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the Register

Out-Of-The-Box Perspective

Angie Trandai

IN THIS ISSUE

Official IARFC Publication
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the Register

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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 20-21, 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

David S. Blackston, RFC®, FL
Stephen J. Meeks, RFC®, TX
Pamela A. Mayfield, RFC®, TX

Members Who Recommended Members

William Blackston, RFC®
Moses LaCour, RFC®

International Members

Philippines 8

Referrer of the Month Recognition

Moses LaCour, RFC®

In Memoriam

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

Brian P. Bice, RFC®, Douglas, GA
Alan E. Weinberg, RFC®, Williamsville, NY
Elaine W. Morton, RFC®, Winston Salem, NC

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IARFC
INTERNATIONAL ASSOCIATION OF REGISTERED FINANCIAL CONSULTANTS

From the **EDITOR**

In our last issue we published 2016 Loren Dunton Memorial Award Nomination form, opening an opportunity for you the IARFC member to recognize a financial consultant for their significant contributions as an agent, author, leader, educator and financial advisor to the financial service profession and the public. My great fortune to have been with the IARFC for almost two decades has allowed me to be in the presence of many of the pioneers of the profession some of which the IARFC presented the award. The first recipient in 2000 was, Ben G. Baldwin Jr., following in this honor were in 2001 Donald Ray Haas, 2002 John B Keeble, 2003 Alexandra Armstrong, 2004 Vernon D. Gwynne, 2005 Edwin P. Morrow, 2006 Bill E. Carter, 2007 John P. Walsh, 2008 Mehdi Fakarzadeh, 2009 Jack Gargan, 2010 H. Stephen Bailey, 2014 Lester W. Anderson, and 2015 Jon M. Rogers.

In this issue you will again find the Loren Dunton Memorial Award Nomination form, as part of the growth of the industry Dunton Award Committee requests your nominations in continuance of this prestigious award. (p. 8) or download the form at www.IARFC.org/Dunton.

A good opportunity to mingle with some of our Loren Dunton Memorial Award recipients is at hand, the National Financial Plan Competition, conference is being held at the Charlotte Motor Speedway Club near Charlotte, NC on April 20-21. It features several interesting speakers on April 20 from Barry Dayley of Money Concepts International who will present *Managing Client Expectations*, to Peter J. D'Arruda of Capital Financial Advisory Group, presenting the Power of *Media Both Good and Bad*. Top off the day's events with a lap around the track, during the Charlotte Motor Speedway tour. Finish on the 21 with the final judging and more CE presentations. Don't miss your chance to meet fellow consultants and spend time with the future of the industry. Learn more (Inside back cover) or www.IARFC.org/FinancialPlanCompetition.

Look for our May/June issue with Cover Profile, Jessica Sullivan of Mahoney & Sullivan Financial Group. Jessica is a graduate of Alfred State College with an Associates degree in Accounting and a Bachelors degree in Financial Planning was named partner, having "exceeded all expectations" via Kevin L. Mahoney, in her first three years.

Wendy M. Kennedy, *Editor*
the Register

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

A: I like to say that a designation falls in the categories of the 3 "Cs"— credibility, confidence, and credential. Each one is as important as the other. A prospect needs to know that you, their advisor, has industry credibility, which has been awarded by this designation. The advisor is able to show their own personal and professional confidence in the planning arena, because they have gained the education and understanding through earning this designation. The credential, itself, stands a testament to others that you have reached a level of expertise. It is your responsibility to be able to expand on that with a client. As young advisors who lack the confidence to speak out on topics that they personally have not lived through, yet have education and knowledge about, a designation gives them all the "Cs" they need. Having the RFC® or MRFC designation after their name on their new business card is priceless for them!

Michelle Blair, RFC®
Farmingville, NY

A: Our business is driven by information and technology which requires a lot of continued education…just to stay current. In our regional operation, we require all of our consultants to have a minimum of one advanced designation. This means that in addition to the continued education requirements of our broker dealer, they must maintain their designation.

These advanced designations indicate to the public that we are students of our business and extremely qualified to serve their financial planning needs.

James B. Moss RFC®
Indianapolis, IN

Our next issue will ask this question

What do you say to young couples who are starting out in regards to building wealth?

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.

IARFC Board Attends Annual Board Meeting

The IARFC again welcomed the Board of Directors to Middletown, OH to its Annual Board Meeting. March 3rd was the Semi-Finals of the National Financial Plan Competition. Directors took part in selecting the Final Teams to travel to Charlotte, NC to present their plans in person. This is a popular event for the Board as they get to dialogue with upcoming financial professionals and critique their work. It ends up a learning experience for all parties involved. Friday, March 4th the Board got down to the real work of running the Association. With a full agenda of topics to discuss, they reviewed the progress of 2015 and set up an outline of goals to accomplish for 2016.

Pictured: TL-BR, Director Mayo M. Woodward, Chairman H. Stephen Bailey, Vice Chairman Nicholas A. Royer, President Peter J. D'Arruda, Treasurer Jon M. Rogers, CEO Edwin P. Morrow, Vice President Rosilyn H. Overton, Director Angie D. Trandai, and Secretary Michelle Blair.
Not pictured: Director Isabel J. Cooper and Director James B. Moss

From the Chairman's Desk…

H. Stephen Bailey

Your IARFC Board at Work

As we head into March, I am looking forward to my first IARFC Board Meeting as the Chairman. This past year was spent learning the ropes of the Association and figuring out where the IARFC is headed and how I could make a difference.

In order to evaluate what that destination might be, we initiated a few things to help us make strategic decisions. A thorough audit was performed at the end of 2015. Our intent was to get a clearer picture of where we must focus our money and energy to best move the organization forward. We feel the audit will help us make changes — positive changes.

Another action we took was a fact-finding survey regarding CE options. The results of that survey were in the January/February issue of the *Register.* With this information, we can tailor our 2016 efforts to giving the membership what they asked for regarding CE and other educational programs. Thanks to all of you who participated.

As for the actual Board Meeting itself, my goal is to continue to observe Roberts Rules of Order and to "move the wheel" faster than what it is used to moving. I will be asking the Board Members to take an active role in new and existing projects. We are extremely fortunate to have a very experienced Board of Directors — with many of the members having decades of service. We also have a younger percentage of consultants that bring new ideas and attitudes to the table.

I was asked what my true motivation is in heading this group of dedicated colleagues. My reasons are basically, two-fold. I have seen other organizations exist as insurance-based entities. I have also seen those based in securities. Nowhere is there a group that represents true financial consultants, well versed in giving the consumer an overall picture. That is the value of a true consultant and **that is the group I want to serve**. Our basic foundation is different and I want to give our members the practical tools to stand out and achieve their goals. We are positioning ourselves to be an important player in the industry in the upcoming years.

The second reason for wanting the IARFC to excel is that I, like others on the Board, have a second generation of consultants in my family. I want to see them have every advantage in continuing a legacy that I still feel passionate about — helping individuals achieve financial independence. This of course includes not just my own family, but ALL of the up and coming financial professionals. I sincerely believe the Board works toward the same objectives. Call it altruistic, pie-in-the-sky philosophy — but we are committed to becoming a "Star" in the field of financial service organizations. Accreditation will get us there.

In my humble opinion, a sign of a good leader is giving credit to the people who they are leading. The Executive Board works with an Operational Staff in Middletown that shares the dedication and vision of the future. They do exceptional work as a team and I am committed to having the Board Members work with them on a more personal level. My hope is to make our objectives as a Board more clear and to define our expectations from the Team — and then let them do their job.

As always, I welcome any input from the members. I can be reached through HB Financial. Let's roll up our sleeves and get working — together!

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.

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www.hbfinancial.com

The Loren Dunton Memorial Award

Call for Nominations

In 1969 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 Gwynne 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

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

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

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

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

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

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

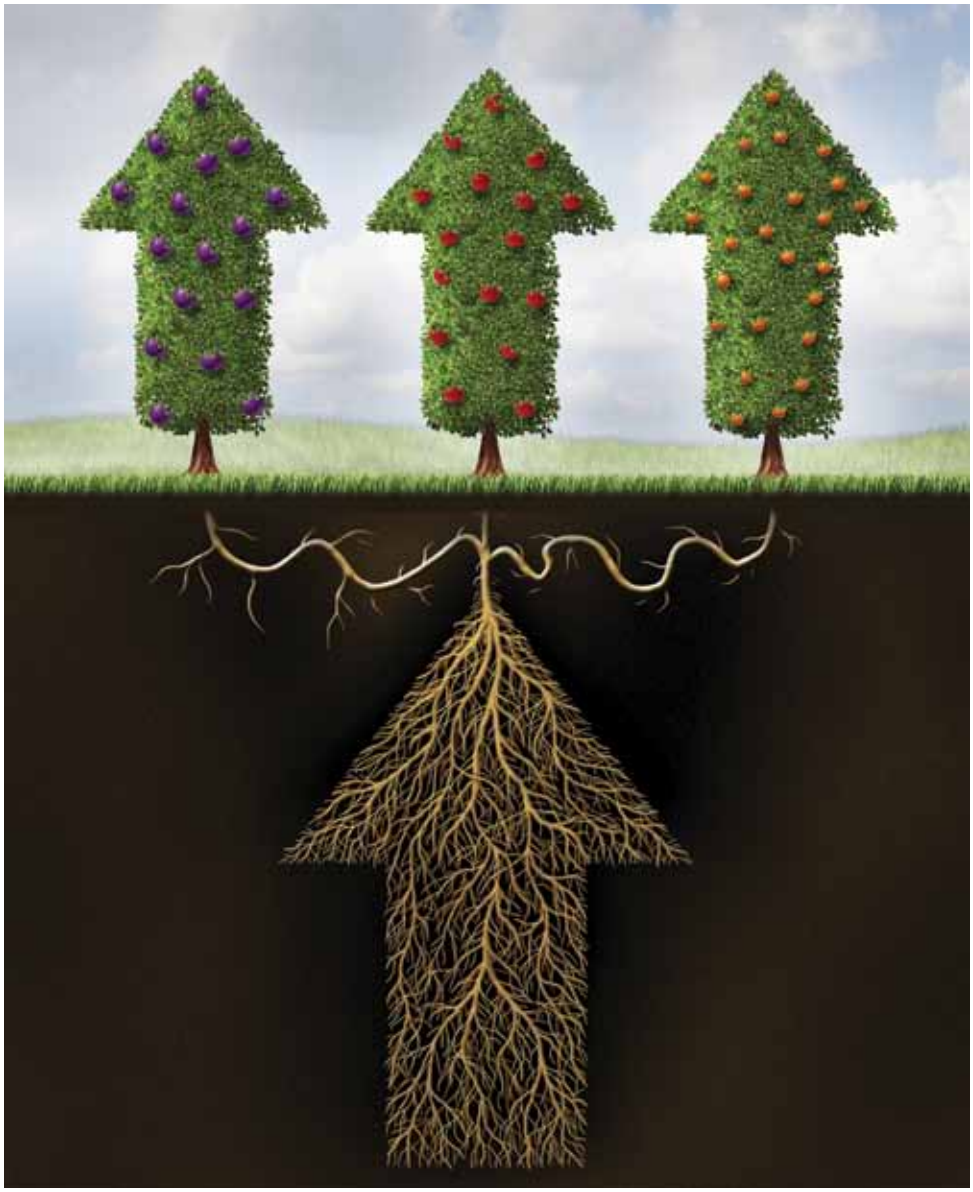
Name: _____ Nickname: _____

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

Most People Aren't TRULY Diversified



At our *On The Money Live* events sometimes we will ask the crowd to help us build a list of financial tools. We'll hear people say things like CDs, annuities, gold, stocks, mutual funds, bonds, etc. When we ask them what it is called when money is spread among all of these "tools," almost immediately people will say "diversification." While that is absolutely true, for the most part this is what most people aren't doing. What I generally see is people thinking they are diversified because they have 30 different mutual funds and stocks. However, while that may be the case, they are only diversified in one category, the stock market. That's not TRUE diversification.

Let's say someone wanted to diversify in vehicles so that if a tragedy happened in the world, they could still transport themselves around. If they had the money to do so, they may go and buy a car, a boat, and a plane. That way if they needed to get somewhere locally and the roads were safe, they would have a car to get around in. If they needed to go a long way, they could use their plane, and if there was a major flood, they could use their boat. If there was a major flood, what good is having a car? What good is having an airplane if the plane and the runway are underwater? In this scenario, having diversification of vehicles allowed them to have the boat to save them from the flood. However, having thirty cars is not TRUE vehicle diversification because when the flood comes, everything is underwater.

We frequently meet with people for an initial review who believe they are diversified. However, what we find is they are diversified only in things found within the stock market. This can be very risky, especially considering the increase in stock market volatility over the past year. If someone has everything invested in the stock market, no matter if they have 1 thing or 100 things, they are fully exposed to market risk.

The other day I was watching the news after the stock market had a huge down day. Behind the news anchor was an electronic board that showed all of the stocks on the S&P500, and virtually the entire board was RED. What that showed me is that if someone owned 1 or was diversified into all of those stocks, they still would have been down that day.

Laurence Kotlikoff is one of the most recognized experts when it comes to finances. He's a Professor at Boston University and a consultant to the International Monetary Fund (IMF). He was interviewed recently where he said that to succeed in the new economy a person needs to be truly diversified which, means investing in **select stocks, equities, annuities, mutual funds, real estate, etc.** It is the blending together of different investment categories to fit an individual's goals that can really lower the overall risk.

We have seen increasing volatility in the stock market for well over a year now. Extensive studies have shown that increasing volatility has occurred prior to times of market corrections and crashes. It has been said that when volatility is high, that the atmosphere is ripe for a storm. Of course the storm could pass, and it may only be a brief shower. Of course this isn't to say that the recent correction will turn into a crash. Rather it can be a "canary in the goldmine," and investors should have a plan in place to help prevent the catastrophic effects of large losses and make sure a portfolio changes to mirror the state of the economy. The fact is the markets do not go up in a straight line. They ebb and flow and go up and go down. Good financial planning is limiting those ebbs and flows from being tidal waves. It's possible to bounce back from -10% market corrections, but it's incredibly difficult to bounce back from -50% market crashes like we saw in 2008. It takes years to bounce back from a market loss of that magnitude.

It's for this reason that we build portfolios like you would a house. What's the first part of a house that should be built? The foundation. This is where the principal protected money is located and a great place to get retirement income from. The antithesis of the foundation is the roof. Look at this as the risk money. These are investments that can go up or down in value, like the stock market. We frequently find that many people have all of their money in the roof, invested in the things that have the most risk. Doing this can create more volatility in the portfolio than what we would recommend. Consider this, if 100% of someone's retirement savings is invested in the roof in a bunch of stocks and mutual funds and the market goes down 12%, then all of the money is at risk for loss. However, if the financial house is built correctly, and money is invested in the foundation as well as the roof, things can be less risky.

For example, many of our private clients may have 40% to 60% of their money invested in the foundation (which is in principal-protected type investments), depending on their situation. So if this amount of money is in the foundation and the market has a correction, then this means that 40%-60% of the money is actually principal-protected. A far less amount is in the roof susceptible to the ups and downs of the market. Over the years, this strategy of blending and true diversification has proven to do very well. The investments that are located in the foundation are certainly different than those found in the roof.

Market corrections happen. We were lucky enough to have an extended period of time where we didn't have a market correction. In fact, this was the third longest bull market in history. Market corrections can be stressful and can test the resolve of an investor, but they are normal and healthy. We don't know how long this correction will last or how low markets will go, but a good portfolio will change and move in concert with the market. This could be the beginning of an extended down market that started over the summer, or maybe there is more Quantitative Easing (QE) on the horizon that could possibly cause the markets to bounce like they have in the past whenever the FED used QE. Either way, it's important to stay diligent, to have a plan, and stick to it. Every investor should have a plan. If a plan is already in place, it should be reviewed to see if changes are needed. Just remember that to be able to succeed in both good and sour markets that it's important to build a strong and diversified financial house.

Nicholas Royer, RFC®

Nicholas Royer, RFC® is Vice Chairman on the Board of the IARFC and President of Group 10 Financial, LLC with offices in Orlando, Cincinnati, and Peoria. Nick and his father Jerry co-host their radio show on numerous radio stations. Nick also is a regular financial commentator on NBC and ABC news networks. Nick was nominated as a Top Leader Under 40 Years Old and was awarded the 5-Star Professional Wealth Manager for 2014 & 2015.

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

Need to Improve Your Prospecting Game?

I've found that advisors who struggle with prospecting often fall into one of two categories: Those who try too hard and those who don't really try very hard at all.

When I first started in this business, I was in the first category. My wife cringed when we attended social gatherings because she knew I would pester everyone about my business… And she was right! I tried so hard that I drove people away — but I learned from that. I learned to tone down my approach. I learned to get a lot better at asking the right questions to get my prospects talking about themselves and their unique concerns.

Financial professionals in the second category hesitate to talk to anyone because they're afraid they'll drive people off like I did. They don't want to be that pushy salesperson everyone avoids like the plague. Consciously or subconsciously, they avoid talking business altogether and leave thousands of dollars of business on the table for someone else to gobble up… in many cases from their most qualified prospects!

We're all looking for prospects, but the irony is they're all around us. All you have to do is keep your eyes open and take action. Your best move is your first move.

Here are my seven tips for prospecting in social settings:

1. **Be aware of your personal air time. Use the 80/20 rule.** Make your goal to speak only 20% of the time, and let your prospect have the floor for the other 80%. If you're like me, you'll never actually stay below 20%, but you'll do better at generating a dialog as opposed to a monologue.

2. **Ask great open ended questions.** Open ended questions often start with what, how, and why and really encourage your prospect to tell their story rather than answer with a simple yes or no. Have you ever tried talking with someone that just gives one word answers? It's torture!

3. **Be yourself.** Keep things conversational. Relax and speak like you are talking with an old friend, even if that's not the case. As soon as it begins feeling like an interview to them, it's over.

4. **Let them provide the wind.** Treat your conversation a little like a sailboat. You guide the conversation with your "rudder" questions, and let your prospect provide the "wind" to keep the boat moving forward with their responses.

5. **Know when to let it go.** Almost everyone is a potential prospect, but not everyone is a good prospect. Know your qualification criteria, and when it becomes obvious the person doesn't meet your criteria, gently transition to another topic. There's nothing worse for your long term success than the stench of desperation.

6. **Find a coach.** There's no better way to fast track your success than to learn from someone who has already been there. Whether you opt for a paid coach or an unpaid mentor, just be sure they know what they're talking about. Choose someone that has had real success in your specific niche.

7. **Practice.** Role playing is a really good way to perfect your approach if you have someone to work with. Personally, I prefer to just dive in and practice under live fire. It doesn't take long to figure out what works and what doesn't when it's real.

We're all looking for prospects, but the irony is they're all around us. All you have to do is keep your eyes open and take action. Your best move is your first move.

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.

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The Emotional Side of Investing

Educate your clients and help them be grateful for their past fortune (or luck) and realize that the world is constantly changing so they must adapt.

Our emotions play a big role in our decision making, whether we realize it or not. We like to think that the choices we make are the result of a thoughtful, rational evaluation of the available options. In reality, we are emotional creatures who make decisions based on preferences, habits, and feelings. Letting emotions drive our investment decisions can be detrimental to our long term plans.

Say for instance that your client, Bill, purchased some XYZ stock in his early 30's and it went nowhere but up. He used the gains from this stock to buy cars, use as a down payment on a house, and supplement his family income when he had three kids in college. Bill now feels like he is a prudent, wise investor and he has an unhealthy emotional attachment to this particular stock. Bill could be a wise investment manager, or his choice of XYZ stock could have been a stroke of dumb luck. Fast forward 30 years and XYZ stock has been consistently down for the last 10 of those years. He refuses to sell this stock and actually talks about it like it is an old friend instead of an investment tool. From a rational standpoint, it may be time for Bill to cut his losses and sell some or all of the stock. Bill decides to hold on to XYZ and "ride it out". He is making decisions purely on emotion, not facts or concrete information.

Another example is Francine who worked at LMNOP Company for 37 loyal years. She has since retired, but has extremely fond memories of her time with LMNOP and considers her past co-workers to be family. LMNOP matched all employee 401(k) contributions with LMNOP stock and offered an Employee Stock Purchase Plan to allow employees to buy the company stock at a 10% discount. Francine participated in both of these programs and now has an investment portfolio that is 47% LMNOP stock. She has had several chances to diversify her holdings while working at LMNOP, but felt good about owning a stock that she knew something about. Now that she is retired, there are absolutely no restrictions on the amount of LMNOP stock that she can sell to diversify her portfolio. She held onto the stock, even when she heard that LMNOP is offering a voluntary severance package and has laid off half of their workforce in the past few years. Francine will likely hold onto this stock, even if it continues to decrease in value. After all, she can't sell out of the company that was like her family all this time!

Then there is Sally. Sally is a widow who was never involved in the family finances until now. Sally has been forced to figure out where all of her assets are and what she owns. She knows that her late husband, Fred, was a big fan of investing in silver bars and kept a large stash of them in a fire-proof safe in the basement and an even larger stash in a private company vault. He also believed that accumulating cash value in a life insurance policy was a good way to invest and save money, so he had several policies in place on both of them. After a few years, cash flow became pretty tight for Sally and she was having a hard time paying all of the bills, plus the growing cost of the life insurance premiums, and the storage fees for the silver bars. Sally could sell the silver bars for whatever they are worth and save herself the space and cost of storage. She could also take the cash value of the life insurance policies and discontinue paying the hefty premiums. Sally and Fred had never discussed how assets should be managed after he was gone, but she assumed that he would want her to continue investing the way he had.

In reality, I bet that Fred would want Sally to do whatever she needed to do to live a happy, healthy, and financially stable life.

You have probably seen some variation of all three of these cases in your advisory practice. The common thread is that they are all making decisions based on emotion and not rational facts. We can't expect people to be rational at all times, but these

decisions are obviously a danger to their livelihood. I don't have the answers for getting clients to change their way of thinking, but I believe that the problem and the solution are both driven by emotion. You need to educate them that the silver, the life insurance, the XYZ and LMNOP stock were all good investments at the time, but may not be the best investment going forward. The only thing that will change their mind is a stronger emotion outweighing their existing preferences. Sally may one day wake up and realize that she has no other assets and can no longer afford her home. Her fear of losing the house and not living the lifestyle she has become accustomed to may drive her to sell the silver and discontinue the life insurance. Francine may become overwhelmed with thankfulness that LMNOP provided such a great experience and income for her for 37 years and now she can diversify her portfolio and continue to buy their products as a way to support them. Bill may realize that he does not want those 3 kids that he put through college to be supporting him for the rest of his life, so he may decide that it's time to part ways from XYZ.

These stories could have a happy ending or a tragic one, so do your best to educate your clients and help them be grateful for their past fortune (or luck) and realize that the world is constantly changing so they must adapt. Compliment them on their past successes and reinforce that those were the right decisions at the time, but they may not be the right decision now or in the future.

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.

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On The Path to Accreditation

How to Prepare for the MRFC Exam

Understandably, the top questions the IARFC team has been asked since announcing the availability of the MRFC Exam relate to studying for the exam. Very few people want to take an exam without some preparation. While we do not currently have a formal review course for the MRFC Exam, we have provided you with a couple of key items to help you study.

The MRFC Exam is proctored and has to be taken on a computer in a designated testing center. You will be permitted to take scratch paper, a pencil, and a financial calculator with you (please refer to the Candidate Information Handbook for specific models); as long as the memory has been cleared.

The MRFC Exam consists of 125 multiple choice questions. Of the 125, only 100 will be scored. If you have taken any industry exams you know this is a standard practice, there are always some questions which are not scored. Of course you will not know which are scored. You will be given three hours to complete the exam. The passing score is 75.

We all know that some exams in our industry have been designed for failure. We have tried our best to make sure the MRFC Exam is not one of them. Not everyone is going to pass, but you shouldn't leave the exam feeling as though you were tricked.

Now that you have an idea of what the exam looks like, it's time to review the actual content on the exam. The first key to exam preparation is the "Blueprint Exam Content", located on the MRFC website, pathtomrfc.org under the "Get Started" tab. The

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

Blueprint Exam Content shows the 13 main content areas the exam will cover. These areas are: Client Engagement Process, Retirement Planning, Insurance Planning, Education Planning, Estate Planning, Professional Conduct, Plan Development, Data Gathering, Ongoing Monitoring, Tax Planning, Investment Planning, Regulations and Compliance, and Practice Management.

Next to each content area is the percentage of the exam dedicated to this area. For example, Practice Management is 2% of the exam. Under each content area are subtopics, giving you an even better idea of what types of questions are going to be asked for each category. I encourage you to review the Blueprint Exam Content, and maybe highlight the areas you feel you need to review. At that point, it becomes a matter of personal comfort. Maybe you really aren't familiar with the Practice Management topic, but you decide you do not want to worry about studying for it because it is only 2% of the exam. You may still want to review the material. Everyone has a different plan of attack when it comes to taking an exam, and only you know what works best for you.

The second key to preparing for the Exam is the list of Reference Materials. This is also provided on pathtomarfc.org, in the same area as the Blueprint Exam Content. The list of reference materials is not comprehensive, but it does include many resources that were used to create questions for the exam. We feel the reference list provides a good basis for review. You are of course welcome to use any additional study material that you have.

It's time to start down your path! Send in your MRFC Application today and help us take the Association to the next level.

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.

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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.

Facts are STUBBORN things: Seminars, done the correct way, STILL work!

Actually, they never stopped working.

It is an uncontestable statistic that seminar events, when compared to many other forms of marketing and if done correctly, are the best way to get face to face and generate a consistent flow of qualified and motivated prospects. In fact, over the past 20+ years here are some insights:

- Promoted more than 490,000 social dinner events
- Connected 17+ million boomer and senior prospects with our clients
- Generated the best ROI averaging 300% to 500% return on Marketing Dollars

Top seminar producers are reporting increased attendance with so much economic confusion in the market. So do the math. If you invest $10,000 in a seminar marketing campaign that generates 40 buying units and you close only 10% of those prospects (assuming an average commission of just $7,500) you'll have an ROI of 300%.

All that said, it's CRITICAL to have a "campaign" mindset when planning your seminar marketing. That means you have to commit to several mailings before assessing the success or failure of seminars. Additionally, you must look at seminar marketing as an investment — NOT AN EXPENSE! You must think of seminar marketing in the same way you tell your prospects to think about retirement and investment planning — think LONG TERM not IMMEDIATE GRATIFICATION.

Two decades of data show that prospects — yes even affluent prospects — have, do and will attend social dinner seminars, not lectures or workshops. Remember, you have to follow the proven seminar marketing formulas and promote topics that are of interest and concern to your target prospects. This means you have to work with a reputable seminar marketing company (not a printer) that has the experience, data and proven results. Mom-and-Pop printers may cost less, but they are just putting ink-on-paper. They aren't engaged or well-versed in targeting and getting affluent Baby Boomers and Seniors to

respond to your seminar invitations. When choosing a seminar marketing company, be sure to do your "Due Diligence." Use the same critical eye you use when selecting an investment or insurance product for a client when choosing a marketing partner.

No matter if you've done seminars in the past, are doing them now, or want to start using seminars to generate new prospects — FIND A MENTOR! Find someone who's a successful seminar marketer and learn from them. It will make you a better overall seminar marketer by avoiding common mistakes and you'll also pick up many techniques to improve your ROI.

I want to close with a short discussion about:

- The recent volatility in the stock market
- Why your clients and prospects are suffering from "expert anxiety" and
- Why social dinner seminars are the IDEAL environment for you to position yourself as a calming influence that can help address their concerns.

It really doesn't matter if you sell registered products, manage money or focus your business on guaranteed products (Life Insurance, Annuities, etc) — consumers begin to panic when they hear about market volatility. As the frequency of market swings increased, so did the number of "experts" filling all forms of media with their fears, insight and predictions. These voices don't help — they actually hurt consumers.

All that "noise" raises consumer's fear about the economy; it's impact on their financial and retirement plans and are looking for new advice or a second opinion. If they aren't getting it from their current financial advisor — they'll begin looking for a new one. Seminars are one of the best ways to capture those prospects and convert them to new clients!

If you're not marketing to these prospects — your competition is! And, if they're following my advice they'll be using social dinner seminars to generate new prospects and growing their book of business.

Jorge Villar

Jorge Villar is one of the original founders of RME360 and is the creator of the Seminar Success marketing program. Under Jorge's leadership, RME360 developed the original sales process, the invitations and the concepts for the "social" neighborhood dinner events. Jorge is a recognized speaker at numerous national marketing functions.

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Irrational Client Fears

Have you ever seriously worried about having to live on the streets? Interestingly, that is one of the most common fears of a widow, even if she has more money than she's ever had in her life due to insurance proceeds. She is afraid it will somehow disappear and she will become a bag lady. In some cases, her situation is precarious enough that the fear is justified, and you have to work carefully to preserve whatever funds she has. In many cases, though, the fear is irrational.

How do you deal with a client's irrational fears? Most advisors lay out the facts in logical fashion, hoping to demonstrate the groundless nature of the emotion. In reality, however, logic is useless, because emotion and logic reside in different parts of the brain. Resolving fears involves giving credence to them, helping her define and list them, and then working with her to imagine solutions.

Allow me a parallel example. My youngest son Steven threw fits at bedtime, because he was convinced the ghosts in the closet would come out at night and "get" him. I used all the logic at my disposal. We turned on the lights and examined every square inch of the closet without finding any ghosts. I sat with him for hours in the dark waiting in vain for ghosts to appear. I garnered the testimony of his older brothers. Nothing worked.

Finally, instead of trying to talk him out of his belief, I acknowledged it as if it were true. "OK, Steven, since there are ghosts in the closet who could come out at night and get you, what would help you feel safe?" After some thought, he decided he needed a night light by his bed. Then he needed an adult to firmly close the closet door and tell the ghosts they could not come out. I implemented his simple solutions immediately, and he peacefully drifted off to sleep.

With a widow, then, do not try to talk her out of being afraid, no matter how compelling the evidence of her safety. She will not feel heard or understood by you unless you acknowledge her fears and find ways to help her feel safe. Following this strategy is one way to effectively do this:

1. **Introduce the topic.** "It is very common for widows to have fears and worries about their money. Some worry about losing all of it; some are afraid the kids won't approve of how they manage it. You may have some fears, too. Let's see if we can get them out on the table upfront, so we can deal with them together."

2. **Get her talking freely.** "Go ahead and brainstorm. Name all the money worries you have as they come into your head. They don't have to be rational. Just start talking and we'll see what comes out."

3. **Take notes as she talks.** Whenever she names a fear, nod your head or say something affirming like "Uh-huh" or "Yeah, I've heard that lots of times".

4. **Allow silence as she thinks**, telling her to take all the time she needs until she's pretty sure everything is named.

5. **Read the list back to her** so she can clarify any point or add others. Assure her she can add to it at subsequent meetings if any additional fears surface later.

6. **Prioritize.** "Of all these things, which ones seem the most important or scary to you?" Circle and number them.

7. **Help her imagine solutions.** "OK, since this is something that worries you, let's see what we can do to help you feel safe." Continue the conversation with her, asking for her input and offering your own ideas, until she agrees on the strategies for addressing her fears.

8. **Create a two-column table** in a Word document. On one side, list her fears. On the other side, list what you are doing about them. Print it out and give her a copy. Tell her that whenever the fears arise, day or night (and I can guarantee that sometimesit will be in the middle of the night), she can look at that document and be reassured.

When you follow this simple procedure, you provide something for a widowed person that few others ever do. You hear her, take her fears seriously, and develop effective strategies for coping with them. That is a sure way to build long-term trust and lifetime loyalty.

Amy Florian

Amy Florian, CEO of Corgenius, combines the best of neuroscience and psychology with a good dose of humor in training professionals to build strong relationships with clients through all the losses and transitions of life. An acclaimed speaker and expert, she is author of over 100 articles and the book "No Longer Awkward: Communicating with Clients through the Toughest Times of Life". Amy holds a Master's Degree and is a Fellow in Thanatology (the highest level of certification in the field of grief studies).

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Marketing Unplugged

How Do Prospects Choose Advisors?

Sometimes prospects do the unexpected. If an advisor is competing for institutional business, they expect to appear before an investment committee and make the case why the pension fund or foundation should hire them as a manager. Sometimes individual prospects let the advisor know they are one of several candidates being interviewed. How do prospects choose advisors?

When delivering training in San Diego I was approached by a European fellow who was amazed how different the process worked in California compared to the Netherlands, where he practiced previously.

He explained in Europe three criteria are used to narrow the field. First, the prospect considers the reputation of the overall firm. This might include longevity, awards won, capabilities and specialization. Basically, a sterling reputation is needed to win at this level.

Assuming you've cleared the first hurdle, the prospect then considers the advisor's credentials. What's their attained level of education? How long have they been in the business? What professional certifications do they hold?

If the advisor has passed those two hurdles, the prospect then considers the chemistry between themselves and the advisor. Do I like this person?

The European advisor then went on to explain his surprise at how Americans decide who to hire. He mentioned Americans first determine: "Do I like this advisor? Can I relate to them? If they pass that test, the reputation of the firm is considered and finally, the advisor's professional credentials.

This is good news for gregarious advisors, but times are changing. Until recently humans competed against humans. Now humans compete against robots. It's "The Rise of the Machines". We know how that turned out. Years ago when advisors recommended individual stocks, they were known as stockbrokers. Then we transitioned into a model that started with financial planning, leading into an asset allocation that was aligned to the client's risk tolerance. This allocation was populated with money managers, mutual funds and eventually ETFs. Advisors performed periodic reviews and harvested tax losses periodically. The cost once was close to 3% and has migrated down to about 1%.

Enter the robots. They will provide automated, algorithm based portfolio management advice. What's the cost? Perhaps 25 to 50 basis points. That's very attractive to prospects. Looking back at the competing for institutional business example, often the determining factor between similar sounding proposals is price.

Automated portfolio advice has drawbacks. One is the understanding of a prospect's unique situation, another is the hand holding that keeps clients focused on the long term during market volatility.

Prospects understand experience and situation specific knowledge has value. How can you prove it? "Show me your track

Until recently humans competed against humans. Now humans compete against robots. It's "The Rise of the Machines".

record. I want to see some real client statements." That's not going to happen. "I'm a divorce specialist. I've been married five times." That might be a better case for proving lack of good judgment.

Enter the professional certification, the second tier in the European decision making model. Decades ago, one out of twenty professions in the U.S. required a license. Today, it's about one out of three. Your prospect is likely credentialed. They understand the value of professional certification. They also understand the portability, you can hang your shingle in another state and retain your specialized credential. Prospects know titles like vice president are honorary titles in our industry.

Our story so far. Institutions utilize a formal process for choosing investment managers. Europeans follow a similar model where reputation and credentials trump likeability. How can you get others to play the game by your rules? It's simple.

Your Next Big Prospect Is Someone Else's Client

You know plenty of people. Over the years some have said; "I work with someone already." Often you have some additional information such as the competing firm, longevity and a vague idea how they do business. "They've got me in this program…"

Now you have the opportunity to treat them with the same professionalism and dignity you would use if you were approaching an institution and competing for your business.

Step One: "I know you use professional money management at Monolith Securities. You've explained that to me. We offer professional money management here at Nimble and Nimble. We are competitively priced. We have good performance numbers."

Strategy: You showed you have been listening. You respect their current relationship.

Step Two: "When do you review the performance of those money managers you are using at Monolith Securities? I would like to compete for some of your business. Are you open to hearing presentations about other money managers at that time?" Strategy: You've asked "When is your next comprehensive review? Can I see you the day before?" You are fresh in their mind.

Step Three: You have positioned the firm, your credentials and how you do business. You've carefully asked for a specific amount of money. Enough for adequate diversification at your firm, but not so much that they would be effectively closing the account with their current advisor.

Strategy: If they have $3 million across the street, you want $250,000 to $500,000 to build the proper portfolio. (You're not building anything yet, you haven't done a plan!)

Step Four: They meet with their fellow at Monolith. You are fresh in their mind. Portfolio rebalancing is usually on the agenda. If they felt their current investments underperformed, it's easy for them to agree with the sell recommendations and use this cash to fund a new account with you.

Strategy: The other advisor can't forbid them to move some cash. It's not their money, it's the client's. You have established yourself as the alternative and treated them with a high degree of professionalism.

Why does this type of strategy work? Your prospect is likely a business owner, professional or middle manager. They are very familiar with reviewing contracts and issuing requests for proposals (RFPs) to determine if they stay with the same service providers or make a change. You have spoken their language.

Credentials speak to professionalism. You have used this to your advantage to win new business.

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.

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A Mistake Made Twice Is A Decision Made

It's amazing to me that many people spend more time planning their next vacation than they do planning their biggest vacation, their retirement; a retirement that may last 20-30, even 40 years.

Many pre-retirees wait until the day they are ready to retire to begin planning for retirement. That's too late! The truth is that good financial planning for retirement should begin at least 5 to 10 years before the day you leave the workforce. We call this your retirement red zone, which is the ten years before and the ten years after retiring. A mistake made here can be devastating to a person's financial future.

When it comes to retirement, hope is not a strategy. Each week we visit with dozens of families, and we see people make the same mistake over and over again. It is easy to make a mistake with finances; however, most people never learn from their mistakes and they end up making the same mistake twice. Unfortunately, history tends to repeat itself, and when they make the same mistake twice, they can't say that it was an accident. They knew better; they just chose not to learn from their mistakes. They made a conscious decision to make the same mistake twice.

I remember from 2000-2002 the stock market was down over -49% at one point. I would hear people tell me that they had learned their lesson, and they would be smarter next time so they wouldn't get hurt again. Then the crash of 2008 happened, and some of those same people were down again almost -40% to -50%. Why didn't they learn from the first crash? Why did they make the same mistake twice? Why did they not make any changes?

On the other hand, some people learned from their mistake and diversified their money so they were better prepared for the next market correction. Unfortunately, this is not the majority of people. Now, we see people ready to make the same mistakes they did in the last crash of 2008. We see people who lost -40%+ in that crash in the exact same investments today.

What we find is many people keep making the same mistakes because of a lack of education. When the market crashes, they are told, "Hang on, it will come back." They don't make any changes and end up having the same thing happen to them over and over again because they never made a change. What people should do is look at a

mistake made as an opportunity to learn more. Go out and get educated, find the problems that led to the mistakes, and then put together an action plan to fix them.

Making the same mistake during every market crash isn't the only error we see people make. We also see them make repeated tax mistakes. Just the other day I asked a guy how much he makes and he said, "I bring in over $135,000 per year." He was living his lifestyle based on the $135,000. However, this was his gross income. His actual net income was a little over $85,000, and so his lifestyle was based on the gross when his take home was actually $50,000 less. We see people continue this same mistake into retirement. They build up retirement assets in 401k's, IRA's, 403b's, and 457 type plans etc., all of which are completely taxable in retirement. They continue to make the same mistake as they did while working and not planning for taxes. They retire and need maybe $6,000 of income per month and take $6,000 per month out of their IRA's, 401k's, etc. Then they find out they owe Uncle Sam over $15,000 in taxes for the money they took out. People get incredibly upset over this simply because they didn't plan for the taxes that would need to get paid. If taxes aren't brought into the equation, a retiree may be faced with the fact that they can't afford to retire. This is another mistake that needs to be avoided.

I recently met with a 60 year old couple who both retired at age 55. Their retirement pension plan paid $2,500 per month, and their income need was $5,000. To make up the shortfall, they were taking $2,500 from their 401k/ IRA plans, thinking they would be fine until social security kicked in. They currently had about $250,000 left, so the $2,500 monthly withdrawal equals a 12% withdrawal rate, 3 times higher than the generally accepted 4% withdrawal rule.

They wanted to wait on Social Security until age 66 which meant 6 more years of taking out $2,500 per month. I figured that if the market stayed flat, by the time they reached 66 years old, they would only have $70,000 left in retirement savings with their whole lives ahead of them. That's not much to get you to and through retirement and handle all of the unexpected bills that can pop up.

They had made the mistake of taking an early retirement and not having a retirement income plan to replace the income they were going to lose from retiring. They also left virtually all of their money at risk in the market as they had in the past. They were one market correction away from really being in trouble. Not only are they taking out 12% of their money out every year to live on, but the money is invested in the market which could lose substantially during a correction.

The sad thing is they were 5 years into this plan that was leaving them to a grave place, and they needed to do this 5 years sooner. Unfortunately, many retirees seek help only after they realize the mistakes they have created for themselves. Sometimes the mistakes made can't be easily repaired.

Over the years I've trained many financial advisors across the country, and I've always mentioned that it is our duty to do a better job of educating our clients. Remember, every client will retire someday, if they aren't already. Those that are retired have children, and we need to discuss the retirement dilemma with them today.

Many retirees may attend a financial event at work or one held by someone at a local restaurant. What we've found is they are usually sold a cookie cutter one size fits all investment. It's been said that even a bad plan is better than no plan. I disagree, a bad decision is still a bad decision. Learn from your mistakes, get educated, and be prepared.

Jerry Royer, RFC®

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

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Profile Interview

Angie Trandai, CFP®, RFC®

Early March is the traditional timeframe for the IARFC Annual Board Meeting. Directors come together to mull over a very detailed agenda for 2016 and plan the future direction of the Association. On everyone's mind especially this year will be the long awaited exam rollout for the MRFC Designation and how to call the members to action to support this critical step for the IARFC.

Included at the Board Meeting will be Angie Trandai, CFP®, RFC® of Trandai Financial, LLC with locations in Cincinnati, Orlando, and Chicago. Her cultural background and multilingual expertise play an important role in the success of her clientele.

As a passionately dedicated professional, she is in tune with the needs of her clients and effectively develops solutions to help them reach their goals. Our interview with Angie covers her diverse career of professional leader of her firm, an IARFC Board Director, compassionate advisor to her clients and most importantly, her role of wife and mother.

Angie, first tell us about your story. How did you begin your path to the successful Financial Consultant that you are today?

In 1996, I decided to step back from my job as a chemical engineer at Procter and Gamble to spend more time raising my two daughters, Michelle and Christine who were 6 and 4 at the time. My husband, Dean, also worked at Procter and Gamble as a Chemical Engineer. With the decision to stay home and raise the children, I had to figure out how to run a household on one less income with no training.

With the help of Katherine Cannon, a CFP® in Cincinnati, OH, we came up with a successful budget and cash flow plan that enabled me to stay home, save for the children's college, pay off the house and plan for retirement. I became fascinated with the financial field and how financial knowledge can help people reach their personal and financial goals.

Angie Trandai, second from right, with her family supporting her seminar to help the Vietnamese community in Orlando, FL

"Out-Of-The-Box" Perspective — always striving for solutions that work best for each client. I am proud of being able to develop creative, personalized, and appropriate solutions for my clients. — Angie Trandai

In 1998, I enrolled in the CFP® course with the belief that if I could benefit from a financial consultant, my friends and family probably could too. My career grew from a passion to help my friends and family. Eighteen years later, that passion continues to guide my approach towards each client.

How did your unique education and "out-of-the-box" thinking help you develop effective ways for your clients to reach their goals?

In addition to being familiar with how specific retirement and benefit plans work at a major company (P&G), I communicate effectively in a way that makes sense to engineers and similar technically-minded professionals — a significant portion of my clientele. Being a chemical engineer trained me to troubleshoot, analyze data, and keep in mind the big picture when faced with multiple, complex problems. These skills help me approach financial plans with an "out-of-the-box" perspective — always striving for solutions that work best for each client. I am proud of being able to develop creative, personalized, and appropriate solutions for my clients. For that reason, I named my company Trandai Financial Solutions, LLC.

We understand that you are multilingual (English and Vietnamese). What are your methods of working with international clientele who have immigrated to the U.S.? What kind of issues do they face over the more traditional client?

I left Vietnam and came to the U.S. in 1979 as a refugee. I can relate with others who have had to leave their home countries, start over from ground zero, and rebuild families and careers in a new land. Most first generation American immigrants came here, worked very hard in menial jobs, and saved their money to help family still stuck behind. Their goal was for their children to have better lives. These second generation Americans often went on to careers in medicine or engineering — careers that were thought to be stable and would allow them to take care of their families. Both generations have little financial training. They know how to work hard and save money in the bank, but do not know
how to invest and really make their money grow in a tax-efficient way. No one has explained it to them in a way they could understand. Speaking the language of my clients, understanding their culture and multigenerational households,

taking the time to teach them about their finances, and being flexible allows me to be successful in working with these immigrant families.

As your profile is being printed, you will be on your way to Middletown, OH to attend an IARFC Board Meeting. What do you think obtaining an accredited designation will do for the IARFC and its members?

I believe that continuing education allows people to be more effective in whatever area they work. The MRFC exam and its designation will encourage all of us in the financial industry to increase our level of education. It will raise the standard of knowledge and service that we provide to our clients. Just as the CFP® designation is accredited and recognized by those within and outside the financial industry, the MRFC exam and its designation will help promote and identify us as an elite class of financial consultants.

It looks like you have taken professional exams throughout your career — are you a good test taker? What kind of advice would you give to those who are taking the MRFC exam?

I don't think I am a good test taker, but I am a good learner. I approached the material I was learning by thinking of how what I was learning could help others, and thus I was motivated to digest the material very thoroughly. The exam is a necessary challenge. With enough dedication and hard work, you will pass it. I encourage test takers to learn from the exam and apply that knowledge to what you will do beyond it in real life.

Can you weigh in on how you fulfill the CE requirements and how would you like to see the IARFC improve its CE options?

Every year, I love attending the CE events and trips. It is a great opportunity to learn, network, and spend time with my personal and my IARFC family. However, it is difficult to register the CE received on the cruise conference and have it count under the same system where other CE is recorded. I think that the IARFC should have an identification number for each individual and a system where all CE, across all methods and domains, can be tracked under that individual's number online, which is how it is done for other designations.

How do you navigate having to service clients in three locations? What advantage do you take of technology to assist your efforts?

I began my business in Cincinnati where my original office has been for the last 18 years. In 2010, my husband, Dean, retired from P&G and was seeking warmer weather. At the same time my younger daughter, Christine, decided to go to college in Florida, so I opened my second office in Orlando. Nowadays, I usually spend summer and fall in Cincinnati and winter and spring in

Angie Trandai and husband Dean Phan
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Orlando. My third office is in Chicago, where my extended family lives and where there is a large population of Vietnamese-Americans. This location is primarily managed by my brother, Chris Trandai, whom I visit 3-4 times a year. In the end though, no matter where I am, I can take care of and be reached by my clients. All of my devices are linked and I always have my phone and tablet — my office can literally be anywhere. My assistants, Kim Han and my daughter Christine Phan, process most of the paperwork in the Orlando office. Additionally, the speed of overnight mail carriers, the quick direct 2-hour flight between Cincinnati and Orlando, and the fact that I have homes in both places definitely make my business possible. Finally, I send a monthly newsletter and make phone contact for major events and birthdays. I can stay connected with my clients in all three locations. Most important to me however is the personal touch — especially in this technological age.

You have listed traveling as one of your hobbies. How do you feel your travels have shaped the person you are today?

Traveling has significantly enhanced my life. I love seeing new countries, meeting new people, and learning about other cultures and food. I love to eat! My travels have taught me that all people in the world, no matter how different they may seem, have an underlying common thread of humanity. It is important for me to ground myself as part of a greater community, to feel connected to others, and to see how I can be a helpful and positive force in the larger scheme of things. Through traveling, I understand my role in the world more clearly and relate better with people of all backgrounds. These experiences train me to be a deeper, tuned-in listener.

Lastly, give us a short profile of the Trandai household and what the experience of raising two daughters has taught you about life in general.

My daughter, Michelle, is currently 25 and in her final of year of medical school at Columbia University. She will go into a pediatrics residency in the summer of 2016. My daughter, Christine, is 23 and finishing her MBA at Rollins University. Many of my IARFC family have met Christine on a CE @ SEA™ excursion. She has worked as an intern with Nick and Jerry Royer at Group 10 for the past 3 years, and we are grateful to them for taking her in and training her. After graduating, she will join me in my business as she continues to study for other designations.

Angie Trandai's Family
Angie with husband Dean Phan and daughters, Michelle Phan and Christine Phan
Columbia Medical School's White Coat Ceremony 2012

In raising my two daughters, I have strived to teach them to become financially independent in addition to becoming competent, confident, caring, charitable women in the world. My experiences with them has guided how I work with families and their own goals for their children, how I approach young professionals who may be near their ages, and how I want to help other women be financially independent.
— Angie Trandai

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In terms of life in general, most of my IARFC family is aware that Christine had a sudden brain aneurysm 8 years ago, and even though she was given only a 1% chance to live, we never gave up. She has recovered magnificently to date. My journey with her has made me realize how impermanent and unpredictable life really is. It has taught me to plan well for the unexpected and to live fully in the present.

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5 Ways Financial Consultants Leave Money on the Table

Under-Served Clients — What to do About It

The experts on achieving goals say the first, and a very important step, to achieving a goal is deciding to. My hope is that this article points out some opportunities for you to make more money and serve your clients at a higher level and that you decide to do something about it.

The 5 ways financial consultants leave money on the table are:

1. Not charging a fee, or charging too small of a fee, for up-front planning and advice work
2. Not consolidating your client's assets.
3. Unimplemented advice
4. Referrals
5. Wasting time

1. **Not charging a fee, or charging too small of a fee, for up-front planning and advice work.** If I had a nickel for every time I've heard an financial consultants say, "I do the planning for free in the hopes of getting some of their assets", I'd have a lot of nickels. This is an amateurish approach. Instead, charge a fee for quality planning work that stands on its own merits, whether the client implements with you or not. And if they do choose to act on your advice with you then you deserve to be paid for that as well. How is this better for the client? Because when a person pays for advice they tend to be more inclined to act on it. And it's acting on advice that produces results. No action. No results.

How much should you charge? A good starting place is $5,000 - $10,000. If the idea of charging an up-front fee for planning and developing your advice freaks you out then at least start with $2,000. Just make sure that your fee doesn't make you look like a weenie. E.g.: quoting a $2,000 fee to someone who has over $1,000,000 will make you look like a weenie. And don't charge by the hour either. Charge for the value of your advice, not the hours it takes to create it.

The bottom line is that you must have confidence that the work you do is valuable in order to expect other people to value you and your work. It's business. Value is measured by money. Stop leaving this money on the table and under-serving your clients. Charge a fee for up-front planning and developing advice.

2. **Not consolidating all of your client's assets** in as few accounts with as few institutions as possible. It's common knowledge that most people, especially financially successful people, have their finances and investments spread among several advisors and institutions. Multiple advisors are not diversification. There is no actual benefit to a client to have their money with multiple advisors and more institutions than necessary. In fact, the opposite is true. Multiple advisors and institutions can create the illusion of diversification and security, creates more complexity in their life, and could be a real nightmare for their heirs when they die.

When you advise your clients to consolidate their finances into as few accounts as possible you make more money, their life is simpler, and it's very likely that there is now less risk to their plan and a greater probability they are on a track to achieve their goals.

Stop leaving money on the table and under-serving your clients. Consolidate.

3. **Unimplemented advice.** How many clients do you have who have only partially implemented the plan you created for them or advice you have given them? How much did you get paid for that? Probably nothing. How much value do they get from your unimplemented advice? Definitely none.

Give your advice with more conviction so your clients implement and stop leaving that money on the table and under-serving your clients.

4. **Referrals.** The research on this subject is consistent over my almost 30 years in this business: most clients are willing to refer and most advisors don't ask.

My informal research indicates that most people have between 200 and 500 contacts programmed into their mobile phones. (The smallest number I've heard is 67 and the largest is 2,500.) When your clients come to your office they each bring their mobile phone. Subtract the overlapping contacts in each of their phones, the automobile club, and their favorite Chinese take-out and you have two people sitting in your office at every client meeting with dozens, maybe hundreds, of names with contact information of people you could be profitably helping.

You owe it to yourself to ask for referrals, get warm introductions, and become effective at converting referrals into appointments. We don't have space in this article for a workshop on building your business by referral.

How is it good for your clients for you to build your business by referral? It's good because all other forms of client acquisition are more expensive and time-consuming. Expenses that you have to pass on to your clients or time that's taken way from serving your clients due to excessive time spent prospecting and marketing or the time you spend with the extra clients you have to take on to pay for your expensive prospecting and marketing methods. (e.g.: advertising, direct mail, seminars, dinner meetings, etc.)

By not developing a way to ask for referrals and orchestrating a warm introduction you are leaving money on the table and under-serving your clients. Stop it!

5. **Wasting time.** Yes, time is money. Work time that is. And wasted work time is wasted money. There's a big difference between being in the office and working. Working is being productive. There are the obvious time-wasters like doing $15 / hour admin work and watching too much finance TV. There are also many less obvious time-wasters like failing to outsource the writing of the plan or more effective use of turn-key asset management programs rather than personally designing asset allocation strategies, selecting investments, and dropping tickets. Do even a small amount of soul-searching as to where you spend your time and you will come up with many personal examples of how your time can be more productive.

Two very powerful ways to the shift your client relationship to a higher level where they will be more willing to pay for your advice, consolidate all of their assets with you, more quickly act on your advice, and introduce you to their friends, family, and colleagues are:

1. Add more value.
2. Deepen the relationship to a greater level of trust.

Adding value can often be accomplished by doing more of the fundamentals of financial planning that most consultants don't do. For example, what if you created an action item for all of your clients to review their personal umbrella liability insurance policy to be sure that it exceeds the value of their assets? The typical asset gathering investment advisor might react to this suggestion by saying, "That's not what I do and I don't get paid for that." I suppose that's one reason why the typical asset gathering investment advisor only gets some of their client's money to manage. Don't be typical! The conversation could sound something like:

Consultant: It occurs to me that I'm working hard to make sure your portfolio is as successful as possible and is as protected as possible. While I am doing so you may be unwittingly taking risks that could either wipe out part, or all, of the very portfolio that I'm working to build and protect. Would you like an example?

Client: Yes!

Consultant: Something we have not talked about is how much umbrella liability protection you have. Do you have an umbrella liability policy?

Client: Yes we do.

Consultant: What is the total coverage amount?

Client: Off the top of my head, I'm not sure.

Consultant: It's possible that it's not enough. Here's an action item for you that will make us both feel a lot better once you have eliminated this risk to your money. While you are at it, I advise you to review all of your property and casualty insurance: home, auto… the works, to be sure that in the event of an accident or that you are found at fault or liable that you won't have to liquidate your portfolio or sell other assets to satisfy the judgment. What do you think about doing that in the next 30 days and then we can have a phone appointment to confirm that it's done?

Client: I think that's a great idea. The fact that you care enough to advise me to get this done even though you don't get paid for it speaks volumes about your character. Our relationship has moved to a new level. I trust you more than ever. Can I pay you a fee for financial planning, bring all of my assets to you, implement everything you recommend, and would you mind if I introduced you to my richest friends and tell them to hire you?

It could happen.

Sometimes adding value will shift the relationship, as in the example above. When you do something you don't have to do that's good for a client, you move the trust dial in the right direction. What else could you do to add value?

The other idea is to deepen the relationship by asking better questions and having better, deeper, and more meaningful conversations. Having a list of questions is not good enough. It's important to develop skills for having meaningful, deep conversations. How else can you strengthen the relationship?

These ideas will improve your business in any economy, under any market conditions, no matter who's the President, or whether it's a tax or a penalty.

Focus on what you can control and go get clients!

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*".

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Consumer Focus

Math Over Markets

People don't really think about tomorrow as much as they should. Many are too busy living in the moment and dealing with risks such as putting the seatbelt on in the car, because of the risk of getting into a car accident. It is easy to overlook the fact that there is a great amount of risk in retirement. There is market risk, return risk. There's even withdrawal rate risk. I have interviewed Economist Harry Dent on my nationally syndicated radio show, The Financial Safari and he talked about the tremendous harm that could be caused by deflation risk. Let's not forget the risk of inflation. There is also the health risk — you might need long term care, you might die. There are numerous risks in retirement, but there is only a single number one risk.

The number one risk in retirement is longevity risk; that you could live a long time. The *reason is that longevity is not just a risk, it's a risk multiplier of all the other risks.* As nationally known best-selling author and a guest on my radio show, Tom Hegna puts it, "If you live to be age 65, and three years later you drop dead at 68, it won't matter if the market went down 3,000 points. It won't matter if you were drawing 10 or 12% a year, and it won't matter if you forgot to buy a long-term care policy. You didn't live long enough. However, if you live to 85, 90 or 95, it is all those other risks that can wipe you out.

If I had to summarize my book, my book summary would be that you've got to take longevity risk off the table. You have just got to do it, and there are only a few products that can do it."

How can one make sure to take longevity risk off the table? A lifetime income annuity that you would buy from an insurance company can do it. A deferred lifetime income annuity that companies would call longevity insurance could do it, or a guaranteed income benefit rider from a fixed or variable annuity. That's it — those three. If you look at all the products available today, the solutions all come down to one word, and that is an annuity.

If living a long life is a goal and minimizing worry over one's lifespan is a concern, having some form of an annuity in the portfolio is vital, because only an annuity can take longevity risk off the table. Stocks can't do it. Bonds can't do it. CDs can't do it. Managed money can't do it. Only some form of an annuity can accomplish this goal. The reason? Only a life insurance company can issue an annuity. *"Why" is a question I often hear when going through this dilemma. Only a life insurance company can issue a life insurance policy to be on the other side of that risk.*

The risk when you buy life insurance is that — the risk to the insurance company — you die too soon and they would have to pay a big death claim. The risk to the insurance company when you buy a lifetime income annuity is that you live a long time and they have to keep sending you these paychecks. Because they are on both sides of that risk, they can neutralize longevity risks for themselves and to their clients.

For those who are concerned that life insurance companies that sell guaranteed lifetime income will go broke because the belief that medical technology is going to allow people to live to be 100, 120 or 150

years of age and be on the hook for guaranteeing paychecks for life, I'm here to tell you, there is another side of the coin. While life insurance companies will be paying a lot of lifetime income, they won't be paying as many death claims because of people living longer. The insurance companies are on both sides of that risk and are protected from people living too long or dying too soon because there are products on both sides of that. This is why they are the only industry that can take longevity risk off the table.

Not a day goes by where I don't hear or read negative opinions on annuities. I am a firm believer that anyone who totally ignores annuities in their retirement planning process is hurting themselves. My response to anyone who, for whatever reason, is against even looking at an annuity to help in retirement planning is this: "Really, so you are not going to take your Social Security benefits, because Social Security is a lifetime income annuity; it is a guaranteed paycheck for life. Oh, you are not going to take any pension benefits that you've earned? A pension is an annuity. It is a guaranteed paycheck for life." I think some annuities received a bad name and gave the whole annuity family a black eye. There were and are bad annuities out there. There were annuities with high fees, improper designs and sold to the wrong person. But, if we are talking about guaranteed lifetime income from an insurance company, no different than what Social Security offers or a pension offers; a guaranteed paycheck for life, then a proper annuity with lifetime income guaranteed could be the best answer to the retirement puzzle.

There are still many bad annuities out there. I think it is important that people get a true review of their portfolio and deal with someone who is not pushing one company's products. Dealing with a financially strong organization is a good place to start as well. Among those financially strong organizations, go ahead and shop amongst those highest rated carriers which are the best fit. The nice thing about many lifetime income annuities is that there are none or very minimal ongoing fees. When purchasing some annuities, many times a GLWB (Guaranteed Lifetime Withdrawal Benefit) can be purchased as a policy rider. Many riders have reasonable annual fees for a benefit like this that insures income for life.

Back to my interview with Tom Hegna who uses concrete research in the development of his lifetime income science, "I always tell people that you don't have to take my word for it. Just do the research. If they pick up a copy of my book, "Paychecks and Playchecks", I put a lot of the research in the math and science chapter (Dr. David Babel, Dr. Moshe Milevsky of Toronto, Dr. Amikam Yari of Israel). All of the research clearly states that you've got to have some form of an annuity in your portfolio to take that longevity risk off the table. It's the number one risk in retirement." It might be a good idea to re-read the above five sentences a few times. Powerful.

If one doesn't have a guaranteed income plan in place and, let's say, all their money is in the stock & real estate markets, and they are also taking out a certain percent every year to live on, if the market goes the wrong way, there is a chance the money won't survive through that downturn. Especially if one lives a long life. That is called the order of return or sequence of returns. When the market goes down, you have to take out more shares to liquidate, and then those shares can never grow back. For years people said four percent was the safe withdrawal rate. That has been thrown out the window. Four percent is not safe anymore. Morningstar now has it as 2.8 percent. What does that mean? You need $1 million dollars in a portfolio to draw out $28,000 per year. How many people are going to have that much money to do that? The other thing is, in all of these withdrawal illustrations, they use Monte Carlo simulations. If you look at the bottom, if you have a broker and they have an income plan for you, read the small print. It will say something like this. We have run 10,000 Monte Carlo simulations and there is a 70% chance your money will last you to age 90. The brokers all use age 90 in their Monte Carlo simulations. Well, age 90 fails 63% of the time. If people do live longer – let's say people do start living to 100, 110, 120, 130 – every one of those Monte Carlo simulations will fail; every single one of them. Not a single one of them could last to 120. That is where you are going to see big problems if people continue to live longer, and they have been in these portfolios. They are going to run out of money.

The solution? I call it retirement autopilot. The only way to get that income that you never have to worry about outliving. Not a percentage chance that you won't, but never outliving your money no matter if you live to be 110 or 120, you need a fixed index annuity with an income rider, or a lifetime pay annuity. These days, there have been some tremendous advancements in the income planning world. People can get reasonable rates of returns on their money for an income in the future these days by shopping around and finding the right insurance company for what they are looking for.

People think running out of money is the day you run out, but that is wrong. It is all those years in retirement when you know you are going to run out. You just don't know when, and you are staring at your bank account or your investment account, and it keeps going down, down, down, and you are fighting and arguing, not even enjoying retirement. That is why you have to have a lifetime income annuity. It is like having a full water jug, guaranteeing that you will never run out of water in the desert. Apportion your portfolio and at the minimum, utilize an annuity to make sure that your basic expenses are covered in retirement.

A true lifetime income plan offered by insurance companies in the form of an annuity is a great way to take the worry out of living in retirement. The good news is, in many cases, you only need a portion of your portfolio to do it. In many cases not all of your money is required for a great retirement plan, but having the right annuity strategy could help you leave all your financial worries behind.

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

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

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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".

Keeping myself out of sensitive areas is a dichotomy in action. Outwardly, my conversation is informative and welcoming; inwardly I am taking their political temperature and directing them where I want. Here in North Carolina, it's basic: stay away from race, religion and, most importantly, college basketball. Before the client or prospect even steps into our place of business, the office is scrubbed — eliminating any emotional catalysts that may set off an explosive conversation or bias.

One of the ways to approach any sensitive financial subject is through light-hearted means. Using props helps even black and white thinking people warm up to trusting the most intimate details to a stranger and gets them to see the more subtle details. My desk is littered with metaphors that illustrate the point. A Titanic illustrates the denial that disaster is imminent; a school bus is the vehicle to financial education; an ice cream truck displays the choices that are available, and the UPS truck brings the income planning check to your door. These visual vehicles are simple, yet powerful (and amusing) aids for getting the concept across.

For couples, sometimes the road to financial freedom gets into the sticky and uncomfortable zone. Honesty and full disclosure can derail the wisest of consultants if they are not prepared. For a couple, these financial secrets can cause stressful issues and I find myself becoming a "Financial Dr. Phil." There seems to be a lot of stress out there these days, worse than ever before. My objectives mirror the traditional psychological strategy of couples therapy,- get the couple working as a team and leave as friends with a better grip on their money goals. Or in financial Dr. Phil lingo, "How's That Earning for Ya?"

When people are not very open, it is imperative to find the painful spots. It is almost like a doctor asking the personal questions to get to the right diagnosis. People put up barriers, they cry, they let go, then they become your best friend.

Sometimes the most effective tactic is not to comment or basically shut up and listen. This is most useful after asking an open-ended question. Answering the question themselves gets more advisors into trouble. Their ear to mouth ratio is grounded in self-ego.

Once in a while, commenting is negative. A direct, "no thank you" is in order. My years of experience has taught me to identify these situations up front and act accordingly. For example, I don't like people coming in and being the expert, asking for, then rejecting my advice. And I won't engage people who disrespect my staff.

Once in a while, commenting is required. I put a lot of heart into developing a plan. Being ignored is frustrating. I would rather rekindle the conversation and find out why the plan is not working for my clients than just keeping quiet.

My advice: never try to look for a fight with a client even if they are combative in nature. Everyone has an opinion to express, and then we move on. In earlier years, I might have taken the controversial road, but I have a lot more patience these days. People can't be rushed into decisions. I would rather be known as the advisor who cares for his clients than the one call closer who has to be right.

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

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