the Register

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Loren Dunton

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IARFC
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Financial Planning Building
2507 North Verity Parkway
P.O. Box 42506
Middletown, OH 45042-0506
800 532 9060 • Fax 513 424 5752
www.IARFC.org

in this issue

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Register Letters

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

We are pleased to share some of the Financial Planning Process™ course attendee comments from the July 14-18, New Jersey City University venue. The IARFC also wishes to extend sincere gratitude to Dr. Rosilyn Overton, for her coordination and support of the IARFC course.

The course equipped me with phenomenal tools of the trade.
Bunmi Ajao, MBA
Gastonia, NC

I would recommend this course to anyone interested in building their business. It will have a positive impact in helping their client reach their personal and financial goals!
Mark Braverman, RFC®
Bensalem, NJ

This course bridges the gap that exists with most independent advisors. I am so grateful!
Herbert Fulton, Jr., RFC®
Georgetown, TX

Excellent course. It bridges the gap between learning about financial planning in school and how to treat clients to make the sale.
John Ng
Jersey City, NJ

I was fully knowledgeable on the theory but needed some direction on how to implement.
G. M. Poole, RFC®
New York, NY

It met all my expectations. Jim and Ed delivered the training to allow me to immediately implement comprehensive financial planning in my practice.
Wilson F. Skinner, Jr., RFC®
Williamsburg, VA

I was looking for a program that would give me an A to Z system for dealing with clients this is it. Great Job!
Antonio Vargas
Flushing, NY

Journal of Personal Finance

Call for Papers

Get Involved: We welcome the submission of articles from IARFC practitioners. This is a great way to contribute to the profession.

Professional Articles: The *Journal of Personal Finance* is seeking articles by practitioners that may deal with the application of financial planning techniques, marketing and practice management. These are expected to be very high level papers or articles.

Publicity Opportunities: Naturally, we encourage published authors to advise both their clients and the media of their being published by sending a press release.

Contact Dr. Ruth Lytton
E-mail: rlytton@VT.edu
Call: 540 231 6678

Register Articles

You Can Write A Great Article for the Register

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

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

- ***Get Published***
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Calendar of Events

2008

Worldwide Chinese Life Insurance Conference
September 4-7, Singapore

RFC Accelerated Course
September 22-26, Venue TBA

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

Financial Advisors Symposium
October 13-16, 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 10-14, Venue TBA

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

RFC Accelerated Course
December 8-12, Central Florida

IARFC International Directory

Jeffrey Chiew
DBA, CLU, ChFC, CFP®, RFC®
Asia Chair
jeffreychiew@yahoo.com

Liang Tien Lung, RFC®
China Development Organization (IMM)
(Taiwan, China, Hong Kong & Macao)
imm001@iarfc.org.tw

George Flack, CFP®, FPNA, AFAIM, RFC®
Australia and New Zealand Chair
george.flack@ribendigo.com.au
Janet Mundy
Secretary
janet.mundy@ribendigo.com.au
David Kippen
Treasurer
david.kippen@ribendigo.com.au

Antony Francis, RFC®
Bermuda Chair
diamond@ibl.bm

Jeffrey Eshun, Ph.D., RFC®
Canada Chair
jeff.eshun@dscfreedom.com
Roger T. Blair, Sr. RFC®
Vice Chair
roger.blair@dscfreedom.com
Bernadette Bowman, MBA, RFC®
Vice Chair
bernadette.bowman@dscfreedom.com
Jacqueline Russell, BSc, MBA, Dip. Ed.
Business Relationship Coordinator
jrussel@dscfreedom.com

Choo Siak Leong, RFC®
China Chair
Beijing, Dailan, Guangzhou, Shanghai
slchoo@immadviser.cn
Zheng Senyuan
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Demetre Katsabekis
MBA, Ph.D, CiC, CiM, RFC®
Greece Chair
vie@otenet.gr
Nick Tessaromatis
Ph.D, CiC, CiM, RFC®
director@eisxy.com

Samuel W. K. Yung, MH
CFP®, MFP, FChFP, CMFA, CIAM, RFC®
Hong Kong and Macao Chair
chair@iarfc-hk.org
Teresa So
Ph.D., MFP, RFP, FChFP, CMFA, CIAM, EDAM, RFC®
Adviser, Hong Kong and Macao
director@iarfc-hk.org

Alan Wan, RFC®
Executive Director
admin@iarfc-hk.org

George Oommen, RFC®
India Chair

Laazarus Dias, RFC®
Mumbai Chapter Chair
laazarusdias@gmail.com

Aidil Akbar Madjid, MBA, RFC®
Indonesia Chair
akbar@pavillioncapital.com
Lisa Soemarto, MA, RFC®
Admin
lisa@pavillion.com

Ng Jyi Vei, ChFC, CFP®, RFC®
Malaysia Chair
iarfc-msia@time.net.my
Mabel Chan
iarfc_msia@yahoo.com
Ms. Kavita
iarfc_msia@time.net.my

Zahid Khan, RFC®
Pakistan Chair
askzahid@gmail.com

Ralph Liew, RFC®
Philippines Chair
kilhk@myjaring.net
Tony Balmori
Executive Assistant
tonybalmori@iarfcphils.org

Jerry Tan, LLIF, CIAM, CMFA, RFC®
Singapore Chair
jerry@iarfcsg.org
Serene Ng
Admin Assistant
serene@iarfcsg.org
Madiline Ang
Admin Assistant
madeline@iarfcsg.org

Richard Wu, RFC®
Taiwan Chair
richard@imm.com.tw
Nora Hsu, RFC®
Manager
nora@imm.com.tw

Preecha Swasdpeera, MPA, MM, RFC®
Thailand Chair
contact@iarfcthailand.org

Nigel Salina, BA Hons Mgt, MABE, RFC®
Trinidad Chair
nigel_clico@tstt.net.tt
Inshan Meahjohn, RFC®
imeajon@tstt.net.tt
Danielle Brennan, BA
dbrennan@nsa-clico.com

International Websites

IARFC Canada
www.iarfc.ca

IARFC Hong Kong
www.iarfc-hk.org

IARFC Philippines
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www.iarfcthailand.org

US Staff Directory

Edwin P. Morrow,
CLU, ChFC, CFP®, RFC®
CEO & Editor-in-Chief
edm@iarfc.org
513 424 6395 ext 11

Barb Chasteen
Mailing and Shipping
barb@iarfc.org
513 424 1656 ext. 22

Wendy M. Kennedy
Executive Assistant & Managing Editor
editor@iarfc.org
513 424 1656 ext. 14

James Lifter, MBA, RFC®
Educational Director
jim@iarfc.org
513 424 6395 ext. 18

Kathleen Ourant
International Membership Services
kathleen@iarfc.org
513 424 6395 ext. 31

Amy Primeau
Domestic Membership Services
amy@iarfc.org
513 424 6395 ext. 34

David M. Stitt, ChFC, CFP®, RFC®
Software Consultant
david@financialsoftware.com
513 424 1656 ext. 12

Mark Terrett, RFC®
Operations Manager
mark@iarfc.org
513 424 1656 ext. 10

IARFC Member Survey

How Do You Use Your Member Benefits?

Amy Primeau, Domestic Membership Chair

The IARFC succeeds when our members succeed. We need your feedback to know what you like or don't like, and more importantly, to know what is working for our members. Please take a few minutes to complete the survey. You may fax it to: **513 424 5752** or e-mail your survey to our Domestic Membership Chair, Amy Primeau at **Amy@IARFC.org** *Completed surveys should be submitted, by October 1, and results will appear in the Register.*

The IARFC has several consumer marketing pieces available to our members.

Image Building Brochure — 3 panel, 8.5" x 11" full color
Do you need an advisor — 4 page 8.5" x 11" full color
Do you need an advisor — 3 panel, 8.5" x 11" full color
Referral Card — 2 sided, 8" x 3" full color

Have you used these brochures before? ❑ Yes ❑ No

Please describe how you use the IARFC brochures (mailings, seminars, etc):

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_____

If you are not currently using the IARFC brochures, what is the reason?

_____

_____

Please evaluate the effectiveness of the IARFC brochures in your practice:

_____

_____

Would you like a set of sample brochures sent to you? ❑ Yes ❑ No

Are you interested in using our new Referral Cards? ❑ Yes ❑ No

Additional Comments/Suggestions for using the IARFC brochures:

_____

_____

Name _____ (*please print*)

Address _____ City _____ State _____ Zip _____

Phone _____ Fax _____ E-mail _____

Please fax to 513 424 5752, e-mail Amy@ IARFC.org, or mail to:
IARFC, P.O. Box 42506, Middletown, Ohio 45042

Origins of Our Profession

Our world is shaped by unique men and women of vision. Unfortunately, their individual impact is usually not appreciated for many years. All too frequently, they are no longer with us when their importance becomes evident. If we talked with Archimedes, Guttenberg, Edison, Carnegie or Ford — would we understand how and why they shaped our lives?

How was the financial planning profession born? Certainly it had not been accepted in 1960. In fact, many Americans were not even aware of it until the 1980s. The institutions of this profession did not spring from the ground. A few advisors established firms in the late 60s and early 70s — totally on their own. Many of those pioneers started in life insurance, began to prepare "plans" and then sold insurance and annuities, later adding equities. Similar investment focused plans were being developed by mutual fund sales reps. This was not unusual, because a growing number of advisors realized the public was more interested in the planning advice than merely acquiring more products. Those plans increased sales, but they did not start a profession.

It has been estimated that more than 50 million American families have been affected by personal financial planning delivered by qualified professionals. This total does not include those reading articles, watching or listening to talk shows. Organizationally we can trace the birth of the institution of the financial planning profession to a single meeting.

The meeting began with 13 men gathered on a Saturday morning, December 12, 1969, in a room at the O'Hare Inn in Chicago. The economic climate was not good. Why had they gathered at the dawn of a recession, right before Christmas? They were not looking to sell their products or transact business. They had spent money out of pocket just to be there. They were tired of leaving their financial fate to the roller coaster economy.

All the financial product and service salesmen (there were few women then selling financial products) were experiencing the same worries. However, it was these few that were driven to find a solution. It had to be done. They did not know one another, were in different businesses, had different backgrounds and their ideas about how to overcome this mounting problem were miles apart. Someone had to bring them together. Something had to be done, and there was a sense of urgency.

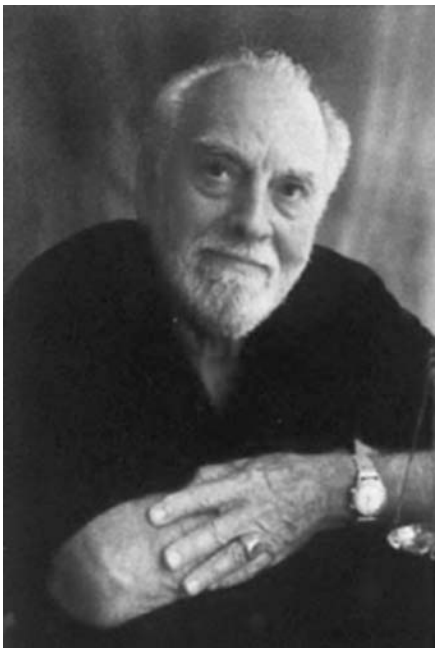
The Historical Precedents

It is impossible to identify the first practitioner of "financial planning." The term was used as early as the 1920's by a fledgling organization promoting a Chartered Life Underwriter designation for life insurance salesmen. In the 60s, life insurance was the primary cornerstone of financial planning. Almost by definition, a financial planner was an insurance agent who offered the public more than money-if-you-die. Financial planners sold insurance, frequently balanced with investments in mutual funds or real estate. They estimated estate tax payments for wealthy customers and sold insurance to fund those payments. Some formed "clinics" in which they analyzed financial goals and sold packages of life and disability insurance and annuities. The most "aggressive" life agents were including mutual funds into their comprehensive plans.

The mutual fund boom of the 60's produced more "inventors" but little mutual coordination. Fund salesmen in organizations such as Merrill Lynch, IDS, Dempsey-Tegler and Waddell & Reed would spend days devising "conceptual" planning techniques, only to discover that other reps in their own organization had already labored through the same work. Often, when two or three conceptual salesmen in a large securities firm "found each other," they would break away to start their own firm, taking their experience and clients with them.

The 60's also accounted for isolated successes involving combinations of funds and insurance sold by "dually-licensed" brokers. A great help in disseminating the dual-licensing gospel, was "funding," a package sale in which mutual fund shares were used as collateral on a loan to buy life insurance. Funding required a certain amount of "data gathering" with the client before the package could be sold. It required the salesman to monitor the investment long after the sale, and in theory it provided a complete living-and-death plan at an affordable price.

In 1968, sales of US-based mutual funds hit $6.8 billion, up from barely $2 billion in 1960. The mutual fund industry was fat with cash. Its executives attended lavish conventions. Yet through it all, the typical mutual fund salesman remained a pawn in a giant numbers game. Many fund shares were sold by moonlighting school teachers or army officers. Training



Loren Dunton

was often a short course in motivational rhetoric and the memorization of a few catchy slogans.

In 1968, several of the more successful mutual fund "producers" began to hear each others' rumblings. They first met in small groups, then in a "back room" meeting during the October 1968 conference of the Mutual Fund Dealers' in San Francisco, where they formed the mutual Fund Council of Million Dollar Producers.

The council was active for only three years, but it served an important historical purpose: It provided a platform for one vociferous member, Loren Dunton, who managed to talk his way into the organization as executive director, even though he was not, himself, a fund salesman.

The Initial Chicago Meeting

At the head of the table, Dunton rose to distribute the agenda. Had you never known this man you would not have considered him a vigorous leader, yet you would have felt at ease under his leadership. He was a gifted organizer and leader, not an intimidating executive.

Loren Dunton was a conceptual salesman, one who believed the key to the sale was sales training. He had been an extremely successful salesman of

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tangible products, such as silverware and books. He had recruited and trained sales representatives, learning how to replicate his efforts. He created manuals, books, films, training programs — all in the interest of the salesman. He advocated the much needed lesson: Forget your product's "new improved" features and sell benefits addressed to specific customer needs. But Dunton had never sold a financial product. What he had done was trained others on the process of professional sales techniques.

During a sabbatical trip around the world with his family, Dunton was asked about the prosperity of the U.S. and why we were so dependent on a government bureaucracy, Social Security, for the retirement security of our population. Americans weren't planning for their retirement. His conclusion was that what was needed was a new profession — one dedicated to personal financial advice and services.

In his characteristic style of controlling a meeting by taking a back seat, Dunton passed the gavel to the man seated beside him, Lewis G. Kearns, JD. For more than a decade, Kearns had been a director of planning for the Wellington Management Company, manager of the $1.5 billion Wellington Fund. He was widely respected in the mutual fund industry and had strong convictions about the training of fund salesmen. Three months earlier, Kearns had agreed to serve as ad hoc chairman of the educational committee. Dunton's agenda started with a call for each attendee to explain why they agreed with this purpose.

The first person to speak was Bob Leshner of Cincinnati, who said, "The mission of this organization should be nothing less than true financial planning service." The next speaker was a man who stood just over five feet tall, yet who in 1969 had the professional stature of the intellectual leader for the new movement. Herman W. "Hy" Yurman was vice president of Planning Corporation of America, one of the first life insurance subsidiaries owned by a regional securities brokerage firm. Yurman emphasized the need for a curriculum leading to a Certified Financial Counselor (CFC) designation, which would be respected by other professions. Each participant offered their unique view.

Marta and Loren Dunton

Within three years, the whole profession would boom. Dunton knew from his experience in sales training that the world was ripe for a new profession to offer structured financial planning. The concept would simply sell itself once he got the ball rolling.

Getting it Organized

Dunton drafted the organization's articles of association, and The IAFC raised $3,800, but expenses totaled $12,443. The deficit was made up by a bank loan co-signed by Dunton and a cash advance of $1,500 from his firm, LDA Services. In June 1970 the first issue of "The Financial Planner" announced a five-course curriculum for what was first called the "International College for Financial Counseling." That fall the name of the institution was changed to the College for Financial Planning and the IAFC altered its name to the International Association of Financial Planners (IAFP). That name stayed for thirty years until 2000 when the IAFP and ICFP merged into the Financial Planning Association. 1971 was an exciting year for the two organizations, but finances remained a constant plague. Dunton was now devoting all his time to the two organizations and since he continued to advance cash and co-sign bank notes the very real threat of bankruptcy loomed. By year end 1971 the debt had risen to $54,000. But to Dunton the solution was not to retreat, but to advance. Dunton poured more money into a companion organization, "Society Publishers" which was to take over the magazine and also print books. It was a great idea, but it did not produce a profit, since the membership ranks had not started the swell that was to come later.

In October 1972 the NASD issued a notice to all members questioning the use of terms such as "financial planning or counseling." This started a year-long

First Lady of Financial Planning, Marta Dunton

conflict with the NASD and the SEC, ultimately resolved when the College became an independent entity.

By 1973 the combined debts had increased to nearly $100,000. The commencement exercise for the first 35 graduates of the College in 1973 marked a turning point. In 1974, despite a mounting recession, membership ncreased and more than 500 members of the IAFP congregated in San Francisco for the first convention. While the College, the IAFP and the new "alumni" group (the ICFP) were still to encounter problems, they weathered the storms and flourished. Dunton never received full payment for all the cash outlays and services to the associations, educational institutions, magazines and foundations he established — but that's not unusual for pioneers.

The Economy

The decade of the seventies opened in recession, while the grinding bear market continued its 15-year reign, lasting from 1967 to 1982. The formation of OPEC led to oil price shocks starting in 1973, which in turn led to double-digit inflation in 1974, and another recession in 1973-1975. The Watergate hearings, a wage and price freeze, resignations of Nixon and Agnew, and the wind-down of the Vietnam War did not help economic matters. The Employee Retirement Income Security Act (ERISA) was enacted and a new word, "stagflation" defined a time of stagnant wages and continued inflation that curtailed buying

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power. By 1980, in economic and markets terms, U.S. investors were reeling from the bear market, an inflation rate of 13.5%, and interest rates at their highest levels ever. This was the turbulent environment into which the first group of financial planners was born.

In the highest tax years of the seventies planners also distributed tax shelters, annuities, and real estate limited partnerships. It was a particularly good time for those things because of runaway inflation and very high taxation and interest rates. Investors were looking for tax shelters and inflation protection. But no one focused on stocks because the market had been so bearish — everyone wanted to talk taxes.

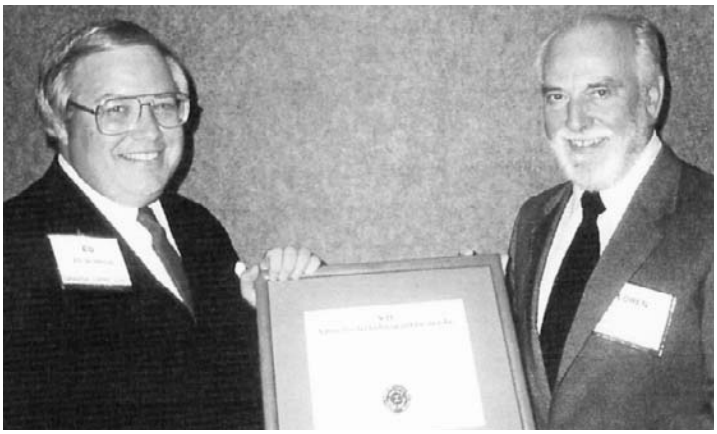
Financial planning, in its infancy, seemed to be hooked to limited partnerships, which came to an ill end after the Tax Reform Act of 1986 made tax deductions for those business ventures illegal, retroactively. When Reagan changed the tax code, they talked about leveling the playing field, but there was serious disruption to the growth of the profession. "Volcker and Reagan were breaking the back of inflation and changing the tax code environment, causing pivotal changes the structure of financial plans. Retirement plan rules were changing as well, with IRAs in 1974 and 401(k) plans in 1981, the way people planned and invested for retirement began to change. Faced with selecting investments for retirement accounts, the changes caused by the Tax Reform Act in 1986, and a stock market that began to take off, more people realized they needed help with their financial lives.

The way people looked at investing, estate planning, retirement planning, and tax planning was slowly turning around. The financial planner was now asking, "Who is my client and what are his or her needs?" Financial planning began to be a valid methodology, not a collection of products.

Through the bull market that started in 1982, Alan Greenspan's appointment as Chairman of the Federal Reserve, the "Black Monday" market crash in 1987, Gulf War I, the '90 to '91 recession, a drop in real estate prices, the tech bubble, and record heights for the DJIA, Nasdaq, and the S&P 500, financial planning moved resolutely ahead.

Where We Are Now

From the genius and hard work of Loren Dunton came the institutions we know today. The College for Financial Planning became a fully accredited institution of higher learning, now part of the Apollo Group and the University of Phoenix. The economic success of the College for Financial Planning later funded the National Endowment for Financial Education.



Ed Morrow and Loren Dunton

The early graduates of the College formed the Institute of Certified Financial Planners to provide on-going professional continuing education for those having the CFP designation. The ICFP developed over 75 local societies, and hosted highly regarded educational retreats.

Another outgrowth of the College for Financial Planning has been the Certified Financial Planner Board of Standards, was created as a compromise solution to a lawsuit between the College for Financial Planning and Adelphi College of New York. In 1970 Dunton had tried to get the American College to embrace his concept of a new discipline — financial planning.

But he was re-buffed by the traditionalist life insurance educators on the campus in Bryn Mawr. He traveled further east and persuaded Adelphi to create an academic program. They did so, but marketed it only locally. Later the College for Financial Planning wanted to close down this minor competitor and filed suit. During the lawsuit's discovery process, they were surprised to learn that Adelphi had filed the papers for their course first. Loss would be a disaster – potentially losing the name of the designation, lots of cash and the name of the institution. So a compromise was reached. The CFP Board was created, funded entirely by a very large grant from the College for Financial Planning. The CFP Board took title to an uncontested designation, and then extended its use to both Adelphi and the College.

The CFP Board has become the certifying body for the CFP designation and the educational component may now be completed on about 150 accredited college campuses. Most of the other colleges and universities offering financial

Loren during the 1984 Confidential Financial Planning sponsorship induction

Loren Dunton and Paul Richards: Espousing "the principles of money management only."

planning curricula gained support and direction from the College for Financial Planning. Their goal is to provide comparable programs with local classroom instruction. Even the insurance-based American College has now added CFP preparation courses to its curriculum.

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Wisdom from Dunton

Loren Dunton had a clear vision of the needs of citizens for financial advice and service — to be delivered by a new professional, an educated, trained, ethical financial advisor. Dunton always recognized that insurance, investments, real estate and banking were but different roots of the common tree. Here are a few of Dunton's thoughts, gathered from some of his books:

What I realized some years ago is that the sales process, in big ticket selling, has several parts to it. And that properly coordinated, synergism and compounding can result. The influence of these two actions, or even one of them, in the sales field is often the explanation for outstanding success.

Radio and TV talk show hosts, many of whom have a prejudice against products, and especially those who are compensated on a commission basis, frequently interviewed Dunton. In their zeal to attack all types of financial services representatives, they generally posed this question, "Don't financial planners just want to sell us something?"

Yes, and isn't it fortunate for us that they do! Buying more insurance or investing in a mutual fund is the path to accumulating wealth, protecting one's family and achieving personal financial success. Long after the purchase, the cash values and the account principal are of much greater significance than the money frivolously spent on cars, boats, clothes and fancy meals.

Dunton was able to use his experiences to frankly explain what all of us know. Having been a successful businessman, although never a financial advisor, his comments were obviously from the heart:

When I entered my sixties, with more years to look back on than ahead to, my perspective had a new clarity. And more than a few regrets. Oddly enough, however my moments of regret dwelt far more on the stocks I didn't buy, the extra insurance I didn't take out, and the mutual funds I didn't invest in. But the money I spent, which I could have invested or put in the bank, is what I really regret.

Especially do I resent the mutual fund salesman who called on me when I was twenty-eight years old, unmarried and making far more money than my friends. That is, I resent the fact that he didn't know how to sell, or didn't try hard enough.

Even though I could easily have afforded it, I fluffed him off when he tried to sell me a hundred-dollar a month mutual fund investment program. There was even some satisfaction because I hadn't let him talk me into buying anything.

Forty years later, just out of curiosity, I wrote to the Investment Company Institute in Washington, DC, and asked them to figure how much those mutual funds would be worth if that representative had been a better salesman, and we had kept up with the hundred-dollar-a-month investment program, which we could easily have afforded to do.

Almost a million dollars! Yes, even with a sales charge deducted!

Dunton realized that salesmanship is taught by the managers and trainers of the financial services industry, and that this is a noble calling.

Why didn't that salesman tell me about the potential from regular investing and especially about dollar-cost averaging? Or why didn't he talk about the time value of money and the tremendous power of compound interest? Why didn't he use a financial planning approach and really sell me on looking ahead?

Maybe he had been taught that his job was to TELL people about funds. Oh, if only some sales trainer had made him realize he didn't help people when he told them something, but only when he SOLD them something! And then showed him HOW to sell!

Dunton confounded his TV host when he turned directly to the camera, and addressed the audience rather than talking to the commentator.

Yes, from my experience, most financial advisors want to sell you something, or at least sell you on doing something for your own good. They know you should be putting more of your money aside for the future... either in the bank or into some investments and insurance. So, when financial planners try to sell you something, they usually have your best interests at heart, not just theirs.

We hear a lot about the obsession of government regulators and media experts that commissions reflect a conflict of interest. Frequently when Dunton was asked in the consumer seminars he presented on behalf of the National Center for Financial Education (which had received a Presidential Citation for public service) he would respond:

There is always a question as to the wisdom of implementing an action recommended by someone who stands to gain if you take that action. It is in our mind with financial planners, stockbrokers, realtors and insurance agents.

Less uppermost in our conscience are the other professionals where that same situation exists. The banker who suggests setting up a trust or offering another account. The dentist who suggests the dental work he thinks you need. The architect who designs an addition to your house. The plumber who recommends additional work. The dean who offers to enroll your daughter in his college. The service manager who points out a need your automobile has.

Was conflict of interest a problem when a surgeon recommended a complicated operation to my wife? Obviously the clinic where he worked, perhaps his own department, and his own income would be affected by the fees received. Fees that would make the average financial advisor's commission look pretty small. Was his judgment and recommendation clouded by the fact that this operation... would in some way be profitable to him?

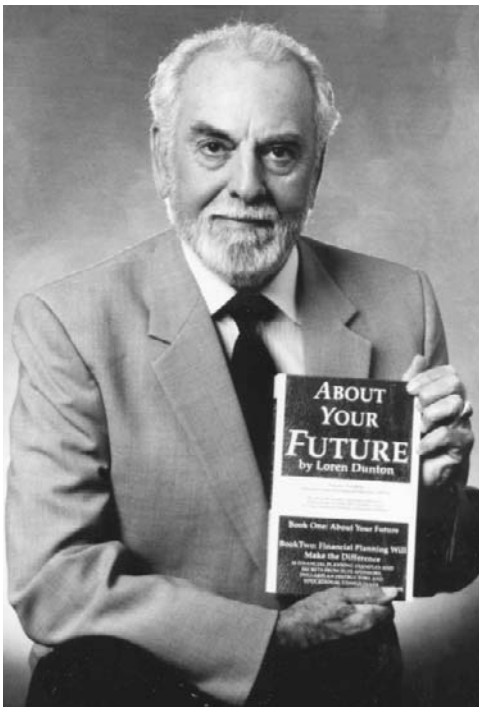
It is also things like this that we should appraise in dealing with financial advisors. They are far more important considerations than any perceived or imagined lack of objectivity of conflict of interest.

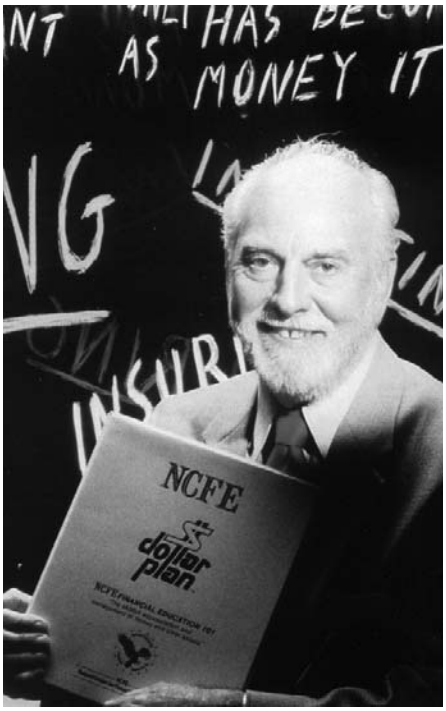
In counseling persons just entering the financial services profession Dunton would charge them to speak directly to their customers about these issues and this perception of conflict of interest:

Will you be better off, will your family be better off? Will your future be more secure? Will you have greater peace of mind after two or three years working with a financial advisor? These are the important questions that need the important answers!

A very significant part of the IAFP in its early years was the Financial Planning Magazine. When Vernon Gwynne was IAFP director, the magazine gained widespread acceptance due to an aggressive journalist, Forrest Wallace Cato. The publication was eventually spun off by the IAFP (to raise badly needed funds) to a publishing firm, Securities Data Publishing, and it continues as a leading print and online publication.

The American College subsequently developed the Chartered Financial Consultant and designation program and the American Society amended its name to the American Society of CLU & ChFC. Perhaps one could say that the rapid public growth of the financial planning industry stimulated these movements. The American Society developed a special section for those with an interest in financial counseling, and then changed its name again to address the diversity of designations, as the Society of Financial Service Professionals.





Loren Dunton, Founder and Author

In 1984 Jack Gargan founded the International Association of Registered Financial Consultants to give greater emphasis to continuing education and practice management. The IARFC provides about 40 member benefits especially focused on making the financial planner more effective, including conference/cruises where the attendees can combine exotic locations with continuing education.

The IARFC adopted Dunton's cause in its Mission Statement, supporting advisors "helping persons spend, save, invest, insure and plan for the future in order to achieve personal independence." The RFC curriculum is now offered in nineteen countries. It is the fastest growing professional organization in financial services; now under the leadership of Ed Morrow who has spearheaded the expansion of financial planning in Asia.

Dunton's drive to help the American consumer did not cease as these professional bodies took root. In 1982 he established the National Center for Financial Education, a consumer-oriented foundation created to assist the public, and the advisors serving the public, learn good money management. The NCFE was the extension of Dunton's development of a profession to that of providing education, tools and materials directly to the consumer. The foundation received the Presidential Merit Citation, before its transformation into the Institute of Consumer Financial Education, headed by Loren's long-time associate, Paul Richard.

Recognizing the Founder

While Loren Dunton has been acknowledged in print and from podiums, he was never truly saluted for his accomplishments by the institutions he helped to found. Thousands who owe their careers to him have never said, "Thank You!" We can understand why the members of the public, the millions who daily receive good advice and service, do not accord recognition to Dunton. Persons riding to the top of a skyscraper do not pay homage to Archimedes — even if they can recall his name.

But as financial advisors we can do so. Dunton was never repaid for all the money he advanced and the years of service he rendered without drawing an appropriate salary. Shortly before his untimely death in 1997, the IARFC lead by Roy Henry and Ed Morrow scheduled a gala celebration to honor Dunton. The event was arranged for that summer, at Stanford University, just a short distance from the home of Loren and Marta in San Francisco. A salute was planned for the quadrangle courtyard in the heart of the campus, to finally pay homage to the person who labored so long to create new and rapidly expanding profession. But alas, the tribute became a memorial.

In 2000 the IARFC created the Annual Loren Dunton Award. The award, a bronze bust of Dunton on a marble base, preserves the memory of the founder of a profession, and annually honors those who have made a signal contribution. The first recipient was Ben Baldwin of Chicago, the second Don Haas of Southfield, Michigan and the third John Keeble, III, of Atlanta. The IARFC is now expanding the award, presenting one in both the U.S and abroad each year, to perpetuate the legacy of Loren Dunton. As a result many financial advisors can annually look back at the origins of the profession and consider the exploding opportunities and challenges of the worldwide need for personal financial advice and service.

Since Dunton's death in 1997 the flame of his convictions has been kept alive by his widow, Marta Benko Dunton, a retired human resources executive, author and actress, who continues to advise annually on the selection of those who receive the Dunton Award.

Financial Planning continues to grow in its acceptance as a distinguishable profession. Fueled by economic events on a worldwide basis that serve the emphasize the needs of consumers for professional advice. Loren often said, "There's more work to be done...!"

Setting the Record Straight...
Index Annuity Products!

Lew Nason, FMM, LUTC, RFC®

I don't know how you feel about the latest round of bad publicity we've been getting regarding our insurance products and services, but I'm sick and tired of it. It's just more of the same largely unjustified criticism we've been getting for years. I think most of you will agree that a large part of the criticism we are getting is just sensationalistic journalism. Controversy increases ratings and sells advertising space! And, it's being initiated and pushed by our competition, who have lost a lot of their business to the sale of index annuities; FINRA who wants, and is trying to control every part of our business; and by certain public officials who are trying to get their names into the spotlight.

Now, I'm not saying that we don't have a few greedy and/or ill-informed agents, advisors, agencies and marketing organizations out there. Every industry has their bad apples, and we have our share.

However, you'll notice that there isn't a big expose about the 'abuse' millions of seniors and baby boomers have received at the hands of investment advisers, who have largely ignored suitability requirements, and lost large portions of their clients' life savings in the stock market. Or, any large-scale criticism of the advertising hype concerning mutual funds, whose claims are grossly inflated, and are misleading consumers. And, there isn't any mention of the exorbitant annual fees being routinely charged by mutual fund money managers, or the huge profits these brokerage houses are making.

Let's set the record straight about the sale of index annuities.

While there may be a few index annuity products that would seem to be abusive, with two tier payouts and very high surrender charges, they are not really what's harming the consumers. The main problem is we have a few greedy and/or poorly trained insurance agents, financial planners and financial advisors in our industry, who are pushing products instead of helping people find a solution to their financial concerns and problems. Insurance Companies, Independent Marketing Organizations, Agencies and others are spending too much time training their people on the technical aspects of these new index annuity products, and not enough time training these people on how to properly use these high surrender charge index annuity products to help consumers meet their long-term financial goals.

The truth is these new index annuity products are great for many consumers (young and old), when they are used properly. The high surrender charges of up to 20%, the media complains about on these new annuity products, are what allow the issuing company to be more aggressive with their investments. Thus, they are able to provide the consumer with an excellent opportunity to receive potentially much higher returns, without the risks to investment principal and fees associated with traditional stock market investments.

Remember, the insurance industry is the most highly regulated entity in the financial services industry. Each of these high surrender charge index annuity products were rigorously scrutinized, before the insurance regulators in each state approved them! The high surrender charges in these annuities are only a concern in limited circumstances. If these products are used properly, the high surrender charge penalties will rarely be applied, and the consumer will not lose any of their hard earned savings.

Consider, it's not like a mutual fund where consumers are paying up front loads, backend loads, plus fees of 1.5% to 3% every year during the entire life of the investment, whether they make money or not. And, where consumers can lose (and have lost) a lot of their savings when the market takes a downturn. And, it's not like a managed investment account where people are paying $2,000 or more

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Setting the Record Straight...

for a financial plan, and then a 1% – 2% management fee every year. These are real costs (and up front losses) to the consumer.

And, let's not forget about the numerous "Quantitative Analysis of Investor Behavior" studies conducted over the years by Dalbar Inc., the Washington-based Investment Company Institute. These studies have shown time and again that equity investors are not even keeping pace with inflation. For example: In Dalbar's study of the 20-year period between 1986 and 2005, they found that the average equity investor actually earned just 3.9% annually.

Unlike other investments, every dollar put into an index annuity is going to work immediately for the consumer. There are no annual management fees. There are minimum interest rate guarantees. The surrender charges are only applied if the client decides they need to take money out of the account during the surrender charge period. The insurance companies make their money and pay agents their commissions out of the spread between what they make on the money they have invested and what they pay the annuity holder, just like what a bank does.

You should feel good about what you can offer your clients. There is no other product that offers the safety, guarantees, tax advantages and the potential for higher returns like an index annuity does. There is no question that index annuities do provide a great value to consumers, and especially to seniors.

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

Contact: 877 297 4608
coach@insuranceproshop.com
www.insuranceproshop.com

Reasons to Join the Online Social Media Bandwagon

Sylvia Todor

There is a fair amount of confusion among business owners about the huge growth in online communities and Web 2.0, and whether it is worth a person's time and effort to use these latest technologies. Do blogs, podcasts, interactive websites, and forums really drive more traffic and attract new clients? Are financial advisors active in, and benefiting from social networking? How does all of this relate to one's website? What is Web 2.0 anyway?

Web 2.0 Defined. If there is a Web 2.0, there must also be a Web 1.0, which is just a way of describing the traditional websites that are elaborate versions of online brochures and online stores. This is how the Web began. The original commercial focus was embraced by individuals and companies of all types and sizes to offer products and services, and to attract new business over the Internet.

Web 2.0, on the other hand, can be described as the many evolving Internet technologies that have a highly interactive, social element that involve participation, conversations, and cooperation, often at no cost to the members. The early versions of social Internet media — e-mail and discussion groups — have been around for a long time. These capabilities have been merged into web-based platforms such as LinkedIn, MySpace, and Facebook that have many additional interactive tools and features to broaden the level of participation.

Don't Get Left Behind. Companies are still trying to figure out how to leverage Web 2.0 for practical business purposes. Actually, any online activity that expands a company's visibility will generally attract more customers because it often elevates search engine rankings for important search terms (keywords). It may be challenging to track and monitor the results, but there is a definite trend for people to not only check out a financial advisor's website, but to also ask members of their discussion groups if anyone has ever had experience with a particular firm. In other words, people may already be talking about you, and it's in your interest to be part of the conversation. ***Word of Mouth*** has taken on new meaning.

Do you want to know what people are saying about you and your firm in online conversations? There are ways for you to find out. Do you feel overwhelmed by information overload? There are tools that will filter out relevant information for you. Can Social Media help expand your business and customer network? Absolutely.

You are already doing traditional, face-to-face networking. Online social networks are extensions of the same process, but can be more efficient and cost effective, though there are other obvious differences. Without live contact, it will take longer to build trusting relationships. But, you can use platforms like Facebook to organize and stay better connected with your friends and contacts with whom you already have relationships. A platform such as LinkedIn will help expand your business and professional network.

When you join a forum or discussion group, or visit someone's blog, the protocol is to contribute to the conversations, but not to directly pitch your services. Just have your website address and a short tagline in your signature at the bottom of each posting. (If you do not yet have a personalized, financial website, check out **www.iarfcwebsites.com** for an easy, cost-effective solution.) Offer ideas that utilize your expertise as long as the comments are relevant to the conversation. Post questions such as, "Does anyone know where I can find... ?" to get conversations going.

But Who Has the Time for All of This?
The important issue is to simply get started with Web 2.0 and social networking, even in a small way:

1. Go to **www.google.com/alerts**, and set up your free account. Enter a few topics about which you would like to stay informed. Google will send you e-mail alerts when it finds those keywords in news releases, blogs, and other online sources.

2. Let this work for a while. Get acclimated. You will begin to get a sense of where the conversations of interest to you are taking place.

3. Go to **www.technorati.com**, and search for blog topics that interest you. Occasionally read a few of them until you find one or two that you would like to bookmark or RSS feed to you.

4. To learn about **RSS**, go to **www.commoncraft.com/rss_plain_english**, for a clear and entertaining explanation.

5. Consider reading *Get with it! The Hands on Guide to Using Web 2.0 in Your Business*, available at www.silveradopress.com/ebooks.

6. In your regular conversations with other financial professionals, ask them if they are using social media to expand their networks or build their practices, or if they have found blogs that are useful and interesting. You may get suggestions for possible sites to investigate.

Think about ways to make your own website more interactive for visitors, even if it's simply creating a button to hear your podcast or to watch your video. Polls or short surveys are also ways to get visitors more engaged.

Online social media offer very interesting ways to expand your marketing efforts. When you consider how important referrals and Word of Mouth are for building your business, it only makes sense to consider the potential that Web 2.0 presents.

***Sylvia Todor** is a partner with Silverado Press, offering Internet marketing resources for financial professionals. She was formerly the Marketing Director for Financial Visions (a Smarsh, Inc. company), an IARFC technology partner that offers hosted website services at www.iarfcwebsites.com.*

Contact: 925 228 2024
syliva@silveradopress.com
www.financialwebmarketing.com

What To Do with an Old 401(k)?

A Rollover IRA Has Its Advantages

Linda Horn, RFC®

Some of your clients have changed jobs several times during the course of their careers They probably have an interesting collection of retirement savings accounts from their previous employers. In fact, according to the Department of Labor, Americans move to a new employer once every four years and our collective trail of old 401(k) and 403(b) plans totals in the ***trillions of dollars***.

While leaving a retirement account with a former employer is a better decision than cashing out and splurging on a boat, it is generally more beneficial to consolidate your retirement savings by rolling your old 401(k) or similar employer-sponsored retirement plan into an IRA.

Four Benefits of A Rollover IRA

Increased Investment Options. The biggest advantage of rolling over a 401(k) into an IRA is the wider universe of investment choices, a benefit that's more valuable to you if the choices in the old 401(k) plan are limited or performing poorly. Most employer-sponsored retirement savings plans offer a choice of several mutual funds and/or company stock. However, with an IRA you can invest in mutual funds, stocks, bonds, and even non-traditional retirement investing options, such as real estate and venture capital.

Furthermore, the rollover IRA is kept separate from other IRAs, and if the client qualifies to open a Roth IRA, they can decide to convert the traditional rollover IRA to a Roth IRA where future earnings on the account are income tax free. Whether a person qualifies for the Roth IRA conversion depends upon the annual modified adjusted gross income. In addition, current taxes will be due on the conversion amount.

Easier Record Keeping and Account Maintenance. There's no question receiving 401(k) statements from various employers makes it difficult to monitor what is owned and ensure that each investment is playing the role intended in the portfolio. By consolidating retirement accounts into a Rollover IRA, the process of reviewing and rebalancing the portfolio is greatly facilitated. And, of course, this is more convenience and control without tax consequences or other penalties.

Greater access. If, for example, a previous employer changes 401(k) providers, plan assets will be temporarily unavailable due to a "blackout" period that occurs as funds are transferred from one plan provider to the other. That time frame can stretch from a few days to a few months.

In addition, with proper advice clients can tap IRA penalty-free before age 59½ for the purchase of a first home or college expenses. Current taxes will still be due at the time of withdrawal.

Flexible Estate Planning. IRAs also offer more freedom, as well as the potential for tax savings, in the estate planning department. An account holder can name multiple beneficiaries or a charitable organization as your beneficiary it is best done with an IRA. Many employer-sponsored plans do not accommodate sophisticated beneficiary designations.

An IRA also affords more flexibility. For example, if your client wishes to name a non-spouse as the beneficiary of your 401(k) plan, it is likely that the former company's plan administrator will insist the account be cashed out immediately resulting in a potentially larger tax bill and loss of the benefits of ongoing tax deferral. With an IRA, a younger non-spouse can be designated as the beneficiary and that individual can stretch out the minimum withdrawals over his or her lifetime.

Also, when assets are invested in an IRA, beneficiaries can get the information they need easily rather than tracking down former employers (who may have merged or moved) and completing multiple forms.

Ironically, while a Rollover IRA certainly increases flexibility in terms of investment options and planning for the future, the rules governing the rollover are anything but flexible. And if clients and advisors don't play by the rules, the client can face an unexpected tax bill.

Generally, when taking a distribution from a 401(k) plan that is intended for a rollover, it must be contributed back into another IRA or other tax-deferred retirement plan within 60 days. If you do not rollover the funds within 60 days the distribution is taxable. Also, in most cases, a 10% penalty for early withdrawal applies if younger than 59½ years of age.

To keep it simple and avoid careless mistakes, a direct rollover, also referred to as a trustee-to-trustee rollover, is often a better choice than cashing out and receiving a check from an employer. With a direct rollover, the current plan sends a

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What To Do With an Old 401(k)?

check not to client, but to the firm that serves as the custodian for the new IRA.

Plan sponsors are required to withhold 20% of the proceeds from your 401(k) as prepayment of federal income taxes if the participant requests, a check. If you eventually roll over these assets, you will have to make up the 20% that was withheld by your plan sponsor or that amount will be taxed as income and could be subject to an early withdrawal penalty.

However, it is possible to petition the Internal Revenue Service (IRS) to extend the 60-day re-investment rule in certain circumstances, particularly if time is needed to correct errors made by financial institutions or to deal with health issues or family problems. However, client's should first consult with their financial advisor, to be confident that your IRA rollover will go smoothly.

Linda Horn, RFC® *is CEO of Capital Concepts, a planning firm created in 1984 born from the realization that her family was in both an emotional and financial crisis due to the major illness and immediate death of her husband and bread winner. She learned from her own experience what expert and caring financial advice would have meant to her family in such a crisis. Linda now knew that while she could do nothing about bad things happening to good people, she could prevent the financial backlash that always accompanies premature death or disability. Her motto became "I cannot keep you from getting old or sick, but you will not be poor as well."*

Capital Concepts continues to protect families and small businesses throughout Greater Cincinnati, operating from three locations and employing hard working, expert, and caring financial advisors who share a collective vision. The commitment to service and expertise continues, and Capital Concepts utilizes state of the art financial technology, combined that with knowledgeable professionals who assist clients in achieving their future hopes and dreams.

Contact: 513 367 1793
linda@capitalconcepts.ne
www.capitalconcepts.net

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Financial Services Journal Online

IARFC Brand Building

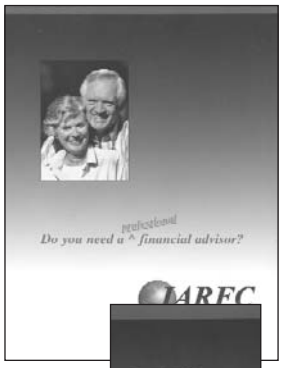
Consumer-oriented brochures to distribute to clients or prospects will increase your new client ratio and encourage referrals. The 3 panel full color marketing pieces have a section on the back panel reserved for optional firm imprinting (see details below). Also available are attractive plastic display 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	*$85	*$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

You Can't Win If You Don't Play

Ed Morrow, CLU, ChFC, CFP®, RFC®

That is the primary advertising message of the Ohio Lottery Commission. This is in support of the schools, you understand. If it were a commercial enterprise, the use of the term "Play" would be questionable for what takes place when Ohio citizens play or invest (wager) their hard earned cash against the extremely long odds of the Ohio Lottery gaming rules. But their point is well made, ***if you make no effort to participate, you cannot win.***

The big prize for you, as a financial advisor, is a new client that fits your "ideal client description" and who has agreed to engage your services on a profitable basis. That means the client has agreed to pay a reasonable fee and knows which products and services you may or may not offer later, during the implementation phase.

Every financial advisor knows there are two ideal sources of clients:

- Those who are referred by an existing client who is pleased with your advice and service.
- Those for whom the planning fee is already paid, such as a high-income corporate executive.

Most financial planners do not work in the corporate executive market, so let's focus on the new clients that come to you on the basis of referrals. In various articles we have already discussed the fact that to obtain referrals, prepare them for the initial interview, present your services effectively, and start the data gathering — is a process. A process can be broken down into various elements that can each be individually addressed. It is much easier to eat the steer one bite at a time.

Focus on Referrals

Yes, you must have satisfied clients. You will not receive referrals from those who have any reservations about your service. Not only must they be satisfied, they must be ***very pleased*** with their treatment. Your name must ***resonate*** with them. Some have used the term "engaged" in the sense that the client feels a very approving kinship with you as their financial advisor.

Yes, you must be communicating frequently. If not, your request for referrals seems to be placing your interest in front of those of the client. But this can be very easily remedied with newsletters and periodic distribution of articles, media releases and personal contacts.

Yes, you must have a follow-up procedure. Once you have been given the referral name, you must have a system in place. This might consist of a series of letters, each of which makes mention of the person referring them to you as a reminder. These letters might be accompanied by additional evidence of your capacity or interesting information — an article reprint, a small brochure, a web listing, etc.

Yes, you must personally invite them to your office. You must make this personal connection more than once. In some cases a number of times. The most valuable clients are busy people, and they often have other issues at the forefront of their lives. They are not going to call your office for an appointment, just on the receipt of your letters. Your CRM system should prompt you to make these calls.

Yes, you are doing most of these things. Maybe you are not doing them quite as well as you like, but still, you are not ignoring the need to obtain referrals. However, it is hard work, gathering those names. Essential, but hard work.

You Need the Numbers

You need over 100 referrals per year to net the number of new clients desired. That is because not all of the names will be valid prospects at this time. Are you getting over 100 referrals? Probably not. Why?

Psychology Works Against You!

When you ask for a referral, your client may say, "I just don't know anybody!" You know that is not true. So you are offended, rejected. You have been declined. Actually the client may be hungry. Or they have something else on their mind, and they just don't feel like giving names to you — at that time. Knowing you ***might be rejected*** is a very good reason for you not to ask.

This fear of rejection is quite real. It is a natural emotion. It is powerful. So, not wishing to encounter the rejection that you imagine might happen — you just don't ask for the referrals. Or you do not do it often enough. Or you do not do it well enough.

Time Works Against You!

When you meet with clients you often have a full agenda. If they are reviewing a quarterly investment performance report, there is much to cover. If they are purchasing insurance or securities there are many papers to complete. And if the topic is estate planning, the interview always runs late. So you don't ask for referrals. You plan to, but you just run out of time...

To provide you with referrals takes reflection on the part of the client, and the time to provide you the information you would like to have in order to make an effective contact. Time... time...

Clients Are Distracted

If you have been concentrating on their finances, their minds are on the subjects you have been covering — and that is very appropriate. What will happen? Are they pleased with the information or news? Are they worried about their future, or perhaps worried about other family members?

When distracted by other issues, your clients will say, "I can't think of anybody just now..." or they may reply "Let me think about that and get back to you..." And frankly there is not much you can do except smile and agree.

The Old Solution

Years ago we suggested providing clients with a postage paid reply post card. This used the BRM (Business Reply Mail) permit so the client did not have to add postage. They just filled out the card with the names, addresses and phone

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numbers and maybe some confidential information about the person they were referring. But, it quit working! In our current society of "Do Not Call" and "Do Not Fax" and "Do Not E-mail" people are reluctant to place that information on a post card where anybody in the postal system might read it. No, the mail carrier does not care — it is the ***image*** of privacy invasion and identity theft. Clients simply will not fill out referral post cards anymore. ***If a system is broke — fix it!***

The New Solution

The first element is a very simple card that asks your clients to provide referrals. Because some of your clients may be of the age where they do not like reading fine print or writing inside a cramped space, these cards have lots of room. There is space for two names, one on each side of the card. There is plenty of room for them to enter the name and address information.

Because persons find it easy to check off a box, there is an opportunity to classify the referral by simply checking a box for: Family, Friend, Neighbor or Business Associate. Psychologists indicate there is a sense of accomplishment received by checking off a box.

What Are You Asking For?

You are thinking, "What a stupid question!" I am looking for a referral to get a new client, of course!

But what is in the mind of your client? The client is thinking, "What are you going to do with this name, if I give it to you?"

So you answer the unasked question, with the top line on the card: "Please send some information about your services to this person:" That is much less oppressive than the image of your calling them over and over at dinner time, asking for an appointment. Does it say you will never call? No, but the implication is that what you are going to do first, is to send some information. What about? Services — not about Products. Suggesting you will try to sell them something would be a turn-off to most potential referrers.

The Verbal Request

If you were asking for names in a personal meeting, either with just your clients, or in a group environment, the best way to phrase your request is, "Who do you know that we can send some information to about our services?"

Yes, this is a rather cumbersome sentence, but it works very well. Practice it. These words answer that unasked question, "What are you going to do with this name, if I give it to you?"

You Must Ask Often

There are times when your clients are distracted, or they are just not in the mood. They might be motivated to refer you to a business associate who was recently complaining about paying too much in taxes. But if you aren't asking often, you never get the referral.

You should do this several times a year as part of your drip mailings. You can also place these Referral Cards into any folders used to distribute other information. The cost is nominal, and the economic value of the referral is enormous.

Make It Easy

But it would be a real imposition to ask your clients to hunt up an envelope and find a postage stamp and then complete the Referral Card and address the envelop to you (assuming they could remember your suite number or zip code) and affix the stamp.

Simple! **Enclose a BRM Envelope.** Remember the Business Reply Mail permit on the old post cards? They work just as well with an envelope. But you want a No. 9 size envelope. This is just a little smaller than the No. 10 size standard envelope used in business. It will fit inside all your mailings.

So, your Referral card must be just a bit smaller than the No. 9 Reply Envelope.

Use These Envelopes Often

Don't you often have forms that you send to a client for signature? Use a No. 9 Reply Envelope.

Don't you sometimes send an invoice for your services? Enclose a No. 9 Reply Envelope.

Haven't you sent clients some type of report or illustration that you want to have acknowledged? Use a No. 9 Reply Envelope.

Don't you solicit their views about some topic or information they might like to receive? Use a No. 9 Reply Envelope.

Referral Requests Work

Remember, you can't win if you don't play! You won't get referrals if you don't ask. You do not ask enough. You do not always ask the best way, or at the best time. However, your clients do like you and respect you. They value your services. They will give you a steady flow of referrals — provided you give them frequent opportunities to do so!

You can order these cards from the IARFC. There is no Association logo, and no identification, so your clients will assume they were printed by you. Use them with your meetings, use them with your handout folders, use them in your mailings and always accompany them with a No. 9 BRM Envelope. No, you won't win the lottery — but you will win a nice steady flow of referrals and that will lead to more high quality clients.

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.*

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

Think Right – Advice from Kinder Brothers International

Protect Your Most Valuable Resource

The first line of defense in protecting your time (your most precious asset) is to identify precisely how it is eroded and then learn effective means of managing your time. There are proven proactive strategies for such time management issues as, "fire-fighting," failure to delegate, procrastination, delays, plus many others.

Proactive Strategies for Delegating — In order to use time effectively, you should never do anything that can be accomplished by others.

- **Determine what is to be delegated**, then assign responsibility and give authority to others.
- **Set deadlines** and make sure that they are met.
- **Give increased responsibility to assistants** that is commensurate with their abilities.
- **Provide thorough training** and instructions to your assistant. This aspect is often overlooked!
- **When in doubt — Delegate!** It is easy to fall into a trap that your experience and knowledge make you the person best suited for a task.

Proactive Strategies for Handling Delays — Delays are sometimes the result of your procrastination or failure to anticipate a situation. Simple techniques can help reduce the impact of your procrastination.

- **Set up a schedule for following up** on details or projects within a specific time period.
- **When planning a project, anticipate delays.** They are inevitable, so don't let them bother you. Do what you can now — and then go on to something else if the delay can't be helped. Every financial advisor must continually juggle several balls in the air at the same time.
- **Communicate delays.** When delays are caused by the actions of others, there may be a sense of anticipation or lack of control. For example, if the medical history of an insurance applicant requires more information, the delay can't be eliminated, but calling and informing the client will make them aware of it. This reduces frustration for everyone concerned. If you experience delays in preparing a comprehensive plan, a quick note or call to the client is a well-appreciated courtesy.

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

Their associate, Bill Moore, is a director of the IARFC and he delivers the Professional Patterns course worldwide and is developing the Registered Financial Manager workshop.

Contact: 927 380 0747
wmoore@kbigroup.com
www.KBIGroup.com

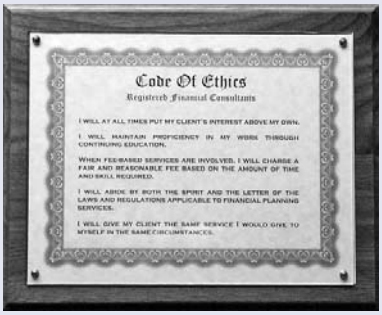
THE KBI GROUP
KINDER BROTHERS INTERNATIONAL
Since 1976

Housing Recovery Act

As millions of homeowners face foreclosure and the housing market continues to experience alarming tremors, the Housing and Economic Recovery Act of 2008 provides some relief for individuals in difficulty and bolsters a sector of the economy that is swimming in troubled waters. Among other things, the Act provides:

- Temporary tax "credit" for first-time homebuyers.
- Temporary standard property tax deduction for non-itemizers.
- Reduces the $250,000 ($500,000 if married filing jointly) home sale capital gain tax exclusion for periods during which the home is not used as the primary residence by the taxpayer or the taxpayer's spouse.
- Updates the FHA Program by increasing conforming loan limits and increasing down payment requirements on FHA loans.
- Creates the HOPE for Homeowners Program to help borrowers in danger of losing their homes to foreclosure.
- Temporary mortgage foreclosure protection for members of the U.S. Armed Forces.
- Creates a new agency to regulate Fannie Mae, Freddie Mac, and the Federal Home Loan Banks
- Gives the Treasury Department temporary authority to extend credit to Fannie Mae, Freddie Mac, and the Federal Home Loan Banks.
- Liberalizes Real Estate Investment Trust (REIT) rules.
- Extends and expands certain Gulf Opportunity (GO) Zone features.

Full details of the Act can be found at: http://banking.senate.gov/public/_files/HousingandEconomicRecoveryActSummary.pdf



Display the IARFC Code of Ethics

Where does the IARFC stand? We solidly re-affirm our **Code of Ethics**. The simple, straightforward yet thorough Code is easily and clearly understood by consumers as well as other advisors, and it sends a strong message of your professionalism.

Proudly Display your Code of Ethics Wall Plaque in the entrance of your office, waiting area, or in the room where you meet with clients. The Code of Ethics is handsomely placed behind clear plastic on a walnut base. Wall or tabletop display. *(8.5" x 13" — with some assembly required)*

To order the RFC Code of Ethics plaque: $50 plus $10 shipping: 800 532 9060

Winning the War for Prospects

Wilma G. Anderson, RFC®

Is the best method for prospecting direct mail, seminars or is it advertising? Yes.

You can no longer depend on just one method of marketing. Successful prospecting today requires a multi-pronged approach.

It's like planning a military campaign. Neither the Army, Navy, Air Force, nor Marines can do the job alone. Military planners use a coordinated attack by air, land and sea.

You too are in a war to capture the attention of prospects. Seniors and some Boomers have money to invest, and everyone from the life insurance agent next door to Merrill Lynch is going after them. To succeed in prospecting, you need to stand out as memorable and distinctive.

And you have to go into battle more often. In most regions, the competition is fierce. The old rule of thumb was that a prospect needed to get three messages from you before he or she would pay attention. Now, it takes six to 10 contact points to get their interest.

Let's review the weapons you can deploy in your battle plan.

Pretty as a Postcard

Mailing large (5" X 8") postcards is a simple, inexpensive way to prospect for new business. When a large postcard arrives in the mail, it sticks out. We all tend to pick larger items out of a pile of mail first, turn the card over and scan it. When that happens with your prospects, you'll be winning the first battle — to get their attention.

Consider a "drip" marketing program. It's called a drip program because it's ***repetitive***. Send a series of large postcards, on quality paper, to targeted prospects. Even if they throw the card away after reading it, the message was sent, delivered and read, and an image was created in their mind. When you send a series of cards, you'll be creating a message and an image — and building your response rate.

Send a series of postcards to investors 50 to 74 years old in targeted zip codes every week. The postcard must include a toll-free number for recipients to call and request a free booklet or information about the product or concept that is mentioned on your postcards. Make sure the booklet and a cover letter are mailed within 24 hours after they call in.

A week later, call requesters to make sure they received the booklet. To the prospect's ear, this sounds like a service call and there won't be a tendency to hang up immediately. Since they called into your toll-free number first, the follow-up call doesn't violate do-not-call laws. Ask them if they have a question about one of their current investments that you can answer for them while they're on the phone. Once you've gotten this far, you can usually line up an appointment.

Seminars Can Work Wonders

Plenty of prospects will come to seminars if you can promise them that you'll be delivering fresh, solid information which is free of sales pressure. And, if you're doing regular postcard mailings, prospects will be more likely to respond to an invitation to attend your seminar. That's because they'll recognize your name, either consciously or subconsciously.

The seminar doesn't have to be on investments. Any seminar today that attracts a mostly 55-plus crowd is a great venue to talk about subjects like Identity Theft as one of your topics.

Now that you have a captive audience, take advantage of it. Instead of making a sales pitch for a particular product, ask attendees what kinds of investments they like, how they feel about the stock market ups and downs, etc. Put the ball in their court. Ask for a show of hands on how many now own CDs, annuities and mutual funds.

And follow up with those folks after the seminar. Ask your audience if they have any fear about lasting longer than their money does. Your audience will be nodding in agreement and you'll be positioning yourself as someone who ask questions — versus the other advisors who just talk **AT** them, not **WITH** them.

For example, people who already own CDs can be your best prospects for other fixed product sales. But don't

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Winning the War for Prospects

knock CDs. Instead, when you're working with those prospects after your seminar, you might use a side-by-side comparison to show them how annuities could be an alternate choice. Timing is important. While there are CDs maturing year-round, one of the biggest times for CD renewals is between March 1 and April 15. The Fall is also another big season for CD renewals, so make sure that you're reaching out to CD owners at the best times. This is the time of year when it may be worth running a newspaper advertisement offering to compare CDs and annuities and the actual NET return on the investment!

An advertising campaign can be an additional communication for your practice. However, since most of us are securities-licensed, be careful to put everything through your compliance department first.

You might consider submitting a monthly newsletter to small newspapers about a topic that's important to today's Investor. Or, submit press releases to the local papers regarding new additions to your staff, comments on various topics, a new financial designation that you received, etc. Keep your name out there so that you're positioned as an advisor that's a little different or unique than all the others in your hometown.

This is not difficult, it just requires consistency, consistency, consistency and repetition, repetition, repetition to be really effective and impressive.

Now that you have a steady flow of prospects, you need to treat each one like gold. With the right face-to-face sales techniques, you can close a sale at virtually every appointment. But that's a story for another day.

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.*

Contact: 720 344 0312
wilma@TheLTCcoach.com
wilma@CriticalIllnessCoach.com

The Importance of Business Reply Envelopes

When reading *Time Magazine* the other day I was distracted when two postal reply cards "fell" out of my home delivered publication. Both cards solicited a subscription. One offered me an extension on my current subscription; the other was obviously designed to permit a non-subscriber to initiate a new subscription.

At first, I asked myself, "Why would *Time* continue to place both of these reply cards in every issue?" They can certainly distinguish the magazines sent to home subscribers from those that are bulk delivered to newsstands. Surely, some of these cards are mailed back to *Time* blank or with phony names and *Time* must pay the postage for all the returns. Why then, does *Time* send me 104 business reply mail cards every year?

The answer is, ***"Because it works!"*** The people at *Time* are not dumb. They have considered the cost of printing and inserting these 104 cards and their research clearly indicates that the customer response far out-weighs the cost. Let's remember, the annual subscription for Time is far less than $100. How does this compare with the expected return when one of your clients or prospects sends back a reply card requesting information on a product sale opportunity or requesting a personal contact?

If pre-paid postal reply cards work for *Time*, they will work for you — except that your payoff rate is likely to be far greater than what *Time* nets from a mere extension of a magazine subscription.

- Every financial advisor should have a Business Reply Mail permit
- This can be used in two formats: Cards and Envelopes.

Envelopes. A number 9 size envelope is just a bit smaller than a standard number 10 envelope but the 8 7/8" length will still enable your client to insert an 8.5-inch form or letter. By inserting a Business Reply Mail envelope in your mailing, you will hasten the return of forms and checks. If a person is to pay for a workshop registration or renew your annual planning engagement, they will feel more comfortable placing credit card information on a form and placing that inside an envelope than to enter their credit information on a visible postcard.

The alternative is to place the full postage directly on the envelope for your client. However, this means you are paying postage regardless of whether the item is mailed back to you. With Business Reply Mail, you pay only if the envelope is actually returned. When the client does not have to search for a stamp or envelope, they will be much quicker to return the form or check requested.

Postcards. Business Reply Mail postcards should be used in the financial advisor's marketing. While the postcards could be of different sizes, it will normally be used inside a standard number 10 envelope. The vertical dimension should be 3.75" (maximum 4") and the maximum length can be no more than 6" inches. A size over 4" x 6" = higher postage! The card need not be in color or contain artwork, a cartoon or photograph. The objective is to obtain information, not to entertain.

Business Reply Mail Rates.
The formula is: (First-Class Mail Rate) + (Business Reply Mail surcharge).

- At current (2008) envelope rates, this is: 42 + 72 = $1.14.
- For a small postcard the charge is: 27 + 72 = 99 cents.

Qualified, higher volume user rates.
Envelope: 42 + 08 = 50 cents. Postcard: 27 + 08 = 35 cents, a savings of 64 cents per item. The high volume user rate requires that the enterprise pay an extra $565 annual fee. The volume required to break even is therefore 882 pieces of mail that are actually returned. This might work for you, but it costs less to start up using the lower volume plan. That minimum return figure is a pretty large number, although it makes sense to a volume mailer like *Time Magazine*.

Setting Up Your Account. You must complete an application, **PS Form 3615**, and pay the USPS an annual fee of $180. You will also need to place funds on deposit to cover the postage on expected mail. A $350 deposit would cover the cost of the first 353 postcards or 302 envelopes. As your account diminishes by usage, the postal service will notify you of the need to deposit more funds. If you have a postal box for your mail, the Business Reply Mail is processed, charged against your account and placed in your box. Otherwise, each return will be given to a letter carrier for delivery, which might cause a delay.

Remote Office Use. You may be an agent or registered rep of a firm that already has a Business Reply Mail permit. If so, it may be possible for you to save the permit fee. However, you will need to obtain a copy of the company's postal filing and use their permit number on the printing of your envelopes or cards. It is not necessary to place the insurance company's name on

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the envelope — just the correct permit number and proper bar codes. However, you will still have to set up a local account with the post office to cover the reply postage amounts due.

Printing Procedures. The U.S. Postal Service will assign you a unique 9-digit zip code. For example, our normal zip code for mail is 45042-0430 since our Postal Box is number 430. However, the special number assigned for our Business Reply Mail is 45042-9914. Every envelope or postcard will need to have the proper barcodes that match your permit, placed in the lower right corner. The Postal Service will prepare these for you. You give them to your printer who will place them in the correct position — along with the permit number and various optical scanning features.

Get Around "Do Not Call" Restrictions! When you are soliciting strangers, there can be an issue that your phone call would be in violation of the "Do Not Call" regulations. One way to circumvent those restrictions is to have your prospects request that you contact them. The least intrusive method of doing this is for them to use a **Reply Mail Post Card**. They are requesting information or contact, and if they provide a number, then they will expect a call.

Of course, this does not mean you should call at an inconvenient time or in an inappropriate manner. Be sure to start your conversation in a non-threatening manner, such as:

"Mr. Smith, this is Bob Jones with Central Financial Services. You recently requested more information about (estate planning, increasing retirement income, etc.) and I wanted to be sure you received our mailing? Was that information helpful? For the past ___ years we have offered a free, no-obligation interview as a way to get better acquainted. We learn about your values and concerns, and you learn more about your special topics of interest and also about our services. Would you like to attend one of these no-cost, courtesy meetings, say next Thursday?"

Getting Maximum Benefit. The Postal Reply Cards should be periodically inserted with your client newsletter mailings. They should also be inserted in your drip marketing automatic mailings to both clients and prospects. One advisor inserts the "I'd Like Information" card in every mailing during January, April, July and October. In February, May, August and November he inserts a slightly different version that solicits a referral. Yes — most of these are never returned. But, every year he receives many high quality referrals just from these efforts. He also makes appointments leading to several additional purchases from existing clients. You can bet he will continue to include these postcards in his mailings!

Taking Action Now. Visit the IARFC website for Members News and Services section for examples of alternate layouts for Business Reply postcards. These are in a Word file, and we would be happy to e-mail it to you so that you can avoid all the re-entry. Experience has shown that people will provide more information if they can just check boxes. They get a sense of accomplishment by successfully checking or passing a few boxes. ***We strongly urge you to print:*** (1) a No. 9 envelope for your administrative activity (2) a Request Information (individual) postcard (3) a Referral postcard usable with individuals and business owners, and (4) if you work business markets, a business owner reply card.

Workshops and Seminars. If you intend to offer free sessions to prospects or clients, you may want to have a reply card designed for those responses. This will work very well if you are not charging for the workshop. The format can be generic and used for different events. Most persons receiving your invitation to a seminar will be opening their mail in the evening. They are far more likely to respond with a Pre-addressed postage paid item than to call your office that night or remember to do so the following day. ***Procrastination leads to inaction.*** The decision to respond should not be lost by waiting.

Phone Numbers on Cards. Many persons do not like to place a call in the evening — knowing there will be no one in your office. They will get no answer, or they will be connected to a machine. So they procrastinate until the next morning. And the urge to respond weakens with delay! Some seminar producers report excellent results by placing their phone number on a response card, suggesting that the party might prefer to call in. Folks will take the cards to work and place the call during business hours.

Make the Response Even Easier. The typical reply card requires the respondent to enter their name and mailing information. You can make this even easier by printing a label and affixing it to

your card. Folks will usually mark any changes for you. However, this does represent a bit more effort, and you must be careful to match the proper reply card with that party's letter.

Reply to Your Reply Mail Quickly! If a person responds that they'd like to attend a workshop it is imperative that you confirm their registration immediately. Do so by phone and by mail! Why both? Because their attendance is economically very important for you.

For example, suppose you have 20 couples attending a workshop on pre-retirement planning. On average you will secure 10 appointments (50%) and convert six (60%) of those into customers. That is a net of 30% of all couples. If your average new client produces $5,000 of revenue, your workshop should gross $30,000 and each couple attending has a value of $1,500! ($30,000/20 = $1,500)

That $1,500 is worth an immediate call by your staff person, plus a confirmation letter. Incidentally, why not use those calling opportunities to increase the turnout by asking, "Many persons attending our workshops like to bring another couple with them, or a family member. We have some additional space available. Who would you like to bring with you?" Then be sure to respond to those persons also with both a letter and call.

Reply Card Design. There are those who advocate elaborate reply cards, printed

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The Importance of Business Reply Envelopes

with artwork, color, photos, cartoons or graphics. This is a waste of money! The reply card comes back to you, and you don't need a fancy postcard. A simple white card works well for publishers, and it is fine for you. However, if you are doing a lot of mailing, especially to upscale prospects, then have your cards printed on heavier stock and consider a color format.

You might be better off devoting your resources to other ways of improving your message. Perhaps, use a better grade of paper for your mailing envelope or stationery. Maybe use color, graphics or photos in your flyer. Perhaps use a large colored commemorative postal stamp on the outside mailing envelope. These should set the stage and motivate your recipient. Your Reply Card is just the fulfillment mechanism.

Referral Reply Card. Are these cards the best way to get new referrals? No! You'd be much better off asking for them personally. But, most advisors fail to do this. They certainly do not do so often enough. You are not looking for a referral reply card to replace asking for referrals personally, just to supplement it.

For example, suppose you only got six reply cards that net only two new clients. That might produce $10,000 of revenue and certainly offset your entire annual postal and printing cost.

Privacy Issues. Actually the postal carrier does not care about the information on these cards, but clients are indicating a reluctance to place the requested information on an open post card. ***Solution:*** use a No.9 Reply Envelope and a small insert cart. Print on front and back and solicit two referrals, not just one.

Reply Mail Magic. It is simple! Just inset these BRM requests frequently. Do it often. Don't debate, just do it.

Getting The Permit Started. You can download the form from the USPS and go to your local branch to open an account. They will probably refer you to a Permit Mail specialist for the bar codes and formats for your printing.

Get the Layout Edited. You can visit the IARFC website for the complete article and text for sample cards. Go to the Members Only Area. Then click on Member News and Services, and you can access the file immediately.

Cato Comments – About Your Image...

"No-Cost" Celebrities Attract Interest!

Robert Redford Cesar Romero Paul Harvey
Dolly Parton Dinah Shore Michael Douglas
Eddie Albert Ed McMahon Eddie Arnold
Debbie Reynolds Johnny Carson Susan Hayward

You can use "names of famous people" to help you attract attention, and create interest in what is ***unique***, ***special***, precious, valuable and beneficial about you and your service. This way costs you nothing and is perfectly legal — but this method has also been abused, so you must be careful.

You must be accurate and honest to properly use this method. You practice financial planning during an era when most people at any social or economic level are ***celebrity obsessed***. A simple list of "famous names" is proven to attract enormous attention. A recent ***New York Times*** headline proclaimed, ***"Nothing Sells Anything Like Celebrity!"*** How does this technique work?

Many hotels, resorts, spas, dude ranches, country clubs, restaurants, golf courses, lodges, "fat farms," universities, cruise ships, and other meeting places have a public relations director. Often that **PR** person is competent — more than a charming young person who interacts socially with grace while giving guided tours. A competent **PR** rep for a hotel, resort, or amusement complex, maintains a list of "famous names" that have stayed at their establishment. Often they have photos of the famous person at their location.

If you hold gatherings, luncheons, workshops, client appreciation events, or review sessions at such places, you can ask for this list of "famous names" and for some copies of the photos. There is a powerful opportunity here. Politely request the list of "famous names" and available photos.

Simply list these names, in bold face, or enlarged type, at the head of your direct mail piece, invitation, flyer, article, etc. Do this just as I did atop this column. Notice that the list of names caught your attention. This hooked you and led you into reading the following text. You can do the same if you hold gatherings at such places — where those celebrities have been.

After the list of names you quickly transition the copy to the subject of your message without making any misrepresentations, simply by inviting your guests to dine where these celebrities have also dined or entertained.

The above "famous names" are taken from an actual invitation used by Nick and **Jerry Royer, RFC®**, of Group 10 Financial in Haines City, Florida. They held an event at the historic Chalet Suzanne Restaurant and Country Inn (founded in 1931) at Lake Wales, Florida. Above are "famous names" who have dined or visited the Chalet Suzanne.

The Royer's are masters at staging one successful event after another. Their gathering at the Chalet Suzanne Inn was a huge success and resulted in two-million dollars of new business for them! The Royer's do not use "canned" direct mail pieces. They are scrupulously honest and accurate in every detail. They would not even consider "adding" other famous names to the Chalet Suzanne's list of celebrities.

Using "famous names" this way (to attract attention) is easy for you to accomplish if you remain honest and accurate. You can even use long-dead celebrities with this method — if their "names" are on the list you receive. For example, of those mentioned above, the following are deceased: **Albert, Arnold, Shore, Carson, Romero** and **Hayword**, yet their names still "pull." Remember that all famous names do not come from the world of show business.

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Be Selective with Celebrities

There are many celebrities that — even if they are on the list that you receive — you **should not** mention. You should only be associated — even in this limited way — with "names" that are squeaky clean and likely to remain so.

Your competition may not have your qualifications and capabilities. But if your competition is promoted successfully, then the outcome is a given. **Vernon D. Gwynne, CFP®, RFC®**, is former Executive Director of the **IAFP** (now **FPA**) and a financial planning pioneer who presently serves on the **IARFC** board, states, "It seems like the planner who promotes his practice does far more business, even if that planner is not as competent."

I Talked Briefly With Frank, Dean, and Sammy

For an Atlanta hotel, I once arranged for **Frank Sinatra, Dean Martin, Sammy Davis, Jr., Don De Louise** and **Doug McClure** to stay at my client's hotel, and for scenes from one of their ***Cannon Ball Run*** movies to be filmed in the hotel's massive lobby. This brief association with these "famous names" was exploited appropriately and had enormous positive impact upon the hotel's business.

Don't Be Like Willie Loman

Things change! Newspapers in print and paper are fast fading from the American scene. Small printing shops are fading also. Record stores have mostly all gone out of business. Mom and pop grocery stores are gone. Drive-in movie theaters have all vanished. Your practice will fade like **Willie Loman's** clients did, unless you promote yourself or have a media image working for you.

In Arthur Miller's play, ***Death of a Salesman***, Willie Loman failed to realize that changes were taking place and he failed to recognize opportunities that were right in front of him. ***Past performance is no guarantee of future results.*** You need a constant flow of positive images to maintain Top Of Mind Awareness. You can use celebrities in this limited and controlled way, and the hotel or resort PR director can explain these to you.

Lew Nason, RFC®, founder of the famous **Insurance Pro Shop** told this writer the following: "Mehdi Fakharzadeh is venerated and beloved in our industry and by his many satisfied clients. An agent recently told me, 'For over thirty years I wanted Mister Mehdi to endorse me but he never did.' 'Did you ever ask for his endorsement,' Lew questioned? 'No I didn't because I did not know how.' Nason replied, 'You write the great man a letter and include your Media CD, or you send him your Media CD, a cover letter and follow-up by phone. Then Nason asked in amazement, 'How could you possibly expect to receive Mister Mehdi's endorsement if you never asked for it during all of those years?'"

At an **IARFC** Convention, during one of the day trips to the U.S. Air Force Museum in Dayton, I rode to the museum with **Mehdi Fakharzadeh, RFC®** who is one of the world's most successful insurance agents of all time. Driving the van was none other than **Alan W. Altmann, RFC®** who is host of a TV program in Dubai and a popular personality who is recognized on the streets of Dubai. Alan used to be the most successful fraternal agent in the USA.

When I mentioned to a planner friend (who attended that convention) that I went to the museum with only Mister Mehdi and Al Altmann in the vehicle, the planner exclaimed, "My God! How did you accomplish that? I wish I had been there." I replied, "I was the only other person who showed-up when they were waiting for passengers for their van. I made the effort to be there, that's all I did. Apparently no others recognized this opportunity to spend quality time with these two great achievers.

Mehdi taught me how to use what he modestly calls "talking nonsense" to gain immediate total attention from any group. He demonstrated this in the museum with various groups he encountered at random. Among these were a group of adult beauty contestants, a group of Boy Scouts, a group of military school cadets, a women's club, and a group of business men. Mehdi commanded their attention in just a few minutes using only brief, exceedingly polite words.

Alan kindly taught me how to change paradigms, from negatives to positives, "Selling means you get into situations. Learn to master situations and you can sell. You control the situation — the situation does not control you." Alan demonstrated this to me by "selling" himself to people who were complete strangers that walked nearby while we were in the museum.

What giants! What an honor for me to be with them! You could have been there too — there was lots of room in our van.

You must make the effort to promote your practice or get a skilled media advocate to promote you. **Jim McCarty, RFC®**, of **Show-Biz Selling** says, "The days when financial professionals could reach top levels of success without skillful media promotion and image maintenance are fading fast."

Forrest Wallace Cato RFMA, RFC®

***Forrest Wallace Cato, RFMA, RFC®**, helps advisors attract regional and national recognition. He is former Communications Director of the IAFP, now FPA and former Editor-in-Chief of Trusts & Estates: The Journal of Wealth Management and Financial Planning 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. He presents **The Cato Award** during the IARFC sponsored conference. Cato is an award-winning author of books, including **How To Sell Your Way Through Life** by **Napoleon Hill** and ghostwritten for such luminaries as **W. Clement Stone, Norman Vincent Peal, Napoleon Hill, Robert H. Schuller, Charles "Tremendous" Jones** and **Mehdi Fakharzadeh**. Cato is credentialed as a member of the media authorized to cover Congress and the White House having has interviewed five Presidents.*

Contact: 770 516 9395 forrestcato01@bellsouth.net CatoMakesYouFamous.com

Compliance-Friendly Marketing

Three More Problems with Your First Client Meeting

By Katherine Vessenes, JD, CFP®, RFC®

Katherine Vessenes, JD, CFP®, RFC®

It is amazing how the simplest things can sabotage even the best advisors. I recently wrote about some of the key issues that keep advisors from closing more business. Here are three other mistakes we see advisors commit that is hurting their sales.

1. **Not using follow-up notes.** One of my best sales ideas is really a compliance idea that I have been preaching about for years as a way to keep clients happy, avoid litigation and paper your files at the same time. Little did I realize that it also helps close more business — the simple process of follow-up notes.

   At the end of each meeting with a new prospect, I would take five to ten minutes to do a one-page summary of the meeting. Fortunately I am a very fast typist — just not very accurate! This was not War and Peace, but a very short summary of the meeting, in bullet format.

   The notes were easy if you have been following our other suggestions — we just copy them off of the flip charts that are used throughout the first meeting to focus on what the client wants to accomplish. Here are the things that I would usually cover in the notes:

   - The client's top 3 financial goals.
   - The client's top 3 financial concerns.
   - Any other pressing issues.
   - Their expectations of us as their financial advisor.
   - Special circumstances, if any, such as a handicapped child or inheritance.
   - The next steps, which almost always included a financial plan presentation two weeks later.

   While I was quickly typing up my notes, my client service manager (CSM) was reviewing the paperwork with the clients. This made the process very efficient. I would be in the same room, in case my CSM had any questions, and it kept the client's busy filling out paperwork — activities that weren't the best use of my time.

   After finishing them, I would move back to my place at the conference table and present the client with the one page of notes. Complicated cases with a lot of assets or numerous businesses were usually longer. I would quickly review them, reading them out loud, and then ask the clients if I had forgotten anything.

   Not once did they tell me I had. In fact, they usually complimented me on being such a good listener. Twice they found grammatical errors, which I cheerily fixed with my pen on their copy.

   I then initialed the notes, dated them and asked the clients to do the same. I gave the clients a copy for their file and then saved one for mine.

   This turned into a valuable sales tool. First, by reviewing the notes, and asking the client if I had forgotten anything, I am really confirming the sale. They have once again affirmed that they are moving ahead with our process. This seemed to help make the sale "stick" and much less likely they would back out later.

   Second the client clearly understood, that I clearly understood them and their objectives. There were no misunderstandings. This brings the client a greater sense of peace and trust, a crucial element in closing more business.

   Third, we all know financial sales can get very confusing. If the clients got home and started to have buyer's remorse or could not remember why we are doing a particular thing, they didn't have to call me, they can just check out their notes.

   Finally, it became part of the WOW experience. I could see the pleasant surprise in their eyes when I gave them the notes. I knew their other advisors were not providing this simple courtesy — it became another key reason to do business with us and not the other guys.

2. **Not differentiating yourself and your firm with a compelling story.** I know you don't want to hear this — but in a sense you are selling a commodity. There are lots of places in your community where clients can get a similar service and the very same products that you recommend.

   A big mistake I see advisors make is not differentiating themselves from the competition. They may say, we provide Wealth Management (financial planning, estate planning, insurance, etc.) services for our clients. Big deal. So do a lot of people! This is not very motivating to the prospect to do business with you.

   Somewhere near the end of the first meeting, after you have thoroughly explored what the client wants to accomplish, you should have a conversation like this one that we wrote for one of our favorite clients:

   "Now that we have been talking about your goals and objectives, I think it would be helpful if we spent a few minutes reviewing how we do business, because it is not the same as other firms.

   So let me ask you this: have you ever taken your children white water rafting? (Wait for response) Well we have, too.

   What do you think was the most important part of preparing for that trip? (Wait for a response) Yes, I

continued on page 26

agree the life jackets are crucial, but we think there is another preparation that is even more crucial — the white water guide.

If you have been rafting you know the trip can be very deceiving — it is possible to be happily floating along, enjoying the scenery and calm waters, and not know the most dangerous part of the journey is just around the bend. The change from calm and serene to wild and dangerous can happen in an instant. It is during the rapids that the experienced and trustworthy guide is essential. He knows when the bad waters are coming, and more important, how to get you and your most precious cargo, your family, through them to safety.

We do the same thing for our financial clients — we help them through both the calm and troubled waters of their financial lives. You could call us the guide for your financial journey."

From here you could go on and explain about how you well cover the five building blocks of:

- Accumulating wealth
- Taxing wealth
- Protecting wealth
- Distributing wealth
- Transferring wealth

You might even be able to use some more rafting analogies to make the points.

This story is deceptively simple — and a lot more powerful than it appears on the surface. First, this is a story about an activity, white water rafting, that appeals to most clients. In addition, all of our clients have or had young children, so the story evoked a picture of having fun with them and protecting them at the same time. It also set up the importance of having an experienced and trustworthy guide without saying "I am experienced and you can trust me." Finally it ends with what we call a "brain trigger" — a short description, in this case — the guide for your financial journey — that became a shorthand way of describing the entire financial process, something the client would remember and see on the advisor's website and other marketing materials.

Taking this message of differentiation to your clients is important for a number of reasons, and you should repeat it in as many ways as possible: on your website, in your newsletter, and at seminars. One reason differentiation is so important is it gives your clients a good way to describe you to their friends — they have the message down so they can be your own free advertising campaign.

3. **Failing to set the stage for referrals.** My favorite marketing strategy is always word-of-mouth advertising, or referrals from your best clients. Unfortunately, in one informal survey we conducted of multimillion-dollar advisors, not one of them had a strategy in place for encouraging their clients to make referrals.

What was even more shocking was this same group was eager to spend money, sometimes hundreds of thousands of dollars, on stupid marketing ideas, but seemed reticent to use a marketing tactic that didn't cost them a dime!

The first meeting is the perfect time to start planting the seeds that your business grows mostly by referrals — you just need to bring it up at the right time, and it a way that is not threatening or offensive.

A common mistake we see among advisors who do ask for referrals is to bring it up too early in the conversation — typically before the prospect has seen what you can do for them or bought into you and your services.

I like to wait until the very end of the first meeting. After we have heard all their goals and objectives; after we have reviewed our compelling story; after we have confirmed the next steps, and probably after we have given them a copy of the notes. Then you can conclude your meeting with this off-hand script:

"Sometime in the next six months, you will run across someone who really needs what we do here — they need a guide for their financial journey. If it seems appropriate, and you feel comfortable, would you be willing to recommend us?"
Your job is to shut up and give them a chance to respond.

It is a rare person who won't agree to this — you've set up the situation. There are two big "ifs" here. Your new client must feel like it is both appropriate and they feel comfortable before they will recommend you. This becomes a non-threatening request that most people are happy to consider.

Each of these no-cost techniques: meeting notes, compelling story and a soft request for referrals can powerfully increase your business. ***Let me know your success stories.***

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).*

Contact: 952 401 1045
katherine@vestmentadvisors.com
www.vestmentadvisors.com

Strategies for a Difficult Market

Maribeth Kuzmeski, MBA, RFC®

We have just completed a survey of nearly 50 of the nation's top financial professionals. Because Americans everywhere are feeling the economic pinch, we asked them their strategies for working with clients in difficult times. Their answers all included ways to ***instill confidence*** through common sense strategies that most advisors are already doing — just maybe not systematically. Following are a few of their key strategies for surviving and thriving right now.

Develop Your "Confidence Statement"

In order to thrive, agents and advisors we surveyed said they focus more than ever on having consistent, confidence building conversations. But, "first things first" many advisors said. Just because you are in financial services doesn't mean that your outlook or your staff's is anywhere near positive. Assess your own emotions and conclusions and that of your staff.

Then develop a "Confidence Statement" that will be your consistent message to clients. For example: "The market and [our firm] have been here before and we're uniquely prepared to help you today. This is why you chose us... to give you clarity and confidence about the future. We are working for you." Have a staff meeting to discuss your Confidence Statement and post it on all desks/computer screens in the office.

Proactively Communicate Right Now with Clients!

When there is a situation that may cause widespread client concern (like statements arriving recently in mailboxes), advisors we talked to are clearing their schedules to make proactive calls. They are systematically calling all top clients and particularly nervous clients to let them know that they are analyzing the current market conditions, viewing the client's accounts, assessing the firms they use, and looking for any needed changes.

The proactive call is a powerful confidence builder and helps clients stay the course. Advisors are also scheduling additional account review meetings with clients.

Skip the Statistics

In client conversations about the market and their accounts, advisors say it's the way information is shared that makes a positive impact on the client. Unfortunately your clients hear the statistics and historical perspectives, the financial health of companies, and the negative (and positive) outlooks by economists and the media. But it may be just noise because what the client really wants to hear is that THEY will be OK.

The financial advisors we surveyed said they are spending time going over clients' goals over the phone and in review meetings. When clients are reminded of their own goals and of previous conversations you had with them, they will often confirm themselves that they are positioned correctly.

Don't Wait — Act Now!

In summary, an opportunity begins when clients are thirsty for answers, they want solutions, and they want to be communicated with. When they don't get what they want and their pain becomes great enough, they may make a move and look for someone more attentive to their needs.

However our survey found that if clients are happy with your response to the current situation, they will increase their loyalty and refer more business to you than in good market times! The good news is that clients do have something positive to talk about... and it's you!

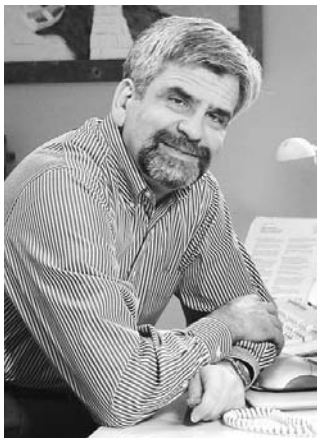
For many of the nation's top advisors, volatile market times offer opportunities that don't exist at other times. Top advisors, in difficult market conditions, bring on more new clients, referrals increase, and they have dramatic gains in net new assets — often more than at any other time. They eagerly share their strategies with other interested professionals. You can thrive in volatile markets, but you must be proactive. These success strategies are similar, easily transferrable, repeatable and implementable by all advisors.

***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.*

Contact: 847 367 4066
info@redzonemarketing.com
www.redzonemarketing.com

Business Mirrors Life

Write Your Story in Your Own Voice



Hesh Reinfeld

For the past two years I have enjoyed writing profiles of IARFC members for this magazine. My goal has always been to present the human side of the people I interview.

I focus on all of those 'right brain' issues because my research has shown that prospective clients want to know more about you. This is not some idle curiosity. They assume you have the technical skills. (If not you won't have a chance of becoming their advisor). They have this terrible nagging question: "Can I trust this guy?" ('Guy' is now an appropriate term for both men and women).

I am proud of the profiles I've written. They are insightful, entertaining, and advisors tell me their clients enjoy reading them. However, the profiles I write can never get to the level of insight a prospective client is really seeking.

Your best story, the one that can cement a relationship with the reader is the story you write, not me.

Now this isn't easy, it may be close to impossible. Why? You may believe that you aren't a good writer. And you know what, you may not be. However you can improve, but it takes time and effort. And that is the challenge. (I became a professional writer after 20 years as a non-profit executive. And I promise you, my letters and memos to my board members were often poorly written.)

Many advisors ask me: "Why take the time to learn how to write better when I can get a professional writer like you to write for me?"

And my answer is that you will get a better product when you write it. Yes, I can and will help. However, when you write it is in your 'voice.' What do I mean by 'voice?' It is a common term in the writing profession. It simply means you must get your own personality and perspective down on that piece of paper.

From a marketing perspective, I would assert that the only true differentiator you have from your competitors is your 'voice.' What you bring to the table.

Given the choice you would like to be able to meet face to face with every qualified prospect. Why? Because you feel that you can impress them with your knowledge and personality to get their business.

What I am suggesting is that in order to have an advantage over your competitor, get that 'voice' that you seem capable of communicating in person down on a piece of paper.

Are you interested in being the subject of one of our profile articles in the *Register*? If your answer is "Yes" then I will be involved. I will be involved deeply. I will act as both your editor and as a coach. We will talk about how your profile can be used in many ways as part of your marketing.

Perhaps you want to write articles as a third party, such as about some aspect of your practice or the services and advice you have delivered to clients. That type of article positions you as an expert, in a professional publication, and it can be very effective when included in your media kit or distributed as part of your drip marketing to clients, prospects, professional colleagues and your local media. The *Register* is always seeking articles:

- About members — what is unique about their background, their personality, their family, their commercial and personal interests.
- About their practice — what they are doing successfully that can be replicated by the other readers.
- About their recommendations — how have they analyzed a client problem and the justification for the solution they recommended for adoption.
- About their services — and how they and their staff have arranged to create a better environment for clients.

Do you think you have something to offer your clients or to the Register readers? Do you want to write it in you own voice? If you are mumbling 'Yes' as you read this, contact me. And let see if we can show other IARFC members that writing well is a challenge but not an impossibility.

Looking forward to hearing from you.

***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.*

Contact: 412 421 8379
hesh@heshreinfeld.com
www.heshreinfeld.com

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)

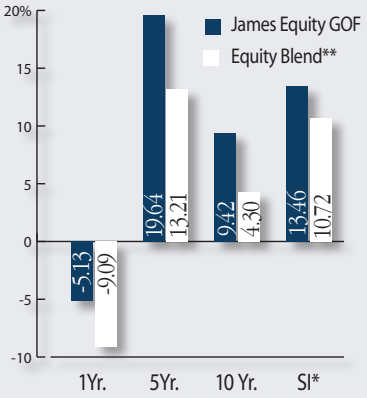
Benchmark Index	Equity Blend**
Average # of Holdings	101
Assets	$26.8 million
Average Market Cap	$27.9 billion
Price/Earnings	13.5
Price/Book	2.2
Target Allocation	95% Equities 5% Cash

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%



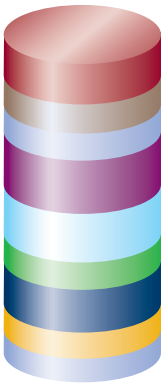
James Investment Research, Inc. is an independent investment management firm and is not affiliated with any parent. James Investment Research, Inc. has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS). The composite's inception date is 12/31/83. 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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1-888-426-7640
www.jir-inc.com
jir@jir-inc.com

For More Information Contact:
Jeff Battles, Director of Marketing
Jbattles@jir-inc.com

phone 800 532 9060
fax 513 424 5752
email Info@IARFC.org
web www.IARFC.org

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Ray Fernandez, RFC
Jeffrey Harper, RFC
Christopher P. Hill, RFC
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Rob Koscik, RFC
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