the Register

Vol. 14 No. 10 • October 2013
Official IARFC Publication

www.IARFC.org

Stop Selling & Make More Money..... 8

Establishing Equity for Women
In Divorce Situations ..... 10

Register Cover: Bryan Slovon ..... 12

Can I Raise What I Charge? ..... 21

Consumer Focus ..... 31

# Protecting Clients

## Bryan S. Slovon, RFC®

Serving Financial Advisors Worldwide

## 2014
## Finalists Compete in Las Vegas — Be Part of the Judging

The IARFC has extended its invitation to students to participate in the Financial Plan Competition. The finalists and their faculty advisor will enjoy a 3 day, 2 night trip to Las Vegas to present their comprehensive financial plans to a live audience. We invite the IARFC members to join the competition and become part of the judging process.

*Expenses incurred by participating in the judging of the Financial Plan Competition are not the responsibility of the IARFC.*

## *Why sponsor the Financial Plan Competition?*

*All of us in any profession have an inherent responsibility to continue the legacies and skills of that profession. To that end, the IARFC Financial Plan Competition, is a way to get hands-on development of young people by teaching them the skills necessary to provide the services we currently give, to the next generations.*

*I believe that no person ever achieves success without one hand up on the rung above him lifting themselves — and one hand down lifting someone else. Often we don't have the time to personally go do this. By pooling our assets we can encourage the next generation to do the right things for their clients.*

*Someday I will retire. I have clients who are younger than me and I want someone to look after them as I would have. It's part of my responsibility to ensure that there are capable people to advise them on their asset requirements for the future.*

*Lester W. Anderson, MBA, RFC®*
*IARFC President*

## Become a Sponsor

| Sponsorship levels | Silver | Gold | Platinum | Diamond |
|---|---|---|---|---|
| Individual | ☐ $50 | ☐ $100 | ☐ $250 | ☐ $500 |
| Corporate | ☐ $1,000 | ☐ $5,000 | ☐ $7,500 | ☐ $10,000 |

☐ Unable to sponsor but interested in mentoring.
☐ Send more information on Corporate Sponsorship.
☐ Interested in judging the Financial Plan Competition.

Please print or type information below.

☐ Mr. ☐ Ms. ☐ Mrs.

First Name Last Name

Firm or B/D

Street Address

City State Zip Code

Phone

E-mail

### Payment Information:

☐ Credit Card ☐ Check made payable to IARFC

Credit Card # (Discover, MasterCard, Visa, AmEx) Exp. date

Signature

PLEASE MAIL OR FAX THIS COMPLETED FORM TO IARFC

International Association of Registered Financial Consultants
P.O. Box 42506
Middletown, OH 45042-0506
Fax: 513.424.5752
Phone: 800.532.9060
Email: info@iarfc.org


## Answer this question, and you've just become a more valuable asset.

As a business advisor, your clients count on you for answers – and none is more important than the value of their business. Now Summit Trust offers a way to provide this information accurately, quickly and inexpensively; Introducing the **Summit Business Valuator**.

Powered by BizEquity (the industry standard for online business valuations), the Summit Business Valuator allows you to valuate your clients' businesses as often as needed – be it only once, or once a quarter. You can now provide crucial information that has implications on virtually all other decisions a company will make – from purchasing insurance to growing with venture capital to exit strategies, all quickly and online with the Summit Business Valuator.

**Try it for FREE at https://summit.bizequity.com**, then contact Summit Trust for a special promotion code you can use with your clients.

**Bring greater value to your business by bringing greater value to theirs… with the Summit Business Valuator.**

SUMMIT
TRUST COMPANY

**Contact us at (215) 822-6601**
**www.summittrust.com**
**Email: info@summittrust.com**

*Powered by* BIZ|EQUITY®

## 2014 Financial Plan Competition Sponsors

### Sponsorship

Individual Sponsors

Silver:
Harvey Charbonneau
Enyi P. Enyi
Brian Low
Patrick Lyman
Burnett Marus
Jeffrey Rattiner
Mark J. Sheahan
Winston Williams

Gold:
Michelle Blair
Isabel Cooper
Frank Eberhart
Donald Fortney
Robert Meints, II
Rick Mueller, II
Chris Roberts

Platinum:
Les Anderson
Steve Bailey
Ed Morrow
Rosilyn Overton
Jon Rogers

Diamond:
Lloyd Lowe Sr.

The IARFC has invited students to participate in the 2014 Financial Plan Competition. The finalists and their faculty advisor will enjoy a trip to Las Vegas to present their comprehensive financial plans to a team of judges.

Join in the Sponsorship and have your name listed here and on IARFC.org. Thank you for Supporting the Future of Financial Planning. We have Individual Sponsorship Opportunities starting at $50.

**800.532.9060**

IARFC
INTERNATIONAL ASSOCIATION OF REGISTERED FINANCIAL CONSULTANTS

www.IARFC.org

IARFC
INTERNATIONAL ASSOCIATION OF REGISTERED FINANCIAL CONSULTANTS

## Events Calendar

**October**

**RFC Conference**
October 13 & 15, 2013
Beijing & Dalian, China

**RFC Graduation Ceremony**
October 17, 2013
Shanghai, China

**RFC Graduation Ceremony**
October 20, 2013
Chengdu, China

**RFC Conference**
October 22, 2013
Quangzhou, China

**RFC Conference**
October 24, 2013
Taipei, Taiwan

**November**

**Business Owner Consulting, Drip Marketing & Branding Workshops**
November 14-15, 2013
Middletown, OH

**December**

**Business Owner Consulting Workshop**
December 3, 2013
Tampa, FL

**2014 May**

**Branding Workshop**
April 30, 2014
Las Vegas, NV

**Financial Plan Competition**
May 1, 2014
Las Vegas, NV

**June**

**CE @ SEA™ Western Caribbean Cruise**
June 15-22, 2014

For IARFC event speaking or sponsorship contact: 800 532 9060

## NEW IARFC MEMBERS

Jeffrey J. Baker, RFC®, IN
Isabel A. Barrow, RFC®, VA
Russ Bragg RFC®, PA
Pamela V. Burger, Staff Associate, NC
Daniel Castillo RFC®, AZ
Tony Castillo, RFC®, AZ
Carlos A. Cortez, RFC®, FL
Maurice E. Dearth, RFC®, GA
Marion Amy Delaplaine, RFC®, GA
Cecelia W. Fairfax, RFC®, CA
Thomas Fallon, RFA®, NJ
Drew K. Horter, RFC®, OH
Jason J. Innocenti, RFC®, NJ
Norman C. Johnson, RFC®, CA
Jonathan E. Kahrs, RFC®, OR
Annette J. MacDonald, Staff Associate, CA
Timothy B. Madison, RFC®, GA
Laurent W. Metzler, RFC®, NJ
John F. Peters, RFC®, OH
Amy L. Pucci, RFC®, VA
Wendy J. Poole, RFC®, MA
Joseph A. Siragusa, RFA® NJ
David A. Sunderland , RFC®, ND
Susan D. Wier, RFC®, IN
Robert R. Wolf, RFC®, CA

### New International Members

The Netherlands 1

### Members Who Recommended New Members

**Referror of the Month**
**Jim Harris, RFC®**

Armand Atkinson, RFC®
Steve Bailey, RFC®
Roberta Carter, RFC®
Jim Harris, RFC®
Douglas MacDonald, RFC®
Ed Morrow, RFC®
Jim Moss, RFC®
Lew Nason, RFC®
Antoine Orr, RFC®
Mike Smolak, RFC®

# In This **ISSUE** Vol. 14 Issue 10

## Cover Story


**Register Profile: Bryan S. Slovon**

**12** Protecting Clients


## Features


Stop Selling & Make More Money

**8** By Jim Lifter

Establishing Equity for Women In Divorce Situations

**10** By Lloyd Lowe Sr.

Comparing Charitable Remainder and Wealth Replacement Trusts

**17** By Jeffrey Rattiner

Can I Raise What I Charge?

**21** By Bryce Sanders

The Looming Crisis In Financial Services

**25** By Albert Coletti

Selling Life Insurance is an Art and a Science…

**27** By Christopher Hill

Protecting Your Client's Downside (And Your Backside)

**29** By Max Bolka


## Columns


Chairman's Desk

**7** Global Review
By Ed Morrow

IARFC Spotlight:

**9** IARFC Board Announces Increase in Annual Dues for 2014
By Amy Primeau

Mental Marketing

**19** The 4 Most Vital Fundamentals of Face-to-Face Selling
By Michael Lovas

Compliance-Friendly Marketing

**23** 9 Key Questions to Ask in Your First Meeting The No-Sell Sale® in Action
By Katherine Vessenes

Consumer Focus

**31** When Should I Start Taking Social Security Benefits?
By Rosilyn H. Overton


## Departments


**2** New IARFC Members

**2** Events Calendar

**4** IARFC Domestic and International Directory

**5** *Register* Round Up

**6** From the Editor

# IARFC Domestic and International Directory



## INTERNATIONAL WEBSITES

China — www.iarfc.cn

Hong Kong — www.iarfc-hk.org

India — www.iarfcindia.org

Indonesia — www.iarfcindonesia.com

Philippines — www.iarfcphils.org

Taiwan — www.iarfc.org.tw

## IARFC US OFFICE ASSOCIATE STAFF

Bookkeeping, Charlotte Isbell

Domestic Membership Services, Amy Primeau

Editorial Coordinator, Wendy M. Kennedy

Education Director, Jim Lifter

Program Director, Susan Cappa


the Register

www.IARFC.org/Register
2507 Northy Verity Parkway
Middletown, OH 45042-0506
800 532 9060

CEO & Editor-in-Chief
Edwin P. Morrow
edm@iarfc.org

Editorial Coordinator
Wendy M. Kennedy
editor@iarfc.org

Copy Editor
IARFC Program Coordinator
Susan Cappa
susan@iarfc.org

The *Register* is published monthly by the International Association of Registered Financial Consultants ©2013, It includes articles and advice on technical subjects, economic events, regulatory actions and practice management. The IARFC makes no claim as to accuracy and does not guarantee or endorse any product or service that may be advertised or featured.

Articles, comments and letters are welcomed by e-mail to:
Editorial Coordinator
Wendy M. Kennedy
editor@IARFC.org

Periodicals Postage Paid at Mansfield, Ohio.
POSTMASTER: Send address changes to:
P.O. Box 42506, Middletown, Ohio
45042-0506
SSN 1556-4045

# *Register* Round Up

*IARFC Leaders and Financial Industry Experts were asked for their insight and advice on issues facing consultants in today's economy. Note: Responses are printed in no particular order.*

**Q:** *Do you sell LTD? How do you sell products if you are not covered for the unexpected either?*

**A:** The Ark Group does a significant amount of DI production but it is primarily written by independent advisors. We train advisors across the US on how to properly recommend and implement Disability coverage with their clients and prospects. Most of the advisors we work with have never written DI in the past. One of the most important points in being successful recommending any product is whether there was enough importance from the professional's perspective to own the policy themselves. However, just as important as it is for an advisor to own a policy on themselves, it is critical that they are willing to use a copy of their policy in a presentation.

Considering insurance advisors represent intangible products, in other words paper and ink promises, this is a very effective way to make an intangible product more tangible. The importance of an advisor sharing a copy of their policy with a prospect cannot be stated enough. All relationships are earned by building trust and respect. The process of earning that trust and respect accelerates greatly when an advisor owns their own policy… but it is solidified by the documentation of showing a copy of the actual policy. Remember, your actions speak louder than words. Regardless of the product, an advisor will find significant increases and better relationships with their clients and prospects by simply backing up their presentations with this degree of documentation.

Don Hansen
Elkhorn, NE

**A:** I was covered with DI until I retired. It saved me when I had a crushed heel. I tell everyone a true story about me.

Steve Bailey, RFC®
Charlotte, NC

**A:** I am retired so I do not sell any products at all. I do however offer financial information for people who take my courses which includes discussions about all types of risk management like LTD. In that way, educated consumers can make informed buying decisions and purchase whatever products they deem necessary.

Al Coletti, RFC®
Smithtown, NY

The ideas and strategies you receive from this and other sections of the *Register* may inspire you to send us your answer to one of our future *Register* Round Up questions. If you would like to share your tips and techniques with other RFCs, please do not hesitate to send in your response to editor@iarfc.org.


Our next issue will ask this question:

**What two things do you like most about the IARFC? What new service or benefit would you like to see from the IARFC?**

You can also send us a short article for the *Register* or suggest additional topics for future issues. Remember, our goal is to make this magazine an even more valuable resource for you and the clients you serve.

# From the **EDITOR**

You will have probably discovered a new author to our *Register,* Bryce Sanders. This month Bryce's article "Can I Raise What I Charge?" opens the unpleasant topic how to address your clients costs that are going up. Check out his article on (P. 21).

Would your newsletter benefit from lifestyle articles? Flip forward a few pages and take notice of a new member benefit discount from Perceptive Business Solutions Inc. (P. 11). Benefits and discounts are easily found on the IARFC website at: www.iarfc.org/PartnerPrograms

Have you noticed our of the Consumer Focus articles? Monthly we provide a consumer based article for you to share with your clients either directly from the *Register* or from the IARFC website Consumer Articles section You can also find each article posted on the IARFC Facebook page. This month's article "When Should I Start Taking Social Security Benefits?" (P. 31)

Wendy M. Kennedy

Wendy M. Kennedy, *Editor*
*the Register magazine*
*editor@iarfc.org*


Subscribe to the IARFC Blog:
http://iarfc.org/iarfc-blog

Contact Susan@IARFC.org for assistance with IARFC Blog

The IARFC Blog brings you the tools, ideas and techniques you need to build a successful practice. Fresh content is posted regularly and we welcome your feedback and ideas in the comments section. We look forward to hearing from you.

**Connect with us**

LinkedIn®

Join the IARFC on LinkedIn

Contact editor@IARFC.org for assistance with IARFC LinkedIn

Find us on Facebook

Like us at facebook.com

Contact editor@IARFC.org for assistance with IARFC Facebook


**Wilma Anderson, RFC®**
Long Term Care & Critical Illness
www.CriticalIllnessCoach.com
WilmaAnderson@q.com
720 344 0312

**Max Bolka**
Comprehensive Business Consulting
www.MaxBolka.com
Max@MaxBolka.com
800 472 3288

**Connie S.P. Chen, RFC®**
Chen Planning Consultants, Inc.
CPCinc@ChenPlanning.com
212 426 1910

**Al Coletti, RFC®**
The Design Capital Planning Group, Inc
The Institute for Financial Education
www.designcapital.com
www.theife.org
acoletti@designcapital.com
631 979 6161 x102

**Roccy M. DeFrancesco**
The Wealth Preservation Institute
www.TheWPI.org
Roccy@TheWPI.org
269 216 9978

**Mark Gremler, RFC®**
Billion Dollar Mentoring
www.BillionDollarMentoring.com
Marketing@BillionDollarmentoring.com
877 736 7492

**Donald A. Hansen**
The Ark Group
www.ArkGroup.com
DHansen@ArkGroup.com
866 725 0777 x201

**Kerry Johnson, MBA, Ph.D.**
Preformance Coaching
www.KerryJohnson.com
Kerry@KerryJohnson.com
800 883 8787

**Maribeth Kuzmeski, MBA**
Practice Management & Marketing
www.RedZoneMarketing.com
MK@RedZoneMarketing.com
847 367 4066

**Michael Lovas**
Practice Marketing Psychology
www.AboutPeople.com
Michael@AboutPeople.com
847 367 4066

**Fred Ostermeyer, RFC®**
Communicate with Congress
Fred.Ostermeyer@KMSFinancial.com
208 773 6924

**Katherine Vessenes, RFC®**
Consulting and Education
Vestment Advisors
Katherine@VestmentAdvisors.com
www.VestmentAdvisors.com
952 401 1045


# From the Chairman's Desk…

## Global Review

In my recent travel to Asia, I had an opportunity to become more current with the economic status of several countries and get an informed sense of the impact of the economic turmoil in recent years – the banking crisis, investments, stock market, software bubble, housing, etc. How valid are the comments of these financial consultants? Individually, I think they have little to contribute – but collectively their thoughts reveal what we may be facing in the future.

**How Can US Spend Itself Into Debt?** The US capitalistic system has been so productive. From 1900 on, we have dominated the world militarily and economically. Most of the inventions, important business processes and communications have been created here. During my travels I am often asked, "How can the Congress and the President continue to spend far in excess of the income?"

**Haven't We Learned Anything?** The Collateralized Debt Securities caused an international crash — damaging and destroying major institutions and wreaking havoc with many well-intended, but uninformed, citizens. Clearly there was a trail that hindsight finds astonishing. We were encouraging homeowners to borrow far more than they should. But what is truly amazing is that **we are doing it again**!

All over America many lending institutions are aggressively soliciting to re-finance homes at far above historical loan-to-value ratios. Why? Because the underlying loans (HARP, HARM) are assumed by the federal government and the local banks earn fees for establishing the loan and collecting the payments — ***but they take no financial risk***.

**What Can Rebuild a Nation's Economy?** The answer is not more giant government programs of support for not working, or not raising corn — or financing Solar Farms that are never placed into production. The answer is…. Small to Medium sized Enterprises. The number of SME in many countries and in the US is truly amazing. Some remain small, but profitable. But remember when a business goes from 5 to 10 employees, it has increased more than 100%. Why more? Because as the enterprise grows, the revenue per employee also increases.

5 employees who gross $100,000
= $500,000 revenue
10 employees who gross $150,000
= $1,500,000 revenue

The growth amplifier is working, motivating an enterprise to expand and multiply its outlets, plants or product line. Doubling in size often leads to a 200% increase.

**But where is the Capital to Finance this Expansion?** It is not in the coffers of banking institutions that can make a profit packaging HARP loans with no risk — just re-cycling the money through the federal system established by Congress. Many banks are taking the pathway of no risk, low return and no contribution to the economic expansion the US and the world needs.

**What is Working?** A partnership of government entities, lenders and businesses. Wherever the government's money is channeled through SME or even large businesses, it will stimulate real growth. Yes, I know it is not money that is owned by the government, but derived from the taxpayers or the Federal Reserve printing press.

**Return to Prudent Principles.** All over the world, families and businesses are trying to reduce debt and accumulate more capital for greater security or to prepare for expansion. Several giant companies are doing (accumulating cash) just that, such as:

General Electric, $77 billion.
Chevron, $21 billion.
Apple, $16 billion.
Johnson & Johnson, $14.9 billion.
Google, $14.8 billion.
Hewlett-Packard, $13.6 billion.
Coca Cola, $8.4 billion.

This is about twice the prior amount of corporate liquidity — when adjusted for inflation (or dollar deflation if you prefer).

**Can You Believe Experts?** Financial experts such as Marc Faber, Peter Schiff, Donald Trump, Robert Wiedemer, Harry Dent and many others believe the US is on the verge of another recession, and this one will be far worse than what we experienced during the last financial crisis. Similar doom is predicted by Porter Stansberry.

**The Worldwide Impact.** A recession of this magnitude of a Depression or even worse will have a worldwide impact. If the US plummets, no one buys at WalMart. China factories become empty for lack of orders, and the raw materials are no longer purchased from Australia. If the US staggers, then similar events will shake Europe — which is none too steady now anyway.

**Forward to the Past.** What needs to happen is that we must reduce the enormous syphon of governments removing a large portion of the flow of productivity — and turn the growth job back to SME and LME. Governments don't increase productivity, in fact, they delay and hinder it!

**What Can You Do?** You cannot force these businesses to spend their capital and I would not like to see the government try to do it. They would just cycle the funds offshore. Government policy can stop being anti-business and start being pro-enterprise.

You should seriously consider the long term impact of marketing to SME and professional practices in your target market area. They are more profitable, more stable and more challenging. You do a great job for a small to medium sized business and you will be rewarded by referrals like never before.

**If You Need Transitional Help?** This is why the IARFC has created its Business Owner Consulting Workshop. It provides advisors with the tools to enter this market. There is very little competition and a lot of local support can come from the attorneys and accountants who also serve these businesses. I encourage you to go to the IARFC website and review the workshops and the schedules.

**Contact: 800 532 9060**
**edm@iarfc.org**
**www.iarfc.org**

# Stop Selling & **Make More Money**


Wait, did I just read the title of this article correctly? What in the world is he talking about? I am a salesperson and I make my living selling things. How can I make more money by not selling? Am I supposed to give things away?

Slow down there, loyal reader. I'm not suggesting that we all give up our jobs and go on government assistance, although for those that are not doing as well as they would like this has sometimes been a real consideration. I am merely suggesting a change in style. Bear with me, and I am certain that you will see the point in this article and in fact learn to stop selling.

When we come into the business of selling, whether it is insurance products, financial planning, or any other item we might offer, we are brought in as a salesperson. We are told to gather a list of people to whom we can sell something and to get started. This is the entirely wrong approach to being successful in this or any other business.

Think about yourself for a moment and go back in your memory to a time that you were sold something by someone. How did it make you feel? For most of us, we felt as if we had been sold something. We felt as if the salesperson was the winner in the experience and that we were merely along for the ride and simply reacting to the will of the salesperson. For most people this leads to feelings of discontent and ultimately can cause us to rue the day that we made that particular purchase. Is this because we are unhappy with the item that we were sold? Not usually. The negative feelings that come from a selling situation stem from the fact that we were less an equal partner in the process and more of a passenger on the selling train.

What I am advocating is for you to stop trying to sell people something and instead, facilitate a great buying experience. There is a great difference between selling something and helping people buy something. We should be "buying experts" and not "selling experts". We should be orchestrating experiences for our clients that allow them to purchase the products and services that they truly need, and to do so with them as partners in the process.

How do we go about being buyer helpers instead of sellers? We simply create the sense that the need for the particular product or service is so great that the purchase decision becomes a "no-brainer" for the client. They discover that the need does exist, and the only way to satisfy the need is to purchase something. We are lucky enough to be there when they are ready to purchase and we have just what they need. An amazing coincidence or is it proper planning on our part?

By creating a sense of action on the part of your client, you enable them to buy something that they want and that ultimately makes them happy. Create that sense of action by clearly explaining to the client the benefit of having the product or service, or perhaps the risk of not having the product or service. You are not selling them something; you are merely showing them that inaction is a more costly alternative than taking proper action. You are sharing with them the WIIFM or "What's In It For Me" and letting them do the right thing for themselves.

For your client, the act of buying is a much more positive experience than that of being sold. People love to buy, but they hate to be sold. Don't be "that guy" who tries to sell something. Get yourself out of the sales game and put yourself in the right place at the right time. Remember that we are in a service industry, and the best way for us to serve our clients is to be ready to provide them with what they want and need. Facilitating a great buying experience for your clients is the key to being successful without selling.

Jim Lifter, MBA, RFC®

**Jim Lifter,** MBA, RFC®, IARFC Education Director, has an undergraduate degree from Ohio State University in Marketing and an MBA from the University of Dayton. Jim is responsible for coordinating the development and distribution of the IARFC educational courses.

**Contact: 800 532 9060 x 312**
**jim@iarfc.org**
**www.iarfc.org**

# IARFC Spotlight:

## IARFC Board Announces Increase in Annual Dues for 2014

At the Annual Board Meeting in February, 2013, the IARFC Board of Directors voted to increase the annual membership dues of the Association effective January 1, 2014. This was not a decision the Board made lightly; rather it was made after a lot of discussion and careful consideration.

This will be the first dues increase for the Association in eight years. Some organizations have continued to raise dues yearly, even in the poor economic conditions we have recently endured. The IARFC did not. We recognized that our members like most Americans, were struggling and held the dues steady.

While we did not raise dues for eight years, the Association continued to seek out new benefits to offer our members. Two of the most recent that we introduced in 2013 were the Group Disability Insurance, offered through Advisor Group Benefits, and the new IARFC Web Store which allows you to order products securely online. Since 2006 we have launched the Financial Planning Process course, updated our IARFC website, continued to improve the *Register* and *Journal of Personal Finance*, and created new marketing materials for our members to use such as the Referral Request and Information Request cards for both individual clients and business clients.

In addition to offering new benefits to our membership, we are always looking at ways to grow the association; to make a greater impact on the industry. We have developed several workshops designed to help advisors rise to the next level. We have also reintroduced the Collegiate Financial Plan Competition. The 2013 competition drew ten teams of students from several schools. Not only have those schools signed up for the 2014 competition, but so have many additional schools. So far, we have over 60 students from 10 schools competing — with more expected! This will make the 2014 Plan Competition our best yet, which of course helps promote the IARFC to those entering the field.

We have introduced two new membership levels for those who share the values of the IARFC and are interested in the Association but do not wish to carry a designation. Those levels are: Staff Associate Member and General Member. You are also aware that we are in the process of seeking accreditation, which will create a new designation, the MRFC®.

It is our hope that you will see we have continued to add value to the IARFC and the designations, all without increasing the dues. Unfortunately, the time has come that we must increase the dues to keep up with the rising printing, publication, and postage costs the Association faces.

**As of January 1, 2014 the dues will be:**

- For those members holding the RFC® designation — $200
- For those who hold the RFC® designation as a Retired Member- $100
- First year dues for an RFA® — $75
- For those who hold the RFA® designation for subsequent years — $150
- For those who are General Members — $150
- For those who are Staff Associate Members — $60
- Additionally, the application fee for RFC® candidates will be increased to $50

For the past three years, we have offered payment plan options to our members who have difficulty paying the dues in one payment. We will continue to offer these plans (two payments, three payments, or monthly payments) with credit card payments. Watch your invoice for details.

**Special Incentive**

We know that this change may be difficult for some members. To ease the pain of the increase, as well as to cut down on the costs associated with collecting past due balances, we will be offering a special incentive for those members who pay on time. On time is described as within the same month you are invoiced. For 2014, those members who pay within the same month that they are due will be able to renew at the 2013 rate. For example, members who are due on January 1 and who pay by January 31 will be able to pay only $150. Members due on January 1 who pay on February 1 or after will have to pay $200. This same special will be applied to each month as we invoice for renewals.

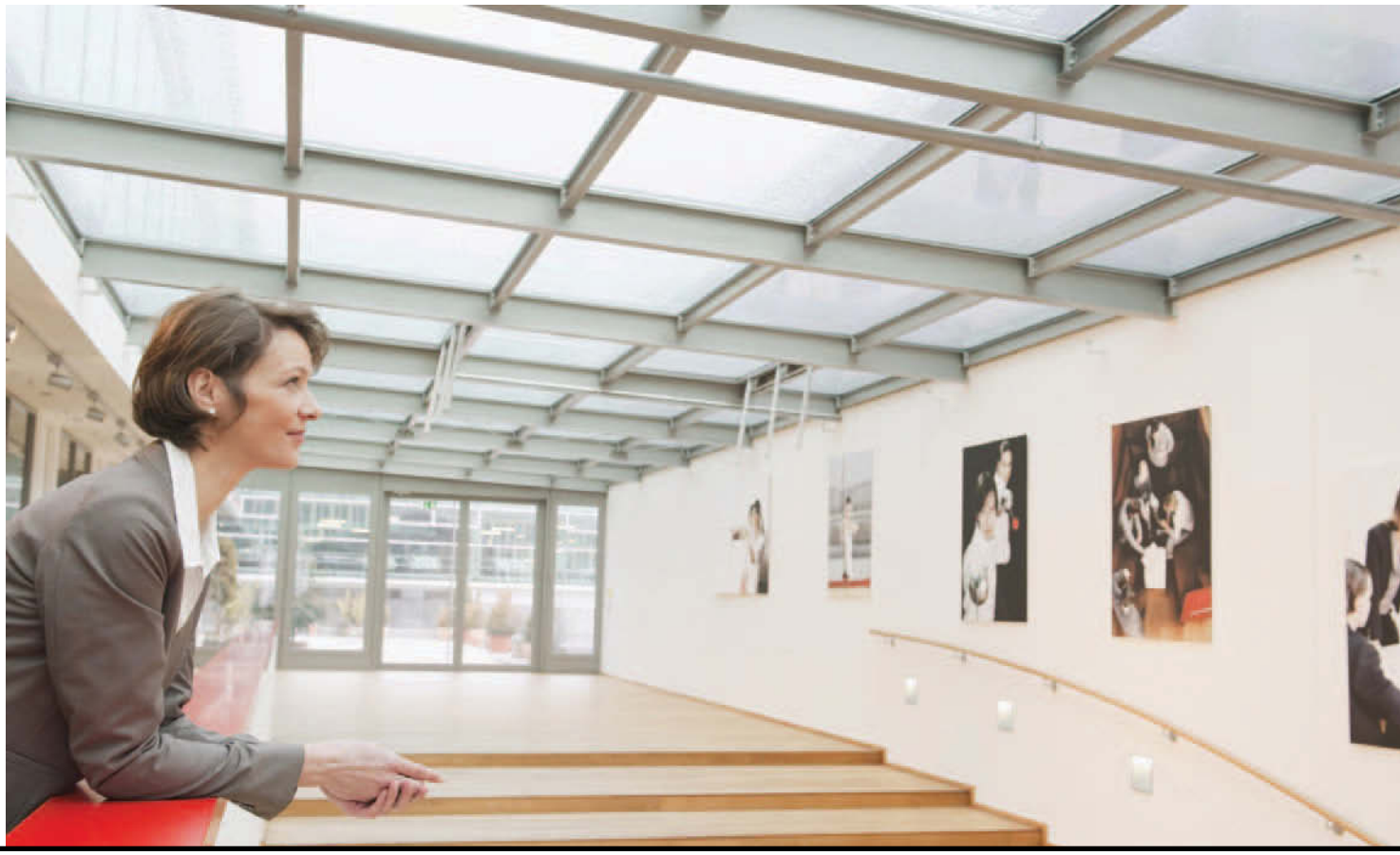
Please do not try to pay before you have been invoiced. We are unable to process your renewal until you have been invoiced. Once you are invoiced, you will have until the end of that month to pay at the 2013 rate. Your invoice will provide all the necessary details.

We value each and every one of our members, and hope you understand the reason behind this action. We look forward to continuing to serve you in 2014 and beyond.

**Amy Primeau, Domestic Membership Chair**

Contact: 800 532 9060 x307
info@iarfc.org
www.iarfc.org

# Establishing Equity for Women In Divorce Situations



Equity is an important consideration in divorce and women are often in an inequitable position when this life-changing event occurs. Consider a woman who has been a homemaker for many years who has re-entered the workforce. While she may have a steady, respectable income that will meet her current needs, she is likely making less than she would have had she been working continuously. Add to that, for several years she did not have the opportunity to save separately for her own retirement from her wages, rendering her personal wealth less than that of her husband, who has benefitted from compounding over the same period.

As wealth managers and financial planners, there are a number of strategies we can use to account for the inequity in income, as well as consider ways to split assets and debt fairly from the woman's perspective. We also have a responsibility post-divorce to help our female clients establish a firm footing on the path to their new future.

### Paying for Divorce

One of the first considerations for your female client may involve the cost, and she may be reluctant to obtain legal representation because of the out-of-pocket expense. It is important to know that if a woman earns less than her husband or is a homemaker, she can submit a motion to the court asking a judge to order her spouse to pay for her attorney's fees. Sometimes both spouses work, or have sufficient funds with which to retain attorneys. In these cases, you can help advise your client on how best to spell out who pays for what. For instance, if both parties want the family business, the family home, or a pension to be appraised, you'll have to apportion the costs. The same holds true if you both decide to transfer title to an asset after a divorce.

### Asset Division

More often than not, equity is not achieved by splitting assets directly down the middle. That is why the services we can offer as financial planners are important early in the divorce proceedings. Case Study: Mrs. A was 63 years old when she came to us as a client. Her estate was valued at $14,000,000 with an estimated award to her of 52% from that estate total during the divorce. Upon examining the inventory of assets we pointed out that several of the private limited partnerships (LPs) she and her current husband held in local businesses were overvalued and her husband was attempting to give 100% of these LPs to her in the divorce proceedings. The husband was also attempting to retain all of a substantial carry forward loss from their taxes. After suggesting that Mrs. A receive half of the carry forward losses and obtaining proper valuation for the private LPs, we also suggested that the LPs be split 50/50 and cash from the husband's

accounts make up the difference in Mrs. A's settlement. All told, Ms. A's (now divorced) settlement ended at 63% of the total assets thanks to the excellent litigation and negotiation skills of her family law attorney and our homework early in the process to find the real value in her assets.

Three months after Ms. A's finalization of divorce, 100% of her assets were re-titled, estate planning complete, beneficiaries changed and insurance updated. Six months from finalization of divorce 100% of her assets were allocated. Cash flow planning and budgeting work was completed. New health insurance placed and research for home purchase and relocation were completed. Twelve months from finalization of divorce all financial planning, asset management, and risk management was completed and being monitored. Ms. A's Social Security benefits were available from her ex-spouse, were confirmed and payment began. Mortgage, home purchase and relocation were completed.

Items Accomplished:

- All assets transferred to her name in a timely manner
- All estate planning complete
- All beneficiaries changed
- All insurances reviewed and updated
- Facilitated purchase of new home
- Began social security income based on ex-spouses benefits (higher amount than her own)

The family law attorney was given a recap of all items completed for their records.

Moving Forward

Life-after-divorce can be an emotional time, but also a complex time in terms of learning new life management skills. With the increase of "grey divorces" among Baby Boomers, our firm has found many women we have assisted in divorce situations have never bought a home, a car or even balanced a checkbook. To best help your women clients post-divorce, it is a good idea to build an extensive network of other trusted professionals who can help with the aspects of life management, such as CPAs, guidance counselors, doctors, personal trainers and Realtors.

Case Study: A divorcee came to us who was totally disabled during her divorce. She needed assistance moving from one townhome to a new one but was unable to lift and pack boxes due to her disability. With our expertise and local community connections, we were able to research and retain a specialized moving company, negotiate a reasonable price, monitor the move, and assist her making payment to the moving company for their work. The move was completed over a weekend and during that time our client did not have to pack one box or pick up one cleaning supply. She was able to walk into her new home on Monday morning and find everything exactly where it belonged.

Case Study: Another case in point, this divorcee came to us needing to purchase a new vehicle. Previously she had always relied on her husband to do the car shopping and price negotiations. Since we have an established relationship with several highly respected local car dealerships, we were able to have different cars sent to her home for test driving. She was able to pick the vehicle of her choice. We then negotiated the sale on her behalf and after a full detail, the car was hand delivered to her home. She was very thankful she never had to step foot on the dealership lot and was very pleased to have a reliable vehicle in her garage.

There is no question that divorce — for anyone — is a difficult time. But with the right support and resources, we can play a major part in helping our women clients navigate the process and arrive on the other side with their feet planted firmly on the ground, with the path forward established.

**Lloyd Lowe Sr., MBA, RFC®**

Spanning over 20+ successful years in financial planning, **Lloyd Lowe Sr.**, MBA, RFC® partners with his clients to fulfill their dreams. He has a strong foundation in business that provides him a practical understanding of the balance that must be maintained to achieve investment results and long-term financial wealth for his clients. He has helped thousands of clients meet their financial goals and retire. Lloyd is the co-author of *Life's Bridges: Building Your Bridge to Financial Wealth.*

Contact: 972 335 2523
lloyd@ldloweplan.com
www.ldloweplan.com

Profile Interview

# Bryan S. Slovon, RFC®

## Protecting Clients

*Our top priority is always to protect our clients' best interests and provide both quantitative and qualitative success for all parties.*

Bryan S. Slovon, RFC® is the Founder and CEO of Stuart Financial Group of Greenbelt, Maryland. He has been in the estate planning and financial services industry since 1990. Driven by client education, Bryan provides financial guidance to help manage and preserve the wealth of his clients. Bryan's particular approach to financial planning — looking at his client's unique tax situation and uncovering incorrect uses of taxable and tax-deferred strategies. Bryan is a former co-host of his radio show "Senior Solutions" on WLG 1370am. He has written numerous reports outlining his strategies for the Senior Market and is consistently featured in the *Wall Street Journal, Financial Planning,* and *OnWallStreet*. We now welcome Bryan's responses to the IARFC *Register* Profile.

**How did you first enter financial services?**

I first entered the insurance business in 1990, offering mortgage life insurance.

**What was your educational background?**

I attended the University of Maryland, where I studied business. Also, I have always been a self-help enthusiast with the likes of Brian Tracy, Tony Robbins, Zig Ziglar, learning about what it takes to be successful in this world.

**Were you successful at first?**

I have come a long way from where I first started. I first became actively involved in the retiree market when I saw the need for long-term health care for my mom. I helped

protect her from the exorbitant healthcare cost associated with paying for long-term care; cost which would have otherwise decimated her life savings. Additionally, I did an extensive one-on-one training with my mentor at the time. The training helped hone my skill and grow my business.

**What or who influenced you the most?**

My mother has been my biggest influence. She always believed in my ability to succeed and encouraged me to push forward. In addition, my wife Lucy and current business partner, has always had faith in my ability to do well.

**What were your major obstacles?**

When I first entered into the retiree market, we were not experienced in how to speak effectively at a seminar. Additionally, it was challenging to understand what the return on investment was from each event.

**How did you overcome this challenge? Was it from trial and error or did you follow a program or training course?**

At the time, we were receiving seminar training from our Insurance Marketing Organization, which was certainly helpful to an extent, but there is no substitute for experience. While there were no "errors" per se, we believe in continuous improvement at Stuart Financial Group, and there is no question we improved over time.

**Tell us about your current practice:**

Our primary focus at Stuart Financial Group is preserving and shielding our clients' wealth and assets through education and comprehensive planning. We are experienced, responsive and understand our clients' need for integrity and transparency. As an independent financial advisory firm, we have to compare all investment products objectively to determine the best fit for our clients. We take pride in protecting those funds for our clients' intended use.

**How do you market now to acquire new clients?**

Stuart Financial Group does two public dinner seminars a month. We also receive referrals from our clients.

**Two seminars a month. How do you manage to fit them into your schedule and budget?**

We schedule these from 5-8 in the evenings and we consider them part of our regular

*Stuart Financial Group believes that being a true fiduciary is an involved process requiring intense dedication to client discovery and continuous review.*

*Our Review process involves:*

*1) Reviewing a client's taxes in a forward-looking manner to help them find money falling through the cracks. We place a focus on the huge tax issues of retirement plans as well as estate tax issues, which in our state of Maryland come into play at $1,000,000.*

*2) Income Planning. We focus on our clients having an income plan that will work in good stock market times and bad. We really focus on asset preservations as well as income driven strategies. We make sure we optimize the Social Security income as well as all pensions.*

*3) Investment Risk and Cost Review. We look to keep fees at a minimum and provide maximum value and educate clients — teaching them the difference between total returns and average returns which can be very misleading.*

work schedule. They do not impact anything else we do during the course of normal working hours. We do have a budget for them, a modest percentage of our gross revenues each year.

**How successful are the seminars in gaining new clients?**

Our seminars are very successful because we stay on current, relevant financial topics and we clearly demonstrate how we differentiate from most advisors though our tax planning and approach to full transparency in the work we do. We educate our clients as to what it means to be a true fiduciary, a term the general public is largely unfamiliar with. But once they understand the distinction, our approach and values become more appealing.

**What are your major frustrations?**

It is always challenging to communicate to clients the common financial misconceptions that can derail a lifetime of planning for retirees.

**What type of misconceptions? Are they clear on the fee and or commissions charged to their accounts?**

When new prospects meet us for the first time one-on-one for a discovery meeting, most of the time they know they pay fees with their current advisor, but are very unclear of the effect fees can have on their performance and how these products affect their taxes.

Before we enter into a relationship we fully educate them on transparency relationship. This means having an advisor who helps make sure they are fixing problems and asking themselves the right questions to protect and distribute their wealth.

**Tell us about your business continuation plan?**

Currently, we are growing and working on a business continuation plan with my wife Lucy E. Slovon, Managing Partner and Director of Operations. She oversees the staff and is very hands on in all aspects of the business. She brings over 12 years of business administration and management experience to the firm, allowing us to successfully manage Stuart Financial Group and would readily take over for me if I were to pass on.

**What feature of benefit of the IARFC has been of greatest value?**

I enjoy reading the *Register* quite a bit. I have gotten numerous ideas from other producers as well as have received some good deals on services the IARFC offers.

**Are there services or products you would like to see added on?**

I would love to see more training on effective marketing as well as business coaching and consulting.

**What do you see for the Association in the future?**

The business is constantly changing and we need to be flexible to grow and serve our clients. I hope to see extended education for advisors and insurance producers.

**Practice management workshops?**

Yes, they would be a great idea coming from top producers in our marketplace. Focusing on core areas of running a successful financial planning practice.

**What should financial advisors be doing in this economy?**

Advisors should be staying on top of bringing value to clients. Advisors should build relationships that are ongoing so they have a business with long-term residual value and always market in different ways to keep business consistent. The focus of agents or advisors should be a true planner, not just an investment person or an insurance product sales person.

**Do you deliver a comprehensive financial plan?**

Yes, we put together a Retirement Income Plan as well as an IRA exit plan as well as healthcare solutions for assistance down the road.

**What's looming on the horizon for our profession?**

The fiduciary responsibility to sit on the client's side of the table and do what is best for them. Being a true fiduciary is an involved process requiring intense dedication to client discovery and continuous review.

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

I wish I had focused on building a well-rounded financial planning company instead of kind of finding my way over the years. Live and learn as they say.

**Is there any advice you would give to young advisors on how to start a well-rounded financial planning company?**

I would advise anyone starting out to get around top producers and learn from them and be comprehensive in your planning to clients. Solve their problems, don't just be another person offering them more investments without making sure you are really posing the right questions to your clients.

**What have you done to create a reputation in your professional practice?**

We provide outstanding service to our clients. Stuart Financial Group believes that being a true fiduciary is an involved process requiring intense dedication to client discovery and continuous review. We also believe that transparency and objectivity can allow for unbiased planning and customized advice. Our top priority is always to protect our clients' best interests and provide both quantitative and qualitative success for all parties.

**Our review process involves:**

1) Reviewing a client's taxes in a forward-looking manner to help them find money falling through the cracks. We place a focus on the huge tax issues of retirement plans as well as estate tax issues, which in our state of Maryland come into play at $1,000,000.

2) Income Planning. We focus on our clients having an income plan that will work in good stock market times and bad, and really focus on asset preservations as well as income driven strategies. We make sure we optimize the Social Security income as well as all pensions.

3) Investment Risk and Cost Review. We look to keep fees at a minimum and provide maximum value and educate clients — teaching them the difference between total returns and average returns which can be very misleading.

**Are you involved in your community by volunteering or sponsorship of local events not related to financial services?**

We sponsor a few local charities as well as the ASPCA. We are animal lovers.

**Contact: 301 345 1635**
**bryan@slovon.com**
**www.stuartfg.com**

# IARFC **WORKSHOPS**

## Business Owner Consulting

**Prospect a New Market**
Business owners are an underserved market that are looking for solutions to many issues. We address items such as loan cancellation plans, buy-out or succession plans, retention and incentive plans and more. We give you solutions and tools to address their needs.

**Acquire All the Tools**
PowerPoint presentation, fact finder, letters, agendas, checklists, forms, motivating articles, plan text and east-to-use calculation spreadsheet that motivates business owners to immediate action. Approach local businesses using tested letters, articles, sample plans, certificates, agreements and a proven professional system fully scripted.

Full day
7 RFC and CFP CE Credits

## Drip Marketing

**Get the Appointment**
Drip marketing warms up your prospect, attracts their interest in the topics presented and builds their respect for your knowledge. Gradually Drip Marketing will develop a bond with the prospect that motivates them to grant you an appointment to make a presentation.

**Learn the Basics**
Our workshop reviews the purpose and goals of Drip Marketing. You will learn ways to approach Drip Marketing to make it more effective, how to get started, basic setup information that applies no matter which CRM you are using, and then the practical application once you get the appointment.

**Sequence Included**
A sequence including 15 letters, 15 articles and 3 phone scripts targeted to business prospects is included.

1/2 day
3 RFC CE Credits

## Branding

**Impact Branding**
The competition for your clients is increasing. A strong brand projects your passion and commitment to clients and prospects. Brand loyalty is reinforced by continued efforts to positively project a favorable image. You don't have to be a big company to promote your own brand. We help you discover what it is and how to build it.

**How are you Perceived?**
You will learn that first perceptions are a result of how you brand yourself. We review the cumulative cycle of branding and how it effects every aspect of client interaction from before the initial approach through your follow up service.

**Step-by-Step Checklist**
Much discussion is given to a real world checklist for you to start building your own identity. This list breaks down your branding journey in manageable tasks and time.

1/2 day
3 RFC CE Credits

For more information:

**www.iarfc.org/workshop**

# Workshop Registration

## Step 1

Select your workshop and location by checking box.

### Workshop Schedule

**Business Owner Consulting (BOCW)**

- ☐ 11/14/13 9am – 5pm Middletown, OH
- ☐ 12/03/13 9am – 5pm Tampa, FL

**Drip Marketing**

- ☐ 11/15/13 9am – noon Middletown, OH

**Branding**

- ☐ 11/15/13 1pm – 4pm Middletown, OH

For a complete details on dates and venues visit:
www.IARFC.org or call 800.532.9060

### REGISTER NOW

Please print or type information below.

☐ Mr. ☐ Ms. ☐ Mrs.

First Name Last Name

Firm or B/D

Street Address

City State Zip Code

Phone

E-mail

Registration Deadline and Cancellation Policy: Workshop attendees may register or cancel up to 3 business days prior to the event date. Cancellations will receive a full refund, less a $20 processing fee.

## Step 2

Figure your pricing. Don't forget to take advantage of Special Packages for more than one workshop.

| Individual Workshops | Price* |
|---|---|
| BOCW | $395 |
| Drip Marketing | $225 |
| Branding | $225 |
| **Special Packages** | |
| BOCW, Drip Marketing & Branding | $675 |
| BOCW & Drip Marketing | $495 |
| BOCW & Branding | $495 |
| Drip Marketing & Branding | $360 |

*Lunch is not included in workshops.

## Step 3

Put total workshop price on the Total Payment line, fill out form below and and return to the IARFC.

Total Payment: _____

### Payment Information:

☐ Credit Card ☐ Check made payable to IARFC

Credit Card # (Discover, MasterCard, Visa, AmEx) Exp. date

Signature

CFP ID#_____ SS# _____
CFP member number or last four digits of your Social Security number must be provided to receive CE credit.

7 RFC® and CFP™ approved CE credits for **BOCW** attendance; 15 additional RFC® CE credits with post workshop study & exam completion.
3 RFC® CE credits for **Drip Marketing** and **Branding.**

PLEASE RETURN THIS COMPLETED FORM TO IARFC

IARFC
INTERNATIONAL ASSOCIATION OF REGISTERED FINANCIAL CONSULTANTS

International Association of Registered Financial Consultants
Financial Planning Building
2507 North Verity Parkway
P.O. Box 42506
Middletown, OH 45042-0506

Fax: 513.424.5752
Questions: 800.532.9060
www.IARFC.org
info@iarfc.org

# Comparing Charitable Remainder and Wealth Replacement Trusts

### General Rules for Charitable Contributions

Qualifying gifts of property to charities will generate deductions against your federal income, gift, and estate taxes. Although some limitations exist for the charitable deduction for income tax purposes, qualifying gifts of property are fully deductible against either the federal gift or estate tax base.

Charitable contributions are deductible for federal income, estate, and gift tax purposes only if made to qualified organizations. An organization is qualified to receive deductible donations if it is operated exclusively for religious, charitable, scientific, literary, or educational purposes. A list of qualified charities is published by the IRS and should be inspected before the client makes a contribution.

### Charitable Remainder Trusts

Through the charitable remainder trust (CRT), charitable contributions can significantly reduce the client's estate tax liability without completely divesting the client or perhaps the client's family members, of the current benefit of the donated property. The additional benefit of a CRT is the fact that current income and estate/gift tax deductions are available for a deferred donation. In addition, if appreciated property is donated to the CRT, the donor avoids the realized capital gain on the contributed property. However, the unrecognized gain is a preference for AMT purposes if the income tax deduction taken by the donor is based on the full fair market value of the property. For this reason, CRTs are often established in December when the client's CPA is in a better position to forecast the AMT possibilities.

*Gifts to Remainder Trusts for Charity*

One obvious disadvantage of an outright lifetime donation to charity is that the donor loses the current enjoyment of the property. Fortunately, a CRT allows the donor to take advantage of the tax benefits provided by charitable contributions while retaining current benefits from the property. The CRT is either a living or a testamentary trust.

The current benefit from the CRT must be provided to noncharitable beneficiaries. The benefits are reserved for such beneficiaries for a time period (usually measured by the life of the donor or the lives of selected family members) with the charitable institution holding the remainder interest. If a fixed term is chosen for the CRT, the term is limited to 20 years. The current income and gift/estate tax deductions are measured by the present value of the remainder interest given to the charity as measured under the rules provided by IRC Sec. 7520. This present value is affected by mortality computations for the noncharitable beneficiaries (if the CRT term is measured by lives of such beneficiaries) and the federal midterm rate published monthly by the IRS. The valuation rules permit the deduction to be based on the taxpayer's choice of the current monthly rate and the rates available for the two months prior to the donation. Since the rates for the following month are published in advance, the client can effectively choose a valuation rate from any of four months and time the donation appropriately. The client's CPA should run the numbers to select the valuation rate that maximizes the deduction. IRS Notices 89-24 and 89-60 provide guidance for determining the valuation.

*Permissible CRT Benefits Available to Noncharitable Beneficiaries*

Sections 170, 2055, and 2522 clearly limit the income, estate and gift tax deductions for CRTs to specific payout arrangements. The rights retained by the donor for the noncharitable beneficiaries must provide an annual annuity or unitrust payment as defined by Sec. 664(d). The charitable remainder annuity trust (CRAT) provides the noncharitable beneficiary with an annual annuity payment fixed in amount (a fixed annuity) at the time the trust is created. No additions are permitted after the CRAT is funded.

The charitable remainder unitrust (CRUT) provides the noncharitable beneficiary with a fixed percentage selected at the time the CRUT is established (not less than 5 percent) of the annual value of the trust corpus (a variable annuity). Since the unitrust permits additions and varying payout rates, it is generally more flexible than the annuity trust. The flexibility of the

CRUT should not be overlooked. One stumbling block with CRTs is the fact that the annual payout must be made and the CRT corpus might have to be sold if trust income is insufficient to make the required annuity or unitrust payment. If the unitrust approach is adopted, it is permissible to limit the payout to actual accounting income if such income is less than the unitrust amount in a given year. Such deficiencies can be "made-up" in future years when income exceeds the required payment.

*The Wealth Replacement Trust*

The CRT works particularly advantageously with an irrevocable life insurance trust (a "Wealth Replacement Trust"). The CRT provides the donor with an opportunity to (1) receive an immediate income tax deduction (equal to the present value of the remainder interest), (2) avoid the built-in capital gain on appreciated property contributed to the CRT, (3) receive annual income (in the form of annuity or unitrust) from the trust, and (4) reduce his or her estate taxes since the appreciated property is deducted from the gross estate. The irrevocable life insurance trust is funded with life insurance paid for, at least in part, by a combination of the income and estate tax benefits provided by the charitable donations.

**Potential Problem Areas**

*Contributions of Encumbered Property*

Property subject to a mortgage will create problems with CRT donations. The IRS has ruled privately that the donor creates a grantor trust ineligible for CRT status under Sec. 664 if encumbered property is donated to a CRT. This means that the income tax deduction and capital gain avoidance could be lost if the transaction is attempted.

*Limitation of the Donor's Income Tax Deduction*

In the absence of an election by the taxpayer, the charitable deduction is taken based on the full fair market value of the appreciated property donated to charity. However, for AMT purposes, the deduction is limited to the donor's adjusted basis. Thus, the unrecognized gain in the donated property is an AMT preference and must be added to the donor's other preferences in determining AMT. In addition, since the deduction for donations to a CRT is limited to 30 percent of the donor's contribution base (AGI with some adjustments) for the year, the current deduction could be limited subject to a 5-year carry forward. The AMT preference is limited to the deduction actually available to the donor in a given year. Because the actual tax benefit for the CRT is dependent on other income tax factors, the donation may have to be delayed until December when the donor's CPA has a clearer picture of the tax ramifications for the year.

**Alternatives to the Wealth Replacement Trust**

One alternative to the wealth replacement trust is the use of a "Second Generation" CRT. The purpose of the wealth replacement trust is to replace the asset donated to the CRT for the benefit of family successors. Instead, the donor could create a CRT and retain the noncharitable benefits into the next generation. That is, the annuity or unitrust interest is retained for the joint lives of the donor, the donor's spouse, and the donor's children. This will give the family the full benefit of the donated property. However, the income and gift/estate tax deductions are lowered since the life expectancies of the next generation heirs must be considered in the valuation. The IRS will supply such complex actuarial valuations at the taxpayer's request for a fee.

**Conclusion.** The CRT is a powerful tool that benefits the donor's favorite charities. When coupled with a wealth replacement trust, the beneficiary still can look forward to receiving the equivalent amount of property through the purchase of an irrevocable life insurance policy on an income-tax free basis.

**Jeffrey H. Rattiner**
**CPA, CFP®, MBA, RFC®**

**Jeffrey H. Rattiner,** CPA, CFP®, MBA, RFC® has been a fixture in the personal financial planning profession for more than 25 years. He worked at three of the major membership and licensing organizations for our profession and runs a small tax and financial planning practice.

**Contact: 720 529 1888**
**jeff@jrfinancialgroup.com**
**www.jrfinancialgroup.com**

# Mental Marketing

## The 4 Most Vital Fundamentals of Face-to-Face Selling

Ever have more fun than you could stand? That happened to me over the Labor Day weekend.

An old friend asked me to help him run a booth at the 110th Harley Davidson Anniversary Celebration in Milwaukee. He makes a product that "cleans, polishes and protects" smooth surfaces (like motorcycles). It's called "Bugslide." Don't you wish financial products could have fun names like that?

My job was to demonstrate and sell the product. For five long days, I had the pleasure of applying the psychological selling concepts and skills I teach. Literally, I had so much fun I could no longer stand up. Of course, that could be because I was standing on hard concrete twelve hours each day. I now have so many broken veins in my legs that I've had to give up my career as a pantyhose model.

This article explains the most important concepts and skills you can use for face-to-face selling.

**1. Familiarity.** You might think of this real-life take-away as a "comfort level." The shoppers (prospects) have to feel like you are one of them, similar to them or can at least relate to their situation enough to help them. The more familiar you seem, the more comfortable they are with you. You want them to say, "Hey, that Mike guy is OK. He's Like Me."

This is really easy to do.

- **Attire.** Just dress in the same way as your targets — without seeming fake. If you're making a trip to Texas, you would not wear a Stetson hat and Tony Lama boots — unless those were normal for you. If your prospect is an equestrian, you would not wear breeches and field boots — unless those were normal for you. If your prospect is a professional clown… If it feels like a costume, put it away. Especially if it's a clown suit. And, besides, those inflatable shoes never fit.

- **Lingo.** Talk the talk. If you're talking with a retail executive, you gotta speak the retail language, at least enough to show that you understand that prospect's world. That also allows you to use relevant metaphors. "Bill, diversification is like taking inventory control and expanding it in all directions." That makes Bill see you as familiar, and that's vital when you want to get "Street Cred."

Over the many years I've been teaching these concepts and skills, one of the consistent errors I keep seeing is advisors who do not make the effort to learn about their prospect's or target market's world.

I didn't have to worry about a costume or not speaking the right lingo with all the Harley people. That's because I'm a long-time Harley rider. That meant I could dress in my own biker clothes and talk in my own natural biker language. I can rattle on about choppers vs. baggers and ape hangers vs. drag bars all day long. If I couldn't do that, the first serious question would stump me and splatter my "Street Cred."

**2. Relevance.** How can you convince that prospect that you possess relevant knowledge that can help him? Demonstrate it by citing specifics.

- **External.** At the Harley Davidson event, I would simply ask each person, "Hey, what do you ride?" People love to talk about the things that are important to them, so everyone was quick to share information about their bikes. Once I knew what models they rode, I also knew what the features were. I knew if it had a windshield, fairing, small gas tank, saddle bags, tour pack and all kinds of other details. So, when I cited those facts to them, they knew I could give them relevant, specific information, not just general stuff. I was not saying, "Here's a little product I use on my ice skates."

- **Internal.** Ever talk with a prospect and know what goes on in his mind or what his thought processes are during his work day? Sure you do. You probably understand the thought processes that pass through the mind of a business owner or manager. Thus, you can reference them, "Bill, you know those times when you need to hire a new office manager, but you don't know how to determine the right one?" In that situation, you're demonstrating your Internal Relevance.

  At the big Harley event, I already knew when our product was relevant and now to illustrate that. "Bill, ever clean your windshield when you stop for gas? Ever notice the smudges and streaks? That's from…" Been there and done that a thousand times, so I could connect with our customers in an Internally Relevant way. In your life, you might say, "Bill, how close to zero is your interest income?"

**3. Logic.** You might think of this as Process. It's the How. It's how the customer or client will use the product. "Keep this 4 oz. bottle in your saddle bags so you can clean your windshield every time you stop for gas." As an advisor, that might sound like this, "Bill, here's how this works; you put in a little bit of money each month. Then, when you retire, it pays you an income for the rest of your life."

**The danger here is in the details.** We humans seem to have a compulsion to drown our prospects with massive quantities of data. We love to show how smart we are.

"If you look here on page nine of the print out…" What we're really doing is ripping the sale right out from under our own feet.

In Milwaukee I could have explained a boatload of specifics: amount of product to use, how to store it, what the chemical composition was, and on and on. But who would care? No one, at least not until they learned WHY they should care. The point for you is to use broader strokes until the prospect wants more detail. Then, treat the details like explosives — a little bit goes a long way.

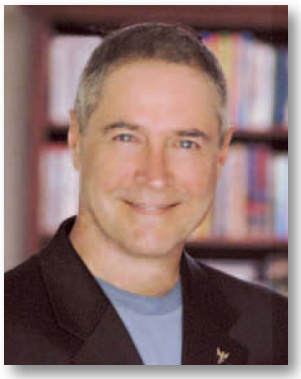
Motorcycle owners are very practical people, so the two questions I heard most often were, "How much?" and "How does it work?" I would begin my answer like this, "Here's the logic." Then I'd explain why they should trust the product, how to use it and why they should buy it. Same for you. "How much does it cost and how does it help me?"

**4. Sensory Experience.** Final touch was easy. We had a thirteen-year-old Electra Glide Classic in the booth. (That's a very large touring bike, like a Land Rover on two wheels.) And we demonstrated Bugslide on that bike. I'd show the customer how to spray the product on, and then how to wipe it off. Then, I'd point out the result. But the finishing touch was to invite the customer to use his fingertips and feel how smooth the finish was on the bike. In direct marketing, this is called an "involvement device."

For an advisor, it might look like this, "Bill, here's a blank piece of paper and a pen. Just jot down the names of all the people who are important to you. How do you plan to take care of them in the future?" With the literal weight of that pen in Bill's hand, he feels the figurative weight of his financial decisions.

**In Conclusion.** You can't be all things to all people. You can try, but you will likely end up looking like a politician. So, you need to more tightly define who you are and what products/services you represent. Once you do that, just apply those four real-life take-aways when you talk with prospects.

**Your IARFC Reward.** Think back on your marketing material and identify the paragraphs that describe you best. Chances are, they are off-target for your target market(s). The result could easily be fatal to your "Street Cred." If you want to fix that, send me the top two or three paragraphs from your website's About Us tab. I will help you focus and aim the language. My gift to you.



**Michael Lovas**

**Michael Lovas** is the author of twelve books, mainly on Professional Credibility and Psychological Communication in the financial industry. He has been published more than a thousand times since 1986. All of Michael's work teaches professionals how to use simple, effective psychology to write more business and inspire their clients to love them. He is also the cofounder and a principal of AboutPeople, a unique consultancy focused on helping advisors build credibility and relationships with their chosen target.

**Contact: 509 465 5599**
**michael@aboutpeople.com**
**www.aboutpeople.com**

# Can I Raise What I Charge?

Prices go up all the time. Think about gasoline or groceries. We accept it. Rent goes up. Property taxes increase. Tuition costs more. People grudgingly pay because they have few alternatives.

The financial services world is different. Pricing on insurance products may be standardized, but the playing field changes when talking about stocks, bonds, managed money, or fee based platforms for equities and funds. Often the advisor has latitude to discount fees to win the business. The advisor faces real challenges. Many competitors offer similar services. Worse, it may cost less to execute a trade to buy the exact same stock across the street. Discounting plays a part in winning the business. Can you raise fees or remove discounts? Yes.

### How Well Do You Know Your Client?

Advisors and clients often become very good friends. Traits like integrity and accountability demonstrated in the business relationship become the basis of a personal friendship. Although in television dramas characters rationalize by saying "Its nothing personal, it's just business" in real life friends do not want to take advantage of each other for personal gain.

If you and your client have been together for years and you have delivered a relationship they realize the value you bring is far greater than executing transactions. You care about them. Fee increases may be easier to rationalize.

If the client buys a standardized product like municipal bonds or Certificates of Deposit it's a different story. They might spread their business around or shop for the best price. There isn't much personal loyalty. If you are one of their many providers, fee increases will be difficult to position.

### Increasing Their Understanding

Lets assume you and your client like each other. You've proved yourself by keeping your cool in difficult situations. You navigated them through the difficult markets of the past six years. They probably work under assumptions that are so obvious yet so wrong.

They might assume the fee they pay to the firm goes directly into your pocket. When they pay out, you are getting richer by that amount. They might realize you earn a portion of the fee charged and the firm gets the remainder. The firm provides the back office functions, trade execution, statements and tax documents. They deserve to be paid.

Your client may not realize a negotiated discount might not be shared proportionately between you and the firm. You might even need to absorb the entire concession from the portion of the fee you earn! You might be delivering this service for almost nothing!

They may not "care" because it was your decision, but morally they realize you deserve to be paid. They can make this happen by transferring in more assets (you've proved yourself a good steward) or agreeing to a gradual reduction in discounting.

### Unbundling

Before deregulation airlines provided great meals. Once they needed to compete on price to attract customers profit margins got squeezed. We know what happened to meal quality. To maintain low prices airlines unbundled. Instead of giving away food many passengers might not want, they kept ticket prices low and provided better quality food to passengers willing to pay extra for it.

You might provide financial planning services as part of the client relationship. Absorbing the cost might make sense if the client's needs are straightforward. What if the client has a special needs child or another complex issue? Instead of providing a simple plan it makes sense to unbundle and offer a much more comprehensive financial plan for an additional charge. The client should recognize getting advice tailored to their unique situation is money well spent.

The unbundling approach can also work in reverse. A New York advisor explained to a prospect how he does business and the range of services he provides. They were impressed. Next he explained his fee structure. The client was resistant and wanted to pay less. The advisor returned to the list of services he discussed earlier and asked "Which ones would you like to take off the table?"

### Running a Business

You run a business. When your engineer client visits the office they might assume you have an employee relationship with the firm similar to theirs. The firm provides the surroundings and you do your job. You have invested in your business to provide a better client experience. How? You hired additional sales support. You upgraded your computer and client contact systems. You earned additional professional credentials. Most of these enhancements may have come at your own expense.

Explain to your client you run a business under the umbrella of your parent firm. They provide certain services but not others. You added the others at your own expense. This lays the groundwork for discussing discounting moving forward.

### The Phased In Approach

"When the dentist says; "This won't hurt a bit." They are usually wrong. Everyone

avoids sudden pain. Announcing you are no longer discounting trades and the client's costs are going up will cause problems. They might vote with their feet.

Phasing in the pricing increases gradually makes better sense. Every six months another segment of the discount is removed until gradually over a two year period pricing is at the level you discussed.

### Segmenting

"Prices are going up across the board." is difficult for clients to accept. When confronted with an absolute, they may start shopping around for alternatives. An insurance industry executive I know from my local gym explained his industry rationalizes price increases through segmentation. Your client's portfolio is made of several segments. Costs may be going up, but not everywhere at the same rate. Explaining their portfolio has four components and you can keep the pricing on three stable, but the fourth one is increasing is more acceptable to the client. They rationale by thinking about grocery shopping. Prices on cereal and beef might go up, but vegetables and pasta are stable.

**Conclusion.** Costs increase. Clients understand. It happens elsewhere in their lives. They are more willing to accept higher fees if they understand the rationale and see a personal benefit. Increases taking place over time or those effecting some, but not other holdings can also be rationalized.

**Bryce Sanders**


**Bryce M. Sanders** is president of Perceptive Business Solutions Inc. in New Hope, PA. His book "Captivating the Wealthy Investor" can be found on Amazon.com.

Contact: 215 862 3607
brycesanders@msn.com
www.perceptivebusiness.com

# 9 Key Questions to Ask in Your First Meeting The No-Sell Sale® in Action

Katherine Vessenes
JD, CFP®, RFC®

Asking the right questions, at the right time in your first meeting, is critical for turning a prospect into a happy client.

Now don't get me wrong — I didn't say you would get the check in the first meeting. But if you do the first meeting right, you will get the check eventually.

These questions are an important part of the No-Sell Sale® and are designed to do a number of things:

1. Learn more about the client and what makes them tick.
2. Point out the land mines in their current strategies. Most clients are completely unaware of the problems doing before they come to us, and the devastating consequences of not taking action now to help protect their future.
3. Showcase our differentiation.
4. Show why we are a great choice to help them reach a better financial future.

Here are some of the questions we ask in our first meetings. I tried to put them in the sequence we ask them and to give you some context.

Upon sitting down at the conference table:

1. **"So tell me about you. How did you get to where you are today?"**

This gives me a lot of background about where they grew up and their families. It also saves the need for any time consuming chit-chat, because everyone likes to talk about themselves.

2. **"I know your time is valuable, what would you like to cover today?"**

This helps me stay focused on their biggest pain points. I always write them down and make sure we discuss them throughout the meeting.

As we are reviewing their data:

3. **"What is your investment philosophy?"**

Now I have had a few clients try to bluff this question, but in reality none of them have a well-crafted investment philosophy. This is disturbing because it shows another gap in what they are doing before they move to us and at the same time infers we have a well-designed and tested investment philosophy, which we do.

4. **"Has anyone ever tested your portfolio for its probability of success?"**

This gets to a Monte Carlo analysis of their investments. I am always amazed at how many financial advisors do not use this tool. I don't think I have ever had a client say yes to this question. It is designed to identify the gaps in their current strategy and show how we will fix them.

5. **Have you ever had your financial plan reviewed for the devastating effects of taxes and inflation? The reason is taxes in particular will have a far worse impact on your future than any market down turns."**

Once again, clients don't usually think about the impact of inflation on their lifestyle in retirement and very few have connected the dots about what taxes will do to their total returns.

6. **"Do you have any concerns about running out of money in retirement?"**

Most of our clients will say yes to this question — as they should. I go on to tell them that during a year long period, 100% of the new clients who came to us were going to run out of money in retirement. One hundred percent had no idea this was going to happen to them and 75% were working with other financial advisors before they came to us. The implication: it is a good thing you are here now, while we still have time to fix your problem.

7. **"What do you think will happen to tax rates during your retirement?"**

This is important because many clients are still hanging on to the very old fashioned idea that they will be in a lower tax bracket

in retirement. Of course I explain that I have no idea, but given the recent changes in the tax laws, I predict they will be in a higher bracket — much higher. This also showcases one of our differentiations — which include tax advantaged distribution strategies in retirement. I then go on to explain why maxing out their tax deferred plan, may not be in their best interests — why they could be in a lower bracket now and it might make sense to pay taxes on these funds now and move them to the tax-advantaged bucket for the future.

At the conclusion of the meeting:

8. **"What kind of expectations do you have for us as your financial advisor?"**

This does two things — it lets me know if their expectations are reasonable and if we can meet them. It also implies that we will become their financial advisor.

Next I review all the red flag issues we identified through out the meeting, along with their expectations and ask:

9. **If we can address funding your children's education, create a solid investment plan, and create a savings strategy for retirement, is this what you are looking for from us as your financial advisor? (pause for yes answer) Is there anything I left out?**

When I do training, I call this the "sum-up" close. If you have done thing correctly, every client will say — no that is exactly what I am looking for.

At this point, I explain our fees and go through our financial planning agreement. We are well on our way to another happy, satisfied client.


**Katherine Vessenes,** JD, CFP®, RFC®, has the best job in the world. She gets to help advisors, broker-dealers and insurance companies get their businesses to the next level. Known for fun and content rich training programs, she is an in-demand public speaker. Author of ***Building Your Multi-Million Dollar Practice***, she has her own practice where she puts in place everything she teaches other advisors.

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

# The Looming Crisis In Financial Services

Although there is no way to accurately predict the future, it can be reasonably estimated that the gross national debt could exceed $20 trillion in the next generation. Additional amounts of similar proportions could change hands as baby boomers transfer assets to heirs and the heirs refinance real restate to pay the debt. Thus, the total amounts of real money transactions could approach $60 trillion over a period of 30 years. Maybe more!

The question becomes: which financial professionals will participate in these transactions and how will they participate? Think about the possibilities!

Let's assume:

1. The majority of the best financial advisors control an enormous amount of the assets, and they are all over age 55.

2. A large percentage of the future pool of new financial advisors is under age 30.

3. What should we do now?

Fact 1: There are armies of new college graduates and career expanders looking for opportunities in financial services.

Fact 2: There is a diminishing pool of 55+ year old planners who are in personal relationships with good clients for decades.

Fact 3: The two have not yet met!

Fact 4: The three major financial institutions, banks, insurance companies and brokerage houses, have continued recruiting salespeople and training them less, for economic reasons.

Fact 5: The public does not want to be sold. They want to make their own buying decisions.

Fact 6: There is a serious distrust between buyers and sellers of financial services.

Fact 7: There is a diminishing supply of experienced, well-educated, financial advisors.

**What Should We Do Now?**

The simple answer is: identify all the **senior advisors** with many existing client relationships developed over several decades and **introduce** them to the younger **junior advisors** who want a new client base. Not so fast!

There are a number of inherent problems.

1. The seniors do not want to give up good clients.

2. Compromise is needed, but at what proportion? 90-10? 70-30? 50-50? Or any other combinations? Who gets what? Each group has the answer!

3. What about referrals? Smart people are calling them "the next generation" of clients.

4. Who decides? What is fair? What is equitable? What about income needs? Most young people need a paycheck. What happens when: There is not enough business? Too much business?

5. How young is young? How old is old? What are the emotional considerations?

6. You see, every situation is different. Young and old each have their opinions. How do you work out the problems?

Now add technology to the discussion.

Clearly, the new generation has the advantage; or do they? Many things to think about, right?

Well, there are a few (very few) companies in the U.S. that claim to have answers. My guess is more companies (like mine) will spring up in the next few years.

I am approaching 50 years in financial services. I retired in 2004 and have not seen a client in 10 years. I've been through five serious discussions about a buyout but they all fell through when it came time to write a check. I have a golden practice that runs by itself thus enabling me to retire. Most buyers want the book of business. Few give credit to systems, goodwill, marketing, staff longevity, client retention and other very important factors that generate hundreds of thousands of dollars per year of cash flow. That's what counts!

If a practitioner has the ingenuity to build a business that is self-perpetuating, that fact has a great value. It needs to be taken into consideration in any buy-sell arrangement. The best buyer for me would be three competent wannabes who want to set up a private practice.

**Problem: Finding 3 compatibles.**

**Solution: Marketing the practice for sale, then negotiating the sale.**

I imagine there are hundreds, or thousands, of seasoned practitioners in my situation. It's hard to give up years of practice management. There are armies of other people looking for opportunities. Mergers and acquisitions will be the wave of the future. In and of itself, M&A is a whole new dimension in financial services. This new field requires vision, negotiating skills, strong psychology, communication, marketing and business acumen in order to add value to the process of bringing about a meeting of the minds between buyers and sellers. Once done, the positive experience can carry forward and compound over time.

The crisis in financial services is that succession planning is currently weak at best. However, the subject is gathering momentum at warp speed and has rapidly become the most popular topic at most professional gatherings in the past decade. New business opportunities abound for those creative people who fully understand the problems, solutions and economic trends of the financial services industry.

**Albert F. Coletti**, CLU, ChFC, RFC®, is Board Chairman of The Design Capital Planning Group, Inc. Smithtown, NY, an independent financial and management consulting firm. He is also President of the Institute for Financial Education, a private school that teaches courses in practical money management to the general public as well as practice management to the financial industry. Al has been in the same type of business in the same general area for almost 50 years. He has served as president of 5 professional associations, as well as on the Board of Directors of the IARFC.

**Contact: 631 979 6161 x102**
**acoletti@designcapital.com**
**www.designcapital.com**

*Securities offered through Securities Service Network Inc. A Registered Broker-Dealer-Member FINRA, SIPC. Fee based advisory services offered through The Design Capital Planning Group, Inc. A Registered Investment Advisor*

**Albert F. Coletti, CLU, ChFC, RFC®**

# COMPLIANCE, TECHNOLOGY, AND YOUR PRACTICE
## HOW DO YOU MANAGE IT ALL?

**MAREE MOSCATI,** CEO, COPYTALK

Copytalk®
Life Securely Noted

### Transcription as a Documentation Solution

With increasing FINRA regulations, documenting all client interactions is essential to managing regulatory compliance. Every moment you or your staff spend preparing documentation is time lost from prospecting, direct customer service, managing portfolios, and an endless list of other essential tasks.

To maintain the thorough documentation their business requires as efficiently as possible, many advisors are turning to transcriptions services like Copytalk (www.copytalk.com/IARFC). Given that most people speak around four times faster than they can type, the time investment falls drastically once "talk time" is all they need to make room for during their already-full day.

### Features to Consider

Once you've made the decision to allow technology to enhance your time, efficiency and compliance regulations, you will want to find a transcription service that sets industry standards within the world of financial services.

Affordability is the most obvious element an advisor will consider. A transcription service frees up you and your advisors to spend more valuable time doing revenue-generating work.

The value of your documentation is directly proportional to the accuracy of the documents. Make sure the service you are considering is a business solution and not a simple consumer one. For example, are their transcriptionists trained to understand your common terminology?

Availability is another important factor to consider. Ideally, your transcription service can receive dictation without interruption. A service that allows you to dictate on the go is even better, allowing you to call in from a mobile device as you drive between meetings or wait for a client to arrive. The most efficient service is one that works on and with your own schedule. And, of course, one of the primary reasons for documentation is compliance. Always assess the security of any transcription service.

### Security Concerns

When evaluating any service — especially one that is low cost or "free" — you should consider the value of your dictated data and whether that data is being used to subsidize the service. Ask how dictated information is used to process your transcription, and make sure it cannot be accessed for other uses by the service's staff or other partners.

Transcription services often involve the dictation of personally identifiable information or potentially protected health information, all of which may carry with them legal or regulatory requirements. Here are some questions to ask a potential transcription provider:

- Where are your transcriptions processed?
- Who is processing your dictations?
- Is the service HIPPA compliant? Gramm-Leach-Bliley?
- Does the service have systems and processes in place to ensure your dictated data remains confidential?
- Does the service have a privacy policy that protects you, or one that allows expansive use of your data?
- Will the service be responsive to your company's security requirements?

Make sure you choose a business grade solution that meets all of your requirements.

Maree Moscati is CEO of Copytalk. Copytalk is the leading mobile transcription service within the financial services industry. Maree holds FINRA Series 24, 7 & 63 licenses and comes from 23 years of service within the Financial Services Industry.

**Visit http://www.copytalk.com/IARFC or call Mike O'Neill at 267-9825 ext 427 or mike.oneill@copytalk.com**

# Selling Life Insurance is an Art and a Science…

Five important lessons I would like to share with regards to selling life insurance:

1. Successful sales is a combination of art and science
2. People buy what they want, but they must be "sold" what they need
3. *Education* is the best strategy to help people buy what they need
4. People don't want to know how much you know, but rather how much you care
5. People don't buy the *product*; people buy the person

When it comes to selling anything, a successful sales strategy is almost always a combination of art and science. Selling life insurance is no different.

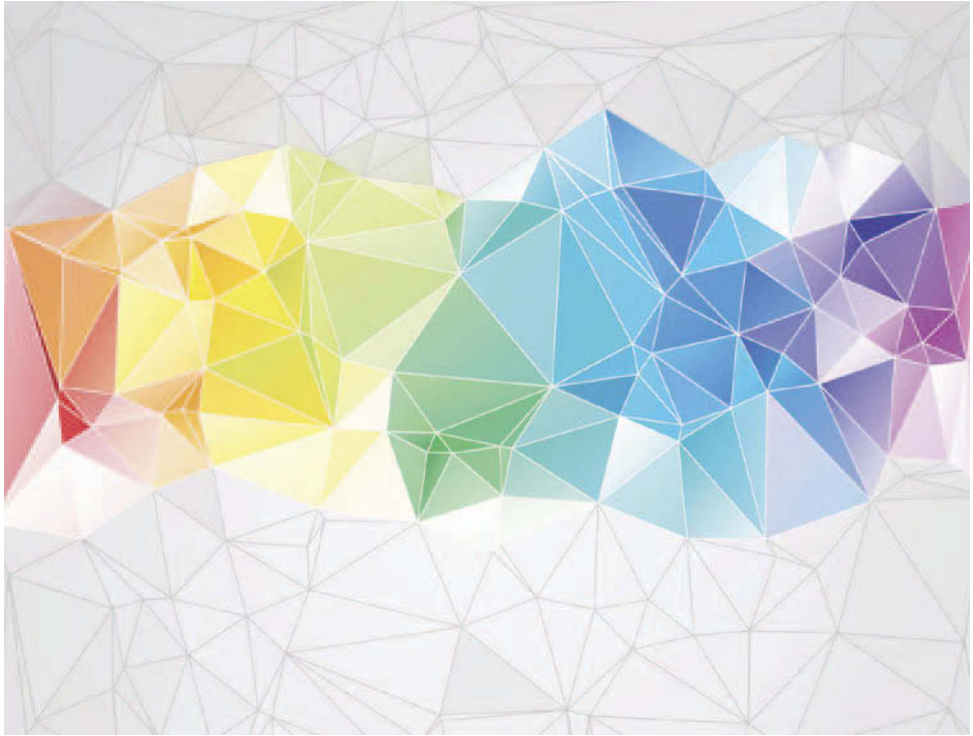
### The Science

For many financial professionals, selling life insurance is recommended by using scientific calculations. In other words, something that is quantifiable and verifiable through numbers, facts, features, and benefits.

Generally there are two types of scientific approaches to selling life insurance:

1. The first common scientific approach is using a calculation based upon a breadwinner's income. For example, the appropriate amount of life insurance (depending on the age) is usually determined to be between 10 and 30 times their annual income. This is an easy and measurable strategy because it provides a set face amount specifically designed to replace someone's income for an appropriate number of years.

2. The second common approach is to sit down and explain the product details, features, and benefits — such as the company's strength, competitive pricing, length of coverage, beneficial riders, cash values, etc.



There is nothing wrong with using these two scientific approaches, and many people have been successful in doing so. However, I believe there are better strategies that can lead to more sales, more clients, happier clients, and more referrals.

### The Art

There is also an art to selling life insurance. The art part, in my opinion, is **far more important** than the science. The art of selling is where you bring life insurance to a personal and emotional level. In other words, this is where your prospective client is able to see, touch, feel, and truly understand all of the features and benefits of owning life insurance. This part of sales has nothing to do with numbers or a particular product, but rather what these products or numbers can help them accomplish — and why they cannot afford not owning life insurance.

### Education is an Art

A key distinction to be made is that **the art of selling is best accomplished through education.** People don't' want to be sold something; they want to make an educated decision to buy something. What is the difference? An educated decision is a purchase that is made as a result of *their personal choice*, and not solely your recommendation. It is a choice being made because they are educated and empowered to choose what they firmly believe, combined with what you have successfully proven and verified to be in *their* best interest.

Below are the four key pieces to the art of selling life insurance:

1. **Helping them understand exactly what they own now.** The large majority of people do not know what they currently

have, and exactly how it works; they may have bought it many years ago and their situation is much different now; they may have been "sold" a policy which they misunderstood at the time of purchase; they may have forgotten how it works and/or why they own it.

2. **Teaching the basics of the different kinds of life insurance.** It is very important to note here that this is not an opportunity to try to "bash" certain types of life insurance in order to sell another. This educational conversation needs to be a basic and easy-to-understand explanation of how the three basic types *really* work (term, universal life, and whole life). In other words, the good, the bad, and the ugly. The sole purpose here is to help them understand how they work, and not to determine which type is their best fit.

3. **Helping understand "the right amount" to own.** Most people cannot tell you how to solve the mystery of "the right amount" of life insurance. They usually don't own enough because it was purchased long ago, or because their circumstances have changed. This can be from many life events such as a marriage, additional children, higher incomes, more assets, inheritances, and even more debts. So helping them understand what they own and what they should own is a very important discussion.

4. **Explaining the *living* benefits of life insurance.** As we all know, there are many "living benefits" to owning life insurance. Some of these living benefits include disability benefits, accelerated benefit riders, chronic and critical illness access, estate and income tax benefits, added liquidity, safety, tax advantages, pension maximization opportunities — to name a few.

### Identifying a Problem Creates a Solution

Once a prospective client understands what they currently own, what they could or should own, "the right amount" they should own, and how life insurance can benefit them in both life and death situations, they will invariably come to the *same conclusion* — they have a problem that needs to be fixed.

People must feel the weight of the problem before caring about the solution. They must first be overwhelmed by the magnitude and complexity of the problem in order to ensure that they readily accept the solution of purchasing life insurance.

Once prospective clients can identify they have a problem, understand the various options and solutions, and verifiably conclude that your solutions make sense, they are ready for the next step. This next step is when you have the opportunity to discuss the details of their options, provide your professional guidance and recommendations, and help guide them to the most appropriate solutions.

### Education Sells

Let's face it; almost nobody fully understands life insurance, nor do they like to buy it. However, just about everybody likes to fix a problem they understand needs to be addressed. To take this a step further, people like to buy things they fully understand; people like to buy from professionals who take the time to help them learn; and people like to refer professionals who can simplify and educate them on complicated and difficult financial decisions such as life insurance.

I have found the happiest clients are the ones who experience this kind of sales-free educational process. I hope this adds value to your practice too.

**Christopher P. Hill, RFC®**

**Christopher P. Hill,** RFC®, is currently the President of Wealth and Income Group, LLC, with offices located in the Washington DC area. Mr. Hill began his career in financial services industry working with one of the nation's leading money managers for over a decade. For more than 20 years Mr. Hill has been nationally recognized as a speaker, editor, seminar expert, and MDRT Top of the Table Member. Mr. Hill also received the IARFC Cato Award in 2008 for his contributions to the Register.

**Contact: 703 942 5227**
**chris@funeralresources.com**
**www.funeralresources.com**

# Protecting Your Client's Downside (And Your Backside)

The most important conversation you could be having with clients right now is to prepare them for the next market correction. It also happens to be one of the best opportunities in a long time to be of service to clients, help them prosper and position yourself for obtaining referrals. This article shows you exactly what to say and do.

**Bull Or Bear?**

While a case certainly can be made for continuing stock market gains in the near term, it's a historical fact that bear markets, defined by a 20% or more decline, occur on average about twice in any given 10-year period.

Even John Bogle, the legendary founder of The Vanguard Group, who is generally credited with popularizing the concept of index funds, believes we should prepare for two declines of up to 50% during the coming decade.

**Having The Conversation**

Talk to each of your clients over the next few weeks and months. In-person reviews usually work best. At the end of your review ask, "*If the market were to correct 30, 40 or 50%, would you be able to sleep at night over the next five years with your current allocation? If not, perhaps we should make some adjustment now, before any correction occurs.*

Examine your client's cash flow and income needs, making sure they are sustainable post correction.

Explain that the reason you use a time frame of five years (or more) is because, historically, about 88% of all the rolling five-year stock market periods since 1970 have been positive. www.avemariafunds.com/pdf-files/SmartInvestingSeries/Patience%20Rewarded.pdf

Even taking into account 2008, considered the worst financial crisis since The Great Depression, stocks have fully recovered in only five years.

**Caveat Emptor…Not!**

Stock market returns are not the only thing to have fluctuated over the past five years however. The legal environment has dramatically changed as well. Despite any Broker Dealer guidelines, or industry association formal positions or online debates, in a court of law Advisors are increasingly being held to the standard of a Fiduciary. This could have huge implications when the next correction comes.

It means you may very well be liable for losses resulting from recommendations you make, even if your client agrees with those recommendations. You might also be liable even if your client threatens to walk if you don't do what they want, if what they want is not in their best interest.

Your best defense? Be prudent (I have yet to hear of a case where a client sued and won because an Advisor was not pursuing an aggressive enough investment strategy) and always put your client's interests above your own. This is one definition of being a Professional.

**Talk To Me**

Next, keep your clients on a regular review schedule. Clients usually don't sue simply because they're down; they sue because they're down and they haven't heard from you in two or three years. These clients usually feel neglected, like you don't care about them. And every client wants to feel special and appreciated.

In fact, you could say that communicating financial solutions is one of the very reasons clients hire you. If you're not going to talk to clients on a regular basis, they can probably get many of the same solutions online…for free. And even if those solutions are only 70% as good as yours, for most clients 70% is good enough, especially if it's free and you're not taking the time to communicate.

**How To Earn $300k+ Per Year**

With regard to client review meetings referred to above, consider the following business plan: If you have just one client review meeting per day, you'll average 5 per week or 20 per month. Over five months and you've served 100 clients. Rinse and repeat, for a total of 100 clients meeting with you twice per year.

Each of your 100 clients could be worth anywhere from $2,750-$8,000 per year: *(see table)*

Selling just 25 Annuities out of your 100 clients brings your total compensation to $500k per year.

Table

| First Year | First Year With Annuities | Subsequent Years |
|---|---|---|
| $2,500 | $2,500 Planning Fee | $1,250 Planning Fee |
| $1,500 asset Mget. Fee *(1.0% on $150k)* | $1,500 Asset Mgt. Fee | $1,500 Asset Mgt. Fee |
| | $4,000 Annuity Comm. *(4.0% on $100k)* | |
| $4,000 Total | $8,000 Total | $2,750 Total |

Even with a Junior Professional and one or two Administrative Assistants, most Advisors can live very well on $275k, $500k or $800k gross… plus all the insurance cases you pick up and two months vacation.

**Get It In Writing**

Have your client sign off on all recommendations. Even if you're only doing a brief analysis or calculating some projections, any time you advise them to do (or not do) something, put it in writing and get them to sign.

Create a written Investment Policy Statement, signed by the client, demonstrating you've followed generally accepted planning principles. This gives you a basis for making portfolio adjustments, and helps cover you should future disputes arise as a result of market losses.

**Investment Strategies**

And finally, you've got to have some alternative strategies to being over exposed in the market. While each strategy comes with its own set of advantages/disadvantages, below are some substitutes Advisors have been employing lately:

- Writing Individual Puts On Positions
- Alternative Investments
- Hedge Funds
- Active Management
- Dividend Stocks
- Bonds
- Fixed Annuities /Variable Annuities
- Buy & Hold
- Stay Out Of The Market

**Buy Low/ Sell High**

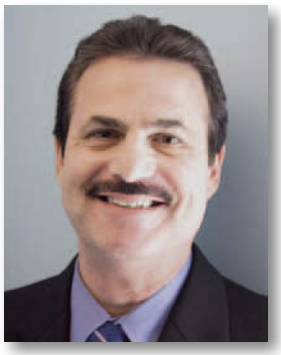
As John Maynard Keynes said, "The market can stay illogical longer than most investors can remain solvent." Indeed, buy low/sell high never goes out of style.

Given the current market highs, the precarious economy, a record breaking debt load with no end in sight, an ineffectual government and the tendency of history to repeat itself, it's only prudent to protect your client's downside along with your backside.

We are quickly moving from a sentiment of Fear to Greed (which is really just the fear of being left out of any additional bull market returns). Make that greed work for you by emphasizing not only how much you'll save each client, but how much they'll earn when you buy back in after the correction occurs.

The smart money bought like crazy from 2009-12 (Think Warren Buffet). In a recession, cash is king, but first you have to "stockpile" (pun intended) cash, so you can deploy it when market prices drop again.

By hedging your positions now, you can build cash for future purchases at discount prices, avoid potential lawsuits and be a hero to your clients, helping them to achieve greater levels of prosperity and "Take It To The Max!"



**Max Bolka**

**Max Bolka** is a 30-year veteran of the financial services industry. Today he "Builds First-Class Financial Advisors" through his professional speaking, writing and practice management mentoring program. To sign up for his free monthly practice management e-tips, or find out more about his services visit his website listed below.

**Contact: 800 472 3288**
**max@maxbolka.com**
**www.maxbolka.com**

Consumer Focus

# When Should I Start Taking Social Security Benefits?

You may be thinking about taking your Social Security benefits early. After all, you have paid Social Security on your earnings for years and you deserve to have them pay you for a change. And, since you are allowed by the government to take Social Security income as early as age 62, and "Normal Retirement Age" is 67 for all Americans born in 1960 or later, giving up those benefits for 5 years seems like way too much. What you may not realize is how much that early payout may cost you.

Taking early retirement benefits from Social Security affects how much you get for the rest of your life, affects your cost of living increases for the rest of your life, and affects how much your spouse will get if he or she is drawing based on your earnings. If you are in reasonable health, and can live without taking the benefits now, you may want to wait.

The biggest and most apparent bad effect of taking Social Security before your normal retirement age is that they cut the amount that you get per month — and they cut it by a lot. If you take benefits at age 62, you will have your monthly benefit cut by 30%. What this means to you in dollars is that if you were expecting Social Security of $1500 per month, your benefit is going to get cut to $1,050. Wow!

Basically, if you take your benefit early, your Social Security is cut by 5/9% per month for 36 months, then by 5/12% per month thereafter, up to the maximum of 60 months. So even taking benefits at what you may think of as still the right age for retirement — age 65 — reduces your monthly benefit and cost of living increases by 13 1/3%.

Obviously, if your health is poor and you have reason to believe that you only have a few years left, you may want to take what you can while you can, but that decision also affects your surviving spouse. The maximum survivors benefit is limited to what you received when you were still alive. So whatever percentage cut you take will affect his or her benefit (if it is based on your earnings record) for the rest of his or her life as well. Note that if your spouse would receive a benefit based on his or her own earnings record that is greater than what they would receive based on your record, they will receive the greater amount.

If you don't need your Social Security benefits right away, you can delay taking them. Generally, if you were born in 1960 or later, you can get up to 8% more benefit each year for each year you delay taking your Social Security. So, you would have to live for as much as 12 ½ years (with no cost of living increases) for the delay to pay off, but given that your life expectancy may be as high as 88, you would get that extra 8% on both your starting benefit and your cost of living increases for as many as 20 years or even more.

The amount that you and your survivors will receive is based on a complex interaction between your own personal health and life expectancy, your normal retirement age, when you start you benefits, and when your survivors take their benefits. You can go to the nearest Social Security office to see a government employee who will explain the choices to you, but they can sometimes be rushed. A financial planner can help you evaluate your alternatives for a fairly small fee.

**Rosilyn H. Overton, Ph.D. CFP®, RFC®, CRPS**

**Rosilyn H. Overton**, Ph.D. CFP®, RFC®, CRPS is a Principal and shareholder in Mid-Atlantic Securities, Inc, an Investment Broker-Dealer and Registered Investment Advisory Firm. She is also a tenured Associate Professor and Director of Graduate Finance Programs in Finance at New Jersey City University. Nationally, she serves on the Council on Education for the CFP Board of Standards and internationally is Vice President — Academic Affairs of the IARFC.

**Contact: 718 631 4000**
**roverton@masecurities.com**
**www.nyfinancial.com**



Reprints for Consumer Focus *articles are available to IARFC members. All you need to do is send an email to: editor@IARFC.org, with a subject that includes, the Register Volume, Number and Consumer Focus article. We will send you an Adobe PDF electronic copy for your distribution. You may also view and reprint Consumer Focus articles on the web at: iarfc.org/consumer_articles.asp*

# Disability Risk is Real

## IARFC Group LTD Plan

**You may be covered**

**Your clients may be covered**

**But is your Staff covered?**

**IARFC New Members:**
**RFC, RFA, Staff Associate, and General Members are eligible now:**

- Full Time or Part Time
- W-2 or 1099 income
- Guaranteed Issue / No Medical Questions
- RFC Participation by the RFC is not required
- Offer as Advisor-paid or voluntary benefit

Sample Coverage & Rates: $50,000 Salary

| Age | Monthly Benefit | Monthly LTD Premium |
|---|---|---|
| Under 40 | $2,083 | $13.75 |
| 40-49 | $2,083 | $25.00 |
| 50-59 | $2,083 | $49.17 |

**Protect their income and reduce your liability.**
**Take Action — Contact Advisor Group Benefits Today!**

*IARFC Group Long Term Disability (LTD) program eligibility available for 60 days from date of membership*

Advisor Group Benefits

800.385.9401
IARFCplan@AdvisorGroupBenefits.com
www.AdvisorGroupBenefits.com

# 2014 CE @ SEA™ CRUISE CONFERENCE WESTERN CARIBBEAN

## Speaker Highlight:

### Jon M. Rogers

**PhD, ChFC, CLU, RFC®**

CE @ SEA™ Presentation: *Relating to Clients with Emotional Intelligence (EQ)*

EQ involves both your emotions and the emotions of others. "The thoughts of a man are like deep water, but a man of understanding draws them out."

Our goal as financial advisors is to unveil and uncover the thoughts of our clients and prospects in order to connect with them on a deeper level.

## June 15-22, 2014
## Royal Caribbean's Navigator of the Seas

Plan to join industry masters for this incredible 7- Day CE @ SEA™ conference, "setting sail" to top sales ideas, stellar programming and endless networking opportunities. Learn from the pros, be coached by the masters, and relax with your roommate as you enjoy the Caribbean.

*Conference Attendee Fee - $150 USD, due upon receipt of invoice from IARFC .*


**Reserve your cabin now contact Leonard Passmore 423.676.2069**

**Visit: www.IARFC.org/Cruise, for details or contact, Starr Morrow, IARFC Cruise Director, 423.741.8224**

the Register

International Association of Registered Financial Consultants
Financial Planning Building - 2507 North Verity Parkway
P.O. Box 42506 - Middletown, Ohio 45042

# YOU Determine YOUR Path And Define Your Success

"The Money Concepts System has allowed me to build a multi-divisional...multi-marketing... major enterprise in my area."

-Pat Dodds CEP, RFC®

Money Concepts was established in 1979 by entrepreneurs FOR entrepreneurs.

## Our Results Proven Business Systems Provide:

- No Fee franchise model with trademarked system customized on your unique abilities
- Non Proprietary products on a fee and commission basis without quotas, hidden fees or haircuts
- Strategic Partner platforms available for banks, credit unions and tax professionals

We are relentlessly focused on our advisors to serve as their business partner to THEIR success. This understanding and commitment is one of the many reasons that 38% of our advisors have placed their trust in us for over 30 years.

MONEY CONCEPTS®
WEALTH MANAGEMENT & FINANCIAL PLANNING
*The Straightest Path To Success*

For more information visit www.moneyconcepts.com or please contact Allen Porter at Allen@moneyconcepts.com