Volume 17 No 1 Jan-Feb 2016

the Register

Justin Martin

Appealing to the Millennials

IN THIS ISSUE

Official IARFC Publication
www.IARFC.org

IARFC
INTERNATIONAL ASSOCIATION OF REGISTERED FINANCIAL CONSULTANTS

IARFC
INTERNATIONAL ASSOCIATION OF REGISTERED FINANCIAL CONSULTANTS

National Financial Plan Competition

Bringing public and industry recognition to IARFC members and incoming young professionals.

April 20-21, 2016

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Jon M. Rogers
CEO,
Rogers Financial Group

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President,
Group 10 Financial

the Register

www.IARFC.org/Register
2507 North Verity Parkway
Middletown, OH 45042-0506
800.532.9060

Editor-in-Chief
Wendy M. Kennedy
editor@iarfc.org

Editor
Susan Cappa
susan@iarfc.org

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Articles, comments and letters are welcomed by email to:
Wendy M. Kennedy
editor@iarfc.org

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

Join us at the
2016 National Financial
Plan Competition

IARFC Calendar

2016

March

Semi Finals
National Financial Plan Competition
March 3, 2016
Middletown, OH

IARFC Annual Board Meeting
March 4, 2016
Middletown, OH

IARFC Greater China Conference
March 13-15, 2016
Kaohsuing, Taiwan

April

Finals
National Financial Plan Competition
April 21, 2016
Charlotte, NC

July

CE@SEA™ Rhine Getaway
July 16-23, 2016
Viking River Cruises

August

Worldwide Chinese Life Insurance Congress
August 14-17
Macau, China

New IARFC Members

Domestic Members

William A. Blackston, RFC®, FL
Lance L. Bohne, RFC®, NV
Diane Cardaci, RFC®, FL
Asa J. F. Cort, RFC®, CT
Greg W. Cox, RFC®, WV
Carrie L. Eritano, RFC®, MI
Vincent J. Frattini, RFC®, MI
Ronald W. Gibbs, RFC®, VA
John C. Kirby, RFC®, AL
Peter Marcello RFC®, NJ
Maggie Medina, RFC®, CA
Susan L. McGee, RFC®, MO
Dominic Millard, RFA®, KY

Members Who Recommended Members

Nick Royer, RFC®
James Taegel, RFC®

Referrer of the Month Recognition
Nick Royer, RFC®

In Memoriam

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

Larry W. Arnold, RFC®, Woodlands, TX
(Former Member) Forrest W. Cato, Lebanon, TN
Edwin T. Demeritte, RFC®, Miami, FL
P. Terry Knight, RFC®, Troy, MI
Gregory W. Williams, RFC®, Salt Lake City, UT

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http://store.iarfc.org/publications.aspx

In This **ISSUE** Volume 17 No. 1

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From the **EDITOR**

Most of us are just starting to focus on our 2016 plans and figuring out how to navigate the New Year. As you perform this important task, look for opportunities to enhance your credibility. With that in mind….we are EXTREMELY EXCITED at the IARFC to have opened the exam for the MRFC designation!

Our Path to Accreditation has taken hard work and much time. Now it continues with YOUR PLAN for the future with the Association. Your NEXT STEP is to read Amy Primeau's column *On the Path to Accreditation: MRFC Exam Ready* (p. 23). Amy guides IARFC members down the path with the facts and information to get started on this important journey. AND by sending in your application within the next three months, you can SIGNIFICANTLY save on the exam fee.

Keeping with our editorial theme for this issue, there are three articles geared towards both young and veteran consultants:

Appealing to the Millennials (p. 20), our Cover Profile with Justin Martin, centers on the younger financial professional and their clients/prospects. Justin addressed the concerns of Millennials (born 1980–2000) and how to market to them.

How to Survive as a Millennial in the Workforce (p. 11) by Jamie Bosse has encouraging advice on how to communicate between the Baby Boomers to Generation Z. Jamie discusses the differences and values of the generations that you work with and how you can complement each other.

Should Veterans Work With The Millennial Generation As Clients? Who Should Millennial Advisors Work With? (p. 27) Continuing with the theme, Bill Bachrach contributes his advice, a lifetime of skills that still work today: develop the people skills necessary to meet financially successful people, how to talk to financially successful people, and how to offer them a better value promise so some would leave their long-time relationship with their other consultant(s).

Our 2016 issues include a special column authored by the IARFC Board, *To Comment or Not To Comment… Interview for the IARFC* (p. 34). In our first column, Board Director Mayo Woodward explores the topic of how to stay neutral when the conversation with clients turns sensitive or controversial.

Look for our March/April issue with Cover Profile, Angie Trandai. Angie and her firm Trandai Financial Solutions based in Orlando, have over 20 years expertise for international clientele who have immigrated to the U.S.

Wendy M. Kennedy, *Editor*
the Register

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

Max Bolka
Comprehensive Business Consulting
www.MaxBolka.com
Max@MaxBolka.com
828.232.4318

Connie S.P. Chen, RFC®
Chen Planning Consultants, Inc.
CPCinc@ChenPlanning.com
212.426.1910

Al Coletti, RFC®
The Design Capital Planning Group, Inc
The Institute for Financial Education
www.DesignCapital.com
www.TheIFE.org
AColetti@designcapital.com
631.979.6161 x102

Herman L. Dixon, MBA, CLU, RFC®
Think Big! Coaching and Training
www.ThinkBig-Coaching-Training.CoachesConsole.com
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

Kerry Johnson, MBA, Ph.D.
Performance Coaching
www.KerryJohnson.com
Kerry@KerryJohnson.com
800.883.8787

Garry D. Kinder , RFC®
Bill Moore, RFC®
Kinder Brothers International
www.KBIGroup.com
WMoore@KBIGroup.com
927.380.0747

Fred Ostermeyer, RFC®, AIF®
Communicate with Congress
Fred@mgdresources.com
208.773.6924

Katherine Vessenes, RFC®
Consulting and Education
Vestment Advisors
Katherine@VestmentAdvisors.com
www.VestmentAdvisors.com
952.401.1045

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

the Register Round Up

IARFC Members and Financial Industry Experts are asked for their insight and advice on issues facing consultants in today's economy.

Note: Responses are printed in no particular order.

Q: Define the power that debt can wield and how you advise your clients to deal with it.

A: Consumer debt is very similar to excess body weight. It's so easy to acquire and very difficult to shed. When we diet we are told to make ourselves aware of the consequences of what we are eating. Most clients will understand the "losing excess weight" analogy. They also get "calories in vs. calories out".

It will be difficult, but there are steps they can take to address the problem:

1. Go With Cash — When they go out shopping or dining, plan to use cash instead of credit cards. You make different decisions when handing over paper money.

2. Look, But Don't Touch — Handling an article in a store greatly increases the likelihood you will buy it.

3. Leave, Then Return — Don't buy a new pair of shoes at that moment. Leave the store, shop some more. Then determine if you should return for them.

4. The Great Return — Your client shops for good yields. The easiest way to earn 13% annually on your money is to stop paying your credit card 13% by only making the minimum payment.

5. Pay Yourself First — We often save or reduce debt from what's left over from our paychecks. In contrast, 401(k)s grow because the dollars come out first. (We don't see them!) Plan on taking a reasonable amount for savings or debt reduction out first, then manage with the remainder.

Bryce Sanders
New Hope, PA

Our next issue will ask this question

How do you explain the importance of a designation to a client or prospect?

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: editor@iarfc.org

Members In the News

Members In the News. Keep us informed on your recent accomplishments. 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.

Shane Brewer, RFC®, Dallas, TX

Shane Brewer named Equity Partner of LD Lowe Wealth Advisory.

Shane joined LD Lowe Wealth Advisory in 2007 as vice president and planner and during his tenure has served as a lead wealth advisor for the firm. He has more than 20 years of experience in the finance industry.

"Over the past eight years, our firm has grown from $50 million to nearly $200 million in assets under management," said Lloyd Lowe, Sr., MBA, RFC®, founder and CEO of LD Lowe Wealth Advisory. "While the company has grown, we have maintained a focus on growing and developing our team members to take on greater challenges, enhance their skills and assume new roles of responsibility. Having Shane become an equity partner in the company is an important part of our succession plan."

Alongside Lloyd Lowe and Molly McCarthy, RFC®, ChFC®, lead wealth advisor, Shane helps craft the firm's portfolio strategy and participates in all investment decisions made on behalf of the firm's clients.

From the Chairman's Desk…

H. Stephen Bailey

We're Ready to Roll

MRFC

MASTER REGISTERED FINANCIAL CONSULTANT

Once again I am speaking to our members about the importance of accreditation. I think it is the #1 goal for this year, to hand in our application to the NCCA. As you all know and many of us have experienced it personally, some companies will not recognize our designation because it is not accredited. We are seeking to change this by working this complex process through a prestigious accreditation organization. It's a hard, long journey.

So now, I am extremely excited to announce that the exam is Ready to Roll! Yes… it is time for you to send in your application with sample plan or financial proposal and sign up for the exam. Why should you go to this next level of your career and obtain the MRFC designation? It is the professional pride and integrity to say that you are a MASTER REGISTERED FINANCIAL CONSULTANT — with the accredited backing behind it.

Now, let me get off the bandwagon and get down to details. If you are like me, you feel that you are a terrible test taker and have an inert fear of sitting in a seat and staring at questions about things you do every day. Somehow, a mental block appears that keeps me from answering questions about even simple things. It can be quite intimidating. However, in our business, exams are a way of life. I continually take tests to keep up my designations and somehow I get through it. Even in my personal life as a life-long learner, I subject myself to intense testing. Right now, I am going through a pilot license exam. True continuance of learning, involves exams. Deal with Text Anxiety, take a breath and just do it!

Maybe by understanding that the exam mirrors familiar territory, a blueprint that details what financial consultants do, will help. The questions are about your own practice. Familiarize yourself with the topics on the blueprint and read on subject matter where you see a problem. The blueprint is a foundation that lets the public know you are knowledgeable, ethical and professional.

How do you find out how to take the exam? After sending in your application, you must locate a convenient test center. Anyone at the IARFC office can help you through the process. To get started, you might want to review the information on the MRFC website www.pathtomrfc.org.

I can't say enough about the MRFC Certification Board and the IARFC Team for their continual dedication in working on this project. In my position, I work with the big picture and sometimes fail to appreciate those who are mired in the details of the project. It is the consistent effort, on a day-to-day basis, that moves this project forward. I know these two groups are passionate about an accredited designation and I feel we all should support their efforts.

In summary, I urge you to do your part and take the exam. We need 500 test takers or a one year time period to push forward and send in our application. Needless to say, I would be ecstatic to have 500 of you go for it and get this application in sooner than one year. As part of the initial group, you will be part of the first awarded the MRFC designation once our application to the NCCA is approved.

H. Stephen Bailey, "Steve" Bailey, CEBA, LUTCF, CEP, RFC®
Steve started HB Financial almost 30 years ago after already having a life insurance career. Many got to hear and "know" Steve through a radio show he had co-hosted weekly on a local station for over 4 years. He has written a regular column entitled "Money Matters in ***Senior Directions"*** for several years and is the author of "Dollar$ense, A Book for Matured Adults".

Steve is an elected member of the IARFC Board. He is the Committee Chair for the Loren Dunton Memorial Award and holds the office of IARFC Chairman.

He is also the 2010 recipient of the prestigious Loren Dunton Memorial Award presented to people who have made significant contributions to the financial services profession and to the public. The award is presented annually in honor of Loren Dunton, the founder of the financial planning profession, who organized financial professionals in the late sixties.

When not working with his clients you will find Steve on a golf course, spending time with his grandson or traveling with his wife, Bobbi.

Contact: 704.563.6844
steve@hbfinancial.com
www.hbfinancial.com

IARFC
INTERNATIONAL ASSOCIATION OF REGISTERED FINANCIAL CONSULTANTS

Financial Planning Building
2507 North Verity Parkway
Post Office Box 42506
Middletown, OH 45042-0506

Fax: 513.424.5752
Phone: 800.532.9060
Website: www.IARFC.org
E-mail: info@IARFC.org

Application for MRFC Designation

Nonrefundable Application Fee:	**$100**
Examination Fee: (discounted during NCCA Accreditation approval regularly $300):	**$175**
Annual Membership Dues: (commence upon Accreditation approval on anniversary of application)	**$325**

Please Print

Your Name_____

(Exactly as you want it to appear on your MRFC Membership Certificate, excluding degrees or other designations)

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

First Name_____ Middle_____ Last_____

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

Name of Business_____

Business Address_____ Ste #_____ City_____ State____ Zip_____

Phone_____ Fax_____ Business E-Mail _____

Business Website URL _____

Residence Address_____ City_____ State_____ Zip _____

Phone_____ Birthdate_____ Personal E-mail _____

Your Educational Background (Since High School do not included CE)

Name of Institution, City, State	Location	From Mo/Yr	To Mo/Yr	Course or Major	Graduate?	Degree

Broker/Dealer (if any)_____ (Personal) FINRA CRD No. _____

Securities Licenses: ☐ Series 7 ☐ Series 6, 63 or 62 ☐ Series 24 ☐ Series 27 ☐ Series 65 ☐ Other_____

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

Primary Insurance Company (if any)_____

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

Designations: ☐ AAMS ☐ CFA ☐ CFP ☐ ChFC ☐ CLU ☐ CPA ☐ EA ☐ JD/LLB ☐ LUTCF ☐ RFC ☐ Other _____

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

Questions relating to business and ethical conduct

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

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

The following should be read carefully by the applicant:

1. I hereby certify that I have read and understand the foregoing statements and that my responses are true and complete to the best of my knowledge.
2. I hereby apply for MRFC designation and, in consideration of my application, I submit myself to the jurisdiction of the organization and hereby verify that I agree to abide by all the provisions of the Bylaws and regulations of the organization as they are and may be amended; and I agree to comply with all such requirements, subject to right of appeal as provided by law, and I agree that any decision as to the result of any examination(s) that I may be required to pass or annual CE requirements will be accepted by me as final.
3. I further agree that neither the Association nor its officers or employees shall be liable to me for action taken or omitted in official capacity or in the scope of employment, except as otherwise provided in the statutes, Bylaws, or the Association's rules and regulations.
4. I authorize the organization to make available to any federal, state or municipal agency, or any securities or commodities industry self-regulatory organization, any information they may have concerning me or to request confirmation of my status, and I release those organizations, employees and agents, from any and all liability of whatever nature by reason of furnishing such information.
5. I further agree that any part of the information contained in this application and any subsequent documents in my MRFC designation file may be divulged to interested parties as part of the referral system for the benefit of members and the public.
6. I hereby certify that I have a sound record of business integrity with no suspension or revocation of any professional licenses, and I hereby subscribe to the IARFC Code of Ethics, a copy of which I have read and understand.
7. It is agreed and understood that any material misrepresentation of facts or information given in this or subsequent application or renewal may be cause for immediate revocation of membership and all its privileges, without refund of any dues or fees paid.
8. I understand that failure to disclose any regulatory event, including suspensions or revocations, may disqualify me.
9. I agree to maintain proficiency in my work by completing continuing education in the field of financial planning and counseling — which can include subjects relating to practice management, delivery of professional services, portfolio management or financial product application and service.
10. As an applicant for registration, I understand and agree that my MRFC designation with the IARFC will not become effective until submission of all required documentation in proper order and upon written acceptance by the IARFC.
11. I understand that all IARFC Certificates of Registration remain the property of the Association and must be destroyed or returned to the Association should my membership or the right to display the designation certificate be suspended or terminated.
12. I understand that continuation of the MRFC designation requires 40 hours of CE per year, which commences January of the year following acceptance.
13. I understand that even with approval of this application and passing the MRFC examination: I will not be granted the MRFC designation until the accreditation has been approved.
14. I understand this application is valid for 60 days from the date of receipt by the IARFC home office.

_____ _____ _____

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

esignatures not permitted for applicants or witness signatures

How did you learn about the MRFC? ☐ Advertisement ☐ Article ☐ Association_____ ☐ Broker/Dealer_____
☐ Direct Mail ☐ E-mail ☐ Exhibit ☐ Insurance Co._____ ☐ Partnership
☐ Presentation by_____ ☐ Referral by _____ ☐ IARFC website ☐ RFC class
☐ Other _____

Please recommend an associate or colleague for the MRFC designation — or the IARFC.

Name _____ Firm _____

Address _____

City/State/Zip _____ Phone_____ Email _____

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

IARFC CE Events Survey

Towards the end of last year, we sent out a CE Survey to membership through SurveyMonkey. Here are a few highlights from the survey regarding CE events. A PDF with charts, graphs and percentages of all the questions is available by going to the IARFC Blog: http://iarfc.org/iarfc-blog.

1. The most preferred method of obtaining CE was Online. CE combined with landed events in U.S. came in close second.

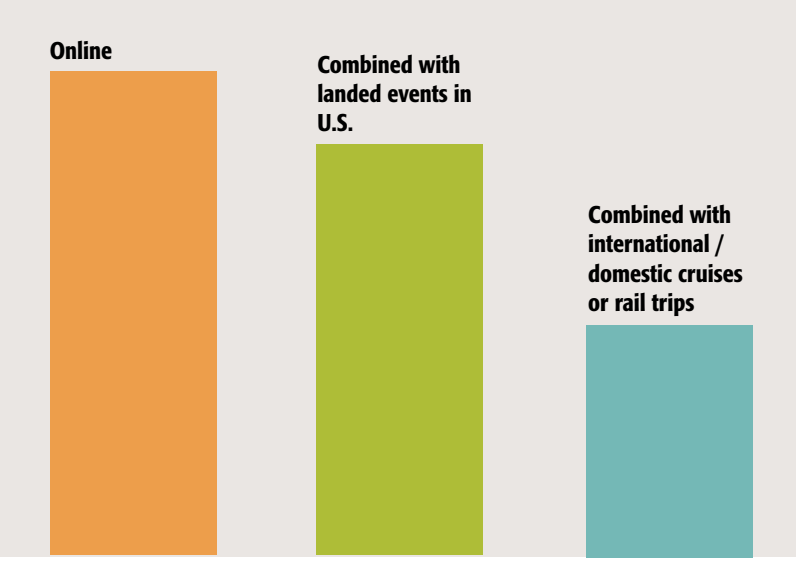
2. The type of Online CE was very close between reading and answering questions online and webinars.

3. The main CE topics of interest were: Ethics, Investment Advisor-Fee only service, Annuities, Trust Protector and Planning.

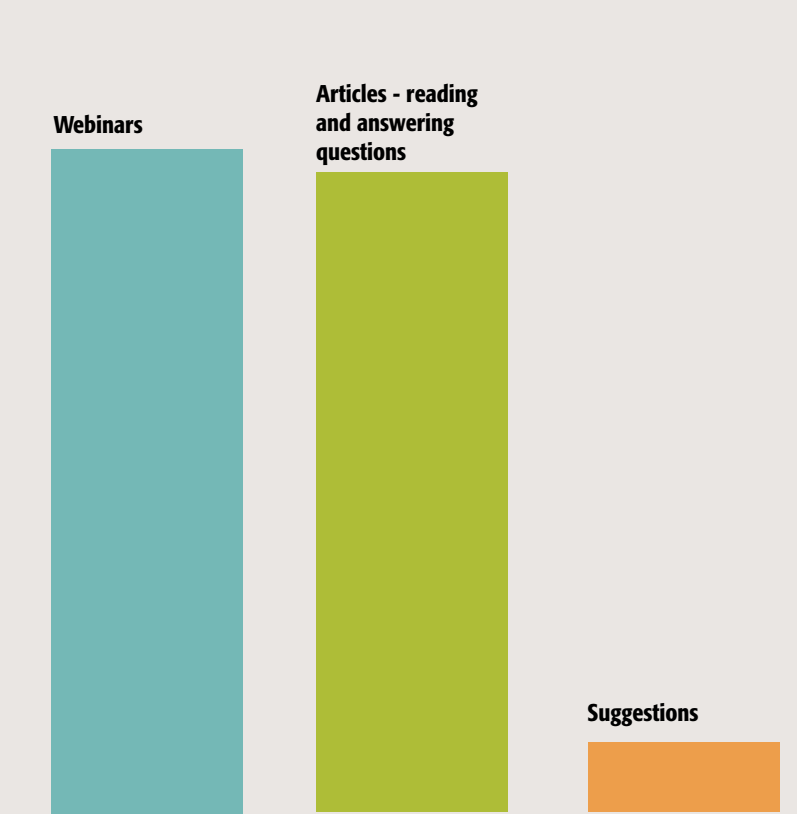
4. For those of you who would be interested in attending a landed CE event – Orlando, FL and Charlotte, NC were the top two choices. Chicago, IL and Nashville, TN had a strong showing.

These results will be discussed at the Board Meeting and action recommended to meet the needs of the members. Thanks to all of you who took part in the survey.

Preference to the different methods of obtaining CE.



What type of Online CE would interest you?



The REAL Meaning of Education

Wikepedia explains education as the process of facilitating learning. Knowledge, skills, values, beliefs, and habits of a group of people are transferred to other people, through storytelling, discussion, teaching, training, or research. Education frequently takes place under the guidance of educators, but learners may also educate themselves in a process called autodidactic learning. Any experience that has a formative effect on the way one thinks, feels, or acts may be considered education.

And I bet you thought education only came from a classroom! Everyone learns differently and no one form of education is right for each and every person. For this reason many find that they have received their best education from their peers. As financial professionals, educating a client is one of the most important and basic tasks to accomplish. Now comes the part of HOW to educate them. Some of your clients will prefer to learn in groups through hands on seminars, while others need a personal one on one session. To cover all the important topics that have an effect on each individual client would take time, effort, and a true understanding of their preferred method of learning. For this reason peers or mentors can offer great assistance in getting the training or education across to both clients and other staff members.

Going to a formal school is the most common direction that people pursue. Personally, I am very education oriented and try to surround myself with people that will teach me things, without being in a classroom. While I have experienced learning through classroom training, virtual classes, and reading, I find that listening to a person explain a concept brings things closer to MY preferred method of learning. Each experience that we have with a person can show us a concept that we weren't familiar with before. With the cost of a "formal education" reaching crazy numbers, I think that it is smart to consider other options.

I have experienced the events offered by the IARFC while on a relaxing trip several times. This procedure has shown me that there are many creative and exciting ways to learn new and important concepts. Each session that is presented opens the door to a new idea and I always leave with a thought provoking and applicable skill.

The best advice is to search out ways to absorb new and interesting avenues for learning. Keep your eyes and ears open at all times and really listen to what people are saying. There are pretty smart people out there that can grow your education for free!

I recently attended a full day symposium hosted by the Financial Planning Association of Long Island and left with handouts, PowerPoint Presentation slides, as well as techniques that are applicable to my daily work agenda…and picked up some continuing education insurance credits at the same time. While it is impossible to attend every educational event out there, encourage your staff to participate in some of these activities to get education from more experienced and diverse professionals.

Learning is a never ending circle. We are all learning and educating ourselves when we are not even aware of it. Each person you meet will teach you something, whether it be trivial or have a major impact on your life. Education is not only found in books, so be focused on each conversation that you have and learn from it.

Michelle Blair, RFC®

Michelle K. Blair, RFC® is an office administrator specializing in management and relationship building. She is a Board member of the IARFC. As an active member of several women's groups, including POWER and TWFG, Michelle devotes quite a bit of time to promoting professional and personal growth in the industry.

Contact: 516.639.5078
michelleblairrfc@gmail.com

How to Survive as a Millennial in the Workforce

Ask anyone over the age of 50 who they think of when they hear the word, "Millennial". They will likely respond: Justin Bieber, Johnny Football, their unemployed 28-year-old son that still lives with them, or the pink-haired, heavily-inked barista that made their coffee this morning. Next, ask them what words they would use to describe a Millennial. They might say: young, inexperienced, single, irresponsible, or impulsive. It is very typical of people in more seasoned generations to assume that the entire Gen Y cohort is reckless, entitled, was born with electronics in their hands (or attached to their heads), and is a general drain on society. Admittedly, the above descriptors do accurately portray some Millennials, but what about the rest of us?

I too am a Millennial. I am a married, 33 year old mother of two who has paid for my own college education, has a positive (and growing) net worth, and has no idea how to work "the Cloud" or SnapChat. Not exactly what you were picturing, huh? I argue that there are just as many Millennials like me out there as there are in the Johnny Football/pink-haired barista category.

Unless you work at Facebook or a graphic design firm, odds are that your manager is a generation or two above you. What do you do when you are a responsible, contributing member of society, but your employer (and the rest of the world) puts you in the same category as Justin Bieber?

1. **Communcate Effectively.** Don't speak or write in hashtags or say things like "totes adorbs" (which translates to totally adorable) or YOLO (shorthand for "you only live once"). This just makes you sound immature, young and frankly, ridiculous.

2. **Don't hide behind emails or text messages.** Quick written messages may be your go-to communication method, but many members of the Baby Boomer and Gen X era prefer a phone call or a face to face meeting. Take the time to understand the preferred communication style of your co-workers, managers, and clients.

3. **Put yourself in their shoes.** When a Baby Boomer thinks of going to work, they might picture putting on a suit and tie, leaving the house, clocking in, having some meetings and clocking out. They may not understand what you mean when you say that you can "work from home" or that you can conduct a productive meeting via Skype. If they can't physically see you working, they might assume that you are not working at all. If they see you typing on your phone, they may assume that you are texting a friend or updating your Facebook page, not doing something work related. Don't leave these things open to interpretation — communicate what you are working on, where you plan on doing it, and when it will be completed to be sure that everyone is on the same page.

4. **Show respect.** Experience should always be respected. Just because there are more efficient ways of doing things now, doesn't mean that we should discount the way that they were done in the past. There is always something to be learned from those who have paved the path before you. Work together to see how their experience and your youthfulness can benefit the company and clientele.

5. **Prove your value.** How do you add value to the company and how can you continue to add more? Illustrate how you are making your superior's job easier and why they are better off having you on the team.

Let's remind the older generations that Gen Y is also known for these positive attributes:

- Being tech savvy
- Having a desire to do work that matters, not just working for the sake of work
- Believing in the greater good
- Collaborative nature
- Well-connected
- Good at multi-tasking
- Desire to learn
- Innovative thinkers
- Charitable mindset

There will always be generational differences and biases (back then there were hippies and now there are hipsters). Before you know it, you will be complaining about the "crazy hooligans" in Generation Z and the "lazy yahoos" in whatever generation comes after that. Try to understand the differences and values of the generations that you work with and learn how you can complement each other in the workplace.

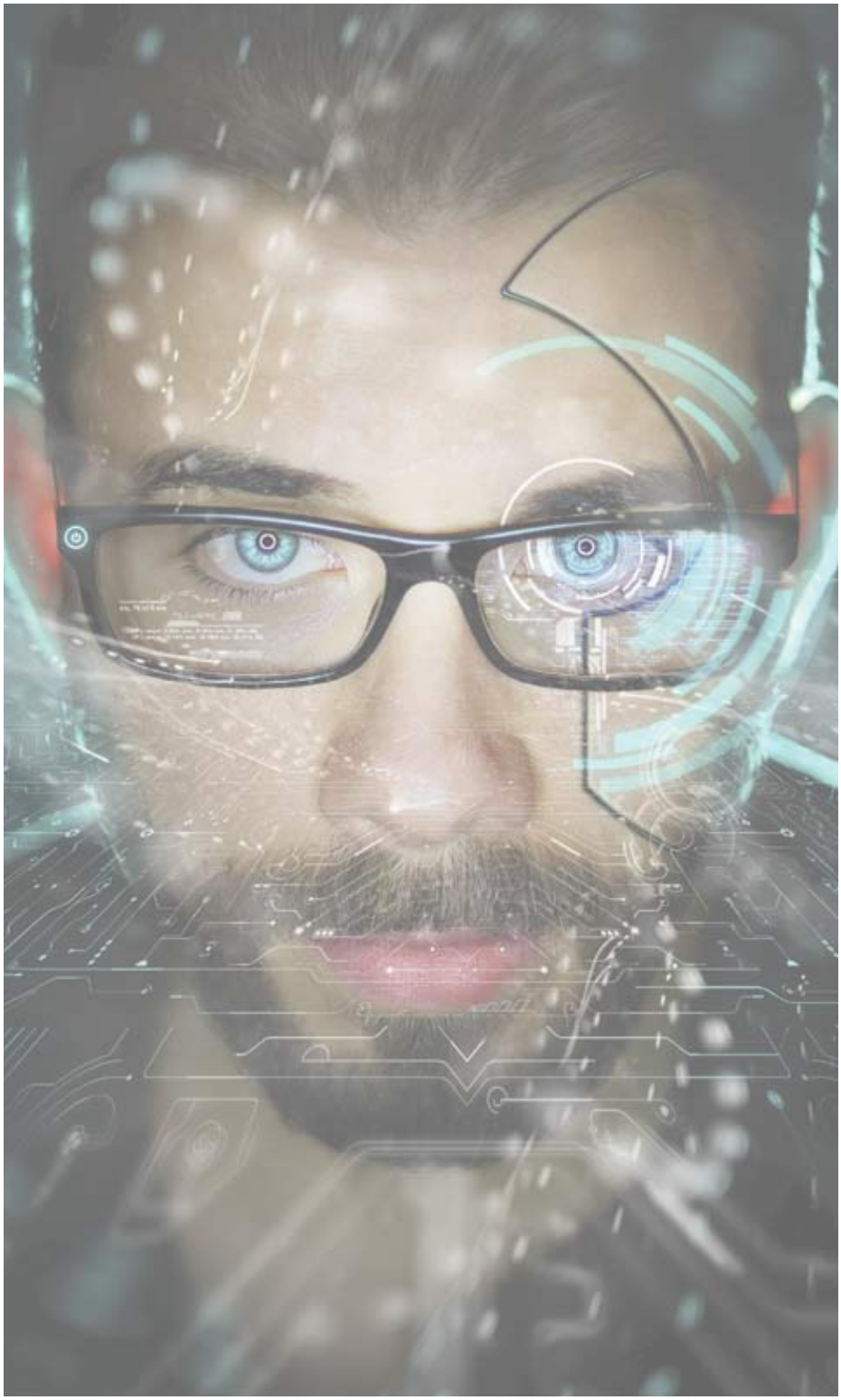
Jamie Bosse, CFP®, RFC®

Jamie Bosse, CFP®, RFC® is a Financial Planner at KHC Wealth Management in Overland Park, Kansas. She strives to help clients live the life they want by helping them identify their goals, create a plan, and take action. Jamie loves to write, travel, BBQ, and cheer on the Kansas State Wildcats. She stays very busy outside of work keeping up with her husband, two sons, and pet corgi.

Contact: 913.345.1881
jbosse@makinglifecount.com
www.makinglifecount.com

Marketing Unplugged

Must Technology Change the Advisor's Life?



Advisors come in all ages. Some seem to have been doing it forever. When I was an advisor, a presenter at an office meeting mentioned Thomas Jefferson. A voice from the back yelled: "Dick had his account." Others are new and concerned that fresh young faces won't be taken seriously by older prospects. But everyone must decide on the relationship they will personally have with technology.

Technology Penetration

As we age most people arrive at a comfort level with technology and stick there. You may know people who are comfortable with email and use it frequently but haven't embraced social media. Here, youth has the advantage with its willingness to embrace new technologies. The Pew Research Center has been conducting studies addressing "Older Adults and Internet Use". Their September 2013 data reported 90% of Americans aged 18-29 use social media, up from about 86% 15 months previous. No surprise.

They also reported 46% of Americans 65+ use social media, up from 35% just 15 months before. What's the lesson? You might have reached your comfort level with technology, but you need to adapt because your clients and prospects are quickly embracing new technologies.

How addicted are Americans to technology? In January 2015, The *Economist* ran an article indicating: "It is reckoned four fifths of Smartphone owners check their devices within 15 minutes of waking up and that the typical user does so 150 times a day."

How Technology Transformed Dating

The 1970's was the golden age of the singles bar. People met face to face. Those who didn't like the bar scene met through shared activities, the gym, religious organizations or were setup on blind dates by friends.

In 1995. Match.com appeared on the scene. According to Hitwise Inc. even back in 2004 there were 844 lifestyle and dating websites. You are familiar with the dominant players from the TV ads. According to the Pew Research Center (How American Couples Use

Technology) 22% of adults aged 25 to 34 have used online dating.

Now people can learn about each other and connect online before they actually meet face to face. This is frustrating for parents with dating age children because the relationship might be significantly far along before the parents catch on. Baby Boomers will remember our parents often knew what was going on because they overheard half the conversation when you made calls from home. Now it's done online.

How Technology Transformed Real Estate
You might doubt the relevance of online dating when you are selling investments or insurance because money doesn't change hands. Consider real estate instead.

According to the National Association of Realtors, 90% of homebuyers searched online during the home buying process. Searching on mobile devices was big, 77% reporting they used them at home while 28% used their mobile devices for real estate research while standing in line and 27% while in restaurants.

Is The Face to Face Relationship Dead?
OK, technology can sound scary. Will couples marry sight unseen thanks to internet dating? No. Will home buyers purchase real estate online without a realtor? Unlikely. When individuals part with large amounts of money, they want a personal relationship. Consider ten reasons why advisors are indispensable even as technology advances:

1. **Bricks and Mortar** — Internet scams are common. They want to walk in the door of your office. They want a deep pocketed parent company standing behind you.

2. **Confidentiality** — There's a different perception between telling an advisor your intimate details compared to typing them into a form on a computer screen. Data always seems to be at risk, yet the really personal details are often communicated verbally;

3. **Blame** — Few individuals want to accept personal responsibility if investments go sour. Investors want someone they can yell at or fire, even though they understood the risks beforehand;

4. **Understanding the Tapestry** – Everyone's situation is unique. (As they see it.) They want to work with someone who understands their hopes and dreams, not a website that sells a product.

5. **Investments can be Complicated** — You've seen the Farmers Insurance ads explaining you should know about the gaps in your insurance. Products can look similar when they are not.

6. **Straight Talk on Fees** — Fees are another complication. If an advisor has the client's best interests at heart they will explain "How we make money" along with "What if" scenarios if a person chooses to end the relationship. Websites may have the information available, but you must find it.

7. **Hand Holding** — A good advisor encourages a client to take action when they would otherwise sit on the sidelines. They also keep the client focused on the long term. Websites provide information, but not compassion.

8. **Risk of Glitches** — You've seen the on screen warnings: "If nothing happens, don't click the order button twice." You've also seen screens disappear in the middle of data entry. Placing orders through a live person you know makes order entry their problem.

9. **What You Don't Know** — Clients often don't know the right questions to ask. They hear about an investment idea from a friend and want some too. They rarely ask: "Is this appropriate for me?" Advisors they know can fill them in on the questions they don't think about asking.

10. **Continuity** — People expect to see the same doctor, dentist, accountant and attorney when they consult these professionals. They want an ongoing relationship and see it as part of the value proposition.

So What Do I Do Now?
We've learned everyone from the young to the old are embracing technology. It's transforming dating, real estate and as you know, investments. We also know people will want a face to face relationship when money is at stake.

We cannot expect prospects to conform to our preferences because ultimately they want what we offer. We need to engage them on territory that's familiar to them. You need:

- **An Online Identity** – Your prospect wants to be reassured you are for real. They will likely Google your name. If not, their children or grandchildren will. What will they find? Will they be directed to your website? What do the regulators say about you?
- **An Online Presence** – They've reached your website. Is it an electronic business card or an attractive magazine that holds their interest? Does the content change periodically?
- **A Cordial Compliance Relationship** – Advisors are highly regulated. Find out what you can and cannot do. Where are the boundaries? Who in your firm has done cutting edge stuff?
- **An Understanding of Them** – People are bombarded with information daily. What channel(s) does your prospect prefer? Try email, phone messages, letters, etc. and learn which gets a positive response. Most people have a primary channel.
- **A Proactive Contact Program** – You know how to reach them, now stay in front of them. Ideally you want them to connect hearing from you with learning valuable information that's relevant to them. Article links may be good content.
- **A Strategy to Utilize Social Media** — You know plenty of people and they know plenty more. Utilize LinkedIn and other sites to learn "Who knows who?" Meeting can be done in the old fashioned way, but technology lets you know who has the connections.
- **A Social Media Presence** — How will you stay in front of your social media colleagues? When was the last time you updated your profile? Posted an article link? Liked something another person sent?
- **What's Trending in Technology?** — Be aware of "The next big thing." Investors will expect you to have a working knowledge, because investing is your field.

Everyone embraces technology to some degree. You want to do it on your own terms.

Bryce M. Sanders

Bryce M. Sanders is president of Perceptive Business Solutions Inc. He provides High Net Worth client acquisition training for the financial services industry. His book "Captivating the Wealthy Investor" is available on Amazon..

Contact: 215.862.3607
BryceSanders@msn.com
www.perceptivebusiness.com

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WHO WE ARE

USA Business Lending has over 20 years of nationwide success as a premier commercial finance and consulting firm.

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Small and medium sized business owners want to have the best resources for their associates and clients but sometimes don't know all their options. Adding commercial financing to your offerings, you're in a better position to generate interest for your products.

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WHO WE WORK WITH:

We work direct with many professionals that are connected to the commercial real estate industry.

*** Commercial Real Estate Investors**
*** Real Estate and Small Business Attorneys**
*** Commercial P&C and Life Insurance Agencies**
*** Financial and Investment Advisors**

USA Business Lending, Inc.

FINANCING TYPES

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- Cash Out Refinance
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- Ground Up Construction

PROPERTY TYPES

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* Medical * Senior Housing * Mixed-Use

GENERAL FINANCE GUIDELINES

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* Loan Tailored To Client's Needs
* Mininum Credit Score of 680

WHY WE'RE DIFFERENT

- Creative Loan Structures
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Interested In Learning More?

Visit: usabizlending.com/iarfc-alliance-signup/
Call: 317-846-2800 To Talk To An Executive Today!

Opportunities to Expand Your Services

For some time the IARFC has been looking for the best ways to help members get appointments with owners or managers of profitable businesses. There are many reasons we would like to have appointments with these qualified persons. Before you begin to "shop" for names and polish approach methods, let's consider what business services or products you want to offer, and profile the persons who can be approached.

Business Loans/Re-Finance Opportunities. This would offer a real estate based loan, with a minimum of $300,000 and a maximum of $30,000,000. The funds would come from USA Business Lending, our strategic partner. Your rewards would be a fee based on the loan enrollment plus the sale of life insurance — term, whole life or a combination. The insurance would go through your traditional sources, with no special assessments, percentages or overrides.

Lending Options. USA Business Lending provides loans to clients using their large lending base using the options of the Small Business Administration (SBA). SBA loans are attractive to lenders since the SBA assumes a major portion of the risk but also the business owner (borrower) who can receive great terms and rates. Furthermore, the SBA helps the bank qualify the borrower and provides education on the process and a solid banking relationship.

In reality, there are many local banks that do not underwrite or take on business loans even with SBA support. However, working with an independent lending consultant can and will help a business expand and grow providing some of the following needs and solutions for the business owner: start-up costs, franchise funding, equipment, real estate, inventory, working capital.

The SBA guarantees loans to businesses to help them start, grow and succeed. As an SBA borrower, these items are provided in helping both the banks and the borrower in the process:

- **Contracting** — SBA serves as advocate to access $100 billion in federal contracts.
- **Counseling** — Training for small

businesses through a network of 14,000 resource partners.

- **Support** — 68 district offices and digital training, education, practical tools and personal advice.

Using Independent Lending Resources like USA Business Lending. Business owners have been so busy trying to succeed that they have not fully explored the potential benefits of looking for lending resources that can solve a lot of financial issues in their businesses. Using an array of lenders that offer SBA programs is just one avenue. The "Big Box" lender thinking or just using the "local" bank can stifle opportunity and progress and not provide options from an objective and independent view. Independent lending can put the right puzzle pieces in place to solve many cash flow and real estate lending issues.

Loan Repayment Life Insurance. Most business loans require two or three signatures — the Chairman or CEO signs for the borrowing company. Then, they sign personally as a guarantor on the loan. Often the signature of the spouse is required. Term life insurance offers the lowest cash flow requirement but it builds no reserve for payments in a period of business stress. It also has a termination point and often a declining benefit. The contract selected should **always** have a conversion provision. A policy with full coverage is more expensive, but the cash accumulation is a reserve for premium payment and also for funding of a Deferred Compensation Plan.

When there is a death of a loan guarantor, the full loan is payable. There might be a willingness to re-write the loan (at new terms) but there is no assurance.

Buy/Sell or Stock Redemption. When an important shareholder dies, the surviving officers and family members are devastated personally. The lasting problem is "Who will own the equity in the company? How will they pay for it? What will be the estate tax duties?" Good legal documents and life insurance can resolve the issues.

Key Person Life Insurance. Regardless of the ownership of the business, there is a significant loss potential. A highly regarded physician decided to expand from a nice office into a full sized clinic. This required a building, very expensive equipment and the attraction of a supporting team of physicians, assistants, specialists and technicians. The locally famous doctor had a stroke at age 47 and the practice named for him became a very stressful place. The economic loss approached $10 million and his wife was required to pay off the loans and leases. His accountant and his financial consultant had recommended an extra $5 million for the practice…but he had procrastinated.

Deferred Compensation. Since defined benefit pensions are disappearing, highly compensated executives are saying, "What's in it for me?" The company 401(k) plans will not provide an equitable high retirement that is proportional to the moderate wage-earners. One solution is a modest defined contribution schedule for the entire concern. Then significant benefits are for just the key persons. An ideal plan might call for contributions of fixed index life insurance.

Estate Planning. In this era of family turmoil and divorce, conflicts easily arise that require pre and post nuptial documents, trust agreements, trust protectors and trust financial advisor appointments. These only determine how the family wealth **might** be distributed. Will there be sufficient liquid funds after the government gets their share? If you are the trust financial advisor, that designation will require funding.

Estate Equalization. This is a major problem, often overlooked. An aircraft engineer forms a company to design, manufacture and install the passenger sections. His son joins him and is heir apparent. The company is highly leveraged but quite profitable. His two daughters have no interest in aircraft. His goals: The wife gets the home, the mortgages and life insurance. Son gets the company shares worth $6 million, but there are no dividends. How can the wife and daughters get a share equal to the son?

Prime Referral Source. The CEO of a business depends on a flow of new customers or clients. When business owners are asked to recommend a business associate, they are extremely likely to do this because they know that the value of a good business relationship is substantial.

Modest Action is Required. If you initiate the business loan, you will receive a fee and commission without changing your current business affiliation. You have the experience, the skill and the products. The loan funds will be supplied by USA Business Lending. Just one business financing and commission every month will make a major difference. You're only a phone call away… 317.846.2800

Ed Morrow, CLU, ChFC, RFC®

Ed Morrow is the Chief Executive Officer of the IARFC and has been a practicing financial consultant for forty years. His advice and systems are used by thousands of financial consultant in the U.S. and across the world.

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

Tech Tips

In the Noise of Data Breaches, What are the Statutory Requirements of the SEC and the FTC?

There are a dizzying number of laws, regulations and compliance standards that need to be followed by financial advisors, and the bad news is it will only get worse as everyone is trying to deal with the current issues related to data breaches.

When it comes to cybersecurity, the SEC and FTC mandate that financial firms have reasonable security. Both agencies are actively and aggressively enforcing compliance in order to protect the consumer. However, as in everything that is described as "reasonable," people can have different definitions of what it means. In my practice, I find that companies often have more questions than answers as to what they should be doing for cybersecurity.

Why are breaches increasing in number?
Why is cybersecurity needed now more than ever before? Why are so many more data breaches occurring? The answer is easy. Because there is money in hacking your company. Hacking is no longer a lone wolf effort — it has evolved into an industry made up of sophisticated businesses that profit from stealing from your clients, and your company is the gateway that gives them access to the information they need. So, it is important to remember when preparing your cybersecurity plan, that it be developed to prepare against an organized and planned attack.

I have seen clients get attacked by very sophisticated attackers using the things you see in movies — from super spy-level encrypted pictures of an executive's boat to gain access to chemical formulas, all the way down to much smaller clients who have been hit by cryptolocker who have had to pay a ransom to have their files unlocked. A current trend I am seeing goes back to old-school phishing scams — an employee receives an email that looks like a legitimate email from a client or fellow employee asking to transfer money from one account to another. I am surprised to see how many of these have succeeded!

The SEC released a study this year that revealed 88% of broker-dealers and 74% of advisors have experienced cyber attacks directly or through one of the their vendors. As a result, both the FTC and the SEC no longer see a "checkbox" approach as sufficient. For example, in September the SEC fined a company after a data breach for failing to adopt proper cybersecurity policies and procedures prior to the breach. What is interesting and very telling in this case is that the company was fined for failing to have these processes for the past four years. Does this mean the company failed to conduct audits or try to comply over the past four years? Probably not, but what it means is that the checkmark style of compliance that has worked in the past will not work in the future because of the sophistication and frequency of cyber attacks, particularly on financial businesses.

The FTC was handed a big victory a few months ago when the United States Court of Appeals for the Third Circuit agreed the agency could move forward with a lawsuit against Wyndham Worldwide Corporation for inadequate security practices. By its ruling, the Third Circuit essentially has given the FTC the right to regulate companies that put their customers' personal data in harm's way by having weak cybersecurity practices. The court also decided companies already have "fair notice" as to the standards by which they must comply, because the statute requires a company to have reasonable cybersecurity practices in place.

So, that brings us back to the issue of what is reasonable.

What should you do?
My rule of thumb is that by taking the approach of truly securing your environment, you take care of the compliance issues for the most part. However, if you start with wanting to meet compliance first, then it is likely you will not have a secure environment. The nature of compliance is that even if you pass your compliance, it will not relieve you of liability if you have a cybersecurity incident later because everything will be reviewed after-the-fact.

Most companies are so overwhelmed with the security requirements that they outsource it to third parties and believe that it will shield them from liability. I agree that experts must be brought in to help architect the solution, the ownership has to lie with the company. Federal Trade Commissioner Terrell McSweeny has said that, "Companies that farm out their data security practices to third parties can still find themselves on the wrong end of an FTC enforcement action when the vendor performs poorly and risks consumer information." With the increased risk of breaches, there are many people trying to get into the security business, so it is important to properly vet vendors and make sure they are qualified. Cybersecurity is no different than any other subcontractor you hire; the ultimate responsibility rests with you.

There are three questions to ask about your systems that can get you well along the road to security and compliance:

1. Who is using your network?
2. What resources are they using?
3. Are they supposed to be on your network using those resources?

Answering these very simple questions will meet most of your requirements for compliance, but unfortunately they are not very simple to implement. True data security to meet compliance is an every day endeavor, not a static one-time checklist. As David Glockner, director of the SEC said, an approach to security that is meaningful is one that is more than just a check-the-box approach; it really requires a strong governance component.

Who is connected to your network?
When you ask your IT or security contractor and they don't have a clear answer and have to check multiple systems to figure it out, it is a good indication that they don't have the answer you need. When I ask this question of companies, I get answers such as, "Let me go check x or y system," or "Well, let me print the active directory list." In the past, that used to be good enough, but that is not the case anymore. Even Microsoft will advocate that active monitoring of your active directory is the only way to make sure it is truly secure because of the complexity that has been built into the system. In its case against Wyndham, the FTC pointed to the ineffectiveness of monitoring connections to the company's network. In addition to the FTC, the SEC and FINRA have network monitoring at the top of their lists.

You need to know who is connected to your network and if they are employees, contractors, vendors or others. Sometimes procedures are not followed or someone just forgets to deactivate an employee after the employee leaves, or to deactivate a contractor's access once the contract is over. These actions leave holes for potential compromises. I have also seen incidents where a port is left open for a contractor to do monitoring and once the contract is over the port never gets closed.

The solution is cross-organizational and begins with policy and procedure (HR) and continues with active monitoring (IT/third party) followed up by regular internal audits (Legal and/or Compliance) to ensure compliance. Knowing who is connected to your environment is the first cornerstone in implementing a security solution that has a chance of succeeding in protecting your company and it is a major component of the compliance framework.

What resources are they using?
This question is more difficult to answer than the first question. It also gets complicated because there are so many interconnected things. Consider your holistic system includes your employees on their computers doing work, breakroom vending machines letting the vendor know supplies are low, and visitors coming to your office with their smartphones and connecting to your wifi. The list can go on and on.

Add to that, there have been incidents where former employees are still connected to the network and using resources because someone forgot to revoke their privileges after they left the company. This can range from simple freeloading on your system to stealing information, and, as in one case last year where an employer sued a former employee for stealing trade secrets, it can be quite by accident. Forensics for this particular case determined the employee had been linked on a corporate Dropbox by the IT staff and his laptop was automatically synched to that Dropbox folder. The former employee never realized that his employer didn't turn off this feature when he exited and therefore it appeared as though he was downloading information from the company after his departure.

It is critical — and, again, a requirement — that you account for all the resources in your control, and that means anything in your network that can and will have data. One that is constantly overlooked is how sophisticated our printers have become. They are really becoming another server in your environment, with operating and file systems of their own.

The solution involves monitoring your network firewalls and infrastructure to ensure only devices you approve can connect to the network, and your cybersecurity plan and policy should indicate only devices vetted for security are allowed. The issue is getting more complicated as your regular users (and clients) bring their own devices to office. Your architecture has to allow for that to work so that employees can be productive, but it must be secure at the same time.

Are they supposed to be on your network using those resources?
This is the most difficult task for any company and truly it is like finding a needle in a haystack. The top advice you will hear over and over is to have a strong cybersecurity policy in place before a breach. In both the FTC/Wyndham case and the SEC's action this past September, a lack of a strong policy was mentioned in the complaints because it is so important. In my opinion, though, having a plan is not as important as the process you will go through in developing a plan.

As you develop your plan, you will have to determine what is acceptable and what is not, and this information will guide your cybersecurity people to know when something looks out of place and when something does not. As previously mentioned, today's attackers are sophisticated — they are trying not to stand out and therefore look like normal users. A good way to catch them is to see if they are doing something you are not expecting.

The process can take a good deal of patience on the front end. Many times when a company is in the initial stages of implementing a cybersecurity solution, their monitoring systems will "catch" things that their users are doing that are absolutely normal, but the implementation team had

Ten Questions
To Ask About Your Security and Compliance (Every Day)

1. *Who logged into any of our systems remotely?*
2. *Were any notorious/known malicious websites visited?*
3. *Did our antivirus software flag something?*
4. *Did any known bad address try to hit the web servers?*
5. *Were there any new computers/systems detected that connected to the network?*
6. *Did any account fail to authenticate more than four times?*
7. *How many vulnerabilities does the scanner show?*
8. *Breakdown of web traffic, i.e. business vs. others?*
9. *Was any malware noticed by intrusion prevention systems?*
10. *Were any new users added or users permission elevated?*

no idea it was part of the person's job. My favorite story involves an audit that suddenly found one person was spending 95% of his time going to questionable websites. When the employee was confronted with this data, he quickly pointed out was his job to look for fraudulent activity!

By and large, companies have good employees who want to do the right thing, but in some circumstances, the true malicious insider threat is real. We have all hired that employee we thought was great but who turned out be disastrous. They are the most difficult to find because they have credentials to the systems and are quietly and very carefully trying to gain information or cause damage. We have found people downloading customer databases to their thumb drives and taking customer documents with them. A lot of times they do it weeks before they walk into your office and announce they quit. Given this risk, the front-end work of developing an active monitoring system is crucial to detecting such activity.

Ongoing security it everyone's responsibility. The importance of doing the legwork to implement a cybersecurity plan is twofold. First, the plan should spell out what is going to be acceptable and not so you can fine-tune your systems to spot attacks. Second, the plan gives your security personnel a roadmap of how to react when things happen. When should they hunt you down and let you know that something is happening, even if it is in the middle of the night or when you are on vacation? Attacks are swift, and true threats should always be escalated to crisis level.

Beyond the IT and security team, however, the practice of good IT hygiene is the responsibility of each person in the firm. Your policies and procedures should address these responsibilities at every employee level. According the study done by the SEC (and I have seen this frequently in my practice as well), most cyber attacks are related to malware and fraudulent emails, which anyone in the organization can receive. Employees need to understand the risks and be constantly reminded through communication about threats.

I believe one of the things everyone can agree on is there is no guarantee your actions will prevent a breach, but practicing basic IT hygiene will go a very long way in helping you stay secure. While it may not prevent the breach it can help detect one as soon as it happens and prevent it from causing damage. The main component of the National Institute for Standards and Technology (NIST)'s framework for security is continuous monitoring, and I agree. I don't think you are able to defend your systems from attacks without having robust and complete monitoring.

In my opinion, the reasonableness of security will one day become a standard much like our current reasonable person standard in civil litigation cases involving negligence. To paraphrase Judge Ambro's FTC vs. Wyndham opinion, if Wyndham were a supermarket, "a supermarket leaving so many banana peels all over the place that 619,000 customers fall hardly suggests it should be immune from liability."

The bottom line? It means you should do what a reasonable person in your shoes would do, and today a reasonable business owner should make cybersecurity a top priority.

Tony Porras

Tony is the owner of Porras Law, a legal practice focused exclusively on cybersecurity and data privacy and security. Tony spent more than 20 years as an IT/cybersecurity executive before entering the legal profession. As a result, he has the practical expertise in cyber and risk management support necessary for today's unique data protection environment. He blends his technology experience with his legal expertise and attorney-client privilege to consult with firms large and small in the areas of data protection and privacy.

Contact: 310.746.5330
aporras@porraslaw.com
www.porraslaw.com

Register Profile

Justin Martin, RFC®

Appealing to the Millennials

"Millennials need to look at other ways to create wealth as part of our financial plan (e.g., real estate investing, utilization of insurance products, hedging with gold and silver, building businesses, etc.)."

Starting a new year calls for a new attitude – a fresh perspective. For 2016, our first editorial theme centers on the younger financial professionals (Millennials born 1980–2000) and their clients/prospects.

While much of the focus is on the "Baby Boomer" generation, this time we deal with a technology savvy group who, although they face different problems in their generation, still have the need to properly manage their financial goals and dreams.

Justin Martin RFC®, an agent with Paradigm Life and recently elected to the Master Registered Financial Consultant (MRFC) Certification Board of Directors is our consultant in profile. In Justin's interview, we explore the psyche of the younger prospects and potential consultants to understand how to market to these groups.

Justin, first tell us about your personal background – what was your family background like growing up? Your education? Early work experience in the financial world (or other)?

Thank you. It is a pleasure to be a part of this great organization.

I grew up in a family that was very familiar with the everyday life of a financial consultant because that's what my dad was. He built a very successful career working with individuals and businesses up and down the state of Utah. My brothers and I spent a lot of time growing up doing what my parents thought was best for us — working. I can't ever remember not having a paper route, sweeping out parking lots, or mowing the neighbor's lawn. My parents instilled values in us that have proved to be very helpful, especially now as I am building my own business and career.

My family comes from a Mexican-American heritage. It is something of which I am very proud. My wife and I don't teach our kids as much Spanish as we should, but we definitely invite the Hispanic culture into our home as much as possible. As a 19-year old, I had the opportunity to serve on a mission for my church where I lived in Spain for two years. It was an amazing experience and one that cannot be replicated.

After my mission, I completed my Bachelor's degree at Brigham Young University and later went on to complete my MBA at Texas A&M University. Over the last 12 years, I have spent a lot of time studying, researching, and working in the financial industry in many roles and capacities.

Currently, I work as a wealth strategist with Paradigm Life, specializing in the Cash Flow Banking Concept through Life Insurance.

How do you feel technology impacts the way you do business? What is the main difference you see between relating to older clients and younger ones (technology speaking)?

Technology is dramatically changing the way we do business here in my office (and industry). Almost 100% of my client meetings take place via webcam and virtual conference rooms. Thankfully, the technology nowadays for virtual meetings is quite simple to set up and use. I'll have clients of all ages who are able to meet online with me as we discuss their finances. I believe that gone are the days of "over the coffee table" discussions with clients. I recognize that people want to be comfortable in their homes, but they would rather not invite a stranger into their house. I am the exact same way. I have found that being able to interact with my clients virtually still gives me the opportunity to build a good relationship, while allowing them to be comfortable in their own homes or offices on a daily basis.

The power of using webinars, YouTube, podcasts, social media, and other online systems has allowed me to market my services to a clientele base that stretches the nation.

What are the top concerns of the younger generation when developing a financial plan? Is trust a major factor when selecting a financial professional?

Due to the nature of our current job market and the way the IRS has structured the tax code, a lot of the younger generation (and older) are stuck in the idea that a 401(k) (or like vehicle) will provide them with a comfortable retirement. Well, there are a couple of fallacies to that assumption:

1. The system of a 401(k) plan is being tested right now with the Baby Boomer generation. Unfortunately, because of the recent recessions, 401(k)s are not the end-all-be-all of retirement. In fact, I hardly ever have a new client tell me that they are completely comfortable with their retirement. Our generation needs to realize that the 401(k) plan is a system that doesn't provide everything for retirement.

2. We need to be asking ourselves, is it better to pay taxes now when we are in a very low income tax environment or defer it to a later time. My crystal ball does not always predict the future, but it's safe to say they we need to pay off our national debt at some point or at least break even in our balance sheet. One of the quickest ways to fix that problem is to increase taxes.

3. Our generation needs to think out of the box. We can't get stuck in the rhetoric that is being taught right now of investing in the market and diversifying your assets. That theory didn't work in 2001 nor in 2008.

We need to look at other ways to create wealth as part of our financial plan (e.g., real estate investing, utilization of insurance products, hedging with gold and silver, building businesses, etc.).

Many graduates are starting out with significant college debt. What is your advice on how to deal with this burden?

Before anyone decides to go to graduate school, they need to figure out why they are going. There needs to be a guaranteed return on the investment, not just a hope for a better job. School costs a lot of money, and we don't live in a society anymore that says education automatically equals a job. Be careful with this decision.

Also, when going to school, that prospective student needs to take the time to apply for scholarships and grants where possible. There is a lot of money each year in the form of scholarships that go unused. Take the time to write good essays and create good portfolios when applying for these scholarships; it will pay off. I only say this because that is the way I paid for a large portion of my undergraduate and graduate degrees.

In regards to college debt already accumulated, I think we would need to have a discussion on debt instead of just the student loans. Debt doesn't have to be a bad thing. It depends on the cost of money. I would want to talk to that person about what the rest of their personal balance sheet and cash flow statements look like. Then, we can make a better assessment for the payoff of the loans.

With your Mexican-American heritage and being Bi-Lingual, how do you relate and market to potential Latino prospects and clients?

As a member and scholarship recipient of the National Society of Hispanic MBAs, I have found that there are some brilliant and well-qualified individuals who work in and with the financial industry. My family comes from Durango, Mexico where low income and poverty is very prevalent. A few dollars goes a long way in that area. Like my family, I have found that Latino families care for each other, no matter what side of the border they reside. When assisting my clients from this background, it is imperative to remember that the financial plan created is not just about the individual or family, it's about the extended family and close friends. If the financial plan isn't geared towards assisting the family back at home (wherever that may be), then it isn't the right plan for the Latino family.

How does the Millennial Generation perceive the financial industry as a potential career choice?

I don't think the Millennial Generation perceives the financial industry as their preferred career choice. It almost seems that unless you are an Ivy Leaguer and have

Give us the top three ways you would like to make a difference in your personal life and professional career.

1. **Knowledge:** I find that I am only as useful to my client as I am knowledgeable. Reading books, listening to podcasts, and attending seminars are a daily part of my schedule. The more I know, the more I can do to help out my client and really, myself.

2. **Mentors:** I am so grateful for the mentors that I have had along the way to help achieve the success that I have already in my career. I am always looking for the next mentor and the next person that I can lean on to help rise to the next level.

3. **Balance:** My day always begins and ends with family. The reason I create wealth is to be able to focus on what is most important to me and that's my family. When the whirlwinds of the day-to-day take over, I always have to maintain a balance in life - my clients, myself, and my family.

connections to a mentor that is already in industry, you don't have a chance of making good money. I hope I'm not the first to say this, but neither of those assumptions are true. I am the personal testament to that fact. There are plenty of directions one can go in the financial industry and still make a great career out of it. You have to find something that you not only enjoy, but that you can also create wealth with it.

How do you feel the IARFC needs to change to be more appealing to the upcoming generation of financial consultants?

One thing that I have found invaluable with the IARFC is the amount of wealth that the members of the organization have. If I ever have a question or want to bounce ideas off of someone, I can always tap into the existing network already created with other members of the organization. There are many people willing to listen and to be a mentor. Don't be afraid to reach out and ask for help or direction. For example, because of the way we run business here in my office with webinars, podcasts, live YouTube streams, etc., I'll have other members of the IARFC come into our office when they are in Salt Lake City and look at what we do.

I believe the IARFC is moving in the right direction of trying to connect financial consultants together in more of an online presence; however, I believe more can be done. For example, it would be great to receive some of these trainings and messages from the organization as a series of YouTube clips or Vlogs. I would also like to see virtual summits where we can come together online to share best practices and ideas.

Regarding the MRFC Designation Accreditation, how do you see this step as being significant for the Association?

First of all, I am very grateful to the IARFC and MRFC Boards to allow me to contribute my knowledge and expertise to the conversation of building this new designation. I believe the MRFC Designation can be used in a few ways:

1. As a way to network internally within the industry. For example, I may have expertise with insurance and accounting, but at times I need to tap into the services offered by someone that has expertise in estate planning.

2. It can show prospective clients another level of professionalism and trust.

3. It will provide a way to become more well-rounded in an industry that is moving as fast as the click of a mouse.

The IARFC is appreciative of your involvement with the MRFC Certification Board. Why have you put your time and energies forth to be part of the Accreditation process? What do you bring to the table?

I hope that my viewpoints as a member of a younger generation can help the IARFC find a way to better tap into our generation as the future financial consultants. As I sit in different continuing education courses, I am constantly surprised by the aging profession we work in. As Millennials, we need to tap into the years of knowledge and experience that these financial consultants have as well as prepare ourselves for the future as the next generation of financial professionals.

Tell us about the Martin household in Salt Lake City and the adventures of raising three boys.

I always love to brag about my family and the joy that raising three little boys brings to our household. Due to schooling and the career moves, I have moved my wife and kids from Texas to California and now back to Utah again. They have been troopers all along the way. If it's summer, we are camping and water skiing. If it's winter, we are snow skiing and reading books by the fireplace.

Contact: 801.210.1878
jmartin@paradigmlife.net
www.paradigmlife.net

On The Path to Accreditation

MRFC Exam Ready

Six months ago, I was excited to announce to our membership that the MRFC Exam was ready. I waited until the last possible minute, much to the frustration of our Editor, to write that article. Even with the delay, in the time between sending the July/August issue to the printer and the issue arriving in your mailboxes, we encountered problems with the exam. The MRFC Certification Board decided to revisit any questions that seemed to pose a problem. We literally went back to the drawing board, and have spent several months rewriting the questions.

Now, I can truly say the MRFC Exam is here. We need YOU and 499 of your colleagues to take the exam. We have learned over the past couple of years that the Path to Accreditation is truly a process, a lengthy one at that. From the Association standpoint, now that we have the exam ready to release, it becomes a waiting game. We cannot submit our application to the NCCA for accreditation until the exam has either been open for a period of one year, or we have had 500 people take the exam. Obviously, we would like to have 500 people take the exam within a few months, so that we could attain our goal quicker.

Our next step is to open the exam and analyze the data from the first 100 test takers. For the first ***THREE MONTHS, we have reduced the examination fee from $300 to $125.*** That means, if you take the test now you'll be helping us by giving us data to analyze, and you'll be helping yourself by putting $175 back in your pocket. During

For the first THREE MONTHS, we have reduced the examination fee from $300 to $125.

this initial period, you will not know your test score upon completion of the exam. Once 100 people have taken the exam and our psychometrician analyzes the data, the scores will be released to you. **But this is a limited time offer, so you need to act now.**

The exam is 125 multiple choice questions. I know our members have experience taking industry exams, so you know there are always questions that are scored and questions that are not scored and used for statistical purposes. Of the 125 questions, only 100 will be scored. We have allowed three hours for the exam. To pass the exam, candidates need to score 75 or better.

We know members are concerned about study materials. There are two key pieces of information I encourage you to review.

Please visit our website devoted to the MRFC designation, www.pathtomrfc.org. In the "Get Started" tab, you will find a link to the "Blueprint Exam Content". This blueprint tells you what is on the exam! No, we haven't provided the questions and answers. But we have provided a list of categories and sub categories, along with the percentage of each, which will be covered on the exam. For example, Education Planning is 3% of the exam and Investment Planning is 17% of the exam. Each candidate should review this blueprint, and see what categories they feel they need to study. Then, go to the "Reference Material" list (also on the Path to MRFC website) for resources to help you study. The Reference Material list is not comprehensive, but the items on the list were some of the materials used to create the exam. You may have other resources that you want to use, and that is fine.

"Sign me up!" If you are ready to take the exam, first you will need to submit the MRFC Application and the application fee of $100. Space prohibits me from going into further detail in this article, so I once again ask you to visit www.pathtomrfc.org or call our office, we will be happy to discuss this in person with you. Once the application is approved, you will be approved to sit for the exam and will need to pay the examination fee of $125. We will advise you how to set the appointment with the testing facility for your exam. The MRFC designation will not be available for use until the NCCA approves our application, but you will be the first group to get the MRFC designation. In the meantime, you will be able to continue holding the RFC® designation.

Amy Primeau

Amy Primeau studied Communication at Hanover College, graduating in 1998. She spent several years in the insurance industry, both in college and prior to joining the IARFC in October, 2007. At the IARFC, Amy handles all aspects of membership; including prospective and current members. She also serves as the National Financial Plan Competition Coordinator and is currently helping with the Accreditation process.

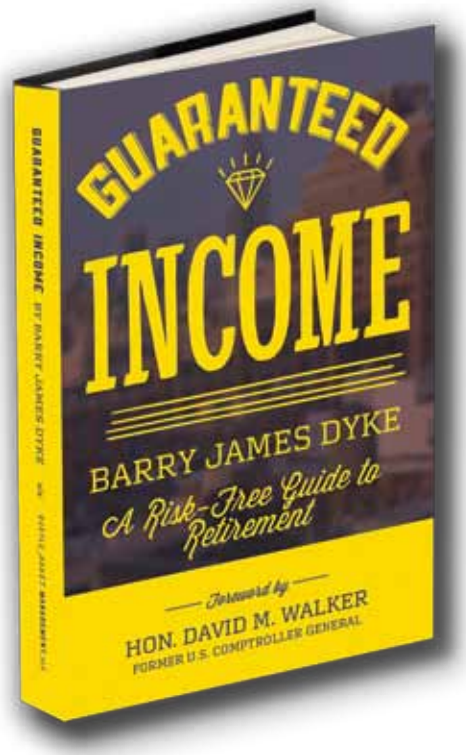
Contact: 800.532.9060
info@iarfc.org
www.iarfc.org

Book Review

Guaranteed Income

A Risk-Free Guide to Retirement

written by Barry James Dyke, RFC®



Many affluent persons and corporate officers, have not taken advantage of the tax benefits of indexed contracts. Many would-be clients for large annuities or indexed life insurance have a natural suspicion. They question placing a major amount of their capital into a "policy". In their mind, a serious question remains, often unsaid: "Who else is doing this?"

Now you can have the answer — with the documentation to back it up. Wouldn't your client be impressed that Bank of America placed the retirement and incentive funds of its top executives into …you guessed it… annuity contracts? In 2010 the proxy statement documented that Kenneth Lewis, Chairman, routed $57,418,498 into the same type of annuity you are suggesting for your clients.

You need three tools to overcome their reluctance:

1. Third party reading material that was quite obviously not the sales literature of a life insurance company.

2. Evidence proving that many financially giant corporations and high net worth executives have approved this type of transaction for their own security.

3. Your comfort in knowing you have all the documentation and that your prospect will have to eventually move forward — with your guidance.

Where do you find these tools? Between the covers of this modest 8.5" x 11" paperback "*Guaranteed Income*", written by Barry James Dyke.

The 45 corporations listed on page 51 of "*Guaranteed Income*" are staggering. The one at the top of this list is General Motors, transferring $29 billion to cover 118,000 employees. The Coca-Cola proxy for 2015 listed $72 million in premiums for the top six executives. This is irrefutable proof that annuities are used by major companies to guarantee the benefits for their senior executives.

This would be powerful recognition of the acceptability of indexed annuities (and their cousin indexed life) to pass the risk from personal investment portfolios into annuities.

Foreward by David M. Walker, former U.S. Comptroller General, served as Public Trustee for Social Security and Medicare and head of the Pension Benefit Guarantee Corporation.

How could you proceed to take advantage of this material? The price of the book is only $27.95, including express delivery.

If this reflects an important part of your financial practice revenue, then you should be reading and distributing this book.

It is available direct at:

888.280.7715
bdyke@thpriratesofmanhattan.com
ww.barryjamesdyke.com


Barry James Dyke, RFC®

About the author: **Barry James Dyke**, RFC® is President and Founder of Castle Asset Management, a Registered Investment Advisor. Dyke defends the market economy, private property and sound money. He celebrates the freedom and productive power of capitalism, and views government intervention as socially and economically destructive. The reason he published this book is to make available to financial consultants the substantiation for their proposed indexed annuity and life coverage.

Book review by: Ed Morrow, CLU, ChFC, RFC®

Are You Actually Prospecting?

As you might imagine, I get the opportunity to talk to a lot agents and advisors about the things they feel are holding them back from achieving the success they hoped for when they got into this business. No two stories are exactly the same, but one of the most common issues facing agents is how to get in front of more people.

That's no surprise for any kind of business. In fact, most first-time entrepreneurs will tell you they had no idea how much time and effort they would have to dedicate to finding customers. It's a huge challenge, but one you can overcome and actually turn into a competitive advantage if you're not afraid to invest the time, energy, and resources to create your own unique recipe for success.

One key is to understand that marketing and prospecting are not the same. Both are critical for the long term growth of your practice, but it's important to understand the differences because the same tools are not used for each. If you're using marketing tactics to achieve prospecting goals, you're probably pretty frustrated right now. Conversely, if you're using prospecting tactics to achieve marketing goals, you're probably driving a lot of people away before you even get a chance to establish any kind of relationship.

Let me give you a quick example. I have been asked by more than one agent for hard data on the average number of calls from prospective clients as the direct result of local placemat or menu advertising. As far as I know, we have never received a call from someone interested in life insurance or retirement income planning because they saw our ad at breakfast. However, I have had many, many people say, "You guys must be doing something right… I see your name everywhere in town!"

Marketing is a long term proposition. It's the science (some may say art) of attracting people to you and your practice. It's about raising awareness and building your brand over time. I have heard a few experts refer to marketing as a "passive" activity, but I don't like that term. That implies a "set it and forget it" mentality that I believe is just flat wrong. Good marketing is far from passive. It consistently cultivates trust and builds a relationship with your market at large.

Prospecting, on the other hand, is about finding qualified prospects right now. It's the process of sifting through potential customers and looking for buyers. I like that word sifting, because it conjures up visions of a gold prospector sifting through dirt, stones, and water to find precious nuggets of gold. That's essentially what you're doing as well. Like panning for gold, prospecting for clients can be difficult and often tedious, but done properly it's well worth the effort. To give you a little better idea of what I'm talking about, here are a few examples of marketing tools:

- Social media marketing
- Content marketing
- Email marketing
- Print advertising

Common prospecting tools include:

- Educational workshops
- Purchased leads
- Policy reviews
- Networking groups

Now, just to be clear and settle a few arguments before they start, yes there are occasionally gray lines between the two. Some marketing activities could arguably serve as prospecting tools at times and vice versa. However, it's important to consider the differences and ensure you are using

the right tool at the right time to achieve your specific goals.

In fact, a good place to start is to simply ask that very question: "What is my goal right now?"

Focus more energy on marketing activities if:

- You're not starving to death and in need of leads right NOW
- You're more interested in building a steady flow of prospects for the long haul
- You have the time to build an audience
- One of your goals is to generate more warm pre-qualified prospects

Lean more heavily on prospecting activities if:

- Your immediate need is to stir up appointments
- You're not afraid of talking to people that don't currently know anything about you
- You're a master at engaging with new people quickly, and explaining your unique value proposition
- You have thick skin and can handle rejection well

A good business plan includes elements of both marketing and prospecting. Both are needed for long term success. The key is to understand the differences and employ the right tools at the right time. Master that and you'll see much more promising results, leverage your resources more efficiently, and start building the kind of practice you had hoped for when you took the plunge.

Paul Mallett, RFA®

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

Contact: 877.512.9287
pmallett@pmg1.com
www.pmg1.com

Should Veterans Work With The Millennial Generation As Clients?

Who Should Millennial Advisors Work With?

October 14, 1985 was a pivotal day. Had I made a different choice that day you would have never given a crap about anything I would ever say about helping financial advisiors be successful, both in terms of client experience and your own goal achievement. There would not have been a speaking career, industry best-selling books, no articles written or read, and no workshops or training and coaching programs. I might have washed out like so many others who enter our business. That was an important day. As a person with no background or formal education in finance and no contacts in the community it was not easy to get hired at a major firm in a wealthy area like La Jolla, California. But now the 3-month training program was behind me, the Series 7 test had been passed, and it was my first day in the real world of being a "broker." It was time to go get clients. My sales manager, Steve, and I had the following conversation:

Bill: So, Steve, what's the process for me to connect with rich people in La Jolla and get them to change advisors and become my clients?

Steve: Bill, that's not how it works.

Bill: Uh… not how it works?

Steve: No. You're 26 years old, you're not wealthy, you have no experience working with wealthy people, and you don't have any contacts with wealthy people. You'll build your business by working in your "natural market."

Bill: You're (expletive deleted) kidding, right? Your advice for my success is that I work with other broke 26-year-olds? Am I supposed to wrestle away their beer money to open an IRA?

(Actually, I wasn't exactly broke. Broke was my goal. My friends would say, "damn I'm broke" and I'd respond, "how'd you do it?" If I could just get my net worth back to zero, maybe someday I would be financially successful.)

Steve: As other young professionals grow in their careers and start earning and saving more money, your business will grow with them.

That was the day I "fired" my sales manager. The choice was to NOT allow myself to be infected with his limiting beliefs about what was possible. Just because he didn't know how to teach a young advisor how to get older clients with money did not mean it couldn't be done. On that day, I dedicated myself to figuring out how to develop the people skills necessary to meet financially successful people, how to talk to financially successful people, and how to offer them a better value promise so some would leave their long-time relationship with their other advisor(s). (I'm referring to people with $1M+.) Had I made a different choice, you'd surely be reading someone else's article in the *Register* today.

As an advisor who delivers a high-touch and personal client experience it makes sense to work with people who have more money, right? You're not trying to have a big clientele with many hundreds of clients. You want 40, 50, or 60 great clients you can really make a difference for. You're not a mass-market financial services business like a bank or consumer-direct financial services

company with employee advisors in a customer service call center or a robo advisor. Hopefully, you're not a one-trick pony product-flogger either.

Whether you are a veteran or newer advisor, here is a key question to consider as you plan to grow your business to the next level.

I'm not a fan of the generation labels like Baby Boomer, Gen X, Gen Y, and Millennial. From a business development and client service viewpoint, there are people who have enough money to make your business work and there are people who don't. A more relevant question to consider is, "will this generation of people over 50 keep their money longer than previous generations of 50+?" If the answer to that question is "yes," then worrying about who's going to inherit their money and when is a non-issue. By the way, the answer to that question is definitely "YES." The fastest growing demographic is people over 100. Why? Advances in science, medicine, genetics, robotics, nanotechnology, artificial intelligence, and synthetic biology will ensure this hard trend continues. The smartest people in the world are not on Wall Street trying to figure out how to create and sell the next derivatives. The smartest people in the world are working on much bigger initiatives. Dr. J. Craig Venter, the genius who led the project to successfully map the human genome much faster and less expensively than our government dreamt possible, recently co-founded a new company called Human Longevity, Inc. Their mission is to make age 100 the new 60. He's 70 and would certainly like to accomplish this goal in the next decade or two. If you doubt these breakthroughs, the rate of acceleration, or their impact on longevity just Google "latest breakthroughs in science and medicine." Prepare to be amazed.

How will this affect the trillions of dollars of wealth transfer you've been led to believe is inevitable? First of all, what's your experience working with people who inherited money compared to those who earned and saved it themselves? Do you even want to work with the kids of your clients? Some who may be ungrateful little vultures who will surely piss away everything their parents worked a lifetime to achieve faster than you can say mutual fund. The predicted wealth transfer is based on linear thinking using old data. People in their 60s, 70s, 80s, and 90s are likely to live much longer than their hoping-to-inherent-the-cash kids and grandkids realize. How much money will there be to pass to the next gen if the parents live another 10 or 15 or 20 years? You do the math. Run the cash flow projections for your clients if they live to 110 instead of 90. Besides spending their money on these extra years of day-to-day lifestyle, they will have the opportunity to make investments in their health and longevity that you could only imagine by watching Star Trek. Steve Jobs was worth $11B when he died from pancreatic cancer. If he could have purchased an artificial pancreas or had one grown from his own stem cells for say, $11B, what do you think he would have done? Who do you know who would give up all of their money to have their health back?

So the current 50+ group is going to keep their money longer, maybe much longer, than so-called conventional wisdom has estimated. Then that begs the question, " will this generation of younger people in their 20s, 30s, 40s be different when it comes to their money behavior than previous generations?" When will they develop an appreciation for financial planning, saving, investing, and insurance? Is it conceivable that the generation with 42 million living at home well into their 20s and even 30s might start acting like a responsible grownup a bit later than their parents? While every generation is unique in some ways, human nature doesn't completely change in a generation. As their parents and grandparents live much longer than expected, this could reduce their fear of running out of time; therefore, give them even less incentive to warm up to financial planning, saving, investing, and insurance. Their attitude might become, "Well, if I'm going to live 20 or 30 years longer I guess I can start saving 20 or 30 years later."

Bottom line:

Veterans:

- Don't sweat the younger generations because the majority of them are NOT going to earn, save, and invest their money any differently than every previous generation over decades.
- Their inheritance is either going to be much smaller than projected or non-existent.
- Do you really want to inherit your clients' kids as clients? What's your experience been like working with the kids of your clients so far? Might it be better to go get another "old" client than to be stuck working for the inheritor who doesn't share the same values and personality traits that made their parents an Ideal Client for you? How much different are they than lottery winners? We all know what great clients lottery winners make, right?
- Work with people over 50 with money.
- You are also going to live much longer; therefore, need more money than you may have thought, so get ready to be in this business 5–20 years longer than you planned.

Younger advisors:

- If comfort is your goal, success is not in your future. Do what every generation of the most successful advisors have done before you. Get out of your comfort zone working with people your own age who don't have much money (and are not likely to have serious money for decades) and develop the people skills to rescue the 50+ wealthier clients from their old advisors, many of whom are resting on their laurels assuming their clients will never leave them. They will leave. It's your job to learn how to make that happen.
- You understand that as a younger person who entered the financial services business you're weird, right? I mean, really, how are those conversations going with your peers about delaying gratification, paying yourself first, living within your means, doing financial planning, saving, investing, and buying insurance? Has it gotten any easier to wrestle away their beer money so they open an IRA?

To learn more about how you can develop the "people skills" to build a community of Ideal Clients, at any age, go to www.peopleskillsnetwork.com.

Bill Bachrach, CSP, CPAE

Bill Bachrach, CSP, CPAEs considered the financial services industry's leading authority on building high-trust client relationships. He is a popular keynote speaker and successful financial professionals from around the world subscribe to the Values-Based Financial Planning™ turnkey business model to establish themselves as top 1% advisors in terms of value for their clients, financial success, and quality of life. Bill is the author of several books, including the best-selling "*Values-Based Financial Planning*".

Contact: 619.255.4888
www.billbachrach.com

Consumer Focus

The Best Valentine's Day Gift Ever

When it comes to Valentine's Day, my objective is always to keep my wife Kim and daughter Carrie both happy. How do I usually accomplish this feat? With flowers for my wife and a big cookie shaped like a heart with chocolate chips in it for Carrie.

Carrie doesn't play when it comes to eating, easily taking care of this huge sugary concoction in one day. She is skinny now; she can get away with it at 10 years old. Now, as much as I am a creature of habit, I also hate routines. I thought about this when I was scrambling to get gifts for this day of showering your loved ones with appreciation. Part of me didn't want to do the same old thing, get the wife flowers, but the other part said, I better get her flowers. She always says, "You don't have to." But I feel when my wife Kim says, "You don't have to do anything for me," it usually means I better get flowers.

Leading up to the big day, I talked to a lot of folks who were scrambling around as they made decisions on what to get their loved ones on this great day. I listen to a lot of radio and heard one ad after another about what to buy for Valentine's Day. I realized that it seems like people spend a lot more time each year planning their special Valentine's Day gift than they do the ultimate gift, a retirement income or a wealth transfer vehicle in place just in case you pass away too soon. It could be argued the best gift you could ever give a loved one is the gift of life insurance policy. Think about that. Too many people pass away and haven't taken care of that. So if you pass away tomorrow, would your spouse be able to pay the bills that you both pay today?

If the answer is no, even though it seems that no one wants to talk about life insurance anymore, the clear need and answer is a life insurance policy. Life insurance is the only way I know of that turns pennies into dollars, turns worries into relief. It really makes a lot of sense. Too many people out there rebel against listening to an explanation as to why life insurance does make sense. When I build a retirement plan for my clients, one of the things I offer in the plan is showing what a certain amount of life insurance would cost to ensure my client wouldn't have to worry about their spouse having to change zip codes and being forced to move into a worse neighborhood than they live in today if my client passed away too soon.

Now, picture this: you're handing your wife an insurance policy with a heart on it on Valentine's Day. How do you think she'd react? Well, as long as there are no knives around, everything's fine. Ha Ha! It's one of those things we never think about, and when I talk to a lot of folks as they get older, they say, "Gosh, I wish I would have invested in some life insurance back when I was younger because it was a whole lot cheaper back then." Think about it. You have one enemy when you get life insurance and believe it or not, it's not the life insurance salesman. Your enemy is your own health. Your own health could keep you from getting the policy you need and deserve for your loved ones, so keep that in mind. Every single tick on that clock, we are one step closer to something happening in our life that we can't control and when we wish we would've done something before. By the way, give the spouse flowers along with the new policy.

Weekly, I run into those folks who say, "Alright, well, I'm not working anymore. I don't have an income. Therefore, I don't really need life insurance." Maybe they don't, but I do see some folks with millions of dollars laying around in CDs. Let's say you had $2 million in a CD. Wouldn't it be great to turn that into $5 million of a tax-free inheritance to a loved one as well as have the ability to utilize some of the death benefit to help with long-term care expenses? You can do that with life insurance.

Just remember that life insurance is part of a financial plan, and it's even been classified

as an asset class by many in the financial world. Younger folks can get a life insurance policy that will build cash value for them and if done correctly, they can take out tax-free in retirement. They can also have a long-term care type benefit paid through their life insurance policy, and that's a golden fact for everyone, really. The long-term care aspect, something that's been added in the last five or so years, is called "living benefits". Years ago, life insurance policies were really thought of as a dying benefit. You had to die to benefit in the old days. Now, you can be alive and thriving and still benefit tremendously from your life insurance policy. That is why they call it a "living benefit", which really makes perfect sense to me.

So again, this thought popped into my head the other day when shopping for Valentine's Day gifts. Why is it we spend so much time on materialistic things, when, by just doing the right thing, we could leave enough money for our family to do a whole lot more than what just cookies, chocolates and flowers would do.

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.

Contact: 919.657.4201
pete@capitalfinancialusa.com
www.capitalfinancialusa.com

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Social Security Takes A Step Back

On August 14, 1935, the Social Security program was signed into law following the urging of the Franklin Roosevelt administration. The formal title is Old Age Survivor and Disability Insurance (OASDI). The Bill was favored by most of the U.S. population because lower income groups needed help and many higher income people felt that the $30 maximum contribution would not be much of a burden to them. In those days, the citizenry generally trusted the leaders of the country. Here is how that trust was re-paid….

Participation. During the initial design of the Social Security program it contained several important provisions, included to encourage voter support. While the contribution percentages were low, the provision for employers to participate was added, titled The Federal Insurance Contributions Act (FICA). This federal law requires employers to withhold three separate taxes from the wages. FICA is now comprised of: a 6.2 percent Social Security tax; a 1.45 percent Medicare tax (the "regular" Medicare tax) and beginning in 1994, a Medicare surplus tax of .9 percent of all employee wages in excess of the (OASDI) maximum.

Voluntary Participation. In 1935 legislators claimed enrollment would be completely voluntary. That provision was removed because actuaries pointed out that all their calculations assumed 100% participation. Soon the program became mandatory for most Americans. Some occupations and religious groups were excluded. Nearly all workers are now covered, except for some members of collective bargaining units and foreign legation employees.

Personal Privacy. Until the 1980s, the government expressly stated that the Social Security number and card were not to be used for identification purposes. Nearly everyone in the United States acquired a Social Security card which displayed a number, so it became convenient to use it anyway. The message, NOT FOR IDENTIFICATION, was removed from the card. The message is gone, but the identity practice is still permitted.

Selective Privacy. When an American decides to open a new bank account, credit card or access a commercial account, they are often asked for their full Social Security number. Young children generally do not have a driver's license or passport and a SSN is needed to open a new account. There is not much secrecy when hackers are invading personal financial records.

Limited Contribution. When the OASDI was introduced participants expected to pay 1% of the first $1,400 of their annual Incomes — a maximum of $14.00. Immediately this increased before the Bill's passage to 1% of the first $3,000 ($30). The retirement percentage has escalated to 6.20% plus 1.45%, total 7.75%. Already members of Congress and actuaries are pleading for a further increase to "balance the books." The Taxpayer Contribution Rates Table illustrates how the income ceiling has increased.

Exemptions. Initially the members of Congress were exempt because they were covered under Federal Employees Retirement System (FERS). This was changed in 1984 and all are now enrolled. Members of the Amish and Mennonites sects (and some others) can file a Form 4029 and request an exemption.

Tax Deductions. In 1935, many citizens believed that payments made on a "voluntary" basis would be deducted from their income for tax purposes each year. That provision was removed under Section 803 Title VIII, so there are no employee write-offs of the payments for FICA or Medicare benefits.

TAXPAYER CONTRIBUTION RATES

Tax Year	OASDI Maximum	Medicare Maximum	Total Maximum	Maximum Wage Base
1937	$30	–	$30	$3,000
1940	$30	–	$30	$3,000
1950	$45	–	$45	$3,000
1960	$144	–	$144	$4,800
1970	$254	$23	$247	$6,600
1980	$974	$177	$1,051	$25,900
1990	$3,180	$743	$3,951	$51,300
1995	$3,794	$887	$4,681	$61,200
2000	$4,724	$1,105	$5,829	$76,200
2005	$5,580	$1,305	$6,885	$90,000
2010	$6,621	$1,548	$8,197	$106,800
2015	$7,347	$1718	$9,065	$118,500

For those now earning more than the Maximum Wage Base, add 1.045% of all earnings in excess of the base. For a person earning an extra $100,000 you would add $1,450. (100 x 1.45 = $1,450).

Remember that the Total Maximum must be matched by the employer, who simply adds this to the business expense as wage related expense. Self-employed persons pay approximately 50%

Security and Sanctity. The initial plan assured taxpayers that the contributions would be placed in an independent, segregated account, referred to as the Social Security Trust Fund. This would protect the Congress, President and government bureaucrats from "invading the account" for their pet spending projects. Under President Johnson, this money was "re-classified" and moved to the General Fund and spent for welfare and war. There are funds remaining on deposit, but the amount is small in proportion to the accrued liability.

Actuarial Double-Speak. Government actuaries claim "We are funded for the next 25-27 years!" Do they mean there is sufficient money in an account or trust to make all the payments for that period?" No! What they mean is that benefit payments can continue to be made so long as all the collections continue. If taxpayer payroll withdrawals continue, and if worker percentages continue as predicted, and if the current longevity trend is undisturbed, all future payments can be made. That is not the same as "Paid in Full."

Increases in longevity and increased medical expenses jeopardize continuation of the current tax rates. For example, when medical expenses increase, the government will only be able to increase Medicare rates, reduce benefit payments or a combination, or simply tell all the retirees, "tough luck!"

Tax–Free Income. Americans were told that when they received Social Security benefits the funds would not be taxed as income. This provision was removed in 1984 as a method of raising taxes without a large outcry and benefits became taxable up to 50%. There was no major outcry. Nine years later, in 1993, the taxable portion increased to 85%. Why 85%? No one knows for sure, except to keep a tiny portion of the income from being taxed. Look for the government to raise that to 100% soon!

Penalizing Financial Success. Most retirees need an income larger than just the Social Security basic benefit. They save and invest prudently to accumulate a private "nest egg" for protection. But the harder they work, the more the tax. Retirees who paid into FICA for years are now being taxed on money paid to the Federal government to "put away" for them. The maximum tax now reaches $9,066 for a person earning $118,500. Will that increase in the future? What do you think?

Immigrant Benefits. Under the Carter administration, the U.S. liberalized immigration and with that admission, they required these persons to contribute toward retirement income benefits. Initially many could draw Supplemental Security Income (SSI) which is a federal welfare program that was enacted in 1972. SSI is often confused with Social Security benefits.

Cost of Living Adjustments. As inflation eroded the purchasing power of the U.S. dollar, Congress inserted a "COLA" provision. Each year the benefits were to increase in pace with the decline in the purchasing power. But that was just another opportunity to make an announcement that would take away benefits. In fall of 2014 (an election year), the COLA was used to increase the benefits upward by 1.7%. On October 15, 2015 (not an election year), the administration announced that in 2016 there would be no increase, passing the blame to reductions in the price of gasoline.

What Else is Considered? When the Medicare tax was added to FICA payroll requirements, the government experimented with having a higher limit for Medicare than for FICA. There were complaints, but not many. The ceiling for Medicare was increased, and now it has no maximum. Look for the government to soon announce, "In order to keep the medical benefits funded for retirees, we will make the modest adjustment of increasing the percentage rate." Since the taxation has no ceiling, how far will that go up? No one knows…

Ed Morrow, CLU, ChFC, RFC®

Ed Morrow is the Chief Executive Officer of the IARFC and has been a practicing financial consultant for forty years. His advice and systems are used by thousands of financial consultant in the U.S. and across the world.

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

This article is based on the public records of the SSA and the IRS, collected from a variety of locations on their websites and on published schedules of tax collections. Consult your tax professional.

To Comment or Not To Comment...

Interview for the IARFC

Sometimes consultants find themselves in sticky or "sensitive" situations when fact finding or conducting a discovery. This could be in the area of political beliefs, religion, politically correct (or incorrect) social situations or a difference in life philosophy. These give and take situations are not black and white but border the in-between area of good taste and honesty. Our IARFC Board Members have a lot of experience connecting with clients. Perhaps some of their advice can help you when the commenting "goes gray".

Staying neutral on sensitive or controversial topics is my best advice when it comes to politics, religion or social philosophies. I know advisors who freely state their political views and will comment on current leaders. In my business dealings, however, I find it better to be agnostic. Having said that, I have been surrounded by clients that definitely portray their viewpoint, and I have used this situation as a conversation starter — without getting on a soapbox and starting a debate that is counterproductive to the meeting goals.

When current events filter into the conversations, I try to keep them pertinent to my role as their financial advisor and their own investment strategy. For example, the status of overseas economies, such as Greece or China, are important to scrutinize as it can affect our domestic economy and trading strategies.

I find that most of my opinions come to the surface when I see people making bad financial choices. If clients are making decisions that are contrary to the plans we have discussed, I have no trouble pushing back and letting them know how I feel. Most people can relate to my favorite comparison of seeking out a doctor's advice and then following the prescribed medicine. As long as there are good reasons for them to follow your advice — much like the medicine, the logic works wonders.

Sometimes there are clients who clearly ignore my recommendations. For those situations, I believe that every attempt should be made to let the client understand why I don't agree with their actions. Sometimes there is no other option but to "cut bait" and move on.

Situations arise where the law dictates what I can say and what I can't. When it comes to working with individuals, protecting their information is easy. When it comes to couples, the communication has to be open with each party and not subject to confidential requests. Trying to stay impartial is difficult but is clearly mandated by law.

There are times when I can see my client clearly make a move that is self-destructive. The client feels they know better and wants to take control. That is where I have to finesse a situation to minimize the damage that, as a professional, I can see evolving. I have no trouble telling my client when I feel it is a bad strategy and I will work out a compromise if necessary.

Then there are just some people that give you a gut feeling that things just won't work. The best action here is to walk away and "fire" the client.

My expertise as a financial professional is that I can comment on sensitive and sometimes emotional recommendations in a positive way. I can put myself in the client's shoes merely by looking at their surroundings and noting what is important to them. Understanding where they are coming from helps me maintain their overall picture as they take ownership of the details. Keeping it focused on them helps me stay out of the "sticky situations."

Mayo M. Woodward, CRPC®, RFC®

Mayo M. Woodward, CRPC®, RFC®, a native Floridian and Emory University graduate currently sits on the Board of Directors for the IARFC. Many years of service in the Financial Services industry culminates in his current position with BBT Scott & Stringfellow. He holds the Series 24, 7, 9, 10, 63, 65, 31 and life and health insurance licenses.

Contact: 205.445.2202
mwoodward@bbtscottstringfellow.com

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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.

2016 Nomination Committee

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

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

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

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

(2015 Recipient), Jon M. Rogers, Ph.D., CLU, ChFC, RFC®

Nominees for the

2016 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, 2016.

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

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