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the Register

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Nicholas A. Royer

Taking Financial Planning Into the Future

See page 8 for 2014 National Financial Plan Competition Results!

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2014 National Financial Plan Competition and the Winner is... Bryant University
Does the Future Have an Upside?
Want to Attract the Next Generation of Clients?

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From the **EDITOR**

Las Vegas is usually about the quick payoff, however on May 1 this year it was about long term planning. The IARFC National Financial Plan Competition finals were held at the New York, New York Hotel and Casino where I spent three days assisting with the logistics of the Competition. This was not my first IARFC National Financial Plan Competition, however it most certainly lived up to the professional presentations I attended in prior years.

The finalist teams from Bryant University, Shepherd University and Bowling Green University presented their financial plans to an audience of experienced advisors and professional speakers. While I am sure this was nerve racking, they held their own even through and Q&A session. The 2014 winner - Bryant University.

IARFC members, speakers, Bill Moore, Pete D'Arruda, Jon Rogers and Les Anderson along with Royal Alliance VP recruiter Lisa Dion all took part in judging and mentoring this next generation of advisors. The atmosphere and experience of this live event met our competition goal - helping students prepare for a career as a financial professional.

If you missed out this year, set your sights on raising the bar for 2015. Attend, sponsor or mentor the IARFC National Plan Competition next year being held in Charlotte, NC. See (P. 8) for photos and 2014 results.

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

IARFC Domestic and International Directory

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China — www.iarfc.cn

Hong Kong — www.iarfc-hk.org

India — www.iarfcindia.org

Indonesia — www.iarfcindonesia.com

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Focus on Your Practice: Attend the Business Owner Consulting, Drip Markeing & Impact Branding Workshops — call: 800.532.9060

IARFC Calendar

2014

Worldwide Chinese Life Insurance Congress

August 7-10, 2014
Xiamen, China

2015

March

IARFC Annual Board Meeting

March 13, 2015
Middletown, OH

April

National Financial Plan Competition

April 29-30, 2015
Charlotte, NC

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http://store.iarfc.org/

New IARFC Members

Domestic Members

Larry Adebesin, RFC®, GA
Abraham K. Ajram, RFC®, IA
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Scott Brad, RFC®, OR
Karen F. Brown, Staff Associate, MA
Catherine R. Colapietro, Staff Associate, DE
Donald A. David, RFC®, CT
Carlos Dias, RFC®, FL
Roger S. Green, RFC®, GA
Jack D. Harter, RFC®, IN
David Jones, RFC®, CA
Gregory M. Jones, RFC®, WV
Dana M. Kaufman, RFA®, OH
Elizabeth Kevorkian, RFA®, OH
Michael C. Lincoln, RFC®, AL
William R. Locklin, RFC®, CA
Edward W. Lombard, RFC®, FL
Edward McCay, RFC®, NJ
Megan K. McCusker-Salvas, RFA®, RI
Avery Mendzela, RFA®, WV
Nicolas Pologeorgis, RFC®, WV
Jamie C. Shilanski, RFC®, AK
Rebecca Smoody, RFA®, OH

Members Who Recommended Members

Les Anderson, RFC®
Michael Aragao, RFC®
F. Dean Barber, RFC®
Steven Chantler, RFC®
Donald Hodson, RFC®
Daniel Landrau, RFC®
Merle Miller, RFC®
Andrew Nigrelli, RFC®
Ron Nisbet, RFC®
Jon Rogers, RFC®
Floyd Shilanski, RFC®

Referrer of the Month Recognition
F. Dean Barber, RFC®

the Register In the News

Angie D. Trandai, RFC®, Orlando, FL

Angie Trandai, RFC®, CFP® has been elected to the IARFC Board of Directors. Throughout her brilliant professional career, Angie has routinely exhibited the passion, vision and dedication necessary to be successful in helping others. Angie has been recognized into the prestigious rank of Stanford Who's Who for her phenomenal work in the financial service industry. She has been awarded the Top Five Star Wealth Manager Award in Cincinnati, OH for the last four years (2010-2013). She is welcomed to the IARFC Board and will be an asset in moving the organization forward during her term as Director.

Gary T. Padussis, RFC®, Townson, MD

Cape Investment Management, Townson, MD is pleased to announce the addition of Daniel Richard Broh-Kahn (Certified Public Accountant) to the firm. Daniel brings twenty-five years of experience in accounting and business planning. We believe as a firm that the integration of tax planning services is essential for our clients' success in wealth management. Daniel will be concentrating on providing tax advice for individuals, professionals, business owners and non-profit organizations of Cape Investment Management. (pictured Daniel Richard Broh-Kahn)

Larry D. Roby, RFC®, Murfreeboro, TN

Larry D. Roby RFC® of Senior Financial Advisors, LLC, has recently earned his RICP designation.

James B. Moss, RFC®, Indianapolis, IN

Money Concepts announcing a special recognition appearing in the January, 2014 issue of *Indianapolis Business Journal* published by IBJ Corp. Money Concepts was selected for the following honor: "Largest Indianapolis-Area Financial Planning Firms".

Dale E. Payne, RFC®, Colorado Springs, CO

I have broadened my practice by going from registered representative (after 26 years) to Registered Investment Advisor — I operate my own advisory firm — Pearl Street Advisors, LLC. as well as offering professional insurance sales. A key focus over the last five years has been two fold – education and a new product base that really served my clients. At age 57 I went back to College and got a four year bachelor's degree in business management – got my CFP® designation, CDFA™ — certified divorce financial analyst, Registered Tax Return Preparer with the IRS, and finally the CAS® — Certified Annuity Specialist. Add to that the ChFC® and the CLU®.

Want to be all things to all people? — NO. I want to be the most proficient planner that they have ever run into. I do regular marketing with seminars, radio, and my website. Focusing on personal and professional attention — not the 800 number and the assembly line that most firms offer.

Michelle Blair, RFC®, Smithtown, NY

The Design Capital Planning Group, Inc is proud to announce several exciting milestones this year. Our Chairman of the Board, Al Coletti CLU, ChFC, RFC®, RET, marks his 39th year as an MDRT member, as well as his 50th year in the financial services industry. Vice President, Louise Fallica RFC®, celebrates her 35th year with DCPG and Vice President, Michelle Blair RFC®, has received the honor of being elected to the Board of Directors of the IARFC. As part of Design Capital's continued growth, our staff is expanding to assist in supporting a greater diversity of services. Our education division, the Institute for Financial Education, has established a relationship with a prominent financial strategic partner to offer the practice management classes designed by the IARFC.

Daniel Roberts, RFC®, Santa Ana, CA

Daniel Roberts, MSFS, RFC® Financial Advisor awarded, 2014 Orange County Five Star Wealth Mangers — Orange Coast and Five Star Professional partnered to find wealth managers who satisfy 10 objective eligibility and evaluation criteria. Among many distinguishing attributes, the average one-year client retention rate for this year's award winner is more than 96 percent. For more information on the program, go to FiveStar.com.

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: *How does social media affect your practice?*

A: I began utilizing social media platforms i.e. Facebook, Twitter, Linkedin, Google+ Approximately September 2010.

My hope was that new customers would come in droves, and that the benefits and revenue generation would be huge. However, this has not been the case. It has taken time to build momentum with social media, and the benefits aren't always as obvious as I would like.

I have found the following are some reasons why social media marketing works for my practice:

Brand Recognition — One of the most powerful ways to use social media is as a brand-building tool. With social media, I get to decide how I want to position my company and what I want people to know about what I do. With consistent effort and great content, I can build a reputation for my brand around my company's values, benefits, and advantages.

Community – There is nothing like social media when it comes to cultivating a community. When my followers become part of my community, I gain instant access to them. That means I can find out what challenges they are facing and what they like and don't like about my offerings. I can engage in ongoing dialog that can be more valuable than any kind of paid market research.

Repeat Exposure — There is an old marketing adage that says it takes eight to ten exposures to a product before a customer decides to buy. A clear benefit of social media is repeat exposure with my network. I have the opportunity to remind them over and over again about what I have to offer, which can shorten my sales cycles dramatically.

Authority — For service-based businesses, social media can be very powerful in helping me establish authority in my profession making me the go-to resource for my target audience to seek me out for help. Share great content, answer questions, and serve my audience, and I will inevitably build loyal fans.

Influence — As my following increases, my influence grows. Having a substantial social media audience creates a snowball effect that can attract new customers, media interviews, joint venture partnerships, and all kinds of other opportunities. It's a bit like when you see a crowd hovered around something. You can't help but want to see what all the fuss is about, so a large audience will only attract more interest.

Website Traffic — I have experienced that social media can be a leading traffic generator. When I share blog posts, videos and other content from my online sites, I give my audience a reason to click through and visit my sites. Once there, I have the opportunity to inspire those visitors to take action by inviting them to sign up for free information, make a purchase, or call to schedule a complimentary consultation. I have Installed Google Analytics, which allows me to clearly see that social media brings traffic. Also, I make sure that my visitors receive a clear call to action when they visit my site so that I can convert that extra traffic into business opportunities.

Ahead of the Curve — Whether you realize it or not, your prospects and clients are checking to see if you are engaging in social media. I always find it a bit odd when I'm investigating a potential service provider online and I can't locate a social media presence or worse, I find Facebook pages that haven't been updated in months, empty Twitter feeds, and a clear lack of interest in engaging. Social media isn't a fad and it's not going away. Even if it's not your top priority, if you stay current with activity, your prospects will notice.

Competitive Advantage — The reality is that most of your competitors aren't likely doing a very good job with social media (most companies aren't), which gives you the chance to stand out. Also consider the flip side. If you avoid social media, you leave a big opening that allows your competitors to capture your audience.

Big Wins — While many businesses large and small are trying to justify the cost and time investment for managing social media marketing, an important benefit often gets overlooked: Big Wins. For example, if someone from LinkedIn connects you with a significant business opportunity then that would certainly qualify as a Big Win. If a major media outlet finds you on Twitter and interviews you for a national article, then that is also a Big Win — one that you can't measure based on revenues directly generated.

Over the past 4 years I have acquired several new clients as a direct result of my social media efforts.

Jeff Carter, RFC®
Scottsdale, AZ

A: My idea of social media is person to person contact. We do many client events such as live theatre with a reception and bring a guest invite. We also sponsor baseball games and have a client box with food and drink, again we ask clients to bring a friend. We meet many new clients this way during the year and continue to get referrals for old and new clients. We are better at the old-fashion way of pressing the flesh.

Jon Rogers, RFC®
Greenville, SC

A: While there are many forms of social media, our office concentrates on using LinkedIn. From a professional standpoint, our experience with it has been very positive and fulfilling. Through this form of social media, we are able to "meet" new connections far out of the scope of our local area and reach out to touch people globally. The ability to join a variety of interest groups has allowed us to promote our "brand" and participate in discussions that have benefited our organization. By keeping our name out there with updates and postings, we are able to reach new prospects, strategic partners and recruit possible new hires. The world of social media is still evolving and we are learning how to use it more effectively every day.

Michelle Blair, RFC®
Smithtown, NY

A: Social media can add a whole new dimension to our practice. However, it can also create problems! We may lose that personal touch. With instant messaging, twitter, and blogs, we may feel we are communicating, and we are. But I feel my clients are better served when I pick up the phone and offer the personal touch that they not only deserve, but they have learned to expect.

Like blasting out resumes, most are deleted before they are read. Don't allow yourself to fall into a social media trap messages because you may put yourself out of business. It's difficult for the client to leave a firm that is always going the extra mile to truly get to know them and look out for them.

Jerry Royer, RFC®
Haines City, FL

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:**

How do you include other professionals while protecting your relationship with the client?

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.

IARFC Blog: http://iarfc.org/iarfc-blog
Contact Susan@IARFC.org

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The IARFC is pleased to provide contact information on persons who offer coaching, mentoring or tutoring services.

Some extend free time or a discount to IARFC members. This listing is not an endorsement or guarantee — as RFCs are qualified to judge who can help them in the areas where services are most important. This roster is alphabetical by last name.

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2014 National Financial Plan Competition
and the Winner Is... Bryant University

First Place – Bryant Universitty Smithfield RI, team members Kyle Creedon, Lauren Fayne, Jamie Pepin and their instructor Mara Derderian

Bryant University- presents "fictional" Brewster family presentation: L-R Jamie Pepin, Lauren Fayne and Kyle Creedon

The results are in and the winner is Bryant University! So ended the 2014 Financial Plan Competition 2 day event in Las Vegas. On hand were the student finalists, their advisors, family, IARFC members as judges and professional presenters.

The previous day's activities of the Impact Branding Workshop and Reception gave the students an opportunity to network and get to know the financial professionals that were part of the event. "Coach Pete" D'Arruda, Les Anderson and Ed Morrow highlighted why branding is such an important part of the Financial Advisor's public persona and how to build it.

The second day the students took the podium and detailed their recommendations for the "fictional" Brewster Family. Through PowerPoints, they tried to convince the judges to engage them as the Financial Advisor thus winning the competition.

The team mentors introduced their own students, gave information about each of the Universities and commented on the importance of including the financial plan process in their curriculum.

Corporate sponsor, Lisa Dion represented Royal Alliance and talked why they had committed to the competition. Their support was instrumental in the success of the Vegas event.

As featured speakers Thursday morning, Bill Moore and Jon Rogers presented excellent information on Goal Success and Building Your Practice. IARFC President, Les Anderson concluded by announcing the winners and awarding to all students their Association RFA pins.

Visit the IARFC Facebook for the complete photo album.

Contact: 800.532.9060
info@iarfc.org
www.iarfc.org

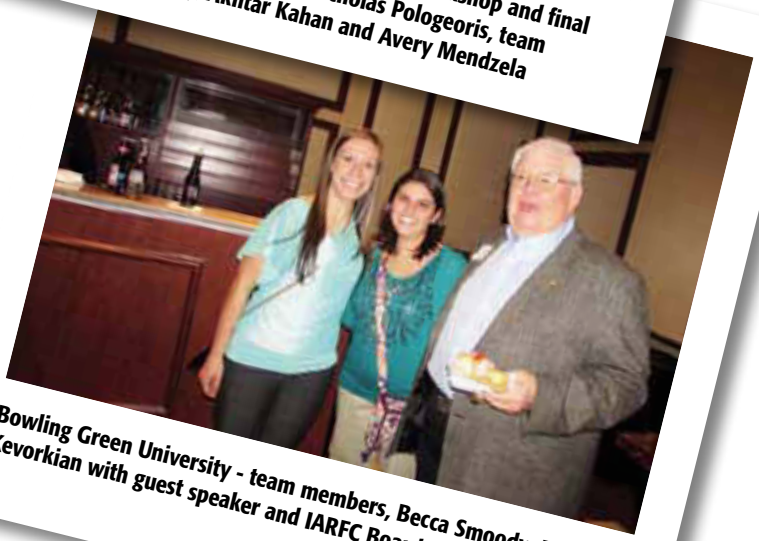
The Results

First place – Bryant University Smithfield RI, team members Kyle Creedon, Lauren Fayne, Jamie Pepin and their instructor Mara Derderian.

Second Place – Shepherd University Shepherdstown WV, team members Bonnie Baily, Akhtar Khan, Avery Mendzela and their professor Nicolas Pologeorgis.

Third Place – Bowling Green University Bowling Green OH, team members Dana Kaufman, Elizabeth Kevorkian, Becca Smoody and their professor Matthew Garrow.

Sheperd University - all contestants attended Workshop and final presentations: L-R faculty advisor, Nicholas Pologeoris, team members Bonnie Bailey, Akhtar Kahan and Avery Mendzela



Bowling Green University - team members, Becca Smoody, Elizabeth Kevorkian with guest speaker and IARFC Board member Jon Rogers

Second Place – Shepherd University Shepherdstown WV, team members Bonnie Baily, Akhtar Khan, Avery Mendzela and their faculty advisor Nicolas Pologeorgis

Third Place – Bowling Green University Bowling Green OH, team members, Elizabeth Kevorkian, Dana Kaufman , Becca Smoody and their faculty advisor Matthew Garrow

"I was prompted to come as I was a sponsor for the event. I think it is very important for us to give back to the kids today. We are very fortunate to be in a great business and I wanted to pay it a little bit forward. Today the presentations by the three teams were absolutely phenomenal – very encouraged by what the kids are learning in school. I think the 9 students who presented did a wonderful job they will be a very good presence in the industry in the future. Competition Judge, Ed Skelly, RFC Ashburn, VA."

On the Path to Accreditation

School's Out for the Summer?

"With summer in full swing, and with the school year just a memory for most kids, it is hard to think about examinations and all of the work that goes into creating them. But, for those of us in the accreditation world, this is the perfect time to be thinking of such things. Being the person responsible for the accreditation process has given me a much greater appreciation for the work that teachers do, especially with development of tests and examinations.

Let me share with you some of what I have learned as we gear up for our item writing session for the accreditation process for the new MRFC designation. First, we don't just get together and write questions, although, no test would be complete without them. There is a plan and a process that must be followed, not unlike what we try to teach financial advisors. Having a plan and a process in place ensures that the proper activities are completed in the right order and with the full confidence that we are doing things properly.

Before we can begin to write for the examination, we had to determine the various subjects that would be on the test. You helped us with this by completing a survey earlier this year. Our psychometrician reviewed the results and created for us a test blueprint that we will use to guide our writing activities. But that isn't enough to move onto the writing process just yet. From there we have to gather experts in the various topics that are to be included on the examination. These experts are all members of the IARFC and are hand picked based on their years of experience and their expertise in the various areas that were to be on the examination.

Then it will be time to get to the development of the examination. You'll notice that we use a specific term for this process. Most people think of it as writing questions, but we call it "item writing" because, not all of the material in the examination is truly a question. We are writing items that are to be included in the examination, which could include multiple choice, essay, true/false, or other of the myriad styles available to the item writer.

We are creating an examination that is going to encompass a broad range of topics and that is going to require a broad range of items to go with it. With that in mind, we set out to develop a test bank or test pool of two to three hundred questions. While not every question would appear on the examination, we want to have a big group of items from which to choose. We also understood and that not every item would make the final cut and can be thrown out for various reasons. This is the norm when it comes to writing for examinations.

Our item writers will gathered together to learn about writing and to spend some time doing the actual writing. As important as it is to create an item, it is equally as important that someone review those items. Each of the items gets reviewed to weed out the confusing or biased questions. They are also examined to make sure that the answer options that are given are correct and can be justified by some piece of evidence. We can't provide a question without being able to point to something specific that would lead to an answer.

There is an art and a science to the world of examination development. No longer will I take for granted the teachers and professors that I have had over my lifetime. I guess the time spent in the teacher's lounge was more than just hanging out for those folks.

We at the IARFC have spent a great deal of time and effort to create a fair and justifiable examination that accurately reflects the work that a true financial professional does. With the input we have received from our members and others in the profession, I know that when each of you is given the opportunity to take this test, you too will be in awe of the work that has gone into it.

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

Education for the New Advisor

Starting a new advisor can be overwhelming! A manager may have spent hours, days, maybe even weeks looking for the right person. The process is not over, it has just begun!

New college graduates may be thinking that their education is over – well, nothing could be further from the truth! The new recruit is about to embark on the educational adventure of his or her life. If the new hire was made by a business that sells insurance products, the most likely first step will be studying and completing the state's insurance licensing exam. This is a good first step because it requires a shorter number of hours to study and has a fairly high pass rate, so a candidate should get a boost from passing the first exam.

Many offices move from insurance licensing to securities licensing. Again, depending on the business model, a recruit may have one or two exams to take in this area. If an office handles stocks, bonds, and annuities and gives advice to clients, a manager will probably recommend the candidate take the Series 7 and 66 exams – this will give a new employee the broadest choices for his or her career. If the company offers only variable annuities and insurance products, it may only be the Series 6 and 63 exams.

The study process for these exams can be another part of a manager's evaluation process. A hands-on manager will want a recruit to have an online study program to which the manager has access, so the manager can learn in the early weeks of the relationship whether this recruit follows directions, has good work/study habits, or is a procrastinator. A manager can also plan mentoring to be most effective – by giving time to the advisor who does his part!

Of course, a company wants the new recruit to pass the exam the first time, but if he or she does not, what might that failing cost the company? Here are some numbers to think about when working with new recruits – what is the cost to the office of one student failing the exam? *(see table)*

Can the office afford to have this happen very often? A manager may decide it is beneficial to spend more time up front to make sure the process is a success.

Table

Cost of Failing Exam		Hours	Total Cost
30 day delay	Lost Sales		$4,000
Manager	Coaching/Counseling	20	$1,000
Recruiter	Paperwork & Reviewing	4	$100
Office Manager	Monitoring Student	10	$150
Finger Printing Repeated			$50
Re-sit Fee			$265
Background Check			$100
Travel			$25
Hotel			$150
Food			$75
Total			$5,915

If a recruit is new to the industry, and perhaps even new to sales, a sales training class may be advisable at this stage. The courses leading to the Financial Services Certified Professional certification from The American College are a great way to start the new advisor. This program includes courses on prospecting, developing a market, and working with clients. Another possibility is to enroll in the IARFC courses for Drip Marketing or Branding. The new advisor will want to learn all he or she can about building the business.

In about two years, the advisor should be feeling more stable with his or her practice and will be ready for the next challenge. Now is the time for more education. It has been well documented that advisors who obtain a designation will earn more than those who do not, and those with multiple designations earn more than advisors with only one. Education opens new doors for the advisor. Some advisors will have new confidence to approach higher net worth clients with new ideas for their portfolios or insurance coverage. Those advisors who invest the time in this optional education are more likely to stay with the career. Advisors are required to have continuing education, and they have choices of what that education might be. Planning continuing education that leads to a designation or a certification will help the advisor in branding himself or herself as someone who has dedicated time and energy to staying current as well as enhancing their value.

Henrietta Nye, CFP®, CLU®, ChFC®, CPCU, CASL®

Henrietta Nye, CFP®, CLU®, ChFC®, CPCU, CASL® is President of Keir Educational Resources with offices in Cincinnati, New York, Philadelphia, Syracuse, NY and Albany, NY. For over 45 years Keir has been helping advisors to prepare for and pass their national exams. Henrietta is a member of the IARFC, membership chair of Southwest Ohio FPA, past president of Dayton SFSP and several local charitable organizations.

Contact: 513.422.4860
hnye@keirsuccess.com
www.keirsuccess.com

Profile Interview

Nick Royer, RFC®

Taking Financial Planning Into the Future

Our editorial theme for this issue of the *Register* is the Future of the Industry. It features Nick Royer, of Group 10 Financial — an RFC® and IARFC Board Director. Nick is poised to continue a successful long-term family business while embracing the changes that come with an ever evolving industry. In his interview, Nick relates how a trip to Hawaii changed his early career perspective and what he considers are the keys to his success.

Sharing a Practice… I learned the value of a dollar at the early age of eight. Each Saturday, I would walk into a financial planning office with a can of Pledge and an old sock. I would go room-to-room and clean off the desks until they were perfect. Then, I would go to all of the mirrors and clean them until they were streak-free.

Eventually, I moved up the employment ladder, which landed me in the file room. Now, my Saturdays were spent filing hundreds of documents from work that had been completed from the prior week. I started noticing right away something pretty spectacular. There were a lot of last names that were the same. When I asked about it, I learned that these families were all clients of the firm. The parents were clients, and now their children and other family members were clients as well.

This business had become one big family of families, and my father, Jerry Royer, RFC®

had created it. Years later, I was blessed enough to meet and work with the clients that I had filed paperwork for years ago.

However, it wasn't an easy decision to join the family business. Initially, I was against it. I graduated from Miami University with a degree in Finance. You may think I knew I was destined to be a financial advisor. In fact, I took finance as a degree with a major focus on being a professional golfer. When the dream of becoming a professional golfer fizzled away and became a pipedream, I knew I wanted to get into the business world. I had met some people in college that were going to start a computer business. I was certainly no computer whiz, but I did know how to promote and market a good idea. So a college friend and I interviewed with computer firms in Chicago where we would work temporarily while working on our entrepreneurial dreams of a computer kiosk company.

In May of 2000, my father had qualified for a top financial planner trip to Hawaii and offered to take me along. The day before we flew out I was offered the job in Chicago, but for some reason I decided I would accept it when I got back from the trip. The reason I didn't jump at the chance was because I wasn't very happy with the starting salary or the fact that I had to buy a brand new car because the one I had wasn't good enough for the company image. Go figure! Nothing like starting out in the hole on your very first career.

Of course going to Hawaii is nothing short of amazing, and it allowed me to talk with some of my dad's colleagues — one of whom cornered me by the pool and asked me what I wanted to do with myself. I said that I had gotten a job offer with a computer company and that I wanted to start up a new company of my own. He asked me why I wasn't getting in the family business and I said, "I really don't know." He went on to tell me, "You know Nick, your father is one of the best I've ever seen in this business, and you have the chance to learn from him. Most people who get into this business never have that chance, and many people would love to have a mentor like him."

I chewed on that for a while. When the plane landed back home, I asked my father what I needed to do to join the family business, and four weeks later I had passed my first exam.

I never dreamed that eventually one day I would be sitting in the studios at Clear Channel across from my dad doing our radio show and be introduced as the "Father and Son Financial Planning Team".

I never dreamed that eventually one day I would be sitting in the studios at Clear Channel across from my dad, Jerry Royer, doing our radio show and be introduced as the "Father and Son Financial Planning Team".

Top: Nick and Jerry Royer co-host their weekly radio show every Saturday, go to www.AskJerryandNick.com for showtimes; Bottom: Nick answers a listener's question.

Nick, what challenges did you have in your first years?

Initially, I realized how little I actually learned about finance in college. I learned a lot of information from my textbooks. However, I didn't learn how to apply it in the real world. As part of my training, I spent a lot of time learning everything I could. I would read, study, and go to events (some of which my dad was the speaker). But, through all of this, I learned that my education didn't stop with my college degree. It started with my college degree. Even now, my dad and I spend many weeks each year going to events to stay sharp and educated. Like the saying goes, "If you're not growing, you're dying."

Now that you've been doing this for 14 years, what would you say are the keys to your success to be one of the best in the industry?

I would definitely say that one is to always be changing. The way we do things today is not like it was when I first got started. For example, we spend time every week conducting web meetings with existing clients or with people who want our help. This is something we had to do out of necessity because our clients are spread throughout the country. We've had to embrace technology, and the people we help love being able to sit at home and meet with us.

Another key to our success is what Tony Robbins has said for years, "success leaves clues." So, if you want to be successful, find someone who has the level of success that you want, and learn from what they are doing. I've learned from some great financial advisors. I have heard stories of their successes and failures, and this has helped us form our own successful blueprint.

Lastly, because there are literally thousands of financial firms, we have to differentiate ourselves from everyone else. So we spend a lot of time doing our radio show which has been on five stations throughout all of Central Florida, educational seminars, client workshops, and client appreciation events.

These four things have allowed us to be household names in Central Florida and have led to a large number of referrals from both existing clients and other financial planners. I am always extremely grateful when our clients think enough of us to introduce us to their friends or when another financial planner sends a client to see us.

Nick, you just touched on 4 things you do to really be the go-to financial planning team in a rather big market. Let's talk about your radio show first. How have you been able to have a successful radio show?

My dad already had radio experience. In fact, he was the guest on Ed Morrow's, Chairman of the IARFC, radio show years ago. It just happened that one of the largest radio stations in Orlando that runs Rush Limbaugh, Dave Ramsey, and Glenn Beck needed a financial show to run on a Saturday. For years, we've worked together really well at our seminars and we figured, why not just do it on radio? The problem was, we did not have the infrastructure or expertise to produce a show of this magnitude. We followed one of our own tips. We found someone successful and partnered up with them. Peter J. "Coach Pete" D'Arruda was already running a successful radio program syndicated in over 100 stations nationally, and we asked him for his help. Within 2 weeks, we broadcast our first radio show and the rest is history. Radio is a great way to get your message out and truly help educate people week after week.

How has being on radio changed the seminars you've been doing for years? Can you expand on that?

There are a lot of people doing seminars out there. Some of them are high-pressure sales meetings. This turns off a lot of people. When people hear on radio or get something in the mail that we are doing a seminar, they already relate to us from the radio show, and they know we believe in education. As a result, our events are always sold out and we usually have a waiting list for our next seminar. We also made a decision to be dually licensed; therefore, we can offer virtually the entire universe of options to people without limitation. Because of this, we have a legal fiduciary duty to people, and at our seminars we talk about things most other people aren't able to talk about because they don't have the licenses to do so.

One other thing, we don't do the same old seminars. We decided to be laser focused and not to be all things to all people, but to be all things to a select group of people. Our specialty has always been working with people for retirement income planning, usually between the ages of 55-70. We needed to come up with a seminar that handled the needs of Baby Boomers. Our studies showed that they have one very unique challenge that the previous generation did not. This problem was figuring out how to maximize their income to help prevent from running out of income during retirement. Today, retirement planning is income planning. We had to address this, and give people ideas to effectively use their assets to provide them a retirement income and strategies to maximize their social security income. There are 567 different ways to file for Social Security and most people are making an error here that could cost them tens of thousands of dollars. This is a message that is new, needed, and people love it. We are going to start Retirement Success workshops on college campuses in the near future.

I know you've had the IARFC Chairman, Ed Morrow, at some of your client workshops and appreciation events, and we've even featured one of your events in a previous Register magazine. How are these going?

We continuously do educational events and fun events for our clients. We want to make sure that as time goes on they stay just as up-to-date as we do. Our client educational events are typically held at our office, and we like to keep the numbers between 15-20. We call these Munch and Learns because we will bring in lunch and discuss topics such as the state of the markets, Social Security optimization, estate planning, and how to limit drawdowns in your portfolio to name a few. Speaking of which, in July we are flying in one of our money managers to spend a few days with our clients to teach them how to help prepare for the next market crash. We also have lawyers come in to talk about estate planning and tax professionals to talk about tax reduction strategies. Financial planning is a team approach and it's important to have a team that can help every facet of a person's financial lives.

We also do client appreciation events on a regular basis. One of my favorites is our wine tasting events. We have it at either a wine market or a nice wine restaurant, and our clients and their friends can sample 6-8 wines from all over the globe. We have an annual Christmas party with live music and visits from Santa. We've also done a

three-hour river dinner cruise. My dad taught me that he never wanted people to feel like they do when they call the 1-800-NO-HELP hotlines of other major financial firms. He wanted to build relationships and give our clients a world-class experience like going to a Ritz Carleton. We changed our entire office to reflect this. When people have birthdays, we send them cupcakes from a well-known national bakery, and when they walk out on life, we work side-by-side with the family to make sure everything will be handled as stress-free as possible. Our clients become our extended family.

This year you've received some awards such as a Golden Record for your radio show, Orlando's 5-Star Wealth Manager, and you were voted on the IARFC Board. Do you have any closing thoughts that might be helpful?

When I was in Las Vegas in May as a judge for the IARFC Collegiate National Financial Plan Competition, I was reminded of the importance of a team approach. Every Monday, my dad and I get together along with our investment team and case design team and work on every case. We want people to know that a team is working for them. I saw this same thing in the teams that competed. True teamwork is the power that makes a good plan better.

Most people have been sold, not educated. What a shame. I have confidence in the fact that if people knew what options were available and were educated on them that they would be able to make the right choices. I really do believe that.

Sadly, sometimes sales people tell you what they want you to hear because they have an agenda instead of making recommendations based on what is best for that person. Sometimes, they care more about creating a transaction rather than building a relationship. As RFC's, our Code of Ethics guides us to do what is right. Ultimately, we want to provide our clients with the tools and knowledge to remain independent and in control of their lifestyle, get retired, but more importantly, stay retired.

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Investment Advisory Services offered by Brookstone Capital Management, LLC, an SEC Registered Investment Advisor

We continuously do educational events and fun events for our clients. We want to make sure that as time goes on they stay just as up-to-date as we do.

Top L-R: Nick Royer along with Joyce Brown, RFC (Director of Operations), Kim Royer (Events Coordinator and Nick's wife), and founder Jerry Royer host a Wine Tasting Event for their clients; Center: Nick spends time building relationships with his clients; Bottom: The Royers host their annual Christmas Party.

Does the Future Have an Upside?

We long for the past. Even newer agents and advisors who don't remember how the business used to be structured wish we lived in simpler times. We can't turn back the clock so we must move forward. We need to determine what people want and give it to them.

The Landscape – The People Around You. Thirty years ago insurance agents sold insurance, stockbrokers traded stocks and bankers made loans. Today stockbrokers want your mortgage business, insurance agents want your investment account and bankers suggest you buy annuities. Everyone has his or her hand in everyone else's pocket.

It gets worse. TV ads imply investors should pay almost nothing and trade stocks online. Articles and commentators explain packaged products have too many fees. Pay a bill at your bank with a brokerage check and the teller suggests you move your investment account over. Stop at an ATM to get a cash advance and watch an ad about the bank's money management services as you wait for your money.

Upside: You can compete outside your traditional area of expertise.

Landscape – The World Around You. The Great Recession started in December 2007 and ended in June 2009, 18 months later. Try explaining that to people who haven't seen a raise or bonus for years, or part time workers whose hours have been cut. For them, the recession is ongoing. States and cities that committed to providing pensions to government workers are finding they don't have the money to meet their obligations. Some people are finding their retirement in jeopardy. Interest rates are low. That's bad for people expecting to earn interest but good for homebuyers seeking mortgages. Unfortunately the banks have tightened lending requirements. People worry about creditworthiness. Countries aren't supposed to default on their bonds, but government bonds from Greece, Italy, Spain and Portugal are priced to reflect that risk.

Upside: **Uncertainty for investors means advice has greater value.**

Competitors. All that bad news brings good news. Investors really need you now. They know it. "80% of American investors

pay for advice" (The Economist "Briefing – Fund Management, May 3rd, 2014). There are approximately 223,400 financial advisors and 443,400 insurance agents (Bureau of Labor Statistics, 2012) ready to help them. You are not alone.

Insurance agents specialize in insurance products while also offering financial planning and broker/dealer services. Wirehouse advisors focus on financial planning and managed investments. They also offer insurance and annuities. Registered Investment Advisors (RIAs) are similar to wirehouse advisors, but with a higher degree of independence. Everyone is afraid of private bankers, seen as the Marines of the financial services industry.

Upside: We thought people wanted help for free. Now we know 80% are paying already.

The Future – What's Your Upside? It's obvious you have lots of competition. Insurance agents have some great advantages when you look at the problems faced by investors, specifically Baby Boomers. 76.4 million Americans are classified as Baby Boomers, born between 1946 and 1964. (US Census Bureau, 2014). Assuming a retirement age of 65, they should be planning on retiring between 2011 and 2029. FYI: Approximately 318 million men, women and children make up the US population. The Baby Boomer market alone represents over 24% of the US population!

So why do insurance agents have an advantage? Uncertainties with the pension system mean more and more Americans are concerned about their retirement. They need financial planning. They ask: Will I outlive my money? Will Social Security be there when I retire?" They must take steps to put their own private pensions and retirement plans into place. Newt Gingrich famously said "More young people under the age of thirty believe in UFOs than believe in their Social Security pensions." FYI: Most quotes are based on a 1994 study, respondents 30 years old in 1994 would be 50 years old today. It's likely their fears are unfounded, but they are still fears.

Most insurance agents specialize in retirement planning and estate planning. Annuities are a key component in many solutions. Banks and wirehouse brokers sell annuities, but insurance agents specialize in annuities. All annuities are not the same.

Bankers and stockbrokers sell insurance, but their line is limited. Often they offer life, disability, and long-term care insurance along with insurance-based investment products like annuities. They usually cannot help you with homeowners, auto or personal liability insurance. Ditto commercial insurance. An insurance agency can help you.

Upside: Insurance agents are well positioned to meet Baby Boomers retirement income needs.

What's Your Standard? Everyone dislikes hidden fees. Investors have little idea how much they are paying to own a security. Buying 100 shares of a stock is straightforward. You buy the stock at the market price and a commission is added on, similar to sales tax at the mall. Buy a mutual fund and the fees are internalized. Investors often hear about declining sales charges yet don't understand what fees are being charged behind the scenes.

The Financial Planning Association (FPA) alongside the CFP Board and NAPFA have collectively been leading the charge that advisors should be held to a fiduciary standard instead of the suitability standard." Most Registered Investment Advisors (RIAs), often operating independently, consider themselves as working for the client, similar to a lawyer/client relationship. They see their role as making the best recommendations possible, considering cost as a factor and assuming clients prefer to pay lower fees. The client might take their advice and buy no load funds elsewhere. The advisor gave advice considering the client's perspective.

Wirehouse firms, banks and insurance companies prefer the suitability standard. Advice given and products offered suit the client's investment objectives and risk tolerance. The recommendations are selected from products offered at their firm, usually from multiple providers outside the company. Offering the lowest cost alternative or explaining the client could buy similar products cheaper elsewhere is not a requirement.

The industry is slowly trending towards the fiduciary model. Clients prefer independent advice. As a financial planner explained: "If the client sees the same financial advisor identifying the problem and then profiting from the solution they recommend, they sometimes feel the advisor is both the mugger and the EMT technician."

Upside: Insurance agents work under the suitability standard. That is unlikely to change. If the advisor acts in the best interests of the client, usually essential for long term relationships, clients realize and are willing to pay higher fees.

The Future — Fees. Often we feel investors want everything for nothing. We think they will ask us questions, get free advice and buy products online, eliminating the middleman. The electronics chain Best Buy found itself serving as the showroom for Amazon. Shoppers would seek advice about the best computer, then buy it online later.

80% of Americans pay for advice. After those difficult 5 years from 2007 to 2012 clients appreciate the continuity and accountability of working with a professional. Studies show most people who manage their own money aren't that good at it. A DALBAR study showed from 1993 to 2012, the S+P 500 Index returned 8.2% annually while the average equity fund investor earned 4.3%. This is often because individual investors buy and sell at the wrong times. Financial advisors help them focus on the bigger picture.

Upside: Investors are prepared to pay a reasonable price for advice but they want fee transparency along with accountability. They want their advisor to meet with them at scheduled times and say: "You took my advice. Here's how we did…"

The Future Has An Upside. The future holds uncertainty for 76.2 million Baby Boomers planning on retiring. Insurance agents and financial advisors are well positioned to help them towards a secure retirement. Helping them prepare for their future is the future of your business.

Bryce M. Sanders

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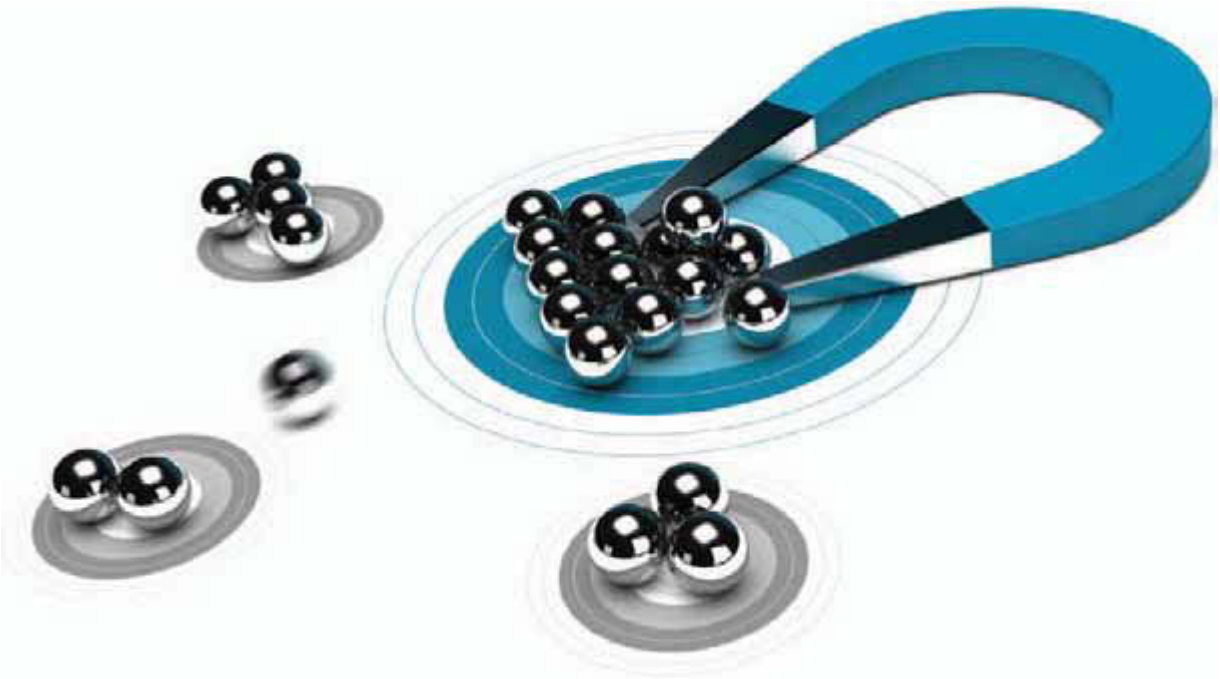
Want to Attract the Next Generation of Clients?

You may need to change your approach.



Close your eyes and picture this: A financial planning or investment management firm in 1982. What do you see? Big, thick mahogany desks, classic artwork in gold-plated frames, gigantic file rooms full of tons (literally, tons) of paper, and perhaps some classy statues resting on doilies on every end table. News Flash — if your office still looks like this, you may not be prepared to embrace the next generation of clients. The people who were born in 1982 are now in their 30's, educated, and potentially on the fast track to becoming what you might call the "emerging affluent" and they are not impressed by a posh, stuffy office. These 30-Somethings want to see modern conference rooms equipped with Wi-Fi, video conference abilities, and a big screen that they can use to pull up information on — that is… if they want to see your office at all. They may prefer to correspond via email, video conference, Skype, or webinars. The tail end of Gen X and elder statesman of Gen Y tend to be impressed by a firm that promotes flexibility and work life balance. They want to work with advisors that are progressive, treat their employees like family, and have a life outside of the office.

Here are a few tips to help you attract your future client base:

Have an Impressive Online Presence

You will not get the chance to make a good first impression — your online presence (or lack thereof) will make it for you. Your website must be updated, attractive, and user-friendly. If a link to your website does not pop up when they Google "Financial Advisors in the Kansas City area", or it does, but it looks like it was designed by a caveman, you may have just lost an opportunity for new business. This generation likes to do their research and "creep" on people before they do business with them. They will Google your name, want to connect with you on LinkedIn and follow you on Twitter before they even consider meeting you face to face. You will get brownie points if you post articles that they like on LinkedIn or your blog or if you have an impressive following on Twitter. Think of it as your online resume. Maybe even make a You Tube video of what they can expect when they engage in a relationship with you.

Paper is for Dinosaurs

The emerging affluent don't fill their home office space with heavy file cabinets full of statements and paper, their files live on hard drives, laptops, or in the "cloud". Chances are that they have all of their documents in PDF format, they opt out of paper correspondence and access their accounts online when they need to. Don't ask them to bring in a stack of paper documents for you to review, make it easy for them to email it to you or upload directly to your system through their "client portal". Same goes for documents that require a signature. Don't require them to come into your office to sign something – email it to them or provide a way to "e-sign".

Don't Underestimate Them

This generation is very astute – they know how to research things, they listen to Dave Ramsay podcasts, and they can tell you what the Dow closed at yesterday by looking at the stock market app on their phones. They crave information and education, and know how to find the answers. They want a partner or a coach who will help them

understand their finances, not an advisor that they are expected to blindly follow. Don't talk down to them or call them "youngster" or "kiddo". They are your future – they want a partner, not another parent. If you take good care of them, they might just be your best referral source. They may post about their great experience with you on Twitter or Facebook for their 1,000 closest friends to see. This can also turn into a disadvantage. If you do them wrong, or treat them unprofessionally, their entire network will know in a matter of seconds.

If you are like most financial planning and investment shops, you have an aging client base with an increasing number of retired or soon-to-be retired clients. The inherent problem here is that these individuals are draining their assets, leaving less for you to manage. If you are not attracting the next generation of clients, then you are on a downward spiral. Embrace technology, think about the future, and figure out what the emerging affluent want from a relationship with you. Ask your employees in this generation what they like and don't like about the way you do business. Ask your client's children that are in this age group what it would take to earn them as clients.

Brush up your online presence, try to anticipate what the clients of the future want and need, and most importantly…. ditch the doilies.

Jamie Bosse, CFP®, RFC®

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Tech Tips

What the New SEC Social Media Guidance Update Means for Advisors

Because current social media platforms continue to evolve and new platforms are constantly emerging, the Securities and Exchange Commission (SEC) needs to stay on their toes to keep up. In an effort to address the changing social media landscape, the SEC recently released a long-awaited social media guidance update.

What Changed

The biggest change that comes with this update (SEC 2014-4 guidance) addresses the use of third-party review sites and testimonials.

Third-party Reviews

The SEC states that client reviews do not violate its ban on client testimonials as long as they appear on independent social media or review sites. Those sites, however, must let viewers see all public comments, whether good or bad about the advisor. Advisors must have no sway or control over the comments.

ALLOWED: Testimonials on Yelp, Google, or any "advisor review site" (objective site)

NOT ALLOWED: Testimonials written on your Facebook Fan Page (because you control this page), LinkedIn recommendations

Advisors can (and should!) use social media to point prospective clients to those reviews on objective third-party sites. Ex. "Check out what people are saying on Yelp!" They must, however, direct them to a page displaying all reviews (positive and negative) and not a single review.

There have been a few other areas that advisors and the SEC have been on the fence about regarding social media, and this update provided a few statements to eliminate any concern.

Testimonials on Outside Subjects

Direct testimonials are now OK if they are not relating to your financial expertise, but rather to your community involvement.

"No longer take the position, as [they] did a number of years ago, that an advertisement that contains non-investment related commentary regarding an IAR, such as regarding an IAR's religious affiliation or community service, may be deemed a testimonial in violation of rule 206(4)-1(a)(1)."

Now you can list your involvement in Habitat for Humanity, your passion for skiing, and your knowledge of antique automobiles as "skills" on LinkedIn for connections to endorse. People do business with those they know, like and trust, and social media provides an opportunity to connect with clients and prospects on a deeper level.

Directing Traffic to Social Sites

Advisors are allowed to acknowledge social media channels in various media.

"An investment adviser or IAR could reference the fact that public commentary regarding the investment adviser or IAR may be found on an independent social media site, and may include the logo of the independent social media site on its non-social media advertisements, without implicating the testimonial rule."

DO: Tell listeners to "Check us out on Facebook" in a radio spot or interview.

DO: Print "Follow us on Twitter to get up-to-date information and learn more about our company," in a direct mail piece.

DO NOT: Print a specific testimonial in an advertisement or read one particular (obviously positive) review in an interview.

Additionally, the SEC has made it clear that "friending" someone on Facebook or "connecting" with someone on LinkedIn is not considered a testimonial or endorsement.

What Advisors Should do Differently

1. **Actively monitor comments and social media posts.** Now that independent third-party review sites are considered

compliant, it is more important than ever to know what people are saying about you online. Be aware and actively manage your online presence. Better yet, respond to reviews. If people are saying bad things about you, don't you want to know why and how you can improve your services? Acknowledge the comment publicly and let them know you'll be sending a private message to learn more about the matter. Also, depending on the complaint, you may need to document and file with your compliance department.

2. **Regularly scan your online presence.** Did you know that when you register a company with Google Places (so that it appears on Google Maps), Google automatically makes you a Google+ Local Business page where anyone can leave reviews? In addition to just claiming these pages, make sure that they are up-to-date with current company information.

   Furthermore, make sure that there are not multiple Facebook or Twitter pages for your company. All too frequently, we come across companies with multiple profiles on one network, each set up by a different manager within the company, and neither knowing the other exists. Delete excess pages — it will be easier to manage your online presence and allow people to find your correct and updated profile.

   To do this, search on Google for your company name and location and check out everything that shows up on the first few pages of search results. This may sound time consuming on the front-end, but it will be well worth the time spent…and the results may surprise you!

3. **Re-activate your Facebook 'reviews' feature.** Because of previous concerns and lack of clarification by governing bodies, most compliance officers recommended turning off Facebook's "review feature," which also disables the built-in Bing map feature. But now that third-party reviews are allowed, turn this back on! It will make your company more accessible and searchable, as it is Bing-powered.

4. **Promote connecting on social networks on all other media.** You don't need to be cautious anymore! Doing a TV interview? End the spot with a quick call-to-action encouraging people to connect and ask additional questions on your favorite social channel. Hosting an event? Make sure to include your social media URLs at the bottom of the invitation/flyer or even the hashtag (#) that will be used for the event.

5. **Make sure you are connected with prospects and clients**, especially on LinkedIn. With over 62 percent of advisors reporting to have gained new clients from LinkedIn, it is no wonder that this platform is known as the preferred professional social network for advisors. So, after you have a phone call or in-office meeting with a prospective client, find them on LinkedIn and connect. This will help you stay top-of-mind.

Now that the SEC has clarified these areas of confusion, take action! Make sure you are review-ready and remember, although it may seem like the SEC is easing up on social media, make sure to check with your broker/dealer or compliance department and adhere to your social media policy. These changes come with new opportunities but also new risks.

Amy McIlwain

Amy McIlwain, President of Financial Social Media Entrepreneur, author, speaker, and worldwide connector, is recognized internationally for radical new ways of thinking about Social Media, PR, marketing, advertising, and customer service.

Visit: www.financialsocialmedia.com

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It's as Easy as:

Using the ABC Trust to Minimize Estate Tax

The estate tax exemption has just gone up to $1 million and your clients are inheriting more assets. How can you assist them to maximize the amount they want to receive? How can you benefit the other parties involved? One way is to work the ABC's of trust planning.

The ABC trust arrangement is designed to enhance family wealth by minimizing estate taxes after the death of both spouses. The ABCs stand for the following: Type A Trust is the marital trust or power of appointment trust. Type B is the bypass trust, also called the exemption equivalent or credit shelter trust. Type C is the qualified terminal interest property trust, or QTIP.

The marital trust allows for the passing of an unlimited amount of property to the spouse. A bypass trust is designed to contain property that sidesteps or bypasses the surviving spouse's or beneficiary's estate. Where one spouse has most of the assets, those assets should then be transferred to this "poorer" spouse to try to provide sufficient assets so he or she has ample assets to fund the bypass trust. A QTIP trust is a trust that qualifies for the marital deduction as made by the executor on the decedent's estate tax return (Form 706). The key point here is that the QTIP qualifies for the marital deduction even though its property neither passes to nor is controlled by the surviving spouse.

Using the A-B trust arrangement

The A-B trust uses one trust, the A trust, as a marital deduction and a second trust, the B trust, as a bypass trust. The A trust contains the assets subject to the marital deduction. The B trust is intended to take advantage of the unified credit against estate taxes. The credit equals $5,250,000 of assets that will be held in the bypass trust. By not using the "B" trust, the client would be wasting an opportunity to successfully rid his or her estate of up to $5,250,000. The surviving spouse would get a portable credit for any unused amount from the decedent spouse. If your client wants to achieve zero estate tax after the first death and to provide the surviving spouse with the powers over all or none of the other assets, you would then help them place the remaining assets into the "A" trust. The key benefit of this planning is that the surviving spouse can have access and benefit (though restricted compared to an outright ownership of the assets) without those assets being later taxed in the surviving spouse's estate.

Here's how it works. John and Jane Smith have been married for forty years. Both are U.S. citizens. John and Jane decide to set up an A/B trust. Assume John dies first. After his death, the assets bypass Jane and go to a named beneficiary. Upon Jane's death, she gets to pass $5,340,000 of property to any beneficiary estate tax free. Thus, the family successfully passed $10,680,000 of property thus saving a significant amount of estate tax. A side note is that Jane may have the right to receive the income and assets of the B trust if those assets are needed for his or her support. Also, an unlimited amount of property can pass to Jane. Thus, property is not subject to estate tax at the death of the first spouse. However, the assets remaining in the A trust will be included in Jane's estate because Jane has a general power of appointment over these assets at the time of her death.

A general power of appointment allows the spouse, Jane, the right to take the property of the trust for herself, her husband John, others, or to give the trust property to her estate. The general power of appointment, as the trust A name indicates, qualifies for the unlimited martial deduction if it can be exercisable by the surviving spouse, Jane, alone and under all circumstances. Practically speaking, this is accomplished by including this power in Jane's will. Therefore, the right to appoint Jane must be unconditional.

Several rules exist for general powers of appointment trusts. This trust

- Must provide the surviving spouse with all of the annual income.
- Providing a power which can be exercisable only by the surviving spouse during life or at death, or both where it can be exercisable in favor of the spouse or the spouse's estate, or the creditors of the spouse's estate.

Where do QTIPs fit?

A QTIP would enter the picture if a marital deduction would be created with an amount in excess of the exemption amount at the death of the first spouse (which is funded within the "B" trust), but for which a general power of appointment in the

surviving spouse would not be warranted. QTIPs are common when dealing with multiple marriages whereby the decedent wants to benefit his or her own children from those earlier marriages, and not benefit the current spouse's children, since property left outright to the surviving spouse can be directed to his or her own children not from the decedent. From a planning technique, the QTIP is valuable because the decedent can control the assets long after he or she has left this earth.

Several rules exist for QTIP trusts:

- Must provide the surviving spouse with all of the annual income.
- Cannot give anyone a power to appoint any of the property to anyone else while the surviving spouse is alive.
- Require the executor to make some or all of the property qualify for the marital deduction.
- Must include in the survivor's estate the portion of the assets elected to pass tax free under the marital deduction.

The benefit received by the executor in deciding whether some or all of the property should qualify for the marital deduction is that with this added flexibility, he or she may determine if there is a tax benefit to be gained by paying tax on the first estate.

Since annual income must be provided to the surviving spouse, it is important to fund the trust with income producing assets. For example, non-income generating real estate, small business owner stock, which pays little or no dividends, would not be appropriate property to be placed into the trust. The reason is that the surviving spouse must be given an interest that is supposed to produce income consistent with its value. What you should look for is for the surviving spouse to be given the power within the will or trust to convert nonincome-producing property into income producing property. The flip side of QTIPs involving small business owner stock exists when a family member, other than a surviving spouse, is active in the business. The QTIP provides for that other family member.

Establishing through a Will

The A/B/C trust can be established through a will, which is also called a testamentary trust. However, a drawback does exist pertinent to any drafting of a will. And that is, the testamentary trust will be subject to probate. If life insurance were payable to this trust, there could be a delay in getting the funds there.

Differences between a General Power of Appointment Trust and a QTIP Trust

A significant difference exists between the general power of appointment and the QTIP trust. The general power of appointment possesses a required marital deduction and can be exercised by the surviving spouse by provisions found in the will. The surviving spouse dictates the ultimate disposition of property. This differs from the QTIP, whereby the executor of the QTIP trust can make an election (it is not a requirement) for the marital deduction. Here, the decedent dictates the ultimate disposition of property, which can be many years after he or she died.

As a result, the QTIP trust is generally favored by attorneys and estate planners alike, over the general power of appointment trust because:

- The decedent retains control over the disposition of the QTIP trust assets upon the death of the surviving spouse.
- The QTIP provides more flexibility in that the executor can make a partial election or a full election to utilize a marital deduction for a QTIP trust, even if the entire trust could qualify for the election.
- The executor is given a chance to clean up mistakes made by being given a second go-round to make changes between the date of death and the filing date of the return, which is when the election must be made.

The general power of appointment trust may work better than the QTIP if:

- A trust is desired to provide stability of management.
- The surviving spouse desires to make lifetime gifts from the trust.

Taxing Effects

Gift tax. Since the grantor is setting up the trust and has the power to terminate the trust, gift tax is not payable.

Estate tax. Since the decedent has the power to appoint him — or herself as a beneficiary of the trust, the trust assets are includable in his or her estate. However, since these assets qualify for the marital deduction, they would not be subject to estate tax. Assets that would not qualify for the marital deduction would then be included as part of the bypass trust. These assets would be included in the grantor's estate, but would not be taxed on the estate level, since the tax on these assets would be equal to the unified credit. Finally, since the surviving spouse would not receive any part of the principal, since he or she can only receive principal, these assets would not be included in his or her estate.

Income tax. Since the grantor can ultimately control the assets transferred to this revocable trust during his or her lifetime, any income generated by the trust would be income taxable to him or her. At death, income generated from the assets would be taxable to the trust if left to accumulate, or the income beneficiary if income were distributed from the trust.

Trustee's Role

This individual is responsible to manage and invest the assets placed into trust during the lifetime of the grantor, generate income for the beneficiaries, be the recipient of life insurance payable to the trust, or property poured over from the decedent's will. This individual needs to act prudently as a fiduciary, serving the ultimate beneficiaries of the trust. The trustee receives a fee for this service.

An A/B/C arrangement enables the planner to help the client minimize estate tax and help with the ultimate disposition of trust assets.

Jeffrey H. Rattiner
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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.

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Branding and Positioning

Do you have any insurance products that are exclusive to your Carriers?

Then — Why do people choose to do business with you?

I believe the answer is "you orchestrate great experiences and they remember the experience, not the policies they bought from you!"

Let me give you an example of what I'm talking about - it has to do with restaurants, not insurance:

Most of us, during our lifetimes, have eaten at restaurants hundreds if not thousands of times. I'd like to take a short survey and ask this simple question – "can you name one server who has made a difference in your dining experience?"

A number of years ago there was a popular sitcom called "Cheers". Everyone liked to go there because they knew Y**OUR NAME**. In fact, when one of the cast members entered the bar and said hi — they all responded by saying, "Norm". The point is — **everyone likes to feel they are SPECIAL**.

Today I would like to share with you a story about an individual who made a difference in hundreds of people's lives and did so by orchestrating great dining experiences.

Twenty-five years ago there was a young lady by the name of Maxine, who was a bank teller for the Huntington National Bank, which was located in the Nationwide Insurance Company home office building on N. High St. in Columbus, Ohio. Directly across the street was the location of Morton's of Chicago steakhouse, which is one of the finest and most elegant restaurants in the United States. Maxine decided she wanted to become a food server at Morton's. She approached the manager of the restaurant and he immediately dismissed her by saying they didn't need any additional food servers, especially female food servers. She quickly understood that this was the "good old boys club" and securing a position as a food server was going to be somewhat difficult. However, with her persistence and pleasant personality, she eventually convinced the manager to give her an opportunity to prove herself.

Her first position was that of a bus boy, not a food server. Because she did such an outstanding job, the manager was literally forced to make her a bona fide food server. At the beginning she was able to work only three nights a week with one table in the corner of the restaurant. She kept asking what she would need to do in order to get more tables? His response was simple and direct– "do something spectacular and different, make a name for yourself, and perhaps I could give you more full-time work." As fate would have it, one evening, the food critic for the local newspaper decided to dine at Morton's and then write an article about the food and the atmosphere. However, at that time, no one knew that he was there for any other reason than to have dinner. None of the other food servers wanted to serve him because of his somewhat unpleasant personality. Maxine gladly greeted him and asked him to please sit at her table. The dining experience that she orchestrated for him was expressed in a very positive article that he wrote about Morton's, and especially about the food service provided by his food server — Maxine Porter.

Maxine presented the article to her manager and said, "Is this enough proof for me to now become a full-time food server at Morton's of Chicago?" Of course, the answer was a reluctant YES!

Branding and Positioning the Maxine Way

Some twenty years ago my wife and I decided to celebrate our wedding anniversary at Morton's restaurant. Ten days prior to our anniversary, I called the restaurant for a reservation on a particular Saturday evening. The maître d' asked if it was for a special occasion and I told him of our wedding anniversary. We arrived at the restaurant, valet parked our car, and were seated at a table in the middle of the restaurant. Our food server greeted us by saying, "Good evening Mr. and Mrs. Cohen welcome to Morton's, my name is Maxine and I will be your food server for your anniversary dinner." I was pleasantly surprised because I had never had a food server greet me by name. She continued by complementing my wife on her particular hair style and overall beauty. WOW. I had only known Maxine for two minutes, but guess what — I really liked her. We ordered drinks and an appetizer and Maxine again commented on what a handsome couple we were and how fortunate it was for her to be able to serve us. We ordered our food accompanied by a bottle of wine, which was presented beautifully and flawlessly. Midway through dinner Maxine asked me if I would give her one of my business cards. I asked her why she wanted one, and her response was that she would keep it in her Rolodex and she promised me that if she were to see me on the street she would call me by name. Later she told me that she constantly reviews the cards that she collects so that she can put the faces and the names together.

Is this a person who will go the extra mile to make people feel important?

While we were finishing dinner Maxine made a second request, "May I take your picture?" Her reasoning was that we should have a memory of this particular anniversary dinner and she wanted to make certain we had a photograph to look back upon.

At the conclusion of this wonderful dining experience Maxine suggested that I give her my valet parking stub so that when the car was pulled around to the front of the restaurant, she would let us know so that we did not have to stand outside waiting for the car to be delivered. She also mentioned that she didn't want my wife's hair to get wind blown.

Normally, individuals leave a tip of approximately 20%, but in this case because of the extra, extraordinary service I left a tip of 40%. **Isn't it amazing what we will pay for special treatment!**

Ten days after this wonderful dining event my wife and I received a handwritten note from Maxine thanking us for dining at Morton's restaurant. A glossy 5 x 7 photograph was enclosed.

Many years ago Maxine, through sheer perseverance, was able to become a food server, if only for one or two tables. As her reputation became known throughout the community, **through referrals from those she served**, she became the number one server and money earner at Morton's restaurant. It seemed that everyone who chose to dine at Morton's requested that they be seated at Maxine's tables. In fact, a few years ago on New Year's Eve every single guest requested to be served by Maxine.

I have referred dozens and dozens of people to participate in the dining experience that my wife and I enjoyed with Maxine.

Isn't it our calling to orchestrate great experiences for our clients just Like Maxine does for her customers!

I. David Cohen, CLU, ChFC, LUTCF

I. David Cohen, CLU, ChFC, LUTCF is a 1958 graduate of Miami University with a Bachelor of Science degree in business. He has spent the last 55 years as an insurance agent, teacher, mentor and coach. David is an adjunct professor of The American College teaching students to achieve various degrees and designations. He authored books entitled "Get What You Want," "How I Got This Way", "Prospect Or Perish", and "Sorry, Downtown Columbus Is Closed." As an expert in prospecting and client focused selling, David is available to teach, train, motivate and monitor individuals and companies who are seeking transformation in their lives.

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Net Promoter Score:
How to Discover How Referable You Are

Would you like to make yourself more referable? Do you currently know your referral quotient? Many producers wonder why they don't have more referrals. Many also question why more folks don't just call in. They spend thousands on building a better brand. They advertise on TV and Radio hoping prospects will respond by picking up the phone. The answer lies in first discovering how referable you are before you spend any more money on PR.

Many companies pay hundreds of thousands of dollars creating and distributing surveys to find out how their clients think. Less than 5% of the surveys are returned, and even less if a reward is not given. But now you have a tool to find out how your clients think about your relationship and how referrable you are. It's called **Net Promoter Score.**

Fred Reichheld, a partner at Bain and Company, spent a decade searching for a simple way of measuring why some clients become raving advocates and others are just simply satisfied. Here is how NPS is implemented. First ask your clients to rate you on a scale of 0 to 10 on the question,

"How likely is it that you would recommend us to a friend or colleague?"

Then sort the responses into three groups,

Promoters, 9s and 10s,
Passives, 7s and 8s and
Detractors, 0 through 6.
The percentage of promoters minus the percentage of detractors equals your score. If you have 75% promoters and 15% detractors, you have an NPS of 60. This means your "refer-ability" is only 60%. As a rule, anything above 50% is good. But referrals don't come consistently unless your score is over 75%. One important consideration is to offer this survey only to your A and B clients. These are the clients you most want to get referrals from.

Your goal is to constantly drive that score up by asking two follow-up questions:

1. Why did you give us that score?

2. How can we raise that score?

For every 10% increase you can gain in your NPS score, your net income will also increase by 10%. Below is an example of an NPS form.

Net Promoter Score

How likely are you to recommend our firm to a friend or colleague? Please circle the number that best represents your view.

Lowest 1 2 3 4 5 6 7 8 9 10 Highest

Why did you give us this rating? How specifically can we improve your score?

One of my clients sent an NPS rating sheet to his A and B clients. His NPS score was 50. When he asked the question, "Why did you give us this rating?" —many clients responded with the fact that they only heard from him once a year. When they answered the question "How specifically can we improve your score?" —many clients asked to be called once every three months.

When he implemented these three-month phone calls, his NPS score increased and referrals started flowing in. His NPS score increased to 90 and advocacy (incoming referrals) started to flow in as well. His income increased by 75% all within six months.

Kerry Johnson, MBA, Ph.D.

Kerry Johnson, MBA, Ph.D. is a best selling author and frequent speaker at financial planning and insurance conferences around the world. Peak Performance Coaching (his one-on-one coaching program) promises to increase your business by 80% in 8 weeks. Click on www.KerryJohnson.com/coaching and take a free evaluation test to see if coaching is right for you.

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Consumer Focus

The Case of the Disappearing Pension

There was a time in America when you would work for a company for 30 or 40 years, knowing that in the future you could retire with a defined benefit pension plan. It would be waiting for you at the end of the trail, just like a faithful retirement angel, guaranteeing you and your spouse at least 75% of your old salary for the rest of your lives. You were set.

Somewhere in the 1980s those plans started to cough and gasp and by the end of the 1990s, they were almost extinct, replaced by plans that called for employees to save on their own through a company sponsored plan. The defined ***benefit*** plan had given way to the defined ***contribution*** plan.

Defined benefits means just what it says. When you reach that age where it's time to collect your pension, your benefit is defined. It is clearly spelled out and guaranteed in writing, typically good for life, for both you and your spouse.

Defined contribution means just what it says. Employees contribute to a plan whereby the amount contributed is specified, usually tax deferred, and typically invested until retirement. When the employee retires, he or she can take benefits. The benefits are usually not defined, because that all depends on how the investments performed over the years.

The Endangered Pension

Just where the idea came into the heads of Americans that they were entitled to a pot of gold at the end of the rainbow is not clear. At the end of World War II, there was a certain euphoria that existed. America had just defeated her enemies in war and now was emerging as the great golden empire. The depression was over and hard times were replaced by happy days. The good life could be had by the ordinary working man. Just get on with a big company with a good pension and, as long as you put in your years of service with them, you could live the American dream.

The first inkling that pensions may not be able to live up to the commitments made to workers by big business was probably when the Studebaker company went bust in 1963. They were the first major automaker to default on pensions. In 1974, Congress passed the Employee Retirement Income Security Act (ERISA), which held corporations accountable for pension trust funds and provided accounting standards that they all were required to meet. Accountants were hired and audits were performed. If it was determined that, if a pension fund's liabilities (promises to workers) exceeded its assets, then the deficit could negatively affect the company's value on the market. Pension fund managers that had at first been conservative with pension plan investments eventually gave way to the lure of the lucrative stock market during the boom years of the 1990s. In fact, during those days, many pension plans were overstuffed with assets. Companies could count the pension fund surplus as part of their earnings, and this hiked up the value of those companies measurably.

Then came the market correction of the 2000s. Returns dwindled, and pension plans took a beating. One after another, pension plans began faltering, and corporations began deciding that these burdensome retirement plans were no longer viable.

General Motors, which was forced to declare bankruptcy in 2009, is probably the best example of how the underfunding of pensions can force a large corporation to change from defined benefit plans to defined contribution plans. In its June 6, 2009 issue, *USA Today* reported that the giant auto maker's pension plan was underfunded by $20 billion.

Thanks to a government bailout, GM recovered and reported an $8 billion net profit in 2011. But according to the *New York Times* of February 15, 2012, the GM pension plan was not to be so blessed. Despite the company's comeback, the *Times* reported that the pension plan was still underfunded by $8.7 billion. As a result, starting in October of 2012, GM's 19,000 salaried workers who have been covered by GM's pension plan, will be shifted to a 401(k)-type plan. GM had already stopped putting new salaried employees into the pension plan in 2001.

Sadly, a number of companies have been turning to bankruptcy as a way out of burdensome pension obligations. Strategic bankruptcies are still headline news, especially with large corporations like Delta Airlines, but the news is no longer shocking. Only about 20% of today's workers are covered in defined benefit programs. Analysts predict that in the next decade, it will diminish to zero. Of great concern to many, is the fact that some government pension plans, once thought to be above the fray, bear even higher underfunded liabilities than those in the private sector. Towns and municipalities are now forced to choose between keeping their pension promises and providing basic services such as education and road repair.

Create Your Own Pension

If you have a pension, especially one with the guarantees described earlier, then

consider yourself one of the fortunate few. But for everyone else, let's face it, we're going to have to create our own pensions. Naturally, the younger you are the better. But, if you wait until later in life, it's still not too late to start a personal pension plan. Make sure you understand what you are doing, of course. There are many upsides to having a personal pension plan as opposed to company sponsored plans. One upside is that you do not have to depend on anyone else. You are not at the mercies of the big company any longer. If you don't like the environment in which you work, you can pick up and leave and take your pension with you. It's yours. You control it. You make the rules.

Peter J. "Coach Pete" D'Arruda, CTC, RFC®

Peter J. "Coach Pete" D'Arruda, RFC®, CTC, is a Financial and Tax Coach. He is host of the nationally syndicated weekly radio show, ***The Financial Safari***, as well as the author of four books, including ***Fine Print Fiasco***, ***Financial Safari***, ***7 Financial Baby Steps*** and ***Have you been talking to Financial Aliens?*** Themes of these easy readers include helping others avoid being taken advantage of and translating financial jargon for any layperson.

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Application for IARFC Membership

Annual Membership Dues:	**$200**
Nonrefundable Application Fee (one time):	**$50**
Total First Year:	**$250**

Please Print

Your Name_____

(Exactly as you want it to appear on your full-sized 16" x 20" RFC Membership Certificate, excluding degrees or other designations)

☐ Mr. ☐ Mrs. ☐ Ms. ☐ Other_____ Your Preferred Salutation/Nickname (i.e., "Bill")_____

First Name_____ Middle_____ Last_____

☐ **Check** Enclosed $_____ or ☐ **Credit Card** No._____ Expires _____

Name of Business_____

Business Address_____ Ste #_____ City_____ State____ Zip_____

Phone_____ Fax_____ Business E-Mail _____

Business Website URL _____

Residence Address_____ City_____ State_____ Zip _____

Phone_____ Birthdate_____ IARFC Sponsor, if any_____

Your Educational Background (Since High School)

Name and Address of Institution	Location	From Mo/Yr	To Mo/Yr	Course or Major	Graduate?	Degree

FINRA Member Firm (if any)_____ FINRA CRD No. _____

Securities Licenses: ☐ Series 7 ☐ Series 6, 22 or 62 ☐ Series 24 ☐ Series 27 ☐ Series 65 ☐ Other_____

Insurance Licenses: ☐ Life ☐ Health ☐ Variable Contracts ☐ Prop. & Casualty ☐ Other _____

Primary Insurance Company (if any)_____

Affiliated with an SEC Registered Investment Advisor (RIA)? ☐ Yes ☐ No Name of RIA _____

Designations: ☐ AAMS ☐ AEP ☐ CFA ☐ CFP ☐ ChFC ☐ CIMA ☐ CLU ☐ CPA ☐ CPA/PFS ☐ CRSA ☐ EA ☐ FSS ☐ JD/LLB ☐ LLM ☐ LUTCF ☐ MBA ☐ MS ☐ MSFS ☐ MSFM ☐ Ph.D. ☐ RFP ☐ Other _____

Financial Services Education course(s): _____

_____

Financial Services Experience: Number of years as a practitioner in the field of financial planning: ☐ Full time_____ ☐ Part time ____

Current Practice Mode *(check those which apply)*: ☐ Charge Plan Fees ☐ Hourly or Modular Plan Fees ☐ Portfolio Management Fees ☐ Insurance Products ☐ Securities ☐ Mutual Funds ☐ Trust Services ☐ Other _____

Other Qualifications_____

Please see the questions and signature requirements on the reverse side.

Questions relating to business and ethical conduct

Have you ever been refused a surety bond or other form of employment security? ☐ Yes ☐ No
Have you ever been denied or enjoined from selling or dealing in securities or from functioning as an Investment Advisor? ☐ Yes ☐ No
Have you ever been arrested, indicted, or convicted for any felony or misdemeanor, except for minor traffic offenses? ☐ Yes ☐ No
Have you ever been known personally by any other name, or have you ever conducted financial activities, conducted business or carried brokerage or bank accounts in any other name? ☐ Yes ☐ No
Have you ever become insolvent, failed in business or compromised with creditors? If "Yes" – please provide the date name and location of court, disposition, liabilities, and assets. ☐ Yes ☐ No
Have you ever had a license, permit, certificate, registration or membership denied, suspended, revoked or restricted, or have you had an application of such type ever withdrawn for cause? ☐ Yes ☐ No
Have you ever been the subject of any order, judgement, decree or other sanction of a foreign court, foreign exchange, or have you ever been the subject of any action by a foreign or domestic governmental or regulatory agency? ☐ Yes ☐ No

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "YES" PLEASE ATTACH A WRITTEN EXPLANATION

The following should be read carefully by the applicant:

1. I hereby certify that I have read and understand the foregoing statements and that my responses are true and complete to the best of my knowledge.
2. I hereby apply for IARFC registration and, in consideration of my application, I submit myself to the jurisdiction of the organization and hereby verify that I agree to abide by all the provisions of the bylaws and regulations of the organization as they are and may be amended; and I agree to comply with all such requirements, subject to right of appeal as provided by law, and I agree that any decision as to the result of any examination(s) that I may be required to pass or annual CE requirements will be accepted by me as final.
3. I further agree that neither the association nor its officers or employees shall be liable to me for action taken or omitted in official capacity or in the scope of employment, except as otherwise provided in the statutes, bylaws, or the association's rules and regulations.
4. I authorize the organization to make available to any federal, state or municipal agency, or any securities or commodities industry self-regulatory organization, any information they may have concerning me or to request confirmation of my status, and I release those organizations, employees and agents, from any and all liability of whatever nature by reason of furnishing such information.
5. I further agree that any part of the information contained in this application and any subsequent documents in my IARFC registration file may be divulged to interested parties as part of the referral system for the benefit of members and the public.
6. I hereby certify that I have a sound record of business integrity with no suspension or revocation of any professional licenses, and I hereby subscribe to the IARFC Code of Ethics, a copy of which I have read and understand.
7. It is agreed and understood that any material misrepresentation of facts or information given in this or subsequent application or renewal may be cause for immediate revocation of membership and all its privileges, without refund of any dues or fees paid.
8. I understand that failure to disclose any regulatory event, including suspensions or revocations, may disqualify me.
9. I agree to maintain proficiency in my work by completing continuing education in the field of financial planning and counseling — which can include subjects relating to practice management, delivery of professional services, portfolio management or financial product application and service.
10. As an applicant for registration, I understand and agree that my RFC designation with the IARFC will not become effective until submission of all required documentation in proper order and upon written acceptance by the IARFC.
11. I understand that all IARFC Certificates of Registration remain the property of the Association and must be destroyed or returned to the Association should my membership or the right to display the designation certificate be suspended or terminated.
12. I understand that continuation of the RFC designation requires 40 hours of CE per year, which commences January of the year following acceptance.

_____	_____	_____
SIGNATURE OF THE APPLICANT ***(required)***	**DATE**	**SIGNATURE OF A WITNESS** ***(required)***

How did you learn about the RFC? ☐ Advertisement ☐ Article ☐ Association_____ ☐ Broker/Dealer _____
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Please recommend associates or colleagues for the RFC designation — or the Financial Planning Process™ course:

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IMPORTANT: Evidence of license, diploma or similar documents may be requested. **However, you need not submit evidence with the application.** The Association is compensation neutral regarding plan or portfolio fees, insurance, securities or real estate commissions, salary or bonus. The application fee is nonrefundable.

Please Mail this Application — or Fax to: 513 424 5752

It's an Ugly Baby, But It's Your Baby

After years of observation, I have come to the conclusion the single most important requirement for success in anything is personal responsibility.

Unfortunately, it seems so rare anymore. In times of crisis or conflict, it's far more common today to look for someone else to blame. I mean, the problem can't be me, right?

I have been blessed with a few incredible personal mentors over the years, and one of them taught me the value of personal responsibility over twenty years ago. We were going through some pretty tough times at work. The company had hired a new manager for our department, and after just a few weeks of this guy's leadership, mutiny was in the air. It got ugly. Real ugly.

People were transferring or leaving the company like rats off a sinking ship. After eventually recognizing the problem was getting out of hand, the vice-president responsible for our department stepped in. We talked through a lot of issues, most of which seem quite petty now, but he said one thing that has stuck with me for all these years.

When you find yourself in conflict with someone or failing at something important, stop and ask yourself if there is ANYTHING you could have done to make the situation better? If there is, do it immediately and see if things improve.

What a concept.

What would our society be like if everyone practiced this simple exercise? What would politics be like if this was standard operating procedure?

Before we get too carried away with that thought, there is real science behind this tendency to blame everyone else for our problems. Scientists call it cognitive dissonance. When our behavior, or the results of our behavior, threatens our self-concept, our ego kicks into overdrive. It begins to create all sorts of justifications to protect itself. The higher the stakes, the harder it is to admit fault, and the more ego tries to justify our actions.

When little Johnny comes home from school with poor grades, we're convinced the teacher is out to get him.

When Susie doesn't get as much playing time on the volleyball team as we think she should, we complain about school politics.

When we can't set an appointment to save our life, we blame it on bad leads.

When we don't hit our sales goals, we convince ourselves there's no market for insurance products in this territory.

I wish I could say this never happens to me, but it still does. We all fall into this trap from time to time. However, the reality is almost everything we experience in life and business is a direct result of our actions (or inactions). To make things worse, we are always looking for silver bullets. We want what everyone else has, and we want it now. When our shortcuts don't deliver the results we expected, we naturally look for someone to blame.

After all, it can't be our fault right? Wrong! It CAN be our fault, and that's not all bad. We can own our failures, as well as our successes. And the sooner we do it, the sooner our fortunes will begin to turn around.

The next time you are feeling the urge to blame someone else for your failures, consider the following:

- Is there anything YOU could do to improve the situation?
- Nip things in the bud. The longer you let things go, the harder it is for you to take ownership and correct the situation.
- Look at things from a different perspective. What would your prospect say the problem is?
- Get honest feedback from trusted people around you, and ask them to keep you accountable.
- Learn to accept and understand your weaknesses, and leverage your strengths
- Increase your problem-solving skills.
- Get over the self-pity. It serves no useful purpose, and it's annoying to everyone else.

- Don't compare yourself to others, only to yourself.
- Don't beat yourself up. Acknowledge your mistakes and move on.

Let me repeat, we all fall into this way of thinking from time to time. How could we not? Our culture and our nature are both working every day to convince us we're victims. Don't buy it! Don't give up control of your situation like that. Own your successes AND your failures. As another of my mentors used to say, "It's an ugly baby, but it's your baby!"

Change the things that are within your control, and accept the things that are not. You'll be much happier, and you'll find your failures are merely stepping stones on the path to your success.

Paul Mallett, RFA®, is Senior Vice-President and Chief Operating Officer of Postema Marketing Group, a nationally-recognized independent marketing organization providing product support and business consulting services for independent advisors. Paul is a regular blogger and contributor to a variety of industry publications and social media platforms.

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Paul Mallett, RFA®

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.

The Un-Comfort Zone

The Main Ingredient

In 1907, during a major league baseball game, second base was stolen 13 times by the winning team. The catcher for the losing team, Branch Rickey, was unable to pick off even a single runner. That record stands to this day. It also spelled the end of Rickey's career as a baseball player after just two short seasons. With nothing else to do, he went to college and law school.

Six years later, he returned to major league baseball. This time as a manager — and what a manager he turned out to be! He created the modern baseball farm system which enables major league teams to nurture and develop future stars through their minor league teams. He was the first to establish a permanent spring training facility in Florida. He changed the way statistical analysis is used in baseball by proving that on-base percentage is more important than batting average. Branch Rickey is best known, however, for breaking the color barrier by bringing African-American Jackie Robinson into the major leagues. It earned him a spot in the Baseball Hall of Fame.

Rickey offers this as his recipe for success, "Success is where preparation meets opportunity." A simple formula that reminds me of the old joke: "How do you get to Carnegie Hall?" The answer: "Practice. Practice. Practice." Obviously, you can't take advantage of an opportunity if you don't have the skills. It's a good recipe for success, but it doesn't reveal the secret main ingredient.

A funny old song from Frank Sinatra gets us little closer to the answer. Do you remember these lyrics from High Hopes?

Just what makes that little old ant

Think he'll move that rubber tree plant

Anyone knows an ant, can't

Move a rubber tree plant!

I love that song because a stanza later we learn the ant CAN: "Oops there goes another rubber tree plant." Is having "high hopes" the secret ingredient? No, but it gets us closer to it. You see, the ant succeeds because he doesn't know that he can fail.

Think about some of the people you know who are successful. What is it that makes them big achievers? What traits do you associate with them?

When I ask this question of my audiences I frequently hear the following ingredients: Courage, Perseverance, Enthusiasm, Discipline, Confidence, Decisiveness, Self-reliance, Responsibility, Focus, Ambition, and Optimism.

All of these are certainly traits of successful people, but which one is the overriding characteristic? Which one is the main ingredient?

None of the above!

That's right — none! Yes, they are all important, but there is one ingredient that makes the cake, and that is simply your belief that you will succeed. It's called Self-Efficacy. Your belief in your ability to achieve what you seek is the biggest part of actually getting there. The best part is that self-efficacy is a trait that can be acquired at any age.

We acquire a sense self-efficacy in four ways. The first way is cumulative. With each success we achieve we add a new layer of confidence in ourselves. The second way is through observation. When we see someone similar to ourselves succeed, we realize that we can too. The third way is controlled by our attitude. A positive attitude enhances our belief in our abilities whereas a negative one destroys it. The fourth way is from the encouragement of others who believe in our ability to succeed. This is where you as an effective manager can help your people succeed. Tell them that you believe they can meet their goals and you will help them believe it too.

Robert Evans Wilson, Jr

Robert Evans Wilson, Jr. is an author, speaker/humorist, and innovation consultant. He works with companies that want to be more competitive and with people who want to think like innovators. Robert is also the author of the humorous children's book: ***The Annoying Ghost Kid***.

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Serving 30 Years

PEARLS

How has the Global Economy Changed the Financial Planning Industry?

Generally we use an Anniversary to celebrate the prior passage of time: What did we do? What did we fail to do? What could we have done better? Can our review of the past direct us positively into the future?

Where was the financial planning or consulting industry 30 years ago – in 1984?

In the US, the College for Financial Planning in Denver had conferred the CFP designation on several thousand practitioners, but many had not really changed their practices… they were primarily sales reps for insurance and securities, with a few in banking, trust services and real estate. Very few independent persons were delivering Assets Under Management either as an analysis or service.

The IARFC was opening its' doors in 1984 in an effort to deliver planning concepts along with improved practice management — from a non-profit association with no prejudice in favor of or opposed to any class of financial service or product. We do not think Fee-Only is necessarily better than Commissions — but what really counts is disclosure and competent business practices.

Outside the US there were at most several hundred persons in 1984 taking a serious interest in this emerging profession. A million qualified sales persons had no idea of financial planning — as a profession, an education, or a service. Those offshore persons rarely charged a fee, other than those who had two or three career focuses, such as also being a practicing tax accountant or estate planning attorney. Planning analysis and delivery is improving at a breathtaking pace, especially in Asia.

In 2014, thousands of Registered Financial Consultants are well into their careers and have an established practice with long time clients. They have paid their dues and put in the hours of time and effort to forge a successful career. Some RFCs are looking toward retirement and enjoying full or semi-retirement. They are interested in travel or maybe sports. Good for them — their services have earned this. The trend is identical in the rest of the world, except it is lagging almost 20 years behind the US. But across the globe, financial service persons are racing to catch up with and surpass the US professionals!

What about the new entrants into financial services just now starting their career? What do they face? Where do they start? What is the future this profession offers to them?

These new advisors will learn the ropes from older, more experienced consultants, but are facing a future different from the way things used to be. Think of how the profession has changed since YOU started.

- Technology alone has greatly influenced the services you can offer. Now there are many exciting ways to graphically convey the obstacles and opportunities for planning. The constant emergence of technology will continue. So you need to devote time to "stay connected" or most assuredly you will start "swiftly falling behind."

- Industry regulations are more in the forefront with a goal of improved disclosure, but a promise of far more intrusive compliance.

- Clients are more educated and have access to more information. This is coming to them from some excellent books, and consumer courses. But the biases of the media seem to continue without dilution. The need for principled financial consultants to guide and support 7 billion consumers will continue to accelerate.

One thing still remains the same — the financial consultant's relationship with the client! This is more important than the latest computer program, asset allocation plan or new provisions in policies or packages.

Ed Morrow, CLU, ChFC, RFC®

Ed Morrow is the Chairman and Chief Executive of the IARFC and has been a practicing financial advisor for forty years. Visit IARFC.org and access this month's video, Life Changes Good & Bad.

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IARFC National Financial Plan Competition

April 29-30, 2015 — Charlotte, NC

2014 Winning Team – Bryant Universitty Smithfield RI, team members Kyle Creedon, Lauren Fayne, Jamie Pepin and their instructor Mara Derderian (far L and R, Les Anderson and Ed Morrow)

focusing on the future

Sponsorship

The IARFC has extended its invitation to students to participate in the 2015 National Financial Plan Competition. The finalists and their faculty advisor will 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.

Professionals who love what they do for a living feel fortunate and look for a way to pay it forward – especially to the next generation.

For that reason, RFC Ed Skelly of Sterling Financial Partners in Ashburn, Virginia traveled to Las Vegas and judged the the 2014 National Plan Competition.

As a Diamond Sponsor, Ed is encouraged by what the students are learning in school.

"Today the presentations by the three teams were absolutely phenomenal," commented Skelly. "I think the nine students who presented did a wonderful job."

Become a 2015 Sponsor

Sponsorship levels	Silver	Gold	Platinum	Diamond
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