Volume 16 No 1 Jan-Feb 2015

the Register

Official IARFC Publication
www.IARFC.org/Register

Simon Chu

Toasting Client Success

IN THIS ISSUE

IARFC
INTERNATIONAL ASSOCIATION OF REGISTERED FINANCIAL CONSULTANTS

NEW MEMBER BENEFIT

GROUP TERM LIFE/AD&D INSURANCE

TRUE GUARANTEED ISSUE

What is this about?

The IARFC is always looking for ways to bring additional benefits to our members. In 2012, we introduced the Group Insurance program; offering Group Long Term Disability Insurance to our members. That program has been such a success that we are excited to announce the edition of Group Term Life Insurance.

The Voluntary Group Term Life/ Accidental Death & Dismemberment plan is being made available to the IARFC membership by The Standard; the same company offering the Group Long Term Disability.

How is the plan structured?

The Open Enrollment period runs November 1, 2014-January 31, 2015. Any IARFC member who is a member in good standing as of November 1, 2014 is eligible to participate. Coverage will be effective February 1, 2015.

Sample Monthly Premium:

We believe the monthly premiums are extremely reasonable. For example, a member aged 50-55 can have $250,000 Life Insurance + $250,000 AD&D for $62.50 per month! Even better, coverage is available for your spouse or dependents. This is an extremely valuable benefit, particularly for members who have small offices and may not otherwise have access to group insurance.

Advisor Group Benefits

800.385.9401

IARFCPlan@AdvisorGroupBenefits.com

www.AdvisorGroupBenefits.com

focusing on the future

IARFC
National Financial Plan Competition
April 29-30, Charlotte, NC

We invite the IARFC members to join the competition and become part of the judging process. Contact: 800.532.9060

IARFC Calendar

2015

January

Dunton Award Presentation
Lester W. Anderson
January 20-23, 2015
Hyatt Regency — Denver, CO
Cetera Advisors Connect Educational Conference (Cetera Event)

March

Semi Finals
National Financial Plan Competition
March 12, 2015
Middletown, OH

IARFC Annual Board Meeting
March 13, 2015
Middletown, OH

IMM and IARFC Greater China Conference
March 13–15, 2015
Xiamen, China

April

Business Owner Consulting Workshop
April 29, 2015
Charlotte, NC

National Financial Plan Competition Finals
April 29-30, 2015
Charlotte, NC

August

CE@SEA™ British Isles Cruise
August 9-17, 2015
Princess Cruise Line's —
Ocean Princess

New IARFC Members

Domestic Members

Kenneth A. Baumbach, RFC®, TX
Ashley Breberg, RFC®, ND
Jonathan M. Green, RFC®, MA
Bob Hall, RFC®, CA
David L. Howard, RFC®, GA
Jeremy L. Misek, RFC®, ND
Cynthia Jean Molzon, Staff Associate, DE
Mary T. Moose, RFC®, OR
Donald L. Oldham, RFC®, IN
Todd D. Olson, RFC®, ND
Jamey R. Pesek, RFC®, ND
Jason B. Piper, RFC®, GA
Michele Lynn Ransom, Staff Associate, MD
Max T. Ray, RFC®, AL
Shannon C. Reilly, RFC®, CA
Kayla D. Sivertson, RFC®, ND
Christopher M. Tostenson, RFC®, ND
Emmett Worth, RFC®, ND

International Members

Philippines 18

Members Who Recommended Members

Les Anderson, RFC®
Peter D'Arruda, RFC®
Steven Chantler, RFC®
Roger S. Green, RFC®
William Kent, RFC®
Brendan McGillick, RFC®
Chris Roberts, RFC®
Freddy Williamson, RFC®

Referrer of the Month Recognition
William Kent, RFC®

In Memoriam

In reverence we would like to remember our passing member(s):

Michael T. Brook, RFC®, Cincinnati, OH

Jack Kinder, Jr., RFC®, Dallas, TX

Robert W. Meldrum, RFC®, Ottawa, Ontario, Canada

Ronald A. Samuel, RFC®, Chicago, IL

IARFC Blog: http://iarfc.org/iarfc-blog
Contact susan@IARFC.org for assistance with IARFC Blog

The IARFC Blog brings you the tools, ideas and techniques you need to build a successful practice.

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India — www.iarfcindia.org

Indonesia — www.iarfcindonesia.com

Philippines — www.iarfcphils.org

Taiwan — www.iarfc.org.tw

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the Register

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In This ISSUE Vol. 16 No. 1

Cover Story

Features

Columns

Departments

the Register
In the News

Members In the News. Keep us informed on your recent accomplshiments. Have you added staff, certifications, seminars, celebrated an anniversary in the business? Send a brief description and a print-quality photo when available to editor@iarfc.org.

Monroe M. Diefendorf, RFC®, Locust Valley, NY

After more than ten years of preparation, in 2014, I unrolled the succession plan for Diefendorf Capital – a plan to insure that the company would improve its chances of continuing operations for another 139 years.

Cinda Lowe, RFC®, Dallas, TX

LD Lowe Wealth Advisory is honored to announce that Molly McCarthy, Lead Wealth Advisor for the firm, has earned the Charted Financial Consultant designation.

"Earning the ChFC designation is no small feat — it takes an exceptional level of dedication and a good deal of sacrifice to see it through," said Lloyd Lowe Sr., RFC®, founder and CEO of LD Lowe Wealth Advisory. "I have always been impressed with Molly's commitment to furthering her education to better serve her clients. We are all very proud of her for this achievement — she is a shining example to the entire team at LD Lowe."

Molly has been a member of the LD Lowe Wealth Advisory team for more than eight years. During her tenure, she has earned the Registered Financial Consultant (RFC) and Certified Retirement Counselor (CRC) designations and is a Series 65 investment advisor and general lines life and health insurance agent.

LD Lowe Wealth Advisory is also pleased to announce that Lauren Chastant, client service specialist, has received a Certificate in Paraplanner Development. With her completion of this certificate, Chastant's responsibilities as a client service specialist will be expanded to include junior financial planning duties, under the direction of the senior planners of the firm.

"When she joined our team a year ago, Lauren immediately embraced our philosophy of continuing education," said Lloyd Lowe Sr., RFC®. "We are very proud of her achievement and look forward to helping her develop her skills in the area of financial planning."

As a client service specialist for LD Lowe Wealth Advisory, Lauren is responsible for a range of client relations and communications, as well as plan maintenance.

"I am excited to be part of a company that invests in my professional development," said Chastant. "What began as a part-time administrative role has transformed into a career path in the financial profession and allowed me the opportunity to enhance my client relations and management skills."

the Register
Round Up

IARFC Members 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: What event/conferences do you have on your professional schedule to improve your practice or give back to the industry for 2015?

A: My plans for 2015;

1. IARFC National Financial Plan Competition, Charlotte, NC April
2. MDRT Annual Meeting, New Orleans, LA, June
3. CE @ SEA™ British Isles, August
4. Royal Alliance Annual Compliance and Education Conference, TX, September
5. MDRT TOP of Table, FL, October

Jon Rogers, RFC®
Greenville,SC

A: The industry conferences I consider the most valuable are:

MDRT (40 yrs), SFSP (41 yrs), IARFC (30 yrs), FPA (30 yrs)

Additionally, I helped establish a private school in 1999 called *T*he Institute for Financial Education that provided public classes in Retirement Planning & Money Management at the time. Years later we expanded the curriculum to include Practice Management & Private Coaching for other financial practitioners through the Practice Development Group, which meets periodically to discuss creative ideas for new business development. Today we offer courses leading to the RFC® and RFA® designations, as well as the Business Owners Consulting Workshop, Drip Marketing and Branding Workshops. In cooperation with IARFC, we are planning a full day Practice Development Symposium in, 2015 which will help Financial Professionals better understand and develop a Comprehensive Ensemble Practice. We believe this is a developing future trend in the industry and we hope to share important insights that will enable other professionals retain a competitive edge while building continuity into a succession plan.

Albert F. Coletti, RFC®
Smithtown, NY

A: Blowing Your Own Horn — You can't do it but you need to do it. When working with clients, clipping out an article (not a copy or a link) from a newspaper and mailing it along with a "Thought you might find this interesting" note speaks volumes. Although the advisor might have a stack of newspapers, the individual clipping implies "Of all the people he could send this to, he chose me." It also implies the advisor is "watching their stuff" and looking out for their best interests. Most clients want an advisor who keeps their investments top of mind.

Bryce Sanders
New Hope, PA

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

Our next issue will ask this question

What type of financial plans are you providing your clients?

What we are looking for are several sentences, although more are welcome. This may entice you to submit a short article on the current proposed *Register* Round Up question. These questions are sent out via email, contact us to join the list.

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

From the **EDITOR**

Loren Dunton Memorial Award

The Loren Dunton Memorial Award was established by the IARFC in 2000 and is awarded to the person who has made substantial contribution to the financial services profession and who embodies Loren's mission to "help persons wisely save, spend, invest, insure and plan for the future."

Do you know an IARFC member who has made a substantial contribution to the financial services profession and/or the financial interests of the public? If you do, now is the time to submit his or her name for the 2015 Loren Dunton Memorial Award, the IARFC's highest honor.

Past recipients included both U.S. and International members

U.S.
2000 Ben Baldwin
2001 Donald Ray Haas
2002 John B Keeble
2003 Alexandra Armstrong
2004 Vernon D. Gwynne
2005 Edwin P. Morrow
2006 Bill E. Carter
2007 John P. Walsh
2008 Mehdi Fakarzadeh
2009 Jack Gargan
2010 Steve Bailey
2014 Lester W. Anderson

International
2004 Liang Tien Lung
2005 Jeffrey Kim Chiew Chwee
2006 Samuel W. K. Yung
2007 Ralph Liew
2008 Siak Leong Choo
2009 Teresa So
2010 Richard Wu
2014 TuKai Yuan

Keep the IARFC strong participate by sending a Nomination, see more details and instruction on p. 28

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

COACHES CORNER

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.

Wilma Anderson, RFC®
Long Term Care & Critical Illness
www.CriticalIllnessCoach.com
WilmaAnderson@q.com
720.344.0312

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www.MaxBolka.com
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800.472.3288

Connie S.P. Chen, RFC®
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212.426.1910

Al Coletti, RFC®
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The Institute for Financial Education
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www.TheIFE.org
AColetti@designcapital.com
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Think Big! Coaching and Training
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Herman@ThinkBigCoachingandTraining.com
304.839.5101

Mark Gremler, RFC®
Billion Dollar Mentoring
www.BillionDollarMentoring.com
Marketing@BillionDollarMentoring.com
877.736.7492

Donald A. Hansen
The Ark Group
www.ArkGroup.com
DHansen@ArkGroup.com
866.725.0777 x201

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Preformance Coaching
www.KerryJohnson.com
Kerry@KerryJohnson.com
800.883.8787

Garry D. Kinder , RFC®
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Katherine@VestmentAdvisors.com
www.VestmentAdvisors.com
952.401.1045

Richard Weylman
Richard Weylman, Inc.
Teri@RichardWeylman.com
www.WeylmanConsultingGroup.com
800.535.433

Paid advertisement, contact wendy@IARFC.org for details

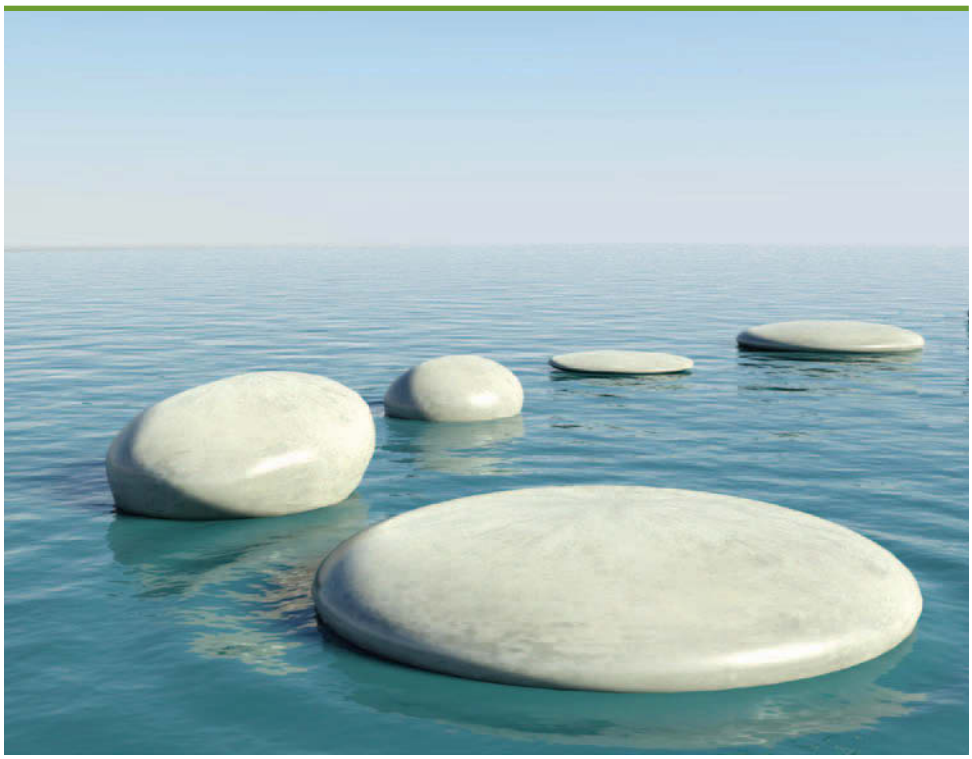
On The Path to Accreditation

MRFC Certification Board is "On Board"

MRFC Certification Board

Nicolas Pologeorgis, Ph.D, LUTCF, RFC® — Shepherd University, Shepherdstown, WV
Louise Fallica, RFC® — Design Capital Planning Group, Smithtown, NY
Edward Skelly, CLU, ChFC, RFC® — Sterling Financial Partners, Ashburn, VA
Burton Stewart, RFC® — Stewart and Company, Raleigh, NC
Julie Friend — The National Support Company, New Milford, CT

Progress! The MRFC Certification Board, duly elected by the IARFC membership last Fall, is in place and ready to delve into their accreditation ToDo list. Their first orientation meeting was with the IARFC accreditation team at the home office on October 30th via GoToMeeting. On the agenda were many housekeeping tasks — one of which was to determine a Chairperson. Dr. Nicolas Pologeorgis from Shepherd University graciously agreed to fill that role. Amy Primeau of the IARFC Accreditation Team is the Liaison between the Certification Board and the IARFC.



A Separate Entity

What is important to remember is that the MRFC Certification Board is a separately functioning department of the IARFC (not to be confused with the IARFC Board of Directors.) It was established by the IARFC By-Laws to operate and oversee the MRFC Certification program. Additionally it will provide input to the IARFC Board of Directors on the status of the MRFC designation as the process moves along the next two years and post certification award.

Mission Statement

The mission of the MRFC Certification Board is to provide an ongoing benefit to the general public by granting and recertifying the MRFC designation and upholding it as a standard of excellence for ethical, valued, competent and client-focused financial consultants.

Core Objectives:

The objectives are three fold:

1. **Protection of the public interest.** The MRFC Certification Board maintains standards that reflect the current job responsibilities of a financial consultant. It provides a pool of well-qualified financial professionals and ensures that the designees are adhering to the IARFC Code of Ethics.

At their first meeting on October 30th, Dr. Pologeorgis was elected Chairman of the MRFC Certification Board.

"I am happy to provide the IARFC and the MRFC Council my experience and expertise in accreditation as well as assessment and evaluation matters in pursuit of their accreditation goals and I am looking forward to working with everyone involved in the process."

— Nicholas Pologeorgis

2. **Communication and Awareness.** The MRFC Certification Board is a resource for the members for their continuing effective practices. It increases awareness of the designation and enhances its status in the public marketplace and promotes networking activity amongst designees to promote their professional status.

3. **Proficiency of the Designees.** The MRFC Certification Board oversees the strict requirements for the continuing use of the MRFC designation and requires that members maintain continuing professional education (CE) to stay current in their field.

Main Purpose

The Board has been advised that they are in control of the program. They oversee and maintain the designation program working closely with the IARFC team at the Association Headquarters. The main purpose of the MRFC Certification Board is to:

1. Establish, evaluate and implement requirements for certification and recertification for those who hold the MRFC® designation.

2. Establish, evaluate and publish standards and policies and procedures for the development, maintenance, administration, and scoring of the MRFC certification program.

3. Uphold the mission of the MRFC certification to address the financial services and consulting issues of our designees and the stakeholders whom they serve.

4. Refer any complaints received that may concern MRFC designee's conduct that is harmful to the public or inappropriate to the IARFC Ethics Committee, the entity charged with enforcing the IARFC Code of Ethics.

5. Oversee the administration of the certification program to include oversight of certification program personnel, policy implementation and administrative procedures.

6. Acquire, develop, disseminate and preserve data and other valuable information relative to the functions and accomplishments of the Certification Board.

All of the Directors are enthusiastic to participate in this important journey. The MRFC designation, when fully accredited will be an enhancement to your personal brand and your standing as a financial professional. Moreover, it will be the result of multiple years of hard work and planning by the IARFC Association.

The Board has much work ahead of them but they are organized, experienced and eager to start. To those who have stepped up to serve, the IARFC is appreciative of your dedication.

Susan Cappa is an editor and program coordinator for the IARFC. She is a graduate of the University of Cincinnati with a degree in Spanish and a graduate of Hondros School of Nursing. She brings over 20 years experience in program coordination, 10 years in the medical book publishing field and ten years of leadership skills as a PADI Scuba Instructor. Her background includes writing, editing, project management and leading students around underwater. She works closely with Ed Morrow in designing PowerPoint presentations and assists in writing blogs and social media posts for the IARFC. She is exceptionally proud to be part of the IARFC team that works for the Association.

Contact: 800.532.9060 x 306
susan@iarfc.org
www.iarfc.org

Use Self Talk Instant Replay

Whenever I end an appointment, I immediately transcribe what took place via Copy Talk. I reflect on what was said: did I talk too much, did I listen enough, did I ask the right questions; did I ask for the next appointment etc. Then I examine my notes and ask myself what I could have done better. This works really well immediately after the appointment because you can remember what was said to get the sale or the next appointment and what steps are needed, if any, to correct anything that may have gone wrong.

This is how athletes develop and grow after every game. Have you ever watched and listened to an interviewer ask a golfer immediately following their round how it went? They are always replaying the entire round hole by hole. They focus on the amazing shots, and they focus on the mistakes.

You must talk to yourself honestly. This is sometimes hard to do because in most cases you know what went wrong. As the saying goes: insanity is doing the same thing over and over and expecting the outcome to change. The result won't change, and that you can put in the bank. To get a different result, you have to change.

You have probably heard the old saying that it's okay to talk to yourself so long as you don't answer yourself. Whoever said that must be in an insane asylum because you can't do it. I talk to myself, and I answer myself on a regular basis. Talking to yourself can help, but it also can have negative impact, especially if you beat yourself up over a mistake. If I don't make a sale, I always ask what I could have done differently. However, I always try to finish by saying to myself, "Jerry you had a great appointment. If you hadn't taken the meeting, you would never have had the opportunity to grow and fix the problem. At least you had the appointment, and had a chance to bring on a new client."

I'm at my best mentally when I entertain a full schedule of appointments. By having a full schedule, it gives me the opportunity to accomplish two very important goals. First, I have the opportunity to assist the prospect in building a bridge to accomplish their goals. Second, I have the opportunity to add another stanchion to my bridge for my family.

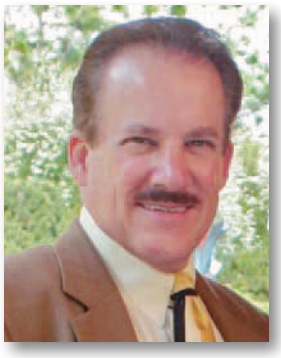
When you're in sales, you must be in front of potential prospects constantly to be successful. You must also have amazing customer service. Every moment with your clients should be impressive. You need to treat them better than anyone else.

Have you ever gone into an automobile dealership and seen the sales people standing around just waiting for someone to enter the showroom? While living in Ohio, I purchased several automobiles from the same dealership and from the same salesman. Why? When I scheduled an oil change or some other routine maintenance, the salesman checked to see if I had a valet pick up scheduled or a courtesy car scheduled. If I did, he was there to greet me and take me on a stroll through the showroom to present any new vehicles that might have been of interest.

Recently, the same dealership in Ohio delivered a new car to our director of marketing who lives in Florida! Why Ohio? Because they did what the Florida dealerships were not interested in achieving! They truly respected the individual's schedule and her time constraints, and they worked out the delivery time to meet those. The Florida dealership was used to having their customers come on the lot, pay whatever the sticker showed, sign here, next. The Ohio dealership was truly willing to put their consumer, prospect, or customer first. As a matter of fact, the salesman even checked in with our director on her trip back to Florida every four hours to make sure the car was performing well and that she was safe on her journey. Now ask yourself where do you think she will go for her next vehicle?

This is why we must service our prospects and customers with the same attitude and respect that we desire for ourselves. Those that go the extra mile will devour those that won't. Take the time to say thanks and always take the time to ask yourself what I could have done better.

Sometimes we need to change our strategy. If we always do what we've always done, we'll always get what we've always had. Remember too, sometimes it's not WHAT we say; it's HOW we say it!



Jerry Royer, RFC®

Jerry Royer, RFC® is the CEO of Group 10 Financial, LLC, with offices in Orlando, Cincinnati, and Peoria. Jerry and his son Nick co-host their weekly radio show on numerous radio stations. Jerry is the author of *It's Your Money* and is a regular financial commentator on NBC news networks. Jerry has spent decades not only educating people on how to get to and through retirement, but he has trained numerous financial advisors to do the same.

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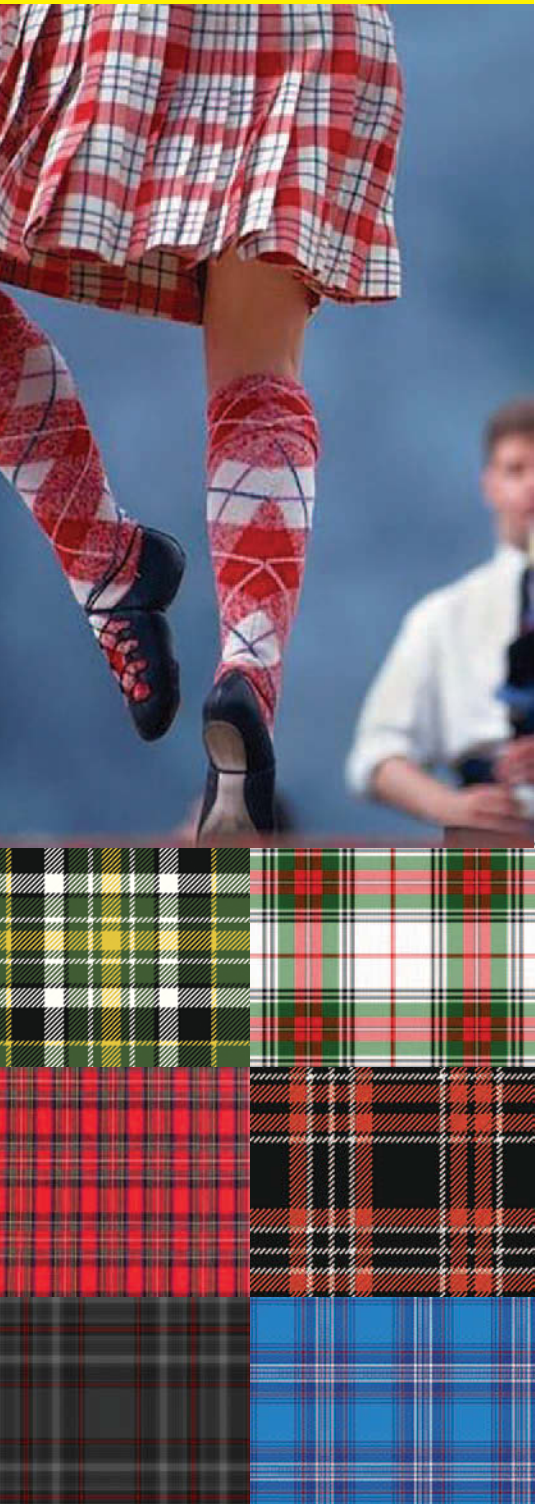

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Conference Attendee Fee - $150 USD, due upon receipt of invoice from IARFC.

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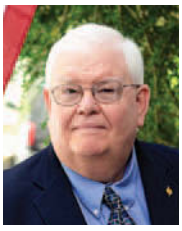
CSP, CPAE,
Weylman Center

Les Anderson
MBA, RFC®
Cetera Advisors



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FPNA, AFAIM, RFC®
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Durrbeck Financial

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Noel Milner
RFC®
Milner Financial

Come Lads & Lassies! Contact:
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Starr Morrow, Cruise Director, Starr@IARFC.org or 423.741.8224

The Shift in Power by CE @ SEA™ SPEAKER C. Richard Weylman

C. Richard Weylman, CSP, CPAE, is a Hall of Fame main platform speaker, author of the current CEO Reads best-selling book, The Power of Why: Breaking Out in a Competitive Marketplace & Chairman of Weylman Consulting Group. Richard will be presenting on our IARFC cruise in August and will be aboard for discussions throughout the entire trip.

There has been a fundamental change of 21st century business, the shift in power from the seller to the buyer. Prospects and even existing clients now seek out and want to do business only with those who can communicate in and from their perspective. Unfortunately the financial industry has a continuing case of "I" trouble.

In a world where information is ubiquitous, instantaneous, and inexpensive, the financially successful don't care that you have great products, years of experience, or are rated #1. Rather, today's consumer has a single focus, "Why should I do business with this company or advisor? Will they help me accomplish what I want?"

No longer do potential buyers respond to a Unique Selling Proposition (USP) which so many financial firms and financial professionals continue to use. Rather, consumers today seek and respond to a Unique Value Promise. A clear functional and emotional reason, clearly stated upfront, that illustrates the outcome they will receive by doing business with you.

Here are a few Unique Value Promises of companies who have responded to this shift. Note that they communicate clear outcomes from the customer's perspective.

FedEx: their promise? "When you positively need it overnight."

Lazy Boy Furniture: their promise of outcome. "Live Life Comfortably."

Dollar General conveys real value with: "Save time, save money. Every day"

Even Walmart has recently responded to this shift , moving from their USP," Low Prices Every Day" to a Unique Value Promise of "Save Money-Live Better"

In every illustrative case they do not talk about their products, services, or perceived dominance – as in, "We are #1" – in an attempt to sell us. They don't talk about who they are or how they do things or their years of experience. Instead they clearly message what they will do for the consumer solely from the buyer's perspective.

In today's commoditized and competitive marketplace, prospects and clients alike know the difference between a real promise and a selling proposition. They want a high level promise of outcome before they even inquire and engage.

As a leader, owner or advisor - if you actually do "tailor solutions to meet financial goals", why isn't that communicated to prospects and clients instead of your attributes? If you "help the affluent achieve their financial objectives", isn't that far better than "we have a comprehensive investment or research process?" "Isn't protecting your family and assets" far better than "I manage money for a select group of families?"

These examples will be seen or dismissed by some in the industry as slogans or tag lines. They are neither. A slogan or tagline is often a short lived company or product –centric promotional tool used in the hope of driving sales or actions around a product or service.

In contrast an authentic Unique Value Promise establishes an advisor and/or a firm as distinct from all others in the marketplace.

However the change to customer-centric messaging and communications doesn't end with a UVP. It is really just the beginning. Making a promise of outcome sets the stage and generates curiosity with the prospective buyer.

In the sales process, financial advisors must also communicate in and from the buyer's perspective. Confusion continues to reign in the mind of the prospect when the focus in the sales and marketing process is on industry lingo, acronyms or "I, We" attributes of a product or practice. Too much value is missed without customer-centric clarification. The clarifying transition phrases "and what this means to you," and "the benefit to you is" when used to describe a feature or attribute powerfully clarifies exactly what the financially successful will accomplish through your product or your practice.

Assuming prospects or clients will know the full value of your products and services without communicating in and from their perspective is to simply ignore the shift in power from the seller to the buyer. Affluent individuals are not interested in what you think unless they perceive you think like they think and demonstrate it in all your messaging, illustrations, and actions. To ignore this shift which has already occurred is to join the race to the bottom on fees, pricing and sustainable revenue growth.

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Marketing Unplugged

Getting Wine Fans to Accept Investment Advice

Ever feel some people just have too much money? Some investors don't even bother opening their monthly account statements. Personally I think the market decline of 2008 cured them. If they start ignoring them again, that's a good sign of another market top.

Many people have a passion. The same client that is too busy to open their account statement likely reads the ***Wine Spectator*** cover to cover — if they are a wine fan. You can get through to that person if you approach them through their passion. The wine fan that puts you off when you bring up stocks and mutual funds might be more receptive if you changed your approach and spoke their language.

Six Lessons Taught Through Wine

Your wine loving client doesn't want to invest in the stock market or is doing it badly on their own. You've done your homework. How do you get them to focus and buy into your strategies?

1. **Why Diversification Matters** — Your client owns a couple of technology funds. Maybe they like medicine and own a healthcare fund. They consider large cap funds boring.

The wine analogy: Burgundy, arguably France's greatest wine region produces almost 100% of its red wines from the pinot noir grape. When it's good it's very good. If the weather doesn't cooperate, they make poor wine. Bordeaux, France's other greatest wine region produces it's red wines from five dominant grapes: cabernet sauvignon, merlot, cabernet franc, petit verdot and malbec. They ripen at different times. If the cabernet sauvignon crop isn't good this year, they can increase the percentage of merlot or cabernet franc. They can produce good wine under difficult conditions.

The investing lesson: Burgundy's reliance on one grape type is similar to investing in a single country fund or a sector fund. If healthcare doesn't do well, there's little the manager can do. They must work with what they've got. Those Bordeaux winemakers have more flexibility. If one grape isn't doing well they focus on the others. Large cap growth and value funds have the flexibility to invest in industries where they feel they will get the best returns.

2. **Managers Matter** — Your client thinks all Equity Mutual Funds are the same. They like Exchange Traded Funds (ETFs) because they think they are cutting out the expensive middleman. They focus on fees and buy what's cheapest.

The wine analogy: The wine world is full of stories how two vineyards situated across the highway produce wines that sell at dramatically different prices. Your wine friend will know several. If not, here's an example. In the Paulliac region of Bordeaux, Chateau Lynch Bages and Chateau Lynch Moussas were once the same property. A bottle of the 2009 wine will run about $185 vs. $50. They are virtually adjacent. Same soil, same weather, similar grapes. The winemaker and the tools they use make the difference.

The investing lesson: Most large capitalization growth funds can likely choose from the same universe of stocks. Many of them are likely contained in the S+P 500. Some funds do better than others. The fund management makes a difference.

3. **Past Performance is No Guarantee of Future Results** – Some investors are wedded to certain stocks. Widows refuse to sell a stock left by their departed spouse. You have your reason for feeling diversification is warranted.

The wine analogy: The wine world has plenty of stories where a sleepy vineyard run by absentee owners is suddenly transformed when the children inherit. The kids have traveled to learn winemaking. They have worked at vineyards in other countries. They got their bank to lend money for new equipment. Suddenly the wine is hot and you can't get it.

The investing lesson: A company might be lagging its peers within their industry. Suddenly there's shareholder activism. A turnaround investor buys lots of stock. The old board is out. A new management team is brought on board. This might not be immediately noticed by lots of investors who still remember the sleepy old company. Your research team might have done the legwork and discovered this hidden gem.

4. **Buy on Bad News** – When the stock market is going through a rough patch, often good stocks get dumped along with bad ones. You feel it's an ideal time to buy. Your client is hesitant.

The wine analogy: Wines once had great, average and poor years. Investments in winemaking technology at many properties has greatly reduced the number of poor years. The wine world still chases the "vintage of the century" and often ignores other years. Chateau Mouton Rothschild is a famous top tier vineyard in Bordeaux. The 2009 gets a 99/100 score from a famous critic and sells for about $1,100/bl. The 2008 gets a 94/100 from the same critic and sells for about $ 700/bl. Same vines, same land, same winemaker. It's still a great wine, just cheaper.

The investing lesson: Buy good stocks when the market declines. It's likely they have the same management team, fundamentals, dividend and the same from your analysts. It's just…cheaper today.

5. **Buy and Hold** — Many investors want instant results. Having prices quoted daily doesn't help. "This isn't working out. I want to sell." You feel the fundamentals are sound and the client is well positioned going forward.

The wine analogy: Fine wine is a living beverage. Wines from great vintages, stored properly usually improve over time. The rule of thumb for red Bordeaux wines was they required 10 years to mature. Wines from the St. Estephe region within Bordeaux aged at a slower rate. They used to require 40+ years to fully develop. Collectors bought wines on release and cellared them for future enjoyment.

The investing lesson: Patience is a virtue. An oil company with a new find in a remote area needs time to properly locate the oil, drill the wells and construct the infrastructure to get the oil to market. Hopefully your stock pays dividends in the meantime. Sit tight and let them do what they are good at doing.

6. **Expert Advice Needed** — The stock market is booming. Your new client concludes: "Anyone can do your job." They are resistant to advice and paying fees.

The wine analogy: Your client likes chardonnay. They had this white wine at a party. It's tasty and they want more. Upon entering their wine store they find fifty chardonnays in identical bottles with different labels. Some sell for $8. The ones in the locked cabinet sell for $300. They come from different countries. They rely on their trusted wine merchant for advice.

The investing lesson: Investing in the market appears easy until it isn't. Individual investors historically buy high and sell low, a major reason why earlier this year Morningstar showed over ten years the average mutual fund returned 7.3% while the average fund investor earned 4.8%. Some investors hold losing positions too long while selling winners too early. This is an area where professional management can show its value.

Wine fans "get it" when studying about their passion. It's easy to drive your point home by talking their language.

Bryce M. Sanders

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Simon Chu, CEP, RFC®

Toast to Your Success

It is time to celebrate the successes of the past year and then start 2015 with even more opportunities for excellence. The Register is moving forward with a feature article on Simon Chu from Cornerstone Financial Strategies located in East Brunswick, NJ.

Simon and his associates have perfected the process of giving seminars to a target group of senior investors and retirees. His story gives professional insights of the industry, his practice and our Association.

First, please tell us about your successes in 2014.

Answer: 2014 was a great year for Cornerstone Financial Strategies. One of the most important things that is needed in a successful business is that drive to always do better for our clients and expand. We opened our offices in Pennsylvania and started hosting seminars there. We also started offering community events such as our Wine Happy Hour where I can spend quality time with our clients in a more laid back atmosphere.

Additionally, our referral program hosted a wonderful BBQ for our clients that qualified with their friends. Happily our referral program is growing this year in preparation for next year's trip which will be a Brunch Boat Cruise.

Another factor in our success has been bringing others into the company and teaching them to be successful too. I'm a strong believer in the idea that if you help others be successful you, in turn, will become more successful as well. We've brought new people into the company this year and I'm pleased with the results.

Going forward in 2015, how do you plan to promote Cornerstone Financial Strategies to prospective clients?

Answer: I have attended multiple seminars and conventions in order to find out what more we could offer to our clients. We have been investing energy into long term care, estate planning, and how to save taxes for our client's families when they pass. It definitely seems like something that our clients could benefit from, so we are trying to implement it into our business.

That being said, our current clients came to us for a reason, because they trust us. One of the best ways to build a healthy and sustainable business is to build strong relationships with current clients. This, in turn, creates referral business and is beneficial to the life of the company.

We also want to create new experiences for our current clients and help them continue to grow. In that vein, Cornerstone Financial Strategies has increased the amount of specialized educational seminars we do and provided information on the hot topics of Social Security and long term care. We will also be continuing our popular client dinners and wine events throughout the year. In addition we are planning on organizing some beer tasting events to brighten up those long winter days, as well as, planning fun company outings with our clients for any big upcoming movies and theater productions.

How do you have time to do the amount of seminars (2 per week) that you do?

Answer: Our educational system is lacking teaching an important topic for peoples' lives, which is personal finance. So when it comes to retirement people are typically nervous and overwhelmed. I make it a point to set aside time each week to help people learn more about their financial options. The key to having the time to run two seminars per week is to have a good scheduling system in place. My staff and clients understand that there is a block in the schedule every week for the seminar and our meetings are scheduled to work around it. After doing this for years and keeping an organized calendar it becomes very easy to handle the seminars.

Happily our referral program is growing this year in preparation for next year's trip which will be a Brunch Boat Cruise.

Explain how you became involved in working mainly with the senior or "baby boomer" market?

Answer: I became involved in working mainly with the senior market because given the nature of the industry, the retirement sector is not only relevant to all, but it is constantly changing. When I was young, I viewed it as a challenge: to conquer an industry that is complex and worrisome for many. At the time, I was actually helping my parents decide what to do with their money, and after doing some research, I

realized this is something that I could be really good at…and I was right. Now, I've had so much experience and enjoyment out of helping my clients, I wouldn't have done it any other way.

What do you foresee is the primary concern for this client base in 2015?

Answer: The primary concern for my client base in 2015 is the current market volatility. We have been lucky these past few years with the market rising so high but with that comes the fear of when will it drop again. Many people fear the current government's debt and the potential rise in inheritance tax. There is also the fear that Social Security will be taken away and many people in my client base depend on that for retirement.

Your website homepage says you help educate clients about the basic concepts of financial management. Can you easily explain what these concepts are?

Answer: Of course. I believe there are three basic concepts for financial management. First you must live below your means. I'm not saying you shouldn't spend any money but you should have a strong control of your income and expenses. You especially should not have your expenses exceeding your income. The amount of consumer debt in our society is frightening and I caution my clients against it all the time.

Second, you need to be aware of how Social Security works and the right time to start collecting to avoid high taxes and getting the highest benefit. The appropriate time and correct strategy for accessing Social Security is different for everyone so I make sure all my clients know the correct time for their situation.

Lastly, it's the knowledge to plan ahead for the worst case scenarios. Whether it's financial or healthcare related, we want our clients to have the comfort of knowing there is a plan for those issues. No one would like to think that unfortunate things could happen to them but it is necessary to have these conversations that a plan is in place if, God forbid, that time comes.

Tell us about your decision to write your book *The Retirement Pitfall: Retirement Mistakes the Government Never Told You About.* What was that process like?

Answer: It seemed like there was no real playbook that one could easily reference to properly prepare for retirement. Those that were out there either wrote the information in such a way that you needed to have a business degree to properly understand it or condescended to the reader and left parts of the story out. I wrote this book in hopes to help people plan for an easy retirement, without all of the nerves that typically come with it. It is written in an easy to read language (no fancy financial terms), but doesn't insult the readers intelligence. I know my clients are savvy.

I think the book is really helpful to anyone who plans on retiring. My clients have really enjoyed it, and it seems to be well liked by all those who have read it. It was a really great experience writing the book, because it allowed me to channel a lot of my financial advice into something that I know others would benefit from.

As far as your association with the IARFC – why did you decide to join?

Answer: We decided to join the IARFC because it is one of the largest professional organizations for people in the financial field. It is very organized and a great tool for us to network with other professionals. It is an honor to be a part of the IARFC.

Two years ago, New Jersey experienced a natural disaster of epic proportions with Hurricane Sandy. How did you help clients who were affected by this event?

Answer: Hands down Hurricane Sandy was one of the worst natural disasters that we have had to deal with. Unfortunately, many of our client's homes were destroyed or affected enough to need repairs. Then there was the issue of the insurance being delayed and not being able to give enough coverage for everyone to get their repairs done. Thankfully, part of my financial planning for my clients is to make sure they can be covered for these situations. We have been active in helping our clients free up funds from their investments for the repairs and have been assisting them with receiving emergency loans.

What has this situation taught you about preparedness for yourself and your clients regarding their financial future?

Answer: This situation taught me how truly important it is to be prepared for unforeseen circumstances. Our office was lucky enough to not sustain damaged but we did lose power for four days. Thankfully, our staff was prepared with backup data to help clients from home and we were able to forward most calls to an office with power. Sandy was clearly a disaster of epic proportions for the entire New York/New Jersey area.

However, the more important thing to take away from Sandy from a financial perspective is that next time it may not be a hurricane that creates a financial crisis for my clients. It is just as easy to fall victim to a personal disaster such as illness, incapacity, or poor planning. I want to make sure that my clients are covered in any of those circumstances. We want to always be able to help our clients in the worst of times.

On a personal note — give us your background story. You were born in China. How did you make your way to the New Jersey area? What was your path like?

Answer: My parents believed that an American education is the best education and they worked hard to send me to school in the United States. Immediately I was impressed by the U.S. and I decided to continue living here after graduation. It was a bumpy road moving to a new country at a young age and learning a new language while going to school but it led me to where I am today. I couldn't be happier.

What does time away from the office look like?

Answer: My main hobbies are photography, golfing and reading. Two years ago I began to golf and I started taking lessons to improve my skill. Many of my clients have taken the time to golf with me and help me improve. It has been a lot of fun! I also believe that learning is a lifetime process, which is why I listen to and read about 100 books a year. The topics vary from business, finance, and personal growth. On the weekends I teach the youth fellowship at church and I network with other successful people to see what I can be doing better for myself and my clients.

Tell us about your involvement with the United Nations?

Answer: Besides working in the field of financial planning, I assist with economic research for an NGO under the United Nations. It mainly focuses on the U.S. and Asia pacific economic trends. I attend many workshops by top economists and world leaders, which give me great insight in the world's current situation and future movements.

To end: What is the best piece of advice you can give Financial Consultants?

Answer: The best piece of advice I could give to anyone is to treat others well. In the services industry it is especially important to treat others with kindness and respect. Someone who communicates well and truly cares for the well-being of others is someone who will go very far in life. It may seem small, but it is truly the most important quality to have in any walk of life.

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The Biggest Wealth Transfer

Guided by Income Planning Advisors

It has arrived, the money's in motion. The money tsunami of over 20 trillion dollars. The age of the Baby Boomers, of 10,000 people turning age 65 years old for the next 19 years in the U.S. since January, 2011.

As Boomers pull the plug with employment and head into retirement, there is an extremely important need for new ways to preserve retirement savings and obtain income with guarantees that last a lifetime, for themselves and for future generations.

The key element of understanding the macro picture for planning is that there comes a time in our working years where we have fulfilled our personal objective within what we call the accumulation of our working years. Now it's time to plan for wealth decumulation years, such as we know retirement income for years to come. In the era that we're living in, we have to plan out our retirement for 25 to 30 years. More and more people these days are living to age 90 and beyond. In order to properly guide our clients, there must be awareness of the retirement game — the full retirement game; both the first and second halves; the first half representing the accumulation phase and the second half representing wealth decumulation. We must help our clients be winners at both halves of the game during the first half, the accumulation phase of their working years.

Unfortunately, most people don't plan correctly for retirement. They should be creating a foundation known as a retirement income benchmark. If we were to take a time machine back to the 2008 meltdown and see what the average losses were, most 401(k)s lost an average of 24% during that time span. In today's uncertain market, retirees and investors are still recovering from the financial and emotional trauma.

The most current economist's view of decumulation is in full agreement and endorsed by the most prominent economists in the world, including Nobel prize winners. The Wharton Business School report that reviles the significance of annuitization of a substantial portion of retirement wealth is the best way to go.

Additional studies within the report showed the aspects of annuitization in retirement wealth. They compared mutual funds, stocks, money market or a combination that are subject to greater risk and possible higher expenses. They are unlikely to keep pace with annuity returns, when risk is taken into account.

The Rule of 100 is an effective way to measure the risk assessment for appropriate allocation of the retirement and investment assets. The Rule of 100 uses age as a

baseline in the calculation and exposes risk. This calculation takes the number 100 and subtracts the average age of a husband and wife from 100. This produces the appropriate ratio of risk to safe assets. The impact to market risk can dramatically impact the longevity of retirement savings due to how long it takes to make back the losses. The aftermath of the 2008 meltdown, as stated earlier where accounts lost anywhere from 24 to 70%, is still being felt today.

Here's an example. If you were to lose 30%, what kind of return would you have to get to recover? A 42% return. Wall Street doesn't want you to know this. So, if you lost 30% and if you had 3% net return, it would take 12 years to fully recover.

The dreaded Triple Top Chart is alarming to investors and traders due to the current stock market patterns and clearly shows that the S&P 500 is in a third major peak right now. The Triple Top chart has proven that market patterns go through three common tops. The first peak was in 1999, followed by a 60% market loss. The second peak was in 2007 and followed by another 60% market loss. Now the third peak has formed. Could another stock market plunge be on its way? Could it hit retirees at any time?

Does history repeat itself? Most boomers are still operating on the investment and accumulation mind-set of the 1982—2000 stock market rallies, which have grown their six and seven figure portfolios. We are currently on a 5 year Bull market run that was manufactured by government quantitative easing. This feeds into the Bull run frenzy, which puts the markets on life support, waiting to pull the plug at anytime. Most folks are navigating forward with the rear view mirror!

What did Warren Buffet say about investing? The first rule to investing is to never lose money. The second rule is to never forget rule number one. An Allianz Life survey, "Reclaiming the Future" clearly stated that consumers want safety over returns. During this study, 76% of consumers agreed to a 4% return, guaranteed not to lose value. The other 24% chose an 8% return with the possibility of losing value and remaining vulnerable to market volatility.

Boomers these days have another risk in addition to market and principle risk; longevity. Longevity risk these days is paramount and there is a paradigm shift that is taking place with consumers to have guaranteed income for life. The challenge is to turn assets into income and make that income last a lifetime. The current mortality and longevity risk for a 65 year old female is a 56% chance of living to age 85 and 35% chance of living to age 90. A 65 year old male has a 46% chance of living to age 85 and 25% chance of making it to age 90.

We must plan for 25 years or more of taking income. America has a greater number of centenarians than any other nation. Hallmark recently revealed that they sold 85,000 100th birthday cards.

What is the formula to a successful income plan when it comes to your retirement years? The process begins with identifying retirement savings assets such as 401(k)s, IRAs and non-qualified savings and totaling their values. The next step is to identify sources of retirement income that are not savings dependent, such as Social Security benefits. Be cautious with claiming Social Security income at age 62 as this will reduce your monthly income by 25% versus waiting to retire until age 66 or 32% more by retiring at 70 vs. 66.

Next on the identification process is to include any pensions, rental, business or any other income sources and their duration. Now, determine the client's retirement income needs and desires. The total retirement income solve consists of two components: Required Income and Lifestyle Income Combined, they provide the full income picture.

Required income is the actual amount needed to maintain a comfortable but not elaborate lifestyle for the remainder of the client's lifetime. The required income is specifically for housing, food, transportation and medical, totaled and prioritized for our calculation. Lifestyle income includes the expenses of travel, hobbies, gifts and family. Combine the two for the amount used in the solve.

Next you will determine the income gap, or deficiency, by finding the difference between the non-savings dependant income (Social Security) and the required income. Now you have the total income gap amount that is generated by retirement savings assets from the first solve (401(k), IRA and non-qualified savings).

Typically we use Personal Retirement Fact Finders to identify the biggest income deficiency in retirement. The majority of Boomers have a retirement income gap and don't know how to appropriately build a bridge to fill the gap. Solving the gap deficiency takes a good understanding of the client's individual income needs and knowing how bridge the retirement income gap using a variety of longevity risk tools such as guaranteed income annuities. This includes: fixed annuities (with GWBR), single premium immediate annuities, 5x5 annuitization annuities. Split annuities and laddered annuities can be used in combination to help bridge the retirement gap or enhance retirement income and cash accumulation for retirees.

The use of fixed index annuities enables the consumer to achieve safe and secured compounding growth; guaranteed on a tax advantage basis with a unique ability to capture a significant portion of index returns without having to risk one's principle or prior gains. In other words, a fixed index annuity enables the consumer to achieve growth without risk. Longevity risk management through the use of annuities has been historically used in America for more than 200 years, protecting families' incomes and assets.

As a Senior Business Development Advisor with BCA Marketing, I feel strongly that the time is right to implement income planning strategies in order to take care of our Boomer clients in this manner. If they live another 30 years, they can still continue their legacy to their spouse, children and grandchildren.

In the end, you will be recognized as the retirement professional that you are. And the one who is skilled in offering clients sound advice.

Joeseph Clark, CFEd®, RFC®

Joseph Clark, CFEd®, RFC®, has extensive knowledge in preservation and distribution of wealth, retirement planning, reduction of financial risk, tax efficiency and protecting assets from catastrophic illness. He is an experienced teacher, consultant and advisor with Brokers Choice of America. Joseph also works with personal clients through his agency, Clark Advisory Group.

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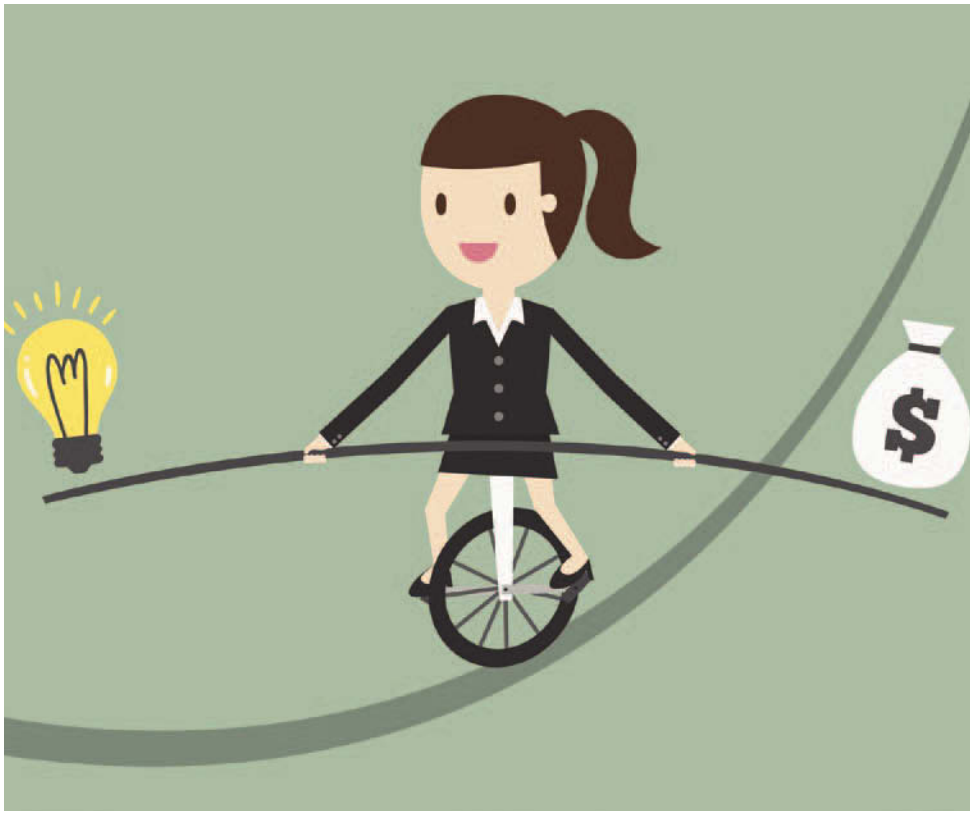
Tech Tips

5 Things Most Financial Advisors Don't Know About Email Marketing

Have you ever received an email that piqued your interest? Perhaps it spoke to a relevant business conundrum you were facing or contained an offer that came just in the nick of time. Despite what you may assume, this is no coincidence. With segmented or "tripwire" email marketing, it is possible to deliver targeted messages that directly meet the unique interests and needs of prospects. Here are a few steps you can follow to develop lead-nurturing e-marketing campaigns that transform prospects into clients.



1. **Create offers**

Recently, I was listening to a business mentor give a presentation and was really interested in one piece of advice he gave: "If you want people to do something for you, do something for them first." This advice is the fundamental premise of email marketing.

Give your prospects something that is of value to them. Offers come in many forms, and in order to create effective ones, you have to know a bit about your target audience. What are they interested in? What do they want to learn about? What are their goals? What problems do they face? Here is what you may consider offering:

- An e-book download
- A whitepaper
- A free consultation
- Access to free calculators
- A free weekly newsletter with information of value to them

2. **Develop calls-to-action (CTA)**

Once you've created some offers, you must somehow entice your audience to access them. This is where the call-to-action comes in. A CTA creates a sense of urgency and direction for your audience. An example of a CTA would be, "Download our free retirement e-book!" Alongside the CTA should be a form. The form is where the prospect must submit their email address (at least) to access the offer. It's up to you if you want them to provide more information, like their name, phone number, or company. Here are some avenues you may consider for your CTA:

- Download buttons
- Forms on your website
- CTAs on social media
- Landing pages that specifically prompt people to take advantage of the offers.

3. **Funnel your prospects in**

Let's say that Sally, a 45-year old widow on the brink of retirement, signs up to access a retirement calculator on your website. Once she signs up, her email address should be segmented into a drip email campaign. A drip email campaign is a sequence of emails that prospects receive over a fixed amount of time. The content in the emails should relate to the offer they opt into. For example, if Sally opts in to access a retirement calculator, she should start to receive emails pertaining to retirement planning.

4. **Automated emails**

We know Sally opted to access the free retirement calculator. So how many emails should you send her? How should the emails be organized? How often should you send them? My recommendation is to send five emails over the course of 1-2 months. There are various schools of thought when it comes to how you should schedule the automation, but this is what I've found to be the most effective.

Here are some additional pointers for the emails:

- **Always give direction:** What actions do you want the prospect to take? Do you want them to visit your blog? Do you want them to opt into your weekly e-newsletter? Getting

your prospects more and more involved with your company is one of the many goals you should have with e-marketing.

- **Be conversational and keep it concise:** Would you read an email that was super long and boring? Probably not. Neither will your prospects.

- **Start soft; end strong:** The first 2-3 emails that your clients receive should be somewhat soft (from a sales perspective). In other words, don't ask the prospect to come visit you in your office for a one-on-one meeting in the very first email. Instead, establish some credibility and comfort first. Direct them to your blog or video library so they can learn more about your firm. After they've already received several emails, you can then consider requesting a consultation or meeting.

5. **When the campaign ends…**

When the drip email campaign ends, you have several options for how you proceed. If you haven't heard from Sally, you may consider giving her a call to see if she has any questions or is interested. If Sally is not currently interested in your service, do what you can to stay in front of her in the months to come. Do this by sending emails to her one or twice every month or prompting her to sign up for other offers you have. According to MarketingSherpa, 70 percent of your leads will end up buying something from you or one of your competitors, but they won't do it right away.

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.

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Your Stocks Are Up and Your Bullion is Down

Capital Loss Carryover Using Bullion

The recent volatility in the equity markets and the stagnation and decline in the bullion markets have given rise to a tax saving opportunity to reduce any capital gain or offset any ordinary income using your gold or silver bullion…*without giving up the amount of gold or silver bullion you currently own!*

Simply, if you have a gain in assets from a sale of property of stocks that creates a taxable event, you can use bullion holdings that you purchased at a high point in the cycle as an offset. Sell the amount of bullion needed to offset the gain that you have to report. If you bought $20,000 of silver bullion at $40 per ounce (500 ounces) and you have a real estate profit of $10,000 to report, sell the bullion at the current price of $20 per ounces (500 ounces) for $10,000. Use the $10,000 loss from the silver purchase to offset the $10,000 taxable gain. (You paid $20,000 and sold it for $10,000). Now you have $10,000 in proceeds from the bullion sale. You wait 31 days and **BUY BACK** 500 ounces of silver for $10,000 at $20 per ounce. You have reduced your capital gain and still have 500 ounces of silver.

Capital Loss Carryover Can Be Used Against Future Gains

Yes, capital losses can carry over to future tax years. Here's how it works.

First, capital losses are used to offset capital gains.

Example: If you have a $10,000 capital loss and a $10,000 capital gains, they will offset each other.

Second, $3,000 of a capital loss can be used to offset ordinary income.

Example: If you have a $10,000 capital loss and no gains, you can use $3,000 of the capital loss to deduct against ordinary income. If your ordinary income is $50,000, you get to deduct the $3,000 of capital loss. You only pay tax on $47,000 of ordinary income.

Third, any capital loss that is not used in the current year can be carried over indefinitely to offset future capital gains.

Example: If you have $10,000 of capital loss, after using $3,000 to offset ordinary income, $7,000 will carry over to the next year. Next year, if you have $5,000 of capital gain, you can use $5,000 of your loss carryover to offset this gain, and use the remaining $2,000 to offset ordinary income.

Sometimes it makes sense to realize a capital loss on purpose so you can use it to offset ordinary income in future years. This is referred to as tax loss harvesting.

Ordinary income is taxed at a higher tax rate than capital gains, so carrying your capital loss forward and using it against ordinary income in the future may provide a bigger benefit to you. It all depends on your individual tax situation.

With the now permanent zero percent tax rate that applies to capital gains for those in the 10% and 15% tax brackets, it can also make sense to harvest capital gains so that no tax is paid on them. A good accountant can help you figure out if this makes sense.

Keeping Track of Capital Loss Carryover

Capital gains and losses are reported on Schedule D and Form 8949. When reported correctly these forms will help you keep track of any capital loss carryover.

Of course, there are additional rules that apply when you dig into short term gains vs. long term gains, and whether deductions can be used to offset state income. And of course when it comes to taxes, it is always wise to seek a qualified tax adviser to determine answers for your specific situation.

Capital Loss Definitions

Capital Loss

Gold coins are classified as capital assets. Gains on capital assets are classified as capital gains and reported as such on your income tax return. You can use losses on capital assets held for investments to reduce the amount of reported capital gains or as deductions against other income. If you have sold your gold coins for less than you paid for them, you have a deductible capital loss.

Loss Types

A capital loss must be classified as either a short term or long term loss. If you owned your gold coins for one year or less, the loss will be classified as a short term loss. If the holding period was greater than a year, the loss will be a long term capital loss. When claiming the losses on your tax return, the losses must first be used against the same type of gains, then the other type of capital

gain and finally against other income. Use of losses from your gold coins must be applied in the proper order until all of the losses are accounted for.

Reporting Your Loss

Capital gains and losses are reported on the Schedule D form included with your income tax return. The form separates out short and long term losses and gains, automatically using the losses in the correct order to offset gains and reduce your capital gains taxes. Once completed, the Schedule D will produce either a balance of capital gains after the losses from your coin sales have been deducted or a net capital loss which transfers to your 1040 income tax return.

Loss Write Off Limits

If you have capital losses in excess of your capital gains for the year, the maximum amount of loss you can use against other income is $3,000. For example, if you lost $10,000 on your sale of gold coins and had no other capital gains or losses, you could use $3,000 of the loss as a write-off on this year's tax returns. The remaining unused loss would be carried forward to next year when the loss can be used against capital gains or other income.

Have a Gain? Revenue Rulings 1031 Exchanges

Revenue Ruling 79-143, 1979-1C.B. 264 disallowed a 1031 exchange of U.S. $20 gold coins (numismatic-type coins) for South African Krugerrand gold coins (bullion-type coins) concluding:

"Although the coins appear to be similar because they both contain gold, they actually represent totally different types of underlying investment, and therefore are not of the same nature or character. The bullion-type coins, unlike the numismatic-type coins, represent an investment in gold on world markets rather than in the coins themselves. Therefore, the bullion-type coins and the numismatic-type coins are not property of like kind."

Revenue Ruling 82-96 allowed the exchange of gold bullion for Canadian Maple Leaf gold coins concluding:

"Because the value of the gold content in each Canadian Maple Leaf gold coin greatly exceeds its face value, it is not a circulating medium of exchange. Therefore, the Canadian Maple Leaf gold coin is property rather than money for purposes of section 1031(a) of the Code. Because the Canadian Maple Leaf gold coins are bought and sold for their gold content, they are bullion-type coins. Therefore, the nature and character of gold bullion and the Canadian Maple Leaf gold coins are the same, and they qualify as 'like-kind' property as that term is used in section 1.1031(a)-1(b) of the regulations."

Conclusion: There are a variety of sale and purchase transactions of gold and silver bullion that qualify for 1031 tax deferred exchanges. Each has a set of facts that must be analyzed for like-kind nature and character. Silver bullion cannot be exchanged for gold bullion given they are not like kind. Unallocated gold bullion can be exchanged for gold bullion coins given they are non numismatic.

1031 exchanges are applicable to real and personal property including gold and silver bullion. As interests in a tenant in common real property such as a motel can be exchanged for other real property, an interest known as unallocated gold and silver bullion may be exchanged for physical gold and silver bullion and non numismatic coins.

Unallocated Gold and Silver: Precious metal refineries such as Perth Mint and other combination bullion purchase and storage facilities offer allocated and unallocated accounts. Allocated accounts hold segregated physical gold and silver identified by certified coin number or bar number. Unallocated accounts represent an interest in a pool of gold or silver holdings, not the physical material. Consequently, the unallocated is less expensive given no storage fees.

1031 Exchange of Unallocated Gold and Silver: Unallocated holdings can be converted into allocated holdings. Implying the gold and silver holdings can be converted into the precious metal. Given the conversion is considered a sale, a capital gain may be triggered and may be deferred given like-kind gold or silver is acquired within 180 calendar days.

Reporting Section 1031 Like - Kind Exchanges to the IRS.

You must report an exchange to the IRS on Form 8824, Like-Kind Exchanges and file it with your tax return for the year in which the exchange occurred.

- Form 8824 asks for:
- Descriptions of the properties exchanged
- Dates that properties were identified and transferred
- Any relationship between the parties to the exchange
- Value of the like-kind and other property received
- Gain or loss on sale of other (non-like-kind) property given up
- Cash received or paid; liabilities relieved or assumed
- Adjusted basis of like-kind property given up; realized gain

If you do not specifically follow the rules for like-kind exchanges, you may be held liable for taxes, penalties, and interest on your transactions.

Exclusions from 1031 Exchanges

Finally, certain types of property are specifically excluded from Section 1031 treatment. Section 1031 does not apply to exchanges of:

- Inventory or stock in trade
- Stocks, bonds, or notes
- Other securities or debt
- Partnership interests
- Certificates of trust.

Burnett Marus, RFC®

Burnett Marus, RFC®, is a past IARFC Board Member, and he had the longest tenure as a director. He has specialized in providing customized marketing services and products for financial advisors, attorneys, realtors and small businesses. He has been involved with bullion, rare coin and tangible asset investments since 1975 and currently has a private firm that specializes in working with RIAs and their affluent clients. His experience with precious metal, various securities has enabled him to guide clients into a balanced approach.

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Consumer Focus

Do You Need an Annuity Rescue?

As a broadcaster, I have learned that people want things simple. Just give me the facts. Cut out the fluff, and shoot it to me straight. If I want to read a book, I'll go to the library. Don't confuse me with details, just hit me with the truth.

As a financial advisor, I have learned that simple is not always easy when it comes to money matters. If you make it too simple, you gloss over important facts that need to be understood. Over the years, I'm sure that I have irritated some folks who came to me for advice because I insisted that they understood the details of a document they were signing, or by making doubly sure that they fully understood a financial instrument into which they were placing their assets. But I believe fine print is meant to be read. In fact, when the type gets tiny, that's when I read more carefully than ever before. When it comes to money, there are no stupid questions. They all deserve answers. That is especially true when large amounts of money, perhaps your life's savings, are on the line.

In the financial world today, too many people have fallen for the enticement of a glossy brochure and put their money into financial vehicles that they didn't understand, only to have it come back to bite them. Annuities can be useful tools in helping people reach their financial goals. But there is no one-size-fits-all annuity. They are complex financial instruments with several moving parts.

What Is an Annuity?

An annuity is merely a contract offered by an insurance company that is similar to a CD with a bank. But because they are offered by insurance companies, and because insurance companies have actuaries, annuities can offer the extra feature of a "guaranteed lifetime income," which is something banks can't do. But in most other respects, especially with fixed annuities, they behave in a similar manner. They pay interest, and like CDs owners, annuity owners pay penalties for early withdrawal.

All annuities grow tax-deferred, which means that the earnings inside the annuity are not taxed until money is withdrawn. Annuities are unique financial products that have become increasingly popular among retiring Americans who are drawn to guarantees, coupled with better returns than typical bank CDs.

Variable Annuities

Some with whom I have spoken were not aware that some annuities come with risk and others do not. With variable annuities, for example, you get the returns of the stock market – both up and down. Don't get me wrong. Variable annuities have their place as investment vehicles for some, but they are not for everybody. They especially may not be suitable for an investor with a low risk tolerance. As the name suggests, variable annuities can vary in performance, and they can lose value.

An annuity rescue here would probably involve a tax-free rollover from the variable annuity into something we call a Retirement Income Annuity. The RIA eliminates the ups and downs and the high tide/low tide market fluctuation and replaces it with a strategy that takes into consideration your new status as a retiree. (Special note* You don't have to be retired or near retirement to take advantage of an RIA. It is available to anyone over 40.) In this program you are insulated from market loss, but you are still able to share in the gains of the market up to a cap. When the market skyrockets, you will not get anywhere near the total gains of that upswing. But when the market sinks like a stone, you don't lose. You advance and protect.

A relatively new feature is available on many of these programs. It is a special attachment that provides a guaranteed compound interest growth of between 5% and 7% for a lifetime retirement income.

Fixed Annuities

Some people may find themselves trapped in an underperforming fixed annuity that guarantees a fixed rate of interest for a set number of years. Again, these are fine instruments and useful for meeting certain financial objectives, but if you are saving money, chances are you are saving it for the future. Thus, if you have a specific income need in the future, your goal is probably to try to save enough to meet that need. Unfortunately, many of the fixed annuities that I see in portfolios today are lacking in the horsepower to meet the income needs of those who own them.

An annuity rescue here would mean looking for a more suitable program that would allow us to solve for income while still keeping the element of safety on our side. The Retirement Income Annuity with the guaranteed lifetime income attachment may be a fit here as well. But no rescue is advisable if it comes with a penalty. No rollover would be acceptable if it created a taxable event or a penalty.

Fixed Indexed Annuities

The Fixed ***Indexed*** Annuity (FIA) is a type of fixed annuity. It provides a minimum rate of

"Time is nature's way of keeping everything from happening at once." – Woody Allen

interest, just like the traditional fixed annuity that we might call a "floor." But what makes it different, and what gives it greater earnings potential, is the fact that the performance of a specified stock index, usually the S&P 500, is used to calculate returns over that minimum. That is great! But hold the confetti for just a moment. There are caps ranging between 4% and 8%. If the S&P jumps up 20% in one year, your growth will hit that cap and stop. The caps are a tradeoff for having guarantee of principle. If the index loses 20%, the value of your FIA is not negatively affected.

FIA's are growing in popularity because they enable people to share in the upside of the Stock Market with absolutely no downside risk. Another attractive feature is the ratchet-reset provision. At the contract's anniversary date, the growth is locked in and now that is the new high-water mark of the annuity that represents the new amount that you cannot lose.

Common Misconceptions

Liquidity – Annuities are not entirely liquid. You trade a measure of liquidity for guaranteed safety and guaranteed return on investment. But the idea put forth by some critics of the product that annuities are "illiquid" is silly. Just like CDs at a bank, there are penalties for early withdrawal. Most professionals in the know regard annuity surrender charges and annuity surrender periods as reasonable. Those who point to surrender fees as if they were some kind of "gotcha" rigged by insurance companies to illegitimately take money from poor, unsuspecting customers, are usually investment advisors who do not offer such products. I think the term for such criticism is "sour grapes."

Surrender fees are necessary. If the annuitant does not keep his money invested with the insurance company for an adequate period of time for the insurance company to make a profit, then the insurance company might be forced to sell an investment earlier than it had planned. So, for the insurance company to guarantee the interest rate it promised, and guarantee safety of the principle, it has to set certain limits regarding withdrawals. The usual time limit as mentioned earlier is 10 years or less. They are called "10-year walk-aways" in the insurance industry, because after 10 years you have no surrender charges. You can walk away from the contract if you wish. Move your money, spend your money, reinvest your money or put it into another annuity. During the 10-year surrender period, is your money locked away and untouchable? No way. First of all, you have the 10% free (without penalty) withdrawals offered by most contracts. Secondly, the surrender charges are lower every year. They are highest during the first year of the contract, ranging anywhere from 6% to 16% and decreasing each year until they reach zero.

Guarantees – Sometimes detractors of annuities will say that they are not FDIC insured. That is true. They are an insurance product, not a bank product. They fall under an entirely different protection arrangement known as the Guaranty Association. Each state has a different one. These associations guarantee the funds invested with insurance companies in the rare event that an insurance company has financial difficulties. This arrangement is made possible by government regulations that require insurance companies to put money in reserves to cover any risk they undertake. The amount of protection varies by state, but in most cases the amount of protection, dollar for dollar, is more than that offered for bank accounts.

Fees and Commissions – Contrary to opinions proffered by those who do not offer fixed and fixed indexed annuities, no fees are charged within these products. Not so with the variable annuities customarily offered by brokers and bankers. Variable annuities do charge fees because they are usually invested in mutual funds, which contain fees called "loads." With variable annuities, you will still pay these fees, as well as the broker or banker's commissions, even if your variable annuity loses money.

On the other hand, fixed and fixed indexed annuities have no risk, no fees and no commissions that come out of your balance. Any commissions paid to agents are paid by the insurance carriers that produce the product.

As to how fixed and fixed indexed annuity agents are paid, think of a travel agent. If you book your trip through a competent travel agent, you will likely be dealing with someone who possesses a vast knowledge of the industry and who can plan for you a worry-free vacation at a lower cost than you could have found had you planned the trip yourself. The airline companies and the hotels pay the travel agent, not you.

Know Your Options

If I could build this next sentence out of 30-foot tall cinderblock letters and paint it DayGlo orange, I would – *Annuities are not for everyone!* And I strongly urge you to never put all of your assets into an annuity, regardless of how great it appears to be. You should always approach making a decision to purchase an annuity by first having a thorough, holistic review of your finances. You should then consider all your options. Seek the help of a fiduciary, not a salesperson.

Annuities can be fine instruments for income planning and great for retirement planning, but only if they are suitable for your individual circumstances and they match your individual financial goals.

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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The Loren Dunton Memorial Award

Call for Nominations

In1969 Loren Dunton convened a group of financial professionals in Chicago and founded an industry of outstanding service and commitment. From this event and from Loren's leadership and interactivity with many persons now in the IARFC, such as Vernon Gwynn and Ed Morrow, would come an educational institution, the College for Financial Planning, and the personal financial planning curricula now taught on over one hundred campuses.

As the first editor of *Financial Planning* magazine Loren helped to publicize an emerging profession, bringing various practitioners together to a common cause, sharing practice and marketing techniques and promoting ethical conduct. That respected magazine has continued, contributing to the profession for thirty years.

Two associations came initially from this effort, the International Association for Financial Planning and after the first class of Certified Financial Planners graduated in 1973, the Institute of Certified Financial Planners. These organizations have since merged to become the Financial Planning Association. Using Loren's model, more than forty countries have formed similar organizations.

Loren continued to promote the value of the financial advisor as a professional whose quest for knowledge should never cease. He authored seven books that have helped to shape the careers and services of financial advisors. Loren's commitment to these principles was evidenced in the Institute for Consumer Financial Education that he nurtured for many years, and which earned a Presidential Citation for public service. It is in Loren's tradition of recognizing the value of professional advice and service that the IARFC presents the Loren Dunton Memorial Award to persons who have made a significant contribution to the financial services profession and to the public.

The Award is made, in honor of the founder of the financial planning profession, Loren Dunton, to a person who has made a substantial contribution to the financial services profession and/or the financial interests of the public. Generally regarded as the father of financial planning, Dunton organized financial professionals in the late sixties.

With their help he created the financial planning movement — including the formation of associations, magazines, colleges, university programs and foundations. Some persons believed that "planning" was totally separate from the "sale" of insurance and investment products, but Dunton always recognized that they were but different roots of the common tree, and that products are necessary elements in the implementation of the financial plan.

Dunton was able to use his experiences to frankly explain what all of us now recognize. Having been a successful businessman, although never a financial advisor, his comments were obviously from the heart. Dunton realized and publicly espoused that salesmanship be taught by the managers and trainers of the financial services industry, and that the ethical sale of financial products and the delivery of competent advice is a very noble calling.

Criteria for the Dunton Award

Candidates must hold a professional designation (i.e. ChFC, CFP®, CLU, RFC®, CPA/PFS, CEBS, MSFS, MSFM or Doctoral degree) and must have disseminated their comments by having been widely published on financial topics in articles, journals, books, etc. They must have provided outstanding personal service or leadership in the financial services industry. Nominees must have participated in some aspect of financial education, to the public or to other members of the profession.

Candidates must have demonstrated effectiveness in carrying the message of responsible financial stewardship to the public, and naturally they will have high ethical and professional standards. Their career must be a support of Loren's mission, "to help people do a better job of spending, saving, investing, insuring and planning for the future, in order to achieve financial independence.

2015 Nomination Committee

IARFC Chair (2010 Recipient),
H. Steven Bailey, LUTCF, CEBA, CEP, CSA, RFC®

IARFC CEO (2005 Recipient)
Ed Morrow, CLU, ChFC, RFC®

IARFC Past President (2014 Recipient)
Lester W. Anderson, MBA, RFC®

IARFC Member (2006 Recipient)
Bill Carter, CFP®, ChFC, CLU, RFC®

Nominees for the

2015 Loren Dunton Memorial Award

You may use this form to nominate a recipient for the Loren Dunton Memorial Award, presented annually to a person who has made significant contributions to the financial services profession and to the public. This form may be supplemented with additional information of your choosing. Nominations close on April 1, 2015.

Nominee

Name: _____ Nickname: _____

Address: _____

Phone and email: _____

Professional designations: _____

Current position/title: _____

Firm/organization/institution: _____

Positions of responsibility in associations, etc: _____

_____

How has this person benefited the general public? _____

_____

How has this person benefited the profession? _____

_____

Publishing credentials: _____

_____

Speaking and/or teaching credentials: _____

_____

Nominator

Name: _____ Nickname: _____

Address: _____

Phone and email: _____

Mail this form to:
IARFC Loren Dunton Award Committee
c/o staff liaison, Wendy Kennedy
International Association of Registered Financial Consultants
P.O. Box 506
Middletown, OH 45042

The Missing Piece to the Financial Puzzle

Most financial professionals specialize in financial, retirement, insurance, and estate planning. In doing so, they usually utilize a holistic planning process designed to review and optimize all areas of a client's financial needs.

However, studies reveal that most "successful" financial professionals choose to specialize in a particular niche. In other words, they focus the majority of time, energy, and resources at a target market — with the goal of establishing themselves as the "go-to" expert for a particular product or service.

Some of the most common niches in our industry are:

- Wealth and investment management
- Life, disability, and/or long-term care insurance
- Retirement planning
- Estate and legacy planning

Your End of Life Planning Niche is Here

Question: "Have you adequately prepared yourself and your family for your eventual death?" This may be an unpleasant question, but nonetheless it is one you should be able to answer. The reason why is because one day we will all die. Death is something we cannot predict, postpone, or avoid. I once heard someone say; "God promises us eternity, but He never promises us tomorrow".

Every financial services professional knows for certain their clients are guaranteed to face this extremely difficult situation, either directly or indirectly, at some point in their future. We also know this guaranteed event is accompanied by extremely difficult emotional and financial decisions.

However, almost nobody we know can answer this question:

"If a death had occurred in your family last night… what would you be doing right now?"

Every financial professional has a unique opportunity right now to serve an exponentially growing niche of individuals and families. Every day there are families who are seeking the professional services and guidance you can potentially offer. And by doing so, you can serve a niche that has little to no competition. This unique opportunity will add value to clients and practice, and allow you become the credible "go-to" professional that so many families are searching for.

The bad news is our industry has yet to offer the comprehensive training and education needed to become more comfortable, confident, and better equipped to professionally serve "the death conversation". The good news is I am fully confident this will change in the coming years. Soon financial professionals will open up a world of opportunity as they gain access to the necessary training, tools and resources to help them step out of their comfort zone — and step into a new niche to serve more clients.

"The Death Conversation" is a Good Thing

A recent survey from *The Washington Post* revealed that more than 90% of people believe it is a good idea to have "the death conversation", and also believe it is a good idea to document their final plans and preferences in advance. However, less than 10% have actually had "the death conversation", much less proactively started making any formalized End of Life Plan.

Talking About Death is Taking Flight

Mark my words. In the coming years "the death conversation" will be a standard and routine part of our job and our industry. In fact, just over the past several years I have watched death talk grow into a much more common and acceptable topic. Below are a few examples to support this explosive trend:

- The Social Security Administration is increasingly educating Americans and seniors about pre-planning and pre-funding funeral arrangements.

- Most long-term care facilities require advanced funeral and cemetery arrangements before allowing admission.

- Death Cafés and Death Dinner Parties are becoming increasingly popular in the U.S. and other countries.

So when you factor in the aging population of Baby Boomers, the advent of the Internet and the explosion in technology, the trend of talking about death is in the early stages of exponential growth curve.

Are You a "Death Planner"?

Most Funeral Directors will readily accept and acknowledge the fact that they are "death planners". On the contrary, most financial professionals would cringe at the thought of being referred to as a "death planner". But like it or not, many financial professionals are "death planners".

Some of the most common "death planning" products and strategies in the financial services industry are life insurance, long-term care, and estate planning.

Life insurance is a product primarily designed to replace income in the event of an unexpected death. Long-term care insurance is a product primarily designed to help fund a person's medical and non-medical needs for an extended period of time prior to death. Estate planning is a strategy primarily designed to provide the proper and timely distribution of personal and/or family wealth upon death.

When a financial services professional sells a term, whole life, or long-term care insurance policy — or an Estate Attorney creates a Traditional Will or Living Trust — the harsh reality is they are "death planners". In other words, the value offered from their professional products and services is accomplished by putting a plan in place for death. The primary objective of these "death plans" is to minimize the significant emotional and financial damages and losses associated with death. So like it or not, many financial professionals are actually "death planners".

It's Only Too Soon…Until It's Too Late

As you know by now I firmly believe the financial services industry needs to help us become trained, educated, and well-versed to assist our clients regarding the following four facts:

1. Death is a guaranteed event which we cannot predict, avoid, or postpone.

2. When a death occurs, there are approximately 150 difficult decisions that need to be made within a 24-48 hour period.

3. Dying is expensive, and these costs will only grow over time. The average cost of a traditional funeral today is $15,000-$20,000.

4. When faced with planning a funeral, most families are largely unfamiliar, uncomfortable, and unprepared. Clearly this is not a good scenario for someone to make important emotional and financial decisions.

I cannot stress enough how important it is for every financial professional to begin to accept death, embrace "the death conversation", and start adding this unique and growing niche — all of which are guaranteed to help your clients and their families make a difficult situation easier.

It is time for change in our industry, and my prayer is that I help make a small contribution towards something that is so large and important.

I leave you with this important parting thought. The most common statement I hear when it comes to End of Life Planning is; "I don't need to do this now. It's too soon." Well, I can assure you from my own personal experience and years of extensive work in the death care industry, it's only too soon — until it's too late.

Christopher P. Hill, RFC®

Christopher P. Hill, RFC®, is currently the President of Wealth and Income Group, LLC, with offices located in the Washington DC area. Mr. Hill began his career in financial services industry working with one of the nation's leading money managers for over a decade. For more than 5 years Mr. Hill has been nationally recognized as a speaker, editor, seminar expert.

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All I Want To Do Is Sell

If this is your mantra, your customers will vanish.

It was an early morning chaired by the SVP. There wasn't any reason to anticipate fireworks this particular day so the atmosphere was, to say the least, rather relaxed. A sales manager was the last to arrive, whispering to the person next to him as he sat down, "All I want to do is sell."

The meaning was clear. He viewed meetings and all other "non-selling" tasks as unnecessary interruptions keeping him away from the job of selling. His meeting intolerance was palpable, announcing at the start that he would be leaving early for an appointment.

Taking a strong stand against all the stuff' that interferes with "making sales" may seem long overdue to many in the business.

But before getting too excited, the "all I want to sell" message cuts another way. Although the results are anything but new, the Gallup organization's 2013 "Honesty/ Ethics in the Professions" survey puts the so-called 'persuasive professions' at or near the bottom of the trust scale, including salespeople, lawyers, members of Congress, business executives and lobbyists.

It's ironic that the greater the emphasis on "making the sale," whether of a product or an idea, the more customers pull back mentally, physically or both. No one wants to be cornered and made to feel inadequate and manipulated. When that happens, some customers run, while others cave in and buy what they don't want or understand. Later, they're angry, not just at the salesperson, but at themselves for not saying no.

It doesn't need to be this way. For salespeople who want to stand out from the crowd, here are four actions that will put them where they belong — high on the trust scale:

1. **Manage the selling process instead of trying to control it.** What drives customers crazy — and away — is a feeling of impotence when faced with someone who is skilled at taking control. Until recently, customers couldn't do much about it. Now, they view themselves as better informed (sometimes more than they are) and refuse to be passive.

Now that control has passed to customers, savvy salespeople have a unique opportunity to manage the sales process. This is a game changer and the opportunity to win customers by:

- Asking questions that engage the customer
- Listening intently and reflecting back to clearly understand customer issues
- Encouraging feedback when offering choices
- Clarifying objections for gaining insight into what a customer is thinking.

All of this helps move the sales process forward to a conclusion that best fits the buyer.

2. **Talk about what your company can do for customers instead of talking about your company.** "One of the most important things a businessperson can do — especially an owner or someone who is involved in sales — is to learn how to speak about their business to others," wrote Aileen Pincus in *Bloomberg Businessweek* several years ago.

Being instantly able to speak clearly and persuasively about their company is a test everyone in sales must pass with flying colors. These words have become near 'sacred text' status to those in sales.

Unfortunately, if you have such a 'sales pitch' or 'elevator speech', it's time to get rid of it because no one wants to hear it.

Of course articulating what your company does should be second nature, but the ability to express clearly and with enthusiasm what your company can do for customers holds far more interest and value.

3. **Cultivate self-doubt to enhance your self-confidence.** No one questions the immense role of self-confidence in sales. Even so, it's easy for self-confidence to morph into being too confident. This is when customers back off; no one wants to be around someone who comes across as self-centered and arrogant.

This is why self-confidence needs to be balanced with a healthy amount of self-doubt. Having too much self-confidence makes it easy to dismiss criticism, ignore the need for improvement, and disregard suggestions from others. Most importantly, it keeps us from asking the sales questions:

- Do I understand what the customer is looking for?
- Am I sufficiently prepared for this presentation?
- What have I missed? What don't I know that I should know?
- Do I have a clear understanding of the competition's solution?
- What could go wrong and am I ready to handle it?
- Do I have the answers to the questions the customer is likely to ask?

There's a very fine line between self-confidence and arrogance and to cross it is to put a sales career in jeopardy.

4. **Cultivate the response you want.** Bill Pineo at The Tile City in Avon, Mass. is not an average salesperson. He came up to a couple looking at bathroom tile and gently entered the conversation. He asked a few questions and listened intently to what they said. He then guided them to several displays, where he asked more questions and pointed out certain tile characteristics, while encouraging them to take pictures of their choices.

When finishing up, Bill asked for the order and the couple let him know where they were with their project. "Would you mind if I stayed in touch with you?" he asked. And he followed through, checking in with them regularly for several months. A few days after they hired a contractor, Bill called again and the couple placed the order.

Bill Pineo did two important things right. First, by positioning himself as a facilitator or helper, someone who knew the tile business and wanted to assist his customer, Bill managed the sale. Second, by staying in touch, he let his customers know he was going to be there when they were ready. The process convinced the couple that Bill was serious and wanted the sale. "He deserved it," they said.

This story is an example of what Dr. Robert B. Cialdini, the famed persuasion expert, calls "The Principle of Reciprocation". It's what occurs when the salesperson helps customers and manages the sales process so they want to respond positively by placing the order or making referrals. It's the difference between a good experience and a bad one.

Anyone who wants to reach the top in sales should think seriously about reaching the top of the trust scale.

John Graham of GrahamComm is a marketing and sales strategist-consultant and business writer. He publishes a free monthly eBulletin, "No Nonsense Marketing & Sales."

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Saving the Day:

Consultants Experience in Damage Control

Don't Let History Repeat Itself

My wife and I have been blessed with two high-energy, spirited, and independent children. One of the lessons we have been trying to teach our 7-year old is to learn from their mistakes. This is also important when planning for retirement. There are a whole slew of mistakes a person can make as they prepare, but the question is… do you learn from your mistakes or do you make the same mistake over and over again?

While co-hosting our weekly radio show, Dad Jerry Royer, RFC®, and I have heard stories that would crush even the strongest person. We have listened to stories from couples who lost everything in a stock market crash that forced them back to work, giving up their dreams of travel and time with grandkids. We've heard stories of worry-free retirements that turned into having to downsize just to make ends meet. We've heard even more stories of people who were given a chance to fix their finances and decided to wait. For decades they have had to live with the pain of their decisions, or worse, their lack of decisions. Remember, a decision not made IS a decision made… right? The benefit of history is that we can learn from mistakes we have made and those that others have made.

Each week we get questions from our radio listeners. We hear about the emotional impact their poor financial decisions have made on them and their families. In some instances, it even caused so much financial stress for some that their health also started failing them.

On one of our recent radio shows, we were asked about some mistakes people make. While there are many, one mistake we find pretty common is that of procrastination. People are inundated with so much information today that they research, study, research some more, let it sit for a few weeks, and then time passes and all is forgotten.

I can remember early on in my career I met with a gentleman who worked for a large Fortune 500 company. It was the year 2000, and he was planning to retire nicely on the 401(k) that he had built up over three decades. The problem was that he was such a loyal employee that he had all of his money invested in the company stock. Yes, his entire net worth was in one stock. He knew the problem, and he knew he needed to make a change. At the time the market was up, and he didn't feel the necessity in taking action immediately. He decided that he would cash out of his stock and implement the plan I was helping him build only after the stock got to $47.50 a share. When it reached $47.50, I called him, but he said he wanted to wait until it got to $50. When it reached $50 a share I again gave him a call. This time he wanted to wait until it got to $52.50. It actually did make it to $52.50, and when I called, he said he would certainly take action once the stock reached $55. Well the stock never did get to $55 a share. It quickly collapsed to around $20 a share. Over 50% of his retirement savings that took him thirty-five years to build was gone in months. He was in disbelief. He and his wife could no longer retire, and he could not let go of his stock that was now $20 since it was $50 only a few months before. Now almost 15 years later, he still has all of his money in the same stock, and that stock has remained in the $20s ever since. He could have taken control of his finances and changed the destiny of his future, but greed and procrastination led to a much different outcome. To this day he's still making the same mistake as he did over 15 years ago.

The first step to a successful retirement is to get a financial checkup to determine what you are doing right, what you are doing wrong, and how to fix those problems. Come up with a plan, make a decision to put that plan in place, and stick with it. Just like after New Years-after you've put on a few holiday pounds, you could wait and put on a few more pounds, or you could get a coach to help you put a weight-loss plan together. Start the plan and stick with it. What happens if you don't stick with the plan? You gain the weight back and the never-ending cycle continues.

Recently, I started working with an awesome couple who were dealt a similar self inflicted wound. They had everything they had saved over years and years all in a handful of mutual funds that their broker had suggested when he was in his 40s. Now he was 65 and ready to retire, and the broker told them they could take out 5% and never run out of money. At the same time they met with another financial advisor who advised them to protect and preserve some of their money instead of being all at risk.

They told him that they would think about it, but they never got back with him. It was 2007, they had made a lot of money in the market and thought, "everything is good, why change?" He told me, "I figured I would know when to get out if the market started going down, and my broker would probably tell me when to get out."

Then in 2008, half of their money was lost in about 9 months. He was forced to downsize, cut their lifestyle, stop going on vacations, and freeze the money they typically gave their kids and church. By the time I met them, it was 5 years later, and the couple had fought and struggled over the last 5 years. The first thing he told me was, "I shouldn't have procrastinated. I should have protected my money when I could. But I want to make sure that never happens again."

We had them do a budget worksheet and we found they needed $6,000 of income per month. They already had $3,000 from social security so that left an income gap of $3,000. With what was left of their retirement savings they needed to be smart and make sure that no matter what that their income was protected regardless of how long they live. So we setup three buckets for their money.

- **Bucket #1** was a cash reserve to make sure they had money in case of emergencies that was free from risk.

- **Bucket #2** was an income plan where we invested a portion of their money in a principal-protected program that provided income for life. This ensured that they would not run out of income during retirement.

- **Bucket #3** was a growth plan. It was important to try and rebuild their wealth so that they could make sure that if they need more income down the road that they had money growing to help provide for that. So with what money was left after funding the first two buckets we invested it in programs geared towards growth, but with one caveat! We wanted growth, but we needed a strategy to use to help prevent large losses. We brought on a team of professional money managers who would actively manage a slice of their growth money to get satisfying returns, but with less risk.

This three-bucket approach started with their financial checkup that identified their problems and what they really needed. Once we built their retirement plan, each dollar had a home inside one of the buckets. Each dollar had a job to do, like a football player on the field. But they had to overcome their fear and procrastination and take action, and they did. As a result, they are living a more confident retirement lifestyle, and we've been blessed to be introduced to and are now working with many of their friends.

Nicholas Royer, RFC®

Nicholas Royer, RFC® serves on the Board of the IARFC and is the President of Group 10 Financial, LLC with offices in Orlando, Cincinnati, and Peoria. Nick and his father Jerry co-host their weekly radio show on numerous radio stations. Nick also is a regular financial commentator on NBC and ABC news networks. Nick was nominated as a Top Leader Under 40 Years Old and was awarded the 5-Star Professional Wealth Manager for 2014.

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Stay Brilliant on the Basics

Whether or not the prospect is willing to buy depends largely on his or her internal feelings at the time. These feelings are strongly influenced by the prospect's perception of what you say and do, how you act and whether or not you are perceived as being trustworthy. Since prospects act on the basis of what they perceive, you must form the habit of saying and doing those things that will cause prospective customers to perceive you as being trustworthy.

"Effective selling involves not only the power of persuasion, the art of negotiation, persistence and timing - it also demands, as much as any of these, the proper marketability of your product." — Mark McCormack

Stay brilliant on these basics:

1. **Build credibility.** This starts with preparation. Demonstrate a sincere interest in the prospect as a person as early as possible.

2. **Be well mannered.** This may seem to go without saying, but demonstrating common courtesy tends to win the confidence of prospects.

3. **Simplify your suggestions.** The power of your recommendations will always lie in their simplicity.

4. **Speak the prospect's language.** Stay away from industry jargon. Keep your explanations simple as you focus on "owner benefits."

5. **Speak as one having authority.** Show enthusiasm for your suggestions. Look and speak in terms of success. Prospects like to buy from salespeople they perceive as being successful.

6. **Sell at the buyer's pace.** Let prospects interrupt you, but never interrupt your prospects.

7. **Avoid the overstatement.** It can imply the prospect is naive. It can result in lack of belief regarding anything else you say.

8. **Avoid dogmatic statements.** Skillful salespeople say, "Many of our customers have found it best to …" and "Others have said …" instead of, "The only sound way to do this is …"

9. **Use repetition.** The initial reaction of the human mind is to reject anything new. If something is repeated over and over, the prospect's "natural defenses" tend to weaken, because the idea is no longer "new."

10. **Make it the prospect's idea.** Each of us is best convinced by reasons we ourselves discover. Be judged an expert without "flaunting" your knowledge. Avoid even the slightest appearance of feeling superior to the prospect.

11. **Summarize strategically.** "Let's examine again …" Cement in the owner benefits. Make certain you have gained understanding.

12. **Close with confidence.** Master and perfect your strategy for securing action on your recommendations. Close by assuming. Close by assisting the buyer.

You'll want to review these basics frequently. They go to the heart of the decision-making process the prospect moves through in deciding whether or not to buy what you have to sell.

Dr. William L. Moore, Sr., CLU, ChFC, RFC®

Bill Moore, CLU, ChFC, RFC® of Kinder Brothers International has more than 37 years of experience in the Financial Services Industry and an immense knowledge of sales and marketing, management development, and agency building. Based on his practice and understanding of the industry, Bill is a natural at providing companies the assistance needed to build strong management talent and solid producing advisors.

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