivalent of tax savings into superannuation (qualified plans) can be particularly effective for some people, using salary sacrifice to have their employer put money directly into their super with tax benefits."

Other Social Security changes announced in the Budget include one-off bonuses for carers and older Australians and increases in the utilities allowance and telephone allowances effective from March 2008.

The low income tax offset will also gradually increase from $750 to $1,500 over the next three years. Meanwhile, those entitled to the Senior Australian tax offset will see tax-free threshold rises phase in over the next three years, taking it from $25,867 to $30,685 for singles and $21,680 to $26,680 each for couples.

To help those trying to buy their own home, First Home Saver Accounts will be available from October 2008, with the government contributing 17% on the first $5,000 of individual contributions each year. Investment earnings in these accounts will be taxed at just 15%. This will provide welcome relief to those struggling to break into the housing market. For example, those saving $5,000 in 2008/09 for a home will have the government put in $850 to help grow their savings — in addition to concessional tax on earnings.

George Flack RFC®, CFP®

George Flack RFC®, CFP® *is an Authorised Representative of RetireInvest Pty Limited He is a national authority on government benefits and personal income taxation — and he heads up the IARFC — Australia.*

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The Financial Planning Process™

The Financial Planning Process™ curriculum includes five software components. These programs will energize your practice — but they do not require you to continue their use without adequate time for testing and practice — 6 months!

No financial advisor can operate effectively without software — but which packages are best? There is no absolute answer, since all advisors vary in their practice profile.

After using the programs included in the Financial Planning Process™ course you will be in an excellent position to know which ones you want to continue (at a substantial discount, of course) and how to evaluate other programs if your needs vary.

- Presentation of Planning Services — ***Client Builder*** — fully customizable by the user to adjust for his or her practice and procedures. This enables you to close the initial engagement with a prospect on a favorable basis with strong due diligence protection. *(Retail $795 — included with the course.)*

  Making this presentation is critical, because unless it is successful you do not have a new client. More over, you need to have a commitment for an adequate fee and create an effective due diligence record.

- Financial Plan Development — ***Plan Builder Financial*** with Monte Carlo simulation designed for fee-based comprehensive plans, which are designed to be implemented with products and assets under management. *(Retail $995 — included with the course.)*

  Your plan must have visual appeal and superb organization — in order to secure the initial engagement and to command the respect your advice and recommendations deserve.

- Client Relationship Management — ***Practice Builder Financial*** — contains Drip Marketing Action Plans and text for clients and prospects, plus complete pre-written text: Letters, Agendas, Notes, Forms, Checklists and articles. Tracks and retains all client correspondence. *(Retail $995 — included with the course.)*

  If you do not have a CRM program there is no way to maintain Top of Mind Awareness (TOMA) that is essential to retain your high caliber clients and secure an adequate flow of referrals.

- Modular Planning Analysis calculations, illustration and support tools, text and tax information; provided to each person with the web-based ***Virtual Financial Advisor***. *(Retail $241 — included with the course.)*

  There are many times that clients need you to address just a single issue. These opportunities often lead to substantial sales of products. You need a quick way to generate the analysis and package it attractively.

- Investment Policy Statements — for managed accounts and performance reporting. This service is offered using the web-based ***IPS Advisor Pro***. *(Retail $399 – included with the course.)*

  Most advisors want to increase Assets Under Management (AUM) because AUM will both stabilized and increase their income. Soon every client will require a written Investment Policy Statement and you need a way to deliver a very high quality instrument.

Why is Software Included? We want the course attendees to concentrate on learning the tasks and achieving results — not on building spreadsheets, graphics and text tools from scratch. Therefore, we include $3,425 of software and its use for six months — free!

Naturally, many students will say, "I don't use this one." or they will eventually say, *"I prefer the XYZ program that is... (simpler, less complex, more complex, or is preferred by my associates)*. But once you've learned to use one tool, to then learn how to employ a slightly different one is very easy.

Revenue Solving Problems

Prospecting is the Number One challenge for most financial advisors. More Prospects — Better Prospects — secured with Less Acquisition Effort!

The Solution is Referrals. But you know that!

The problem is that most advisors do not get an adequate and consistent flow of referrals. Let us suppose that you would like to add 36 new clients every year.

At an average New Client Revenue (NCR) of $5,000, that would produce gross new revenues of $180,000.

Assume your presentation closing percentage is 50% (the average is over 80%).

Then you need to **present** planning services to six persons monthly.

Typically, advisors will eventually secure an appointment with 65% of those referred to them. However, let's assume 50%. Then you need 12 referrals per month, 144 per year!

- Are you securing these 12 referrals every month?
- Are you converting them to become new fee-paying clients?

It not, then you should enroll in the ***Financial Planning Process***™ course. You will acquire the **Tools**, the **Techniques**, and the **philosophical posture** to activate them in your practice, in your community.

144	**Referrals**
72	**Presentations (50%)**
36	**New Clients**

The payoff for $3,000 tuition might be $180,000. That's not a bad return, is it?

A Call to Action!

For several months, we have been responding to your expression of interest in our **Financial Planning Process**™ curriculum. Nevertheless, you have not enrolled yet.

Perhaps the reason is that you are working so hard ***in your business*** that you have not taken the time to work a bit **on your business**.

The best investment you can make is to enhance your own skill and operations. The return multiple can be enormous. However, you need to **schedule your attendance.**

continued on page 12

continued from page 11
The Financial Planning Process™

The **Financial Planning Process™** is not another academic, textbook course followed by a complex and convoluted examination. It is **hands-on** and **reality-based**. You will learn how to use time-tested practice management tools — and the results will be immediate. So now is the time to enroll — and perhaps bring an associate with you.

As a final thought: A recent poll of financial advisors indicated that their average new client represented gross income from all sources, fees and commissions, of $11,800. 36 new clients of that dimension would be $424,800!

Ed Morrow, CLU, ChFC, CFP®, RFC®

Ed Morrow *is the chairman and chief executive of the IARFC and he speaks frequently at national and international professional conferences on topics related to his practice experience — and enabling financial advisors to increase their sales production and client services through effective presentations and client relationship management. The IARFC is now training financial advisors in 19 countries.*

In the above photo Ed was addressing 7,500 attendees of the MDRT Experience in Chiba, Japan, on the topic "Are You an Agent, an Advisor, or Both."

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Cash Value Life Insurance

A Forgotten Oasis for Consumers in the Casino Age

Recently Bloomberg reported that three of the largest bank holding companies in America, Citigroup, Bank of America and Wells Fargo have the thinnest safety cushion of capital in over seven years. The International Monetary Fund reports that the nation's banks are in the worst financial crisis since the Great Depression. Bear Stearns, once the fifth largest investment bank in the U.S., received an 11th hour government bailout of $29 billion in a weekend shotgun wedding with JPMorgan Chase.

UBS AG, the Swiss banking giant, announced an additional $19 billion in sub prime mortgage write-downs giving UBS the dubious lead in inept risk management as losses soared to $38.2 billion. Other mavens of Wall Street have proven to be incompetent advisors in sub prime mortgages. Merrill Lynch has lost over $31 billion, Citigroup over $30 billion, AIG $17 billion, Morgan Stanley $13 billion, Bank of America $7.5 billion, Deutsche Bank $7.3 billion, Credit Suisse and others bring total losses over $236 billion dollars.

Hedge funds and private equity are loosing billions. A Carlyle Group fund stuffed with sub prime headquartered in Amsterdam is imploding. John Meriwether who ran the infamous Long Term Capital hedge fund which led to a Wall Street and Federal Reserve-Alan Greenspan rescue, is scrambling again as JWM Partners hedge fund has plunged 28% this year.

Mutual funds are getting hammered as well. The average equity fund lost between 9-11% in the first quarter of 2008. Poor performance and conflicts of interest are alive and well. In March, Fidelity Investments and Peter Lynch, a senior manager and former star settled with the SEC for $8 million for receiving $1.6 million in lavish gifts from brokers who executed trades for Fidelity.

A commercial bank leverages its assets a minimum of 10-to-1. This leverage, however, can be highly unstable as 2,900 banks failed during the Savings and Loan debacle and over 10,000 during the Great Depression. Today investment banks such as Goldman Sachs, Lehman Brothers, Merrill Lynch, Morgan Stanley and others routinely throw caution to the wind and leverage shareholder equity anywhere from 28 to 40 times to 1. A collapse like Bear Stearns was inevitable when you only have $3 in equity on a $100 bet. In that situation, you are just one bad trade away from collapse.

In these volatile times, there is an ideal oasis to stash your savings without Wall Street risk. That oasis, which has been ignored by 99% of the country's media, is cash value or permanent life insurance. Life insurance, lest we forget, is one of the only financial products which remained 99.9% safe during the Great Depression.

Cash value life insurance may be boring, but it is engineered to be safe, predictable and an economic work horse. No other financial product has ever delivered so many economic benefits and safety to consumers and businesses simultaneously. As a result, the product has been used consistently for decades throughout corporate America.

That is why in 2008 virtually all of the nation's largest banks have invested over $100 billion in high cash value life insurance for their Tier One Capital reserves, which is the most important component of any bank.

The Bank of America, JPMorgan Chase, Wachovia, Citibank, Wells Fargo, Sovereign, Citizens, TDBankNorth and thousands more invest a large percentage of their reserves in high cash value life insurance, not in volatile securities markets. In the days ahead, people will need to save instead of speculate, and re-discover the economic benefits and safety of life insurance.

Like banks, consumers will need to build their own Tier One Capital accounts. And you can help!

Barry J. Dyke, RFC®

***Barry J. Dyke, RFC®** is a financial advisor and Registered Investment Advisor in Hampton, New Hampshire and author of the new book **The Pirates of Manhattan**.*

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It's Time to Revise Your Marketing

Seminars have been one of the best attention-getting-devices for Agents and Financial Advisors for the past several years. Companies have sprung up from coast-to-coast to offer us Seminar programs about annuities, long term care, estate planning, and a myriad of other topics. Insurance companies and Broker/Dealers have also offered their Seminars, always focused on products they offer and with an internal message to your seminar attendees that their products are the best choice. Postage costs have risen. However, seminar attendance has been declining rapidly in many areas of the country. Response to direct mail invitations has plummeted for many who invest heavily in this type of marketing.

Whoa! Even worse, FINRA has especially targeted advisors who are offering seminars to folks who are 55 or better in age. Here in Denver I've had SEC representatives come up to me after a program and ask for my business card because I talked about variable annuities. They wanted to make sure I was licensed to speak about them (which I am). Agents have been fined by their Compliance departments for changing the format or content of a Seminar after a complaint was made about the content of their Seminar.

It's time to re-think how to market yourself in the Seminar venue and stay out of the FINRA bull's eye target. Here's how:

Invest in Client Appreciation Events. Your clients are probably your best, and most untapped, referral source. You may be sending birthday cards, Holiday cards, and seeing them once or twice a year to review their accounts. ***That's not enough anymore!*** With the regulatory environment we're in, it's time to readjust and say "Thank You!" with several sponsored well-presented Events each year for your clients and their guests. When you send out your invitations, you may be very surprised with the response you'll be getting.

Throw a Birthday Party luncheon for 20 of your favorite clients who have a birthday in September! Tell them how much you appreciate them. Don't offer any special program. Just have a great time with them and move casually throughout the room since you're the Special Host of this luncheon. Meet your clients' invited Guests and imagine how those Guests will feel about you when they see the unusual celebration and party you're giving in their best friend's honor. The critical point here is that they are strongly encouraged to bring a guest (i.e. a referral).

September is a great month for a golf outing for your Top 16 male clients and make sure to tell them to invite their best friend. I'm a terrible golfer so my job on the Golf Event Day is to jump in the golf cart and visit each hole as the foursomes are playing through the course. When the golfing is done, I serve heavy hors d'oeuvre and wine at the clubhouse and say 'Thank You'. The fellas love it and almost every one of those prospects who came to the Event gives me an appointment the following week.

In late October, give a Dessert & Coffee party one afternoon. Ask 10 of your favorite clients to attend and briefly talk to them about year-end strategies that are still available for them. Talk about how to Gift to their family members and then make appointments during the next 2 weeks to talk about their individual year-end strategies to be tax efficient. You'll beat the Holiday rush and your clients will appreciate it.

In early November, invite your clients and their guests to a Thanksgiving Breakfast and ask them to bring 2 cans of food to donate to a local food pantry that feeds the hungry and the homeless. You'll be seen in a whole different light. And, giving back is what we Financial Advisors do naturally anyway, except sometimes we forget to show this side of ourselves to our clients and the community. You can make a difference.

In December, think about your single clients. Sometimes it can get lonely amidst the hustle and bustle of the Holidays. Have a **Santa Breakfast** and ask them to bring a grandchild or their best friend. At that Breakfast with Santa, have a special small wrapped box of homemade cookies or fudge for each person. And remind them that they still have time to Gift to their family members or help out a grandchild by establishing or funding an IRA for them.

Client Appreciation Events given to your own clients, using your own mailing list, and adding the names of invited guests for each Event is a solution to the Seminar dilemma. Use this time to **build your practice the Old Fashioned Way**, as the commercial used to say. Remember... **You've Earned It.**

Wilma G. Anderson, RFC®

Wilma G. Anderson, RFC® *and Investment Advisor Representative based in Littleton, CO is known as The LTC Coach and Critical Illness Coach and is America's leading LTC and Critical Illness sales trainer. She offers sales systems, DVDs, workshops, provides personalized coaching programs for Agents and insurance companies, and speaks nationally about LTC and Critical Illness*

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wilma@CriticalIllnessCoach.com

IARFC Brand Building

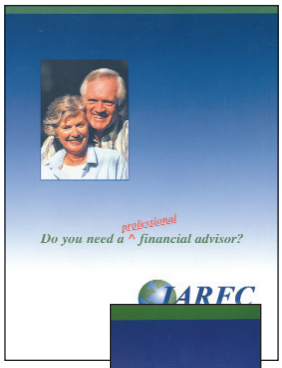
Consumer-oriented brochures to distribute to clients or prospects will increase your new client ratio and encourage referrals. The 3 panel full color marketing pieces have a section on the back panel reserved for optional firm imprinting (see details below). Also available are attractive plastic display stands.

Item #1 **Image Building Brochure**
3 panel, 8.5'' x 11'' full color

Quantity Pricing

50	100	200	500
$20	$36	$65	$150

**Imprinting with full color photo, company logo and contact information. Imprinted at the IARFC printing company and shipped directly to you. Quantity Pricing: 500 for $400, 1,000 for $440.



Item #3 **Do You Need an Advisor Brochure**
4-page 8.5'' x 11'' full color

Quantity Pricing

50	100	200	500
$20	$36	$65	$150

Item #2 **Referral Card**
2-sided, 8'' x 3'', full color

Quantity Pricing

250	500	1,000
$30	$50	$95

Item #4 **Do You Need an Advisor Brochure**
3 panel 8.5'' x 11'' full color

Quantity Pricing

50	100	200	500
$20	$36	$65	$150
*$25	*$45	*$46	*$165

*Imprinted with your information in black type, shipped flat.

Item #	Consumer Brochures	Quantites Available	Quantity Desired	Total Cost
1	**Image Building** Brochure — 3 panel 8.5'' x 11'' full color *Quantity pricing and imprinting — see details next to image.*	50, 100, 200, 500	_____	_____
2	**Referral Card** — two-sided 8'' x 3'' full color	250, 500, 1,000	_____	_____
3	**Do You Need an Advisor** Brochure — 8.5'' x 11'' full color, 4 pages *Quantity pricing — see details next to image.*	50, 100, 200, 500	_____	_____
4	**Do You Need an Advisor** Brochure — 3 panel 8.5'' x 11'' full color *Quantity and imprinting pricing — see details next to image.*	50, 100, 200, 500	_____	_____

Subtotal _____
Ohio residents add 6.5% tax _____
Shipping and Handling _____
Total _____

Offshore Rates
After receiving your order we will email you to advise you of the shipping options.

U.S. Only Shipping Rates
$0 to $10.00 — $5.00
$10.01 to $50.00 — $10.00
$50.01 to $100.00 — $15.00
$100.01 and up — $20.00

❑ Visa ❑ MasterCard
❑ AmEx ❑ Discover
❑ Check written to: IARFC

Name _____ (Please print)

Firm _____

Address _____ (Please no P.O. Boxes)

City_____ State_____ Zip _____

Card No._____ Expiration _____

Phone_____ Fax_____ E-mail _____

Your Signature_____ Date _____

FAX: 513 424 5752 MAIL: IARFC, Box 42506, Middletown, OH 45042-0506

Making Lawsuits Against Brokers Easier

According to ***InvestmentNews***, June 23, 2008 issue, investors might find it easier to sue insurance agents and carriers, thanks to new standards from the Certified Financial Planner Board. The Certified Financial Planner Board of Standards Inc. has updated its Standards of Professional Conduct with two main provisions:

> CFP™ holders are required to place the CLIENT'S interests ahead of their own at ALL times (or disclose limitations when they cannot).
>
> CFP™ certificants must... act as FIDUCIARIES to clients.

According to some attorneys, these rules may also hold insurers and agent/brokers responsible for sales deemed uestionable in hindsight. "Registered reps, agents and insurance companies haven't had to measure up to the fiduciary standard previously", says Michael Shaw, managing director of legal and public policy at the CFP Board. "CFP™ holders must ensure that they are selecting the best product for the client, but those choices become limited if the agent only has access to proprietary [or some limited number of] products." This also presents a serious issue for agents that by contract have a first submission contract to a primary life insurance company" that might have fine products, but which may not be "absolutely the best.

CFPs acting as agents need to disclose this to clients or demonstrate through third-party research that the product they are recommending is most suitable to each client situation.

Life insurance agents have argued for decades over which company had the BEST policy. There are so many variations, such as underwriting standards, prior earnings history, future earnings history, prior and future administrative costs, prior and future mortality costs. But an aggressive attorney, using hindsight can easily find a company that produced a policy with a more attractive loading, administrative, mortality and investment earnings record.

There is an online service that offers help to the advisor, in particular with regard to insurance evaluation. This is the web-based **Insurance Advisor**, which offers a Confidential Policy Evaluator (CPE) that can help to determine and document the suitability of any given permanent life insurance product based on the five (5) factors of overall suitability as they relate to both industry benchmarks and peer-group products. The Insurance Advisor (TIA) provides the information needed to make more informed purchase decisions, better able to document such decisions, and better manage portfolios of life insurance policies.

While the new standards were planned to become effective July 1, 2008, the CFP™ Board recognized the significance of these changes and has granted CFP™ certificants six months to adapt to these changes. For more information on the CFP Board's new standards, please see: www.cfp.net

To learn more about TIA, and their insurance evaluation and comparison: www.theinsuranceacvisor.com

SEC Moves to Supervise Equity-Indexed Annuities

On Wednesday, June 25, 2008, the U.S. Securities and Exchange Commission (SEC) offered a proposed rule 151A under the Securities Act of 1933 that would require that **equity-indexed annuities be treated as securities, not as insurance**.

The SEC's proposal would apply to future sales of equity-indexed annuities, and would take effect one year after a final rule is published in the Federal Register. The proposed rule can be finalized only after a comment period and then by a second vote of the commission.

What Is your Opinion?

Most financial advisors, agents and registered reps are aghast at this attempt by one government agency (the SEC) to take over an area that has been regulated by others (the insurance commissions of the various states). One veteran, Burnett Marus, RFC® (featured in the cover article of the June *Register*) indicates, "I am very disappointed with the SEC's decision, because equity-indexed annuities are insurance contracts and not securities. The inappropriate marketing practices that caused this rule-making proposal can be monitored at a state level more efficiently than at a federal government level. IARFC members should work closely with their broker dealers to oppose this proposed rule. Encourage them to challenge this new government takeover attempt in the courts."

However, there are many financial advisors who are very disappointed in the regulation of indexed annuities by the various state insurance commission. Rather than restrict the egregious high loads (up to 20%) the regulators have attacked the financial advisors selling the high front end load plans. They feel that FINRA will outlaw abusive products. Other planners acknowledge the problems but point to the failures of NASD/FINRA to restrict various profit-taking actions of the large broker dealer and wire houses. "This would be letting the entire camel under the tent."

How will it impact you?

Traditional fixed annuities and the sale of these products by licensed insurance agents are not affected by this proposal.

However, if the SEC's new rules become law, then all **equity-indexed** annuities will be considered securities. These products will all have to be modified and will be available for sale only by registered representatives.

Today, a significant amount of annuity business comes from agents who are registered representatives. If the SEC new rule becomes law, most companies will incur major re-packaging costs, but will continue to offer outstanding indexed annuities and traditional fixed annuities to a variety of markets. Those not equity licensed would have to pass securities exams. However you can expect new traditional fixed annuities with Guaranteed Lifetime Income Riders, etc.

Cato Comments – About Your Image...

The Power of Endorsements

Many actors, sports stars and other celebrities earn more money providing endorsements than they do in their primary careers. This is especially true after their earning power as a performer has peaked, but they have achieved fame and respect. Why are commercial organizations willing to pay handsomely for their name and endorsement? Because it works! A *New York Times* headline recently announced, "Nothing Sells Anything Like Celebrity!"

Consumers value the knowledge that others of note have endorsed a service or product. This even works with persons that have "questionable" reputations, such as The Donald — Donald Trump — whose activities, ego, and actions are considered to be far below par by many. But he keeps publishing books that he does not personally write, making appearances and creating more TV shows. **The Power of Celebrity!**

You can be endorsed by celebrities, and local persons of renown. It takes skilled effort to secure them, and you must have a photo. The average person will latch on much quicker to a good photo than to text. Their eyes go to the photo — then the name, and then (maybe) to the text.

What kind of photo? You must have photos in color and high resolution. A dull, fuzzy or monochrome photo gives the impression the endorsement is weak and you are showing disrespect. In today's digital world, color photos are not difficult, but the image absolutely must be high resolution.

At a recent Client Appreciation dinner held at the Golden Lamb Inn, one of the oldest fine roadhouse dining facilities in America, IARFC Chairman, Ed Morrow, had an opportunity to see this work. Ed had been invited to attend as a guest of his long-time friends Jerry and Nick Royer, both of whom are Registered Financial Consultants.

The Royers practice in Florida, Illinois and Ohio, so this was an event similar to the occasion featured earlier this year when they took their Florida clients on a dinner cruise. Incidentally, that event has now produced over **$2 million of new business**. Each client in Southwest Ohio had been invited to bring a guest. Some did, and it was quite obvious that the guests were of a social and economic par with the clients. Royers' clients tend to be either retired, or close to it, come from middle class families, worked hard for a living, and have raised children they are proud of. Good solid folks — but not wealthy or powerful persons. There were four objectives to this event:

- To say "Thank You" to their clients
- To give clients an opportunity to schedule another appointment
- To meet their client's friends and family
- To get even more referrals.

Each person attending received a **dark blue IARFC folder**, inside of which were copies of the *Register* profile on the Royers and two articles, plus two powerful pieces. One was prepared by their associate, Joyce Brown, RFC® — a simple piece of paper requesting three referrals. Attendees were encouraged to fold these in half and

What are the most respected and trusted industry advocates, financial leaders, and religious leaders saying about Jerry and Nick Royer?

The American Flag was flown over the United States Capitol in honor of Jerry and Nick Royer in recognition of their national and international work in assisting Americans in **accomplishing their money goals and related objectives.**

Honorable Kentucky Colonels
Jerry and Nick Royer received the highest honor bestowed by the State of Kentucky for helping people create, establish, and progress with their long-range financial plans.

"Certainly personal financial planning is an important part of individual success. And Nick and Jerry Royer are an important part of personal financial planning."

Brian Tracy
International Speaker and Best Selling Author. He is today one of America's "most booked" business speakers and sales trainers. **Brian Tracy** is the author of the best-selling books ***21 Success Secrets Of Self-Made Millionaires, Getting Rich Your Own Way, Successful Selling, The Science of Self- Confidence*** and other well-known titles.

"The Royer family is an example of my philosophy. You can make good things happen."

Jack LaLanne
TV Host, Fitness Writer, and Exercise Personality

"Jerry Royer practices what he preaches."

Art Linkletter
TV Personality. Author ***Kids Say The Darnedest Things*** and ***Old Age Is Not For Sissies***
Beverly Hills, CA

"The Royer men are tremendous! Of course they are tremendous financial planners! Just ask their clients!"

Charles "Tremendous" Jones, RFC
Motivational Speaker, Author ***Life Is Tremendous***
Mechanicsburg, PA

"We are especially proud that America's father and son financial planners, Jerry and Nick Royer, are members of the professional association I founded. We consider them to be our role models."

Jack Gargan, RFC
Founder, International Association of Registered Financial Consultants
(Approximately 10,000 member's world-wide)

"Their steadfast dedication to the well-being of their clients has justified the success and reputations of Jerry and Nick Royer, and their client care is unparalleled in financial services."

Ed Morrow, CLU, ChFC, CER, RFC
Chairman of the International Association of Registered Financial Consultants (IARFC) Morrow introduced financial planning to China and other Asian countries.

"My late husband, Loren Dunton, was very proud of Jerry Royer and his son, Nick Royer, because the Royers are outstanding financial planning professionals who always first serve the best interest of their clients."

Marta Dunton
Widow of Loren Dunton, the founder of the financial planning profession.
San Francisco, CA

"Nick Royer and his father, Jerry Royer, are two of the very best and most accomplished financial planners in the USA today. They help people and have many satisfied clients who are well cared for."

Forrest Wallace Cato, RFMA, RFC
Former Editor, ***Trusts & Estates*** Magazine
Atlanta, GA

"T. Jerry Royer and his son Nick Royer are proven to help people accomplish their financial goals and objectives. They achieve this by guiding their clients in solving their money problems."

Lew Nason, LUTCF, FMM, RFC
President, Insurance Pro Shop

"There are no other financial planners that I can recommend more highly than Nick and Jerry Royer."

Rev. Dr. John Clements
Dr. Clements is author of the books ***Make Your Walls Tumble, Fruitful Prospects***, and ***Stained Glass Wisdom***. Norwich, England

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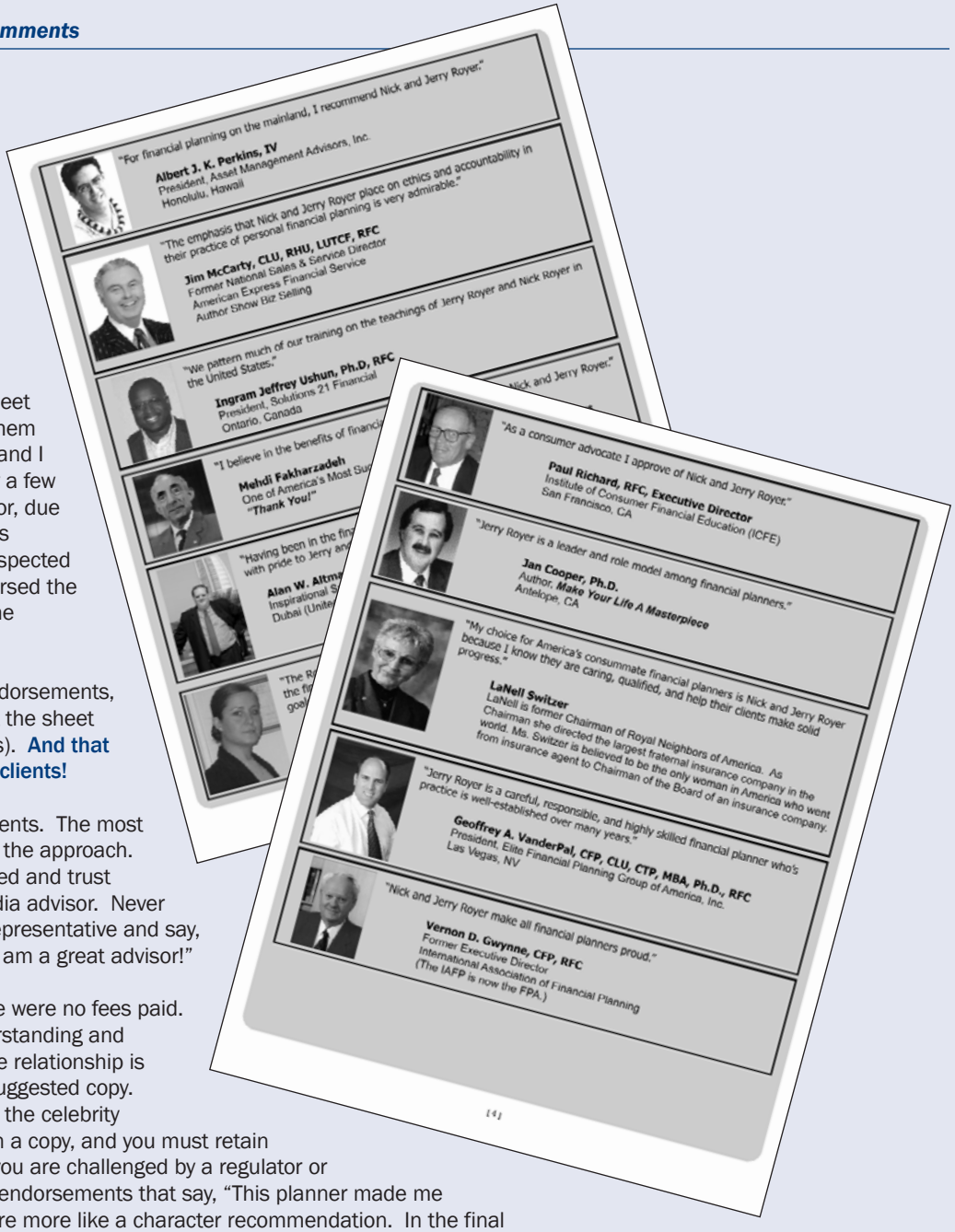
continued from page 17 **Cato Comments**

turn them in for a drawing of door prizes. They could place three names on the page, or just sign their name at the bottom. All completed the form with two or three names, and some were so "rude" as to write extra names on the back.

But the handout that received even more attention than the *Register* reprint was a four-side, two page sheet of **endorsements**. I had obtained them from prominent persons, and Jerry and I gathered the photos. Unfortunately a few photos were not high resolution color, due to the pressure of time, but that was rectified later. Knowing that well-respected and established "names" had endorsed the Royers made it a "slam dunk" for the prospects to do likewise.


"For financial planning on the mainland, I recommend Nick and Jerry Royer."
Albert J. K. Perkins, TV
President, Asset Management Advisors, Inc.
Honolulu, Hawaii

"The emphasis that Nick and Jerry Royer place on ethics and accountability in their practice of personal financial planning is very admirable."
Jim McCarty, CLU, RHU, LUTCF, RFC
Former National Sales & Service Director
American Express Financial Service
Author Show Biz Selling

"We pattern much of our training on the teachings of Jerry Royer and Nick Royer in the United States."
Ingram Jeffrey Ushun, Ph.D, RFC
President, Solutions 21 Financial
Ontario, Canada

"I believe in the benefits of financi
Mehdi Fakharzadeh
One of America's Most Su
"Thank You!"

"Having been in the fin
with pride to Jerry an
Alan W. Altm
Inspirational S
Dubai (Unite

"The R
the fi
goal

"As a consumer advocate I approve of Nick and Jerry Royer."
Paul Richard, RFC, Executive Director
Institute of Consumer Financial Education (ICFE)
San Francisco, CA

"Jerry Royer is a leader and role model among financial planners."
Jan Cooper, Ph.D.
Author, ***Make Your Life A Masterpiece***
Antelope, CA

"My choice for America's consummate financial planners is Nick and Jerry Royer because I know they are caring, qualified, and help their clients make solid progress."
LaNell Switzer
LaNell is former Chairman of Royal Neighbors of America. As Chairman she directed the largest fraternal insurance company in the world. Ms. Switzer is believed to be the only woman in America who went from insurance agent to Chairman of the Board of an insurance company.

"Jerry Royer is a careful, responsible, and highly skilled financial planner who's practice is well-established over many years."
Geoffrey A. VanderPal, CFP, CLU, CTP, MBA, Ph.D., RFC
President, Elite Financial Planning Group of America, Inc.
Las Vegas, NV

"Nick and Jerry Royer make all financial planners proud."
Vernon D. Gwynne, CFP, RFC
Former Executive Director
International Association of Financial Planning
(The IAFP is now the FPA.)

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To further illustrate the power of endorsements, even the guests (referrals) filled out the sheet and provided names (more referrals). **And that was even before they had become clients!**

There is an art to getting endorsements. The most critical factor is not writing skill, but the approach. Complete credibility must be provided and trust established with the celebrity's media advisor. Never contact a celebrity or their media representative and say, "Send me an endorsement saying I am a great advisor!"

With the Royer endorsements, there were no fees paid. Everything was done with the understanding and approval of the celebrities. After the relationship is established you can offer to write suggested copy. Never dictate! Another is to portray the celebrity favorably. The endorser should sign a copy, and you must retain a file of the authorizations in case you are challenged by a regulator or compliance auditor. These are not endorsements that say, "This planner made me big money." These endorsements are more like a character recommendation. In the final evaluation, that is even more powerful.

When you need more clients, nothing can be as powerful as endorsements.

Forrest Wallace Cato, RFMA, RFC®

Forrest Wallace Cato, RFMA, RFC®*, arranges for financial advisors to serve on the boards of corporations, associations, foundations, and other organizations. He is former Communications Director of the IAFP, now FPA. Cato is former Editor-in-Chief of Trusts & Estates: The Journal of Wealth Management and Financial Planner magazine. He is International Editor of Advisers magazine in China. Cato is a senior fellow in Financial Planning Media Advocacy at the Al-Habtoor School of Business in Dubai (United Arab Emirates). He presents* ***The Cato Award*** *during the IARFC sponsored conference. Cato wrote the Introduction to the classic book* ***How To Sell Your Way Through Life*** *by Napoleon Hill. Cato is credentialed as a member of the media authorized to cover the U.S. Congress and the White House and he has interviewed five Presidents of the U.S.*

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Aegis Officials Convicted of Tax Fraud Conspiracy

A federal jury in Chicago has convicted six defendants of a nationwide $60 million tax fraud conspiracy for participating in a nearly decade-long scheme to market and sell sham domestic and foreign trusts through The Aegis Company. Aegis, now defunct and formerly based in suburban Palos Hills, marketed its shams to some 650 wealthy taxpayer clients throughout the United States. This is not unlike similar frauds uncovered elsewhere, and some are no doubt continuing — until caught.

The defendants essentially diverted income from businesses into sham trusts for clients, hiding hundreds of millions of dollars in income for those clients and resulting in a $60 million tax loss to the United States, making the case one of the largest of its kind, according to Nathan J. Hochman, Assistant Attorney General for the Justice Department's Tax Division; and Alvin Patton, Special Agent-in-Charge of the IRS Criminal Investigation Division in Chicago.

The jury deliberations followed an 11-week trial before U.S. District Judge Charles R. Norgle in Chicago. The defendants were indicted in 2004, following a lengthy undercover investigation by IRS agents, code-named "*Operation Trust Me*" and the seizure of roughly 1.5 million documents, computer files and related materials. Two other defendants in this case and two others in separate cases in Chicago involving the so-called "abusive trust" scheme, pleaded guilty.

Nationally, the Chicago-based investigation has resulted in convictions of more than 30 defendants, with charges still pending against approximately 30 other defendants around the country, including Florida, Illinois, New York, Ohio and West Virginia.

All six defendants were found guilty of tax fraud conspiracy — specifically, conspiracy to defraud the United States by impeding the IRS in the collection of tax revenue and conspiracy to aid and assist the preparation and filing of false tax returns on behalf of Aegis clients. All six defendants were also found guilty of additional charges, while two of the six were also acquitted on some counts.

"All Americans have an obligation to pay taxes when they earn income. The defendants in this case engaged in a massive effort to help high-income earners evade their fair share of taxes. They have now been brought to justice. The IRS is to be commended for its excellent work in bringing this case to a successful conclusion," said Patrick Fitzgerald, U.S. Attorney directing the prosecution.

This verdict sends a message: taxpayers should be wary of anyone claiming to be an expert on how to hide income from the IRS. The Criminal Investigation Division has made the investigation of promoters and clients using abuse trust schemes as one of its highest tax compliance priorities.

The defendants organized, promoted and sold domestic and foreign/offshore trusts, primarily to self-employed individuals, for fees ranging between $10,000 and $75,000 for a package of one or more Aegis trusts with the purpose and effect of defrauding the government. The abusive trusts attempted to fraudulently conceal trust purchasers' true assets and income from the IRS and to illegally reduce or eliminate their income tax liability. The IRS first cautioned taxpayers in April 1997 that such trust arrangements were illegal. The trusts, in fact, provided no tax shelter and had no effect on transferring assets or reducing or eliminating the clients' income tax liabilities.

The evidence further showed that the defendants' scheme diverted profits from businesses to a sham trust system and transferred funds either to a bogus charitable trust or to bank accounts in tax haven countries, such as Belize and Antigua. The defendants then caused the filing of false tax returns of clients, which claimed false deductions and omitted substantial income.

All six defendants were also convicted of tax fraud regarding their own individual tax returns for the years 1997 through 2000, resulting in a tax loss of more than $1 million. Each count of tax fraud conspiracy, tax evasion, mail fraud and wire fraud carries a maximum penalty of 5 years in prison and a $250,000 fine, but mail fraud penalties can reach a maximum of 20 years in prison.

Advisor Alert

Every financial advisor has had some client come to them with a message, "I have heard there is some way to use offshore trusts or religious organizations or non-profit entities to avoid paying income tax." Often they have not just heard about it, they have been told that it is a sure-fire technique and that only fools pay their full income

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Aegis Officials Conviced of Tax Fraud

tax. Most of these are frauds, and their number is legion. This article should be filed for later use when your client has been approached.

Legitimate Avenues

There are very legitimate ways for clients to minimize taxes. Some are "old hat" but they can be used very effectively, such as the deductions for interest and depreciation. Many clients with charitable interests have a wealth of fully approved philanthropic opportunities to help organizations and themselves.

Many financial observers, after examining the state of the U.S. Budget and the ever-growing national debt are convinced that tax brackets will rise and that estate taxes will become an even bigger threat. Perhaps that is true. If so, the legitimate use of Irrevocable Life Insurance Trusts (ILIT) for the ownership of life insurance policies will become even more significant.

If double taxation of qualified retirement accounts becomes a renewed issue, then funding for retirement through non-qualified vehicles such as life insurance and annuities is worthy of consideration.

Offshore Trusts

With The Aegis Company these were tax shams. However, there are some legitimate uses of offshore vehicles. A U.S. citizen should get no special tax benefit from having a trust offshore — but there are legal protection elements that stimulate those in threatened occupations, such as physicians and even financial advisors. It is much harder to gain access to funds located offshore.

Offshore trusts are also useful for those wising to make certain types of investments. Based on the laws of the trust jurisdiction earnings can often be accumulated until benefits are eventually paid out — as taxable income then to a U.S. citizen, of course.

A manufacturing company that has legitimate offshore operations (such as raw material sources, assembly, insurance, distribution and sales) can gain advantages through offshore entities — and most of the giant companies in the U.S. have been doing so (quite legitimately) for many years.

The Silver Tsunami

Will It Float Your Boat — or Sink It?

Here are some numbers to tattoo on the inside of your eyelids: **46 - 64 - 78**

1946-1964 — The years the Baby Boom Generation was born.

78 — There are 78 Million of them alive right now in the U.S.

The generation prior to the Baby Boom Generation, the "Silent Generation", has a population of 35 million, less than half the Baby Boomers. The generation after, "Gen X," has 64 million. So, the biggest market for everything, by far, is the Baby Boom Generation.

Yes, Boomers control 77% of all the household personal assets in the U.S., and 34% have household incomes over $100,000. Why? They comprise more than 50% of all professionals and 50% of all those with college degrees. ***Best of all, they have half the discretionary spending in the U.S.!*** Forget the 18-49 demographic. The money is in the 50+ market. They are going to live and invest for a long time to come.

And if you are selling retirement products, they are coming your way fast. Their average age is already over 50, and millions of them are turning 60 every year. Your choices are simple — get ready for this Tsunami to float your boat way up, or keep doing what you're doing and let it crash over you. In this article, I hope to shed some light on how you can ride this wave to prosperity.

The book ***Boomer Consumer*** by Matt Thornhill and John Martin (sponsored by the National Association for Fixed Annuities, among others) sheds a very bright light on the Boomer market, and is worth reading. Among the clear points made, one has very interesting implications for those of us marketing to Boomers. It has to do with rational versus emotional decision-making.

As referenced in ***Boomer Consumer***: "According to the 2006 Bureau of Labor Statistics Consumer Expenditure Study, the 78 million Boomers are at their peak earning years and spend more money annually on consumer goods and services on a per capita basis than any other generation. Plus, there are so many more Boomers than other generations that when you multiply the per capita figure by 78 million you realize that today's Boomer Consumer spends some ***$2.3 trillion annually*** on consumer goods and services."

Boomers, having grown up through life's stages of working, getting married, raising kids, buying cars and houses, making investment decisions and so forth, will make most decisions now based on how they feel, instinctively, about the purchase.

They have made enough important decisions in their lives that they know when to "trust their gut" rather than overly analyze a decision. And what that means to you is that they are more likely to buy from a person they like and trust — someone they want to have as a member of their investment team. They need to be sold emotionally!

Most of the literature about Boomers also concludes that you cannot count on "brand loyalty" as a strong selling advantage. They are better educated, more independent, and much more skeptical than their parents. "Just because Prudential says this is right for me is less important than what my advisory team says is right for me." Boomers select those professionals they want to be a part of their advisory team. If you want to be chosen, you need to demonstrate you have something to bring to the table.

Agents and Advisors that use the time-tested 90-minute seminars as a way to generate leads are finding that the old methods aren't working so well anymore. There are several reasons for this. First, Boomers don't like to be pitched, and the free lunch or dinner seminars are obvious opportunities to be sold something — so they're not going to show up. Second, the old PowerPoint presentations have become boring and, in many cases, insulting to the intelligence and the investing experience of the Boomer. Assuming Boomers have the same low investing knowledge as their parents is a big mistake.

WallStreet University has developed a series of workshops aimed specifically at the Boomer market. These workshops are educational and are aimed at developing a relationship with the attendees, not pitching a product. In WSU's beta tests, 97% of the attendees said that it was (a) the first time they actually learned something at a workshop or seminar, and (b) they would recommend their friends to attend the next one. That's pretty powerful.

What's different? Three things. First, the workshop ***content*** comes from highly regarded independent third party sources: Lipper, Standard & Poor's, Insurance Information Institute and others. Second, the format is highly ***interactive*** which engages each attendee to participate in some way. And, third, the detailed Host's Guide and ***personal coaching*** take the presentation-skill risk

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out of it. If you can follow a script, you'll earn the trust you are trying to establish with your audience. And it's the ***earned trust***, not a product pitch, that will result in follow-up appointments.

WSU has also developed a program where Advisors can become Certified Instructors at their local Community College, teaching classes on various financial topics. It's called the Certified Financial Literacy Instructor program. This CFLI certification assures the Director of Community Education at the local community college that the Advisor who has achieved this certification is qualified and competent to lead a workshop class on the topic in which he/she has received certification. For the Advisor, the professional and personal credibility that comes with being a College Instructor is not to be underestimated.

Here's how it works. The first task is to select one of 20 course titles from the WallStreet University Community College Curriculum, such as Mutual Funds, Annuities, or 401K to mention a few. The process then involves passing a background check, passing a product knowledge test and conducting two workshops under the supervision of an expert "coach" who has extensive experience conducting workshops.

WallStreet University will contact the Community College(s) in your area to arrange for the workshop to be included in their catalogue.

The Community Colleges WSU has worked with so far have been eager to adopt this program. It gives them high quality course offerings in the category of "financial literacy" that they currently do not offer, along with an Instructor who has been certified with a background check and is an experienced, knowledgeable workshop leader.

The Advisor benefits from the outreach of the Community College to its community, and has the opportunity to establish relationships with the people attending the workshop. These are people who have paid to attend, so they are uniquely qualified prospects, not somebody looking for a free meal.

The marketing challenges of the next two decades are very different from the past two decades. The old "tried and true" methods aren't going to keep working because the Boomer generation isn't buying it anymore. The saying, "It's not your father's Oldsmobile" is a stronger message than you think. The Silver Tsunami is upon us. Get ready for the ride of your career!

Bill Nordstrom

Bill Nordstrom*, an avid sailor in Newport Beach, California, is Chairman and CEO of WallStreet University, Inc. He was formerly CFO of AMEX listed Easyriders, Inc. and has followed the development of the "Boomer" market for many years.*

The IARFC is partnering with WallStreet University in this program. To receive the IARFC discount, please reference discount code IARFC0808. To learn more about these workshops and the Instructor training programs.

Contact: 888 458 0123
stevesipe@wallstreetuniversity.org
www.wallstreetuniversity.org/seminar

Compliance-Friendly Marketing

Four Things You Are Doing Wrong in Your First Client Meeting

By Katherine Vessenes, JD, CFP®, RFC®

Most financial sales are made in the first client meeting. Now don't get me wrong, you may not get a check in the first meeting, but if you set it up right and the meeting goes well, you will get the check eventually. Maybe lots of checks...

With so much hanging on the first meeting with a new prospect, don't fall into these deadly traps we have seen hundreds of advisors make:

1. **Too much time chit chatting at the beginning of the meeting.** I once watched not one, but two advisors tag team a new prospect — an optometrist. I timed them — they spent 30 minutes swapping stories before getting down to business. Sure, a little chit chatting is a good way to break the ice, but blowing through 25 minutes is a waste of your most valuable asset — your time.

   It is important to think of your time as your inventory. Wasting 25 minutes with just 3 clients in one week, means you will be seeing at least one fewer person per week. When you multiply this by your value per meeting — excessive story swapping could be costing you thousands of dollars in sales — every week!

2. **Not using an agenda.** I try to start every meeting, no matter how small the client, with an agenda. For many clients I even send them the agenda in advance. There are a number of reasons using an agenda is so crucial to closing more business:

   a. **First it allows you to control the meeting.** (More about that in a minute).

   b. **It takes the fear factor out of the meeting from the prospect's perspective.** The prospect knows what's coming and they don't have to be on edge worrying that you are going to sell them something they don't want or need.

   c. **It shows your professionalism.**

   d. **It keeps the meeting on track, helping you stay focused.**

   e. **It can serve as "crib notes" to make sure you cover the most important topics with your prospects.** Many times clients will have questions that can take us down a rabbit trail. If I forget where we are in the meeting, all I have to do is glance at the agenda and pick it right up without missing a beat. This is also good for new advisors who may be feeling uncomfortable with the first meeting.

   f. **It allows you to cover a lot more ground and be more efficient.**

3. **Not controlling the meeting and the space.** Too few advisors understand that Financial Services is a lot like theatre. Your stage, your office, needs to be tidy and professional looking. Your staff should be warm and inviting. But most of all you need to have the attitude of Brad Pitt or Catherine Zeta-Jones — you are in charge — and you are going to "nail your role."

   Every time I tested out our No-Sell Sale® I had the same mindset: I **assumed the sale**. It never crossed my mind they might not buy my product or service. I knew that I was great at what I do and that I had the client's best interests at heart — a killer combination. I also knew no one was going to love 'em, like I could love 'em. This confidence was crucial to closing more sales — my closing ratio testing these techniques was over 90%.

   Contrast this with other **disasters we have witnessed**. One advisor (number 1 in his broker/dealer) had an office

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that was so messy that I was constantly tripping over boxes and other junk on the floor. He and two assistants were sharing the same space. The carpet was dirty and threadbare and the room had not been painted in at least 10 years. There was no privacy for clients. In short, it looked and felt like a dump. This kind of environment presents a lousy message to clients. It tells them you don't pay attention to the details and you are too cheap to do the basics. Clients think you won't pay attention to the details in their portfolio and you might skimp on crucial things you need for them.

Another one of our advisor clients had the beautiful office set up, complete with fresh baked cookies and hot cider. However, when he escorted me back to his office to role play his first interview, he had poor posture, and very soft voice and looked like an insecure junior high school student afraid to ask the cute girl to dance. My advice to him — control your space!!! Own the space! This is your office; you need to have confidence in who you are and what you offer to clients. Your positive, killer attitude is contagious and will help you close more business.

4. **Not focusing on the marketing genius.** Here is a test question for you: who is the marketing genius? When I ask this in presentations, most of the audience will either pick me (nice, but wrong answer) or themselves — also dead wrong. **The only marketing genius is the client.** My marketing plans are simplicity themselves: we just focus on what the client really wants and then deliver it to them.

   Where we see advisors getting hung up, is they spend their time telling the prospect all about them, their financial firm, their portfolio strategy, and they blow through the time without ever focusing on what the client really needs.

You can use this techniques very effectively when making a presentation to a small or medium-sized business — or to a large family when presenting the need for a complete family financial plan. Concentrate on asking questions and organizing the agreed-upon responses:

- What are you looking for in this project?
- What needs to happen for this to be a wild success?
- What has or hasn't worked in the past?
- How can we best help you?

There are a number of reasons to handle the meeting in this way. First, it is all about the client — not you. Second, we don't know if we can really help them unless we ask a lot of questions.

Every initial presentation to a prospective new client must contain questions like those four above. If not — colorful PowerPoint is all show. The presentation should be "Show & Tell" and the Tell is from the client — not from you!

It is simple really: focus on the client, not you, use an agenda, go in with the right attitude and don't talk too much — you will make more money!

Katherine Vessenes, JD, CFP®, RFC®

***Katherine Vessenes, JD, CFP®, RFC®**, the creator of the No-Sell Sale™, uses her 20+ years of experience as a top financial advisor and consultant to help her clients achieve an easy, almost effortless sale. Katherine is considered "The country's leading authority on building the multimillion dollar practice" (Kaplan) and "America's best known authority on the legal, ethical and compliance issues of financial advisors" (Dearborn).*

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Tax Planning

Ready-to-Use

IRS Increases Mileage Rates

The IRS has announced an increase in the optional standard mileage rates for the final six months of 2008. Taxpayers may use the optional standard rates to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

The rate will increase to 58.5 cents a mile for all business miles driven from July 1, 2008, through December 31, 2008. The IRS normally updates the mileage rates once a year in the fall for the next calendar year.

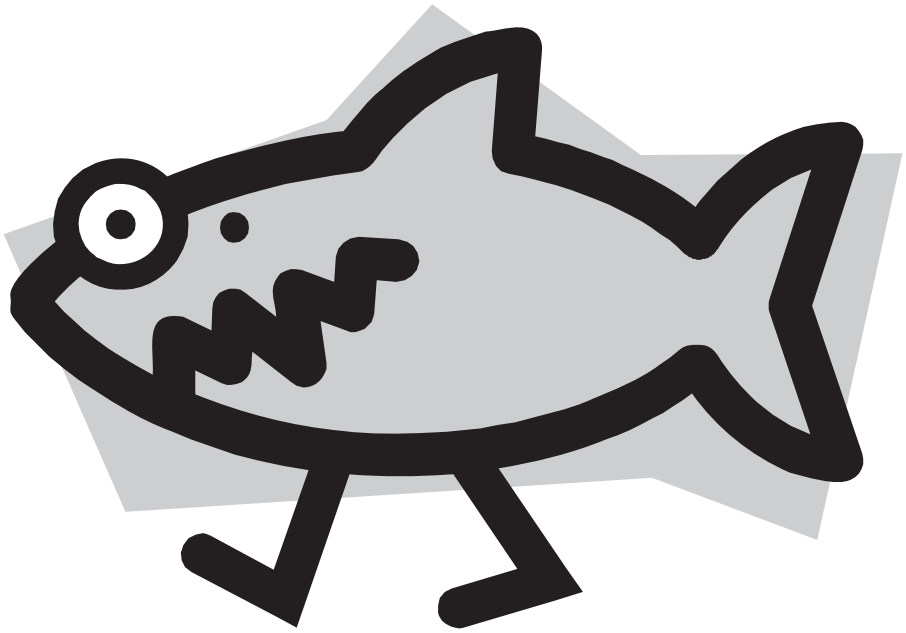
The optional business standard mileage rate is used to compute the deductible costs of operating an automobile for business use in lieu of tracking actual costs. This rate is also used as a benchmark by the federal government and many businesses to reimburse their employees for mileage.

The rate for computing deductible medical or moving expenses will also increase to 27 cents a mile, up from 19 cents for the first six months of 2008. The rate for providing services for charitable organizations is set by statute, and remains at 14 cents a mile.

Taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates.

Purpose	Rates 1/1 - 6/30/08	Rates 7/1 - 12/31/08
Business	50.5 cents	58.5 cents
Medical/ Moving	19 cents	27 cents
Charitable	14 cents	14 cents

The "Land Shark" is Among Us Now!



Back in the old days, the late night television show, Saturday Night Live, was a comedy show. I don't know what it is now... — oh, yes I do — boring. Anyway, Chevy Chase and Gilda Radner used to do a satirical bit about the movie, 'Jaws'. Chevy dressed up in a big shark costume and prowled the hallways of apartment buildings looking for victims. He would knock on Gilda's door and she would answer, "Who is it?" Chevy, the land shark, would then have to make up a lie to get Gilda to open the door. He would say something like, "Pizza delivery" and then Gilda would reply, "But I didn't order a pizza." Chevy would hesitate and lie again. "Paper boy." Gilda would say, "I don't take the paper". Gilda would not open the door. They would carry on until finally Chevy would say, "Land shark". Gilda would then drop her defenses and her curiosity would overcome her now thinking that a friend was simply playing a gag on her. She would finally open the door only to get attacked by, sure enough, the 'Land shark'.

I bring this old bit up not to point out that television is now devoid of real comedic talent and writing, but that the stock market is beginning to remind me of the 'Land shark'.

First of all, it doesn't make any sense. There is no such thing as a shark that lives on land. Second, bald face lying about our economy is the norm. Our government has become pathological in that it can no longer tell the truth about anything. Heck, I would even bet that that supposed Mars Rover is really some NASA truck sitting out in the Southwest desert shooting pictures of sand and rocks here on Earth. In one of the pictures, I could have sworn I saw a Denny's on the horizon! Third, it seems that our government thinks that as long as they keep telling whopper after whopper, we will finally drop our guard and accept them and their data into our portfolios.

For instance, at the end of May, our government said that new home sales increased in April by 3%. Oh, and they 'revised' the March number to 'down 46%'. But didn't they tell the same lie in March? Didn't they say new home sales were up 3%? Don't you now think the reported 3% gain in April is an outright lie too? Didn't they say that gasoline prices actually dropped? Didn't they say that food prices weren't a problem since we could now go to the Moon and get slices of green cheese for free? I don't think our government can keep track of whatever lie they told yesterday. More to the point, I think the strategy is to simply lie about everything until reality becomes confused.

News services claim to just report the information that they are given, but look at a couple of headlines. On May 20, headlines Internet site, MarketWatch one said, 'Producer prices rise tame .2% in April' and the other said, 'Stocks slide as oil near $130 fuels inflation concerns'. On May 18, from the same site, one headline read, 'More awful housing and inflation data expected this week' and next to it another read, 'Leading indicators rise for second straight month'. Our government 'Conference Board' and Labor Department put out those 'happy news' headlines.

Meanwhile, the truth goes on. Dow Chemical announced that they were raising prices by as much as 20% on their products (everything from plastics to food) because of 'soaring energy prices'. The company said its energy costs were up 42% in the first quarter. Kodak announced the same 20% hike in their products. I have already stated in past issues of this publication that the BPI (Barry's Price Index) was in excess of 20%. That 'happy number' that our government puts out of inflation at 3% is insulting, condescending, preposterous, and bombastically ridiculous. Our new leaders, the Fed (they haven't told us what they want us to call them — I have a few names but they certainly can't be printed in this magazine) puts out a Personal Consumption Expenditure (PCE) that is their take on inflation and it is running at 2.1%. (That's annual, not monthly!)

Therefore, the government is just a shade off with their measure of inflation. They also want us to believe that housing is in a 'slump'. A slump assumes that the temporary downtrend will end and we will resume the high levels of the past.

I think of it this way. Rick Barry was one of the greatest players and free throw shooters in NBA history. For his career, he made more than 90% of his free throws. Only a couple of players have ever accomplished this feat. What has happened in housing, it that we have traded Rick Barry for Shaquille O'Neal and there ain't no 'slump'. Shaq's free throw percentage is just a shade over 50% and he stinks at free throws. He always did and he always will. He doesn't have good balance at the line and his elbow is never tucked in. What a minute, that's basketball analysis!

Our housing market used to be Rick Barry and now it is Shaq. There is no slump. It is bad compared to the past few years

continued on page 26

and it will never be as good again. Think about it. Sub-prime is gone. The lenders of such mortgages have been caught with their pants down. That population was a large part of the mortgage business over the past several years. Add to that, if real estate prices continue to fall, and I believe they will, the 'real estate investor' is also gone. We have eliminated a large portion of potential clients. No, this is not a slump! Shaq is now at the free throw line.

So our government lies to us about inflation and real estate. What about oil and gasoline? They say gasoline prices are falling and they want us to believe that demand is falling. Since government data is worth about as much as a cow chip in a pasture, we have to observe for ourselves and tally our own estimate of demand.

I still see lots of cars at the pumps. Over Memorial Day, the Indianapolis 500 race was so well attended that commentators noted the overflow crowd. They call it the 'Great American Road Race' but every car has a Honda engine, runs on Firestone tires (now a Japanese company), and was won this year by a New Zealander. So much for that.

Our office is within sight of Lowe's Motor Speedway and I don't think I have ever seen so many people. What is the common ingredient? Racing uses gasoline and so do all the fans. My conclusion is there is no drop in demand. The 'official' government figure is that demand is down 4% but I think we all know better. Besides, if you were able to lie the price of oil down, what do you think will happen to demand? Sure, people will feel relieved and drive even more!

To add to this point, Indonesia announced that they were thinking about dropping out of OPEC. Why? They no longer have the ability to export oil, because the increased number of cars are consuming all the gasoline they can refine. Do you think China and India and the rest of Asia will just simply cut back? No, they will get their oil from somewhere and as their demand rises, they compete with the US for the supply.

Since we closed May with the Dow and the NASDAQ still down over 4% for the year, what else is bothering the market? Actually, this is another good example of the artificiality of our modern market in the new era. January saw the NASDAQ drop 9.9% and the Dow only 4.6%. Of course, the Dow was rescued from a more abysmal start by Herculean Fed intervention. They like to have things nice and tidy so as not to draw too much attention to their market domination. So, they have been working all year to 'even' things up and get the Dow and the NASDAQ in line. So, we finished May with the Dow down 4.7% and the NASDAQ down 4.9% for the year so far.

The Dow has only had one positive month in '08 (April) but the NASDAQ has now strung three straight positive months together. Why is the NASDAQ of late so much better than the Dow? I suspect a lot of it has to do with the desired evening of the indices' returns. Since the Fed took over control of the stock market, they can do whatever they want. Before you dismiss this as a crazy idea, consider the volume of trading in our markets thus far.

What does trading volume tell us about the market? In January, we averaged 1.8 billion shares exchanging hands on the Dow every day and in May, the volume had fallen to 1.2 billion. Ditto for the NASDAQ only its trading volume average has shrunk from 2.5 billion shares to 1.9 billion shares. What was going on in January to give us such higher trading volume? Actually, the month started out with volume closer to the May average.

In the last few trading days of January the Fed lowered rates, extended loans to banks, expanded the garbage pail of un-priceable bank 'capital' (that our bankers used as pretend collateral to make excessive loans) that they would exchange for more liquid Fed money, and no doubt shoved money into the stock market. For instance, on January 23 (the day after massive Fed intervention), the volume on the Dow and NASDAQ exploded to 2.7 billion and 3.5 billion respectively. For comparison, the trading volume on May 23 for the Dow and the NASDAQ was 1 billion and 1.7 billion respectively. Now, who was responsible for all that trading in January? You? Me? No, it was somebody with a monetary printing press and a total disregard for capitalism, free markets, or the valuation of our currency. This is why investing in the new era is all about the Fed, the Fed, the Fed!

A more sobering reason for the unprecedented and unfettered massive Fed intervention could be the truth. Our economy could be on the edge of a meltdown. Our financial system could be bust. Of course, we will never know because the data producers are government employees. They will just feed us what they want us to believe.

Knock, knock — "Who's there?"

"*Reader's Digest* sweepstakes delivery." Our government even 'revised' up the first quarter GDP number from .6% to .9%. Not only were we going to skirt a recession but the first quarter was even stronger than we thought.

"Mailgram." Retail sales were actually about even for April — minus auto sales. Not that we are concerned with reality or truth but auto sales account for some 20% of retail sales. I looked it up.

"Gas company, Ma'am." Heck, our new leaders even proclaimed that our financial debacle was no longer at the edge of crisis.

Long pause... "Land shark."

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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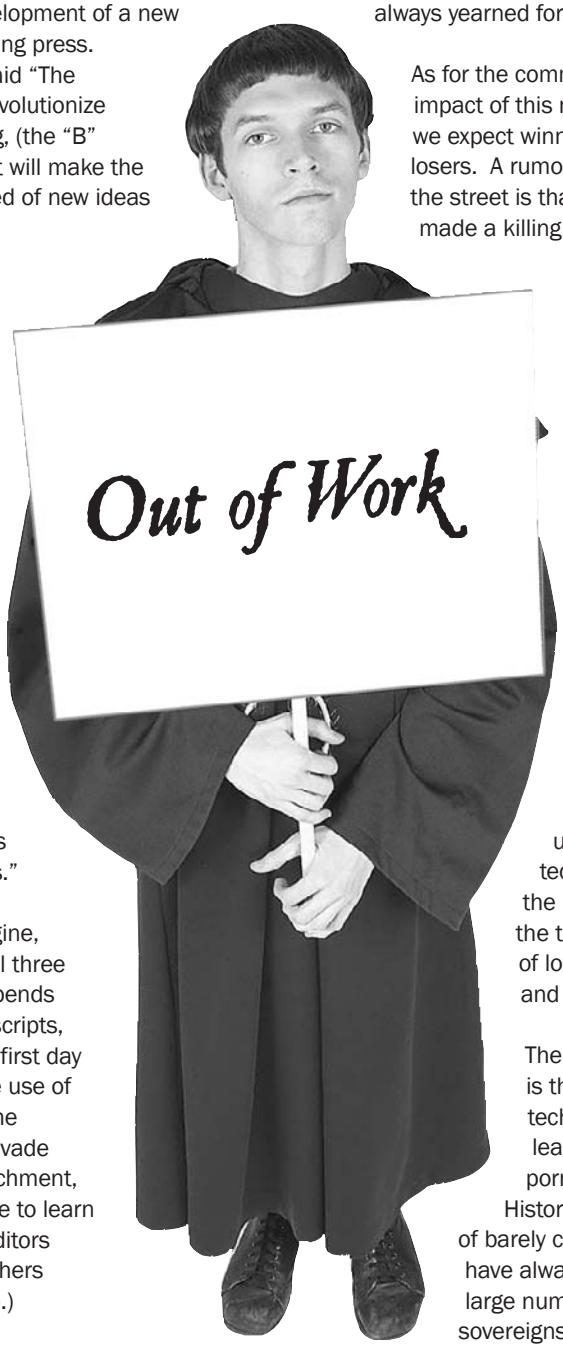
Business Mirrors Life

Before E-Learning, We Had B-Learning

As many readers of the Register know, IARFC Chair, Ed Morrow travels the globe seeking new members for the IARFC. On a recent visit to a rare book dealer in Asia he found this ancient manuscript from one of the earliest business newspapers in recording history. It was dated Aug 3, 1541 and was the lead story in the new technologies section.

A German entrepreneur, Guttenberg Gates announced the development of a new technology the printing press. Guttenberg Gates said "The printing press will revolutionize learning. B-Learning, (the "B" stands for books). It will make the classroom the hotbed of new ideas and commerce."



"It definitely surpasses previous learning support technologies that have been with us for thousands of years." Guttenberg explained at his news conference. "Previously students were required to either memorize hundreds of pages of ancient text or spend endless hours copying manuscripts."

He continued, "Imagine, instead of the typical three months a student spends bent over his manuscripts, copying texts for his first day of class, through the use of the printing press, the newest product to invade education since parchment, a student is truly free to learn at his own pace. (Editors note, there were no hers learning at that time.)

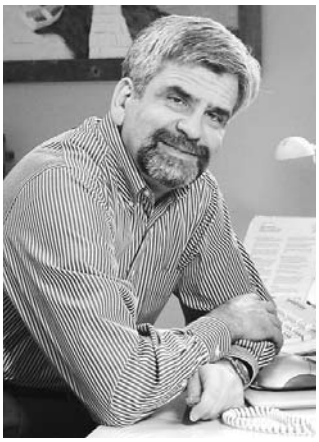
As expected some of the more conservative educators (monks) believed that with the loss of the need to copy manuscripts, students would soon lose their powers of concentration and their commitment to detail. The more progressive educators believe that the printing press will put an end to the boredom of school. Teachers will now assume that their students have read the basic material before they come to class. The classroom will become the realm of verbal debate that the Greeks always yearned for.

As for the commercial impact of this new technology, we expect winners and losers. A rumor heard on the street is that Guttenberg made a killing selling feathered quills short on the commodities exchange. However, in response to a reporter's question, he stated, "The printing press is still a very expensive capital investment and only the most popular manuscripts will be available using this technology, i.e., the Bible and the tax codes of local kings and queens."

The greatest fear is that the new technology will lead to a boom in pornography. Historically, sketches of barely clad maidens have always fetched a large number of sovereigns. However, the new technology may make it possible for every street urchin to have his own pamphlet of debauchery. Rumors already abound that the Duke of Vegas has purchased seven of these printing machines.

On a positive note, the Sorbonne has begun to market its first flex time class. Students will be able to study at home with a copy of the actual academic text and attend classes on Sundays only. (Church fathers are concerned that this will continue the already steep slide in church attendance.)

As always we end our news update with a career tip for readers. Increases in reading by candle light will create lots of new business for the optometry guild members. Have your sons register for membership in the Guild ASAP.



Hesh Reinfeld

***Hesh Reinfeld**, an experienced journalist, 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." Perhaps 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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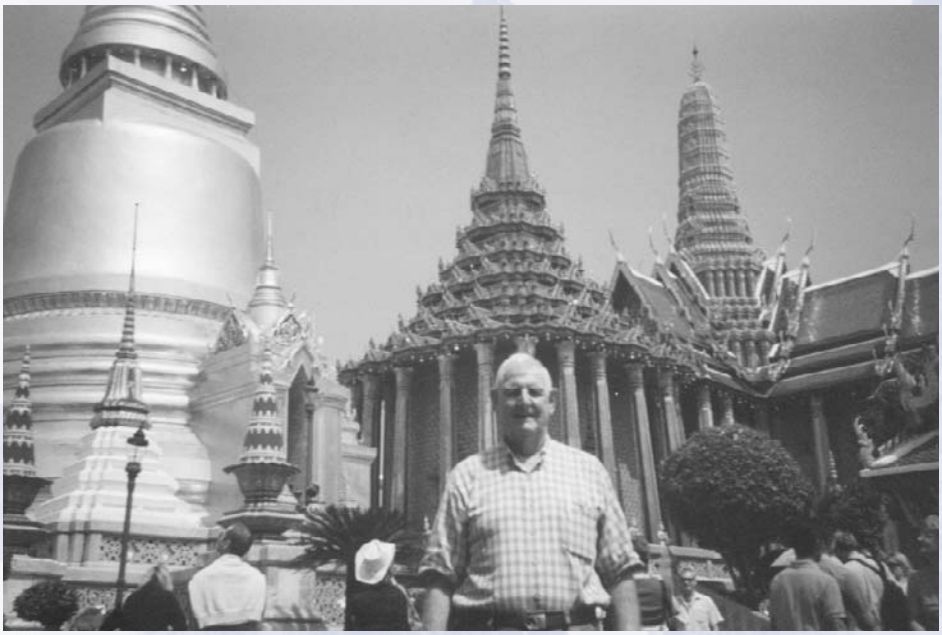
A Message from the Founder

Health and Security in Thailand



So much has happened since my last communication with you. On Sunday, June 1st, Pan and I drove to a private hospital in Khon Kaen where I had my regular 5 year colonoscopy. I am happy to report they found and removed two benign polyps. I bring this up because it gives me a chance to get on my soap box and send you a very important message: It is so important if you are age 55 or older, you should have a colonoscopy exam at least every five years or so.

I realize this is not the most pleasant thing to talk about, but today, June 10th is three years to the day I lost my wonderful brother to colon cancer. It went undiagnosed too long because it was masked by another health issue and he kept putting off the exam. He was at the peak of his life and still had so much more to give to his family and the world. Jim was arguably the world's foremost authority on building collapse and trench rescue as well as a noted instructor in all types of rescue work.

So if you have been procrastinating, please do yourself and your family a huge favor and get it done! It's really no big deal. More of an inconvenience than something to fear. If this message gets just one of you to act, it is worth putting it in this *Register* column.

Men should get a PSA blood test every year — and inexpensive alternative to Prostate Cancer. The cost here in Thailand for the whole thing, Doctor, assistants (3), hospital (new, state-of-the-art), biopsy, etc., etc. was about $360. Medical practitioners in America should take a lesson! The biggest single charge was the doctor, 5,000 baht ($150).

If you need major dental work or surgery by world-class doctors in state of the art hospitals, why not come here to do it and visit with us while you are here. It will probably be cheaper than doing it in the US, and you get to see a wonderful country!

On the way home later that day we stopped by Global House (Thailand's version of Home Depot), where I bought a lawnmower and a small fireproof home safe. The mower was an old-fashioned reel-type push mower. It made quite a hit when I started using it on the front lawn! Everyone wanted to try it! Even the truck driver who was delivering materials for our new home addition! No one had ever seen one here. It was kind of like Tom Sawyer and the whitewash fence with people lining up for their turn.

The safe weighed about 125 pounds so I enlisted Farmer Laap to help me carry it into the house. Since we did not want him to unintentionally mention that we had a safe in our home and give people the false impression that we kept a lot of valuables here, we told him it was a computer. Since he had never seen a safe before that worked! Imagine: here's this steel cube painted olive drab with a dial and a key lock on a door with heavy hinges, and he had no idea what it was! THAT'S how far back in the country I am! Pan even calls it "the iron box".

On Wednesday Pan and her daughter Som-o flew to Bangkok to get their health exam and shots required for their visa. The flight to Bangkok was quite an adventure for 11 year-old Som-o, who had never flown before, or rode a taxi or the skytrain or even seen the big city of Bangkok. She was the center of attention from all her classmates (and teachers) who also have never done the same.

We plan to spend some time with family and friends in the U.S., then drive cross country seeing all the sights on the way to visiting my son and his family in Oregon before flying back to Thailand. Hope I can afford the cost of the gasoline by then!

In 1984 ***Jack Gargan*** *formed the IARFC beieving in comprehensive planning and continuing financial education. About ten years later his career shifted to politics and he formed the Independence Party of America.*

A resident of Cedar Key, Florida, Jack was starting to enjoy retirement and relax. And then at the 2006 Forum where he presented the first Founders Award, he rekindled his interest in financial planning. Jack traveled to Thailand and fell in love with the people, the culture and the country. Now he lives in Ban Wang Phoem, Thailand where he and his new wife, Pan, are enjoying starting all over again.

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James Investment Research, Inc.

Equity Style

1Q.08

Investment Objective

The James Equity Style seeks to provide long-term capital appreciation and outperform the Equity Blend Benchmark.**

Investment Strategy & Process

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.
  - Relative Value – investing in securities which have relatively low ratios such as price to book and price to earnings.
  - 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 3/31/08)

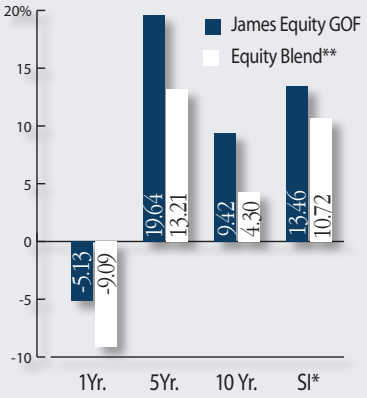
Benchmark Index	Equity Blend**
Average # of Holdings	101
Assets	$26.8 million
Average Market Cap	$27.9 billion
Price/Earnings	13.5
Price/Book	2.2
Target Allocation	95% Equities 5% Cash

Top Ten Holdings (as of 1/31/08)

McDonald's Corp	3.0%
Merck & Co Inc.	2.8%
Exxon Mobil Corp	2.5%
Edison International	2.3%
Energen Corp	2.3%
Amer Physicians Cap	2.1%
Ceradyne Inc	2.1%
Johnson Controls Inc	2.1%
Manpower Inc	2.1%
Northrop Grumman	1.9%
Total	23.2%

James Equity vs Equity Blend** (Annual Returns Ending 3/31/08)

	1Q****	1Yr	5Yr	10 Yr	SI*
JIR Equity- Gross of Fees	-6.84%	-5.13%	+19.64%	+9.42%	+13.46%
JIR Equity - Net of Fees	-6.98%	-5.67%	+18.97%	+8.79%	+12.86%
Equity Blend **	-9.67%	-9.09%	+13.21%	+4.30%	+10.72%
Russell 3000***	-9.52%	-6.06%	+12.07%	+3.88%	+8.79%



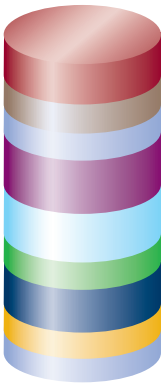
James Investment Research, Inc. is an independent investment management firm and is not affiliated with any parent. James Investment Research, Inc. has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS). The composite's inception date is 12/31/83. 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 March 31, 2008, the Equity Composite consisted of 6 accounts totaling $26.8 million which was 1.3% of all assets under James' management of $2035 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 March 31, 2008 was 2.80%. S= $\sqrt{\sum W_i[R_i - \overline{WtMEAN(R)}]^2}$

* Since Inception 12/31/83-3/31/08 ** Blend 50% S & P 500/50% Russell 2000 ***Supplemental****1st quarter is not annualized

Sector Diversification



As a % of total equities as of 3/31/08

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	6.57
Annual NOF Returns %	12.08	11.78	3.16	-1.20	-14.64	32.70	27.96	23.29	12.40	5.98
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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Robert B. Welch, RFC, NJ USA
Dwayne T. Welch, RFC, TN USA

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Christopher P. Hill, RFC
Eduardo Iniguez, RFC
Jamie McGarry, RFC
Joshua Mills, RFC
Daniel Ostlund, RFC
Jeff Rattiner, RFC
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