John P. (Jack) Walsh
A True Pioneer in Financial Planning
I am pleased to tell you about our Eighth “Financial Advisors Forum.” The 2007 Forum will provide the latest developments in the field of estate planning, retirement planning, income tax planning and more. Joining us will be distinguished “all star” presenters, including many Register authors. This Forum promises to provide you with cutting-edge information and strategies and the latest IARFC developments. This program will be a professionally rewarding and personally enjoyable educational experience.

I am looking forward to seeing you in Las Vegas.

Sincerely,

H. Stephen Bailey
IARFC President

Networking with Leading Advisors

The Forum brings together financial advisors from around the world for three action-packed days of sharing information, building knowledge, marketing success techniques, and networking with the leaders of financial services.

Educational Events

IARFC’s annual conference and exposition features educational programs for all levels of experience. Expositions will showcase the latest financial services and products and fun activities where you can meet other professionals. You will gain new business ideas, make contacts, see prospective resource providers, learn new planning design techniques and explore ways to promote your business. If you’re seeking to build your financial advisor practice, the knowledge can be found at the Financial Advisors Forum.

Program Schedule — May 15-17

The Forum opens Tuesday, May 15 with pre-conference workshops at 9:00 am. Conference sessions begin at 1:00 pm. All attendees will enjoy the Tuesday opening night reception to be held in the Bally’s Pacific Ballroom. Wednesday will feature outstanding presentations and a variety of breakout sessions. The Forum concludes Thursday, May 17 at 1 pm. Local tour activities are planned during Thursday afternoon for those who wish to fly out later in the week.

Other Financial Forum Highlights

Join us Wednesday evening for the Annual Loren Dunton Award Dinner — an opportunity for financial advisor professionals to network and honor Loren Dunton and congratulate the prior recipients, and of course, to recognize the distinguished 2007 recipient of the Award — whoever it may be.
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Register Letters

We welcome your comments, suggestions and ideas. Please direct correspondence to: Editor@IARFC.org
Letters may be edited for length and clarity.

To the Editor:

Wally Cato’s article on his interview with W. Clement Stone was fascinating to me as I have embraced the Positive Mental Attitude (PMA) with great success. Mentioning Napoleon Hill and Dr. Robert Schuller reminded me of my gratitude for the many, many years that we have benefited from Mr. Stone — including the evolutions to Possibility Thinking, etc.

Michael J. Zmistowski, RFC®
Tampa, FL

To the Editor:

I am sure this is not a unique idea, but how about IARFC offering items such as shirts and sweaters with the RFC designation? Advisors could even give them as gifts to clients and their families further enhancing the “brand” image.

Certainly it doesn’t replace the suggestions in The Register but it amounts to free advertising for the organization and pride in membership for those who purchase and distribute items with the RFC emblazoned on it.

Just a thought...

I enjoy reading The Register.

Dr. David M. Figowy, RFC®
Cape Carteret, NC

To the Editor:

Yet another outstanding issue of The Register! Every time I read something by Wally Cato I am impressed! Wally’s interview with W. Clement Stone was timely, concise, and to the point. Wally minces no words. He is the best!

Jim McCarty, RFC®
Daytona Beach, FL

To the Editor:

The letter Derek Klock wrote in the September issue was very insightful... and the examples are very revealing about today’s society and the press. The saying “If it bleeds, it leads” has been the mantra of the media. Unfortunately, the good news is reserved for a “slow news day”.

In the August issue of The Register, Larry Klein wrote an excellent piece on seminars and regulators and the myriad of disclosures and notices that are required on slides, and handouts. Peter Lui’s chilling article concerning the Field vs. Barber Asia case with the foreboding statement in the article “It is not sufficient for the investment advisor to merely bring such risk to the attention of the investor.” This is so even when Barber Asia has complied with all the regulatory rules and Mrs. Field signed all the application forms explanatory documents, declaration and risk disclosure statements. The Court noted “…it seems unlikely that a detailed explanation of the various risk involved was provided…”

Is it wonder why some financial professionals are becoming disillusioned with the industry. Advisors are going to be subject to rules and interpretation of regulations that will necessitate courses in mind reading and prognostication under current situations.

We can have all the ethics courses in the world but the regulatory madness needs to be reined in. What good are ethics courses when the regulators change the rules as they please? The answer cannot be MORE ethics courses; it must be an adherence to logical, understandable and fair regulations that are written not only to protect consumers but to protect advisors from predatory attorneys and regulators.

Burnett Marus, RFC®
Richardson, TX
Interview: John P. (Jack) Walsh  
A True Pioneer in Financial Planning

A true pioneer in financial planning, John P. Walsh, RFC®, the founder and chairman of Money Concepts International, is one of the most significant contributors to the profession. From the outset he has been a strong supporter of the financial planning process as delivered by independent advisors. We interviewed the very busy Jack in the new offices of Money Concepts in Palm Beach Gardens, Florida, near the famous PGA center.

“Born in Chicago in 1928... the first of five children that the Walshes would have,... I was just in time to usher in the Great Depression of 1929. This presented a difficult problem for the Walsh family in that Dad would not accept welfare... "I didn't come to this country to go on the dole." As a result he went where the work was and found employment in various parts of the country. Being a strong family man he took his family with him whenever it was possible and as a result we grew up living in various parts of the country and a number of different cities and states — an education in itself. All of this led to Dad becoming a Manufacturer’s Rep for a flooring manufacturer in the Chicago area to cover a five state area in which they had no customers nor any relationships.

Dad accepted the challenge… packed up the wife and kids and headed down Route 66 to the great Southwest region of Oklahoma, Texas, New Mexico, Louisiana, and Arkansas. We were headed for the dust bowl of America and the Okies were heading to California. But Dad was a positive thinker with a strong conviction of success... he had no idea whatsoever of failure. He started in Oklahoma City and laid out an organizational plan to cover the entire territory in two to four week trips over the course of his first year. During the summertime he would take me with him on some of these trips and that’s where my sales education began. I watched him update his organizational plan for each trip and detail each specific day’s work. On occasion I would be able to sit in a complete sales interview and that’s where I listened and learned one of the great secrets of successful professional selling “The more you do for others... the more you do for you”.

Needless to say Dad was successful and we moved to Dallas, Texas to be more central. A few years passed... Dad had built his distribution network and we were living comfortably when all of a sudden we were hit by Pearl Harbor... World War II had started and it wasn’t 60 days old before Dad got the notice that he didn’t have anything to sell, that all the materials used to make his products were required for the war effort. So, adapting to the circumstances the Walsh family pulled up stakes and headed to Detroit where Dad became manager of a large Metallurgical Research Laboratory testing metal for war use. Once the family was established in Detroit, I entered the University of Detroit Jesuit, did a stint in the U.S. Army, and then back to U. of D.

How did you get started?

My first selling job was as a sales engineer, right out of college, calling on executives of the various automobile manufacturers such as General Motors, Chrysler, Ford and their Divisions. Despite my inexperience and youth I did pretty well but after four years the opportunity was just too limited. I then shifted into the direct sales field and formed U.S. Marketing Corp. and began to build an organization to over 300 sales people. But, a health problem caused me to sell my business and following doctor’s orders we got in the car and headed for Florida for a 90-180 day recuperation period.

How did you get with Franklin Life?

Al Pelzmann, one of the most outstanding salesmen in my former company had joined Franklin Life and in a matter of months had already sold over a million dollars in business. He came to see me and in the course of our visit he praised the virtues and opportunities of Franklin Life. I was impressed but reminded him how I had a few months to go. But promised I would call him whenever I was ready to get back to work. Well that time came and I put in a call to Al. He said, “Hang up, I will call back within the hour” Following instructions I did and sure enough he did. Next morning we found ourselves on the early train to Springfield, club car, reserved seats and we would be in Springfield by noon. We had an appointment to visit with Chas E. Becker, CEO of Franklin.

We were taken from the train to their home office Executive Dining Room where we had lunch with Mr. Becker and the executive staff of the company. Following that we were taken on a tour of the facility and to Mr. Becker’s office where we had a wide ranging discussion of all the opportunities that could be available to someone like me in an association with Franklin Life. The atmosphere at Franklin Life was the finest sales environment I had ever experienced, their motto “the Salesman is King” had to represent one of America’s great sales forces. I thought I had found a salesman’s heaven. Chas E. Becker was a charismatic leader and I knew that I’d found a home.

I signed my Franklin Life contract and went to work. We took off and at the end of our first calendar year had the number one general agency in the United States and we were named General Agent of the Year. The Home Office decided to nationally adapt the Trainee Associate Program (TAP) which we developed to be... continued on page 4
the system for recruiting, training and building to take our team to number one. I then served as Vice President of the company for a three year period and then took over the Chicago region. Our timing was good, the Chicago Region turned around in a year and in two years we were the number one region in the United States. I received the honor of being named the Regional Manager of the year. Franklin Life had one of the greatest sales forces of any company in the country and it was a pleasure to work with them on any level. Then things began to change, Chas E. Becker passed away, control of the company changed hands a couple of times and management had to pay attention to the objectives of its investors. Thinking it through, I decided it was time for me to move on.

What new challenge did you accept?

In 1969, I joined American Banker’s Life as Executive Vice President, I was elected President of the company in 1973. Having had the benefit of building a sales organization with Franklin Life, I repeated this at American Banker’s Life. We were able to attract and recruit the type of associates we needed. Our new concepts and systems in marketing and sales took the company from $1 billion in force in 1969 to over $9 billion in force in 1979. This was a major accomplishment under the circumstance and one of the best growth sales records in the life insurance business for the ten year period.

What motivated you to establish Money Concepts?

In 1979 we were quoted as saying, “The Financial Service Industry has been going through the most dynamic period of change we have observed. Without question we are in the most volatile era of change in every aspect in what we do. We think we have some ideas on how to take advantage of the opportunities that these changes present…and that thought excites and challenges us immensely.”

What we had was an industry in need of direction. Financial Service companies were in disarray — with acquisitions, mergers, and takeovers not to mention products being questioned for the lack of transparency. The distribution systems were in conflict. Our salesmen, captive agents, brokers, agents, were seriously considering their ability to professionally and properly serve their clientele. Advisors consistently found their sales limited by the policies and capacities of the companies they represented. They were in a catch 22 between the need to create income and their client’s needs and desires. Basically they did the best they could.

At the same time we were entering the age of the entrepreneur. People were beginning to recognize that what they want out of life is personal independence, freedom and the ability to control their own destiny. They wanted to be their own boss, own the business, for themselves. Americans... according to the Roper organization...were growing more self interested, they were not asking to live and die for the company. They were asking what’s in it for me and mine, will it bring to us the life we really want... will we be free to do our own thing? Unfortunately in the big companies the answer came up short.

What was unique about Money Concepts at the start?

We designed a complete “turn-key” Financial Planning Centre “Business opportunity” based on the franchise model as our primary product. Qualified individuals with basic training could be President of his/her own company and be up and running in 60 to 90 days with full product portfolio, complete marketing systems, proven business plan, seminar marketing, complete support technology, and advisory personnel to help guide their way. They would be in business for themselves, but not by themselves.

What is the franchise business model?

Franchising established itself as one of the premiere business models and foundations on which a business can be established and grow... large or small. Money Concepts franchise business model does depart from the standard model in a significant way. It is what we call the Non Franchise Franchise. The standard franchise typically has a significant front end payment for the Franchise fee, whereas Money Concepts does not charge up front a Franchise fee to establish the relationship. Rather, we instruct the new Franchise to use his capital to offset start up expense and invest in his/her self. General Motors is an example of a highly successful franchisor with a major distribution network as is Coca-Cola and many other great names in American business.

Century 21 (Franchise model) for example achieved $1 Billion in revenue in its 21st year...it took IBM over 40 years to achieve the same level. Franchising as a business format has played a major role in the explosion of Entrepreneurship in the American economy. For example, in 1929 there were 2,213,000 small businesses in the U.S.A. In 1979, our launch year, that had grown to 2,708,000, an increase of 500,000 over a 50 year period. And yet in 2003 that 2,708,000 had grown to 25,346,318 small businesses — an 836% explosion. People want to be President of their own company and run their own show, but they take advice and direction along the way. The franchise system, in particular with Money Concepts, helps them share experiences continuously with each other. This is a central theme of all our training.

What does Money Concepts provide?

With this “turn-key” center, first and foremost it provides true ownership. By contract, it’s your business, you own it, you run it, you can pass it on to your children, or sell it, it’s up to you. You receive a proven business plan, follow it and you will succeed as so many others have. Total product portfolio with products that are pre-screened and Due Diligence completed.

You can present and recommend the products with the assurance that they represent the finest available. Our state of the art marketing, the finest in seminar formats, helps you build a substantial client base in a highly professional manner. Money Concepts University..., a complete series of courses, workshops, seminars, conferences, conventions and alike to keep you at the cutting edge on everything that is happening in financial services. The broker/dealer affiliation with Money Concepts Capital Corp. adds professional prestige.

In summary, Money Concepts Financial Planning Centre is many things. First and foremost it is part of an International

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Financial Service organization dedicated to entrepreneurship with the franchise business model to take off the limitations, provide true freedom in financial services to those who wish to serve their clients professionally and build their futures in an environment that knows no bounds.

Did the Franchise work well?

In many ways it worked beyond our expectations and in some ways it was disappointing. A profile of the people that were seeking business opportunities represented virtually every description that you can apply to people. By offering a franchise formatted business opportunity in financial services and the opportunity to be President of their own financial services company literally set the bar sufficiently high to give us the opportunity to select pre-qualified people. This put us in a highly competitive position against companies offering sales jobs as reps versus President of a Money Concepts Financial Planning Centre business. It was relatively easy to differentiate. However, it is extremely difficult to teach them all aspects of financial services, investment strategies, product variations, compliance rules, marketing skills, public relationship, public speaking and skills needed. Put that together with the fact that they need some sales experience or sales aptitude and education in selling and you have a picture of what it’s all about.

The opportunity and potential six figure income is relatively easy to attain but it does take time, patience, and perseverance in the learning process. Additionally, it does scare away some people whom we feel could make it if we could get their courage up. We regard this as a form of self selection and there is no question we have reduced drop out rate after this type of extensive training.

How did you structure Money Concepts within the U.S.?

We have built the U.S. with a network of Regional Directors recruited and assigned areas for network development. The Regional Director’s primary objective is to provide training, educational support and ethical guidance to their representatives. They can however, build their own personal practice as well a franchise Financial Planning Center. Our objective for each of these Regional Directors is to assist them in achieving the 7 figure level in annual GDC by their 5th year. We require that they be guided by our Corporate Philosophy in everything they do.

What does Money Concepts do that is unique within the industry?

Well for one thing we do the things that other broker dealers simply say they do. All of our annual meetings and national congresses are opened to all Money Concepts active associates. In addition, we encourage them to bring their wives and children. We provide some of the social activities and they cover part of the expenses. We do not allow product suppliers to offer special incentives for the sale of their products or any other activity that might obscure the objectivity of our associates when dealing with their clients. The client’s interest must come first in all situations. Additionally, we hold our Gala Awards Banquet on Opening Night and make a major presentation to our associates with their family present.

Most importantly, Money Concepts is an Entrepreneurial Company run by Entrepreneurs for Entrepreneurs. We deliver turn-key business systems, methodology, and training for the professional advisor. We are dedicated to helping the advisor achieve whatever level of success they desire. Running the Broker Dealer is incidental to our primary objective: Helping advisors succeed! We do not sell proprietary products or have any relationships that might obscure our objectivity.

Were you involved in the financial planning professional organizations?

I was a personal friend of Loren Dunton. In fact his book, How to Sell More Mutual Funds, is still on my bookcase along with those of other management gurus and business leaders.

I served a term on the national board of the IAFP and we have always encouraged our associates to continue their professional education through various institutions and to acquire designations such as ChFC, CFP® and RFC®. As a matter of fact, we only consider a pro to be a pro when they are also a professional student of their profession.

How do new people join Money Concepts?

We approach our recruiting program much the same as we would a marketing program. We define the recruiting targets and divide the plan into three basic recruiting objectives: (1) Independent financial advisors and financial planners, (2) CPA’s and tax professionals, and (3) Financial institutions... we recruit to each of these three. We do both advertising and direct mail.

When an inquiry comes into our head office we immediately mail out our Intro Kit which contains information on the company together with a pre-registration form which is confidential. We then contact the appropriate Regional Director and ask him to follow through with an interview phone call, personal interview, personal assessment of the individual, level of interest and all the other things we want to know about him. If the Regional Director recommends the individual...as a qualified prospect from either of the three divisions, we send him a personal invitation to attend a two and a half day Due Diligence Workshop at our Headquarters in Palm Beach Gardens, Florida. We pay all expenses, airfare, hotel (we put them up at the PGA National Resort and Spa which is adjacent to our offices).

In the course of the two and a half days we conduct break outs for each of the three target groups. Additionally, we conduct personal interviews with them. The qualified prospective associate then returns home, meets with the Regional

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Where the IARFC will be represented:

- **Life School (Nelson Financial)**
  October 3-7, 2006 Dayton, OH

- **MDRT Top of Table**
  October 18-21, 2006 Palm Desert, CA

- **IARFC Marketing Course**
  October 27, 2006 Hong Kong

- **Million Dollar Marketing Workshop**
  November 6-7, 2006, Minneapolis, MN

- **Life School (Nelson Financial)**
  November 28-December 2, 2006 Dayton, OH

- **IARFC Fast Start Workshops**
  December, 2006 Indonesia

- **Heckerling Estate Conference**
  January, 2007, Orlando, FL

- **APFinSA Conference**
  April 13-15, 2007, Taipei

- **Financial Advisors Forum**
  May 15-17, 2007, Las Vegas, NV

- **MDRT Annual Meeting**
  June 10-13, 2007, Denver, CO

- **International Dragon Awards**
  August 11-13, 2007, Xiamen, China

- **IARFC Cruise/Conference — Alaska**
  August 17-24, 2007
  Vancouver, BC to Anchorage

- **RFC Forum — China**
  September, 2007, Dalian China

- **RFC Forum — Asia**
  September, 2007, Kuala Lumpur, Malaysia

To Join us at an IARFC Exhibit Booth
contact: Director@IARFC.org

**Continuation of the CFP Controversy.** Ever since Loren Dunton formed the institutions of financial planning, (the College for Financial Planning, the IAFP and the ICFP) there has been a professional Code of Ethics for those holding the CFP® designation. Now the big questions is “Should a CFP® be required to be a fiduciary or perhaps be required to issue a statement to the contrary?” The FPA is not pleased with the initial draft of changes proposed by the CFP Board. Neither are some broker dealers who feel that fiduciary status expands their liability and may affect their ability to resolve disputes through arbitration, which is considered to be in the interest of the broker dealer and not the client and perhaps not even in the interest of the advisors. However, the broker dealers are not prepared to give up this legal protection and opportunity for “reasonable dispute resolution.”

**The IARFC Position.** We have a clearly expressed Code of Ethics, backed up by a substantial Continuing Education requirement to assure the consumer that the RFC has remained current in his or her knowledge and technical skills. If this fiduciary status actually expands the liability of practitioners and their broker dealers, as some prominent compliance attorneys contend is the case, then we feel that the RFC Code of Ethics is both sufficient and appropriate.

**What’s the Real Need?** The United States, and the entire world for that matter, desperately needs far more qualified financial planners. It has become very clear that citizens cannot depend on the government or employers to provide a lifetime of income and medical care. We need many more professional advisors since the great middle class is not being adequately served. Increasing the liability of sincere professionals will not help solve this problem. For further information on the “fiduciary” issue, there are number of documents on the IARFC website. Go to the IARFC website, and view article and links on the Professional Information button.

**China Developments.** As the numbers of organized classes are increased, the IARFC membership continues to grow. There are now offices in the following cities that are enrolling students and organizing continuing education events: Beijing, Shanghai, Guangzhou, Chengdu, Dalian, and Wulumugi. There are also classes conducted in Shenyang, Shenzhen and Tianjin, using experienced instructors from the closest offices.

![Stephen Rothschild, RFC® (past president of MDRT) and myself pictured with delegates at the WCLIC in Chengdu China in August.](image)

The life insurance industry in China continues its explosion as consumers have more money for purchases. They increasingly realize that they must become individually responsible for their own long-term economic security, and as the underwriting capacity expands to permit the purchase of larger policies.

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However, the average Chinese consumer is not purchasing stocks, bonds or mutual funds (unit trusts) as a method of accumulating wealth. Banks are bidding for larger deposits, but many have major amounts of loans in default that are not being declared. So the consumer isn’t eager to invest at only 3% in a bank that may be risky, when there are good endowment and life policies available.

Neither are real estate investments available to most consumers in China since typical occupancy is in very large high rise apartments, not single family homes or duplexes. Neither are there real estate investment trusts for investors to contribute smaller deposits.

Financial planning is attractive to Chinese life insurers because it will help them move upscale, to the more affluent market of top executives, business owners, professionals and property owners. Insurance company officers express strong interest in training the top 10-15% of their sales force, including managers, to offer financial advice — followed by implementation with traditional insurance, unit-linked contracts and eventually investments.

Market Opportunities in China. There is still very little sale of life insurance to businesses. There are two reasons for this. The first is underwriting capacity. I was surprised to learn that one major company (a partnership between a Chinese bank and a leading international insurer) has a maximum size single policy limit of 300,000 yuan — less than $50,000 U.S. However, a competitor revealed it would underwrite a risk up to 4,000,000 yuan — equivalent to $500,000 U.S. Still not large when we consider the potential market for coverage of top executives or companies making large loans, sometimes granted on the performance record of senior executives.

But it is a great market and it will only get better — for life insurers and for financial planners. The IARFC is there, on the ground floor, training the agents to become advisors and equipping them with tools to serve the most rapidly expanding economy in the world.

The other reason for reluctance to sell life insurance to businesses is the way insurance is regulated. There are not the detailed laws, statutes and regulations we are familiar with in the U.S. So there is no specific law that authorizes a corporation (Referred to as “non-person”) to buy life insurance. There’s no prohibition, either. However, there is very great governmental concern about “money laundering.” Not drug or crime money, but an attempt to pass huge profits from the corporation to senior executives — illegally and without tax — just as they are about to retire. Sound familiar?

Therefore, the government monitors this through the life insurance companies and banks — to stop the illegal flow of money for “golden parachutes.” If they found it taking place they would aggressively pursue not the executive or employer, but the bank or insurance company that can have its license to do business suspended temporarily or even permanently.

So, some insurers won’t approach the market. Others will, under very tightly controlled methods. And therein lies the opportunity. A financial advisor can use these techniques to close sales of insurance for legitimate deferred compensation, keyman, debt guarantee and stock redemption. These more sophisticated applications of life insurance are just the right venue for a better trained and equipped agent/advisor.

Continued Taiwan Growth. Just as the most logical portal for other U.S. businesses to enter China was through partnership with Taiwanese, so has it proven to be the case with the IARFC.

Five years ago we formed an alliance with IMM International, headquartered in Taipei, Taiwan. The Chairman and CEO for IMM is Liang Tien Lung, RFC®, who established his firm originally as Insurance Marketing Magazine. Now it is into training, publishing, and event management. They publish Advisers magazine in two versions, one in Mandarin for the Taiwan and Hong Kong market and the other in Simplified Chinese for the mainland. They publish and distribute books and learning tools with an annual release of more than a dozen new titles.

IMM produces the World Wide Chinese Life Insurance Congress on a bi-annual basis. The first was held in 1996 and since then event attendance has exceeded 7,000. Attending are life agents from seventeen countries — nearly all of whom are of Chinese heritage. The events are delivered in Mandarin — not English. The next WCLIC will be September 4-7, 2008 in Singapore — a great destination city, renowned for its cleanliness, order, great hotels and wonderful cuisine.

In alternate years IMM produces the International Dragon Award Ceremony. About 700 of the more than 2,000 persons receivingDragon Awards for significant life production attend these conferences. There have been three levels — Gold, Silver and Bronze and in 2007 they will add the Platinum Award for significant and consistent production. The next IDA will be held in the China coastal city of Xiamen — a beautiful and historical city of 1.5 million, just to the west of the island of Taiwan, on August 10-12, 2007.

At both the WCLIC and IDA events there are plenary (main) sessions with entertainment and primary presentations. Then, the other half of each day there are simultaneously six breakout sessions, many attracting an audience of over a thousand.

In Taiwan, RFC® classes are being conducted in the cities of Taipei, Kaohsiung, Taichung, Tainan, Hualien and Taoyun — as well as a few proprietary classes being held in the offices of a sponsoring insurance company, brokerage firm or bank. RFC® clubs have been formed in each city and there is a regular exchange of ideas. For example, last month I presented certificates to about 60 new RFC® graduates before an audience of 300 RFCS in the public auditorium of the Central Newspaper Building.

India. Ralph Liew is planning a “software launch” of the IARFC in Mumbai. From the first classes he hopes to expand into the other provinces and population centers of India — perhaps with several organizations.
I love what I do. It’s really the same dream I had in 1979 when founding Money Concepts and writing the companies’ Corporate Mission and Corporate Philosophy. I still get the same thrill when I see associates of the company succeeding and growing. What is most exciting of all though is the growth in professionalism and personal development in our people and I get an enormous amount of satisfaction when I see the success they are enjoying now.

Several years ago I was diagnosed with Parkinson’s disease. Some people just quit when they encounter something like Parkinson’s, other keep going. With the encouragement and support of my associates I had no choice but to continue and keep going and I am sure their good wishes and constant encouragement has added years to my life. Money Concepts has always been a family. As a matter of fact many of our most outstanding associates literally grew up with the company. My oldest son Denis has taken on the leadership of the company and is doing an outstanding job. He has proven to be a very talented man and needless to say I am extremely proud of his progress. I have three daughters, Kara, Susie, and Terri; and two more boys, Jim and Liam who are involved in the company’s activities. With all this talent around me it’s made my life pretty easy.

What future do you see with Financial Services?

The future I see for the financial service industry almost boggles the mind. That’s why we have committed so much of the company’s resources to support our advisors and clients. When you enter our State of the Art, just completed, 20,000 sq. ft. Headquarters you will see the very latest in technology and information services, education and training facilities, consulting rooms and the like. When you take a look at where we are today and recognize that we, as an industry, are only serving a small, small portion of the total market you get an idea of the enormity of the opportunity. Major corporations and companies throughout the U.S. cannot fund their employee retirement programs and at the same time remain competitive in their respective businesses. And where does that leave everyone…on their own. And their track record on their own hasn’t been too good.

How well have you done?

Starting from scratch, with a business plan born out of necessity in the 30’s in Oklahoma as the foundation… dusting it off in 50’s and 60’s and adding in sales muscle and marketing strength… in the 70’s and 80’s polishing it with product diversification and transparency…in the 90’s combining all this through technology with the capacity for comprehensive planning… The Money Concepts Enterprise Plan through the Money Concepts network.

Hard work and focus has brought growth — and it should continue.

The Money Concepts Enterprise Plan provides Excellence in life long Wealth Management and Financial Planning through Education… Empowerment… And it Evaluates and Evolves as an ongoing path to success.

Register readers may contact Jack at Money Concepts International: 561 472 2000 or e-mail inquires in care of: genny@moneyconcepts.com
It’s Back to School... and Back to College Funding

Thom Hunzicker, MBA, CFP®, RFC®, CEP, CCPS

As planners we can see that since this is the back-to-school season many of those families with high school juniors and seniors are concerned that college tuition costs are coming soon. Those costs will be confronted by the parents before they know it and many will be surprised at how much they are on the hook for to get sons and daughters through college. While your clients have been hearing about low inflation rates and comparatively low interest rates, the costs of college have been steadily marching upward at twice the rate of inflation. The “sticker shock” of college costs can jolt a family to reality and threaten their sacred retirement plans. Increasing college costs are found in private as well as public schools; but getting kids educated is high on the priority list. Many parents find themselves without a college funding plan nor a way to pay for college.

You will, no doubt, be asked by at least some of your clients with college-bound children for help in finding ways to pay for college and you may want to be somewhat familiar with some of these concepts if you either tackle the job yourself or refer it out. As you will begin to see later on in this article, college funding planning has many facets and as such is a very specialized area that many financial planners choose not to personally do.

College funding planning is really financial planning — it just has somewhat different objectives than the traditional plans that so many of us are familiar with. The basic underlying principle of effective college funding planning is that the plan must include a sensible balance of the components known as: the family’s resources, public and private financial aid, and the affects of income taxes. Family resources may include the resources of all members of the household and these must be looked at two ways:

- How do these resources fit into the overall plan?
- How do these assets affect financial aid?
- Financial aid sources include private sources as well as governmental sources, and part of your responsibility is to guide your client through the maze of these opportunities.

Many families have contributed to college savings plans such as 529 Plans, Coverdell plans, and trust accounts such as UGMA’s and UTMA’s without thinking about the impact that each of these may have on receiving or not receiving financial aid. College savings 529 Plans allow for non-deductible contributions to an account that grows tax-deferred and perhaps tax-free when used for college expenses.

In the financial aid calculation, the value of the 529 Plan is included in parent assets if it is owned by the parents or student. Distributions can be taken at the time of college attendance on a tax-free basis for qualified expenses of the student assuming that these same expenses are not included under any other program such as a Coverdell or a tax credit such as the Hope Credit for qualified expenses.

There is no “double dipping” allowed in the tax code. Once distributions are considered to be income, then financial aid may be affected as well. On the other hand, for a family that is well beyond receiving financial aid and will not qualify for tax credits, the 529 Plan could be a good way to put money aside on a tax-deferred and tax-free basis, keeping in mind all of the rules regarding its limitations on use (roll-over, college only).

Another popular savings vehicle is the Coverdell Educational Savings Account (CESA), which are included in the parents’ assets for the financial aid calculation and have annual contribution non-deductible limits — again, tax-free if used for qualified college costs and also taxable if used for expenses covered by another plan or tax credit. Trust accounts such as the UTMA and UGMA types are considered to be the property of the student and have a much more negative affect on financial aid than the assets of the parents. These are non-deductible contributions made in the early years under the idea that the child’s tax rate is lower than the parents, so as the asset grows the yearly tax bill is lower.

All families with juniors and seniors now need to review each of their investments and accounts in light of the possible financial aid impact or other factors, which may make it more sensible to re-position some of these assets into plans that do not interfere with the goal of educating children at the least amount of cost. Other types of family resources include savings accounts, managed accounts, brokerage accounts, the family home plus second homes, and business interests just to name a few. All of these represent a source of financing for putting together the college funding plan. How these sources are used to complete the plan depends on many factors — some of which we discussed above.

Knowing how financial aid, either from public or private sources, is used as part of a college funding plan is a complicated subject due to the many moving parts, exceptions, deadlines, and continual changes. Starting first with public financial aid, understand that this comes from either the federal government or the state government. The federal Department of Education doles out the lion’s share of aid, in many forms, while many states offer primarily grants and loan assumption programs.

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From state and federal sources, all financial aid comes in two categories:  
self help aid consisting primarily of subsidized loans and work study programs, and gift aid made primarily of grants and scholarships (free money). The amounts and types of financial aid are determined by two factors: the financial need of the student and/or the merit of the student. Financial need is by the far the greater of the two influences in terms of obtaining favorable financial aid from public sources while merit aid factors in for private sources. Actually, there is a blend of the two; financial need and merit need in many cases. However, merit aid takes a more important position in many private schools, while public schools tend to look much closer at financial need.

Looking first at student loans and parent loans, federal aid can come in the form of Subsidized Stafford loan which pays the interest on the loan for the student as long as the student is in school amounting to an interest-free loan of between $2,625 and $5,500 per year for five years of undergraduate work. The federal Perkins loan is federally subsidized at $4,000 per year for up to five years of undergraduate work. Both of these loans are interest-free during college, are the obligations of the student, and do require pay back starting within six months of leaving school. Interest rates on these loans may change each year.

There are two other non-need-based loans that are not subsidized; the federal PLUS loan is a parent loan requiring immediate payments, unless deferred, and provides the money for the parents’ out-of-pocket costs. There is the non-subsidized Stafford student loans requiring accrued interest and pay back within six months of leaving school. As an added note, there is a growing trend for schools to actually act as the lender — you need to check with the school to determine if such a program exists.

Now, for a look at free money.

- There are federal, state, and private sources for grants and scholarships and tuition discounts. The federal sources include Pell Grant, which ranges up to $4,050 per year for up to six years for undergraduate work only; this is a needs-based program.

- The Federal Supplemental Educational Opportunity Grant is also a needs-based grant and offers up to $4,000 per year for undergraduate work only and requires the same basic factors as does the Pell Grant.

- Private sources come primarily from private schools and usually come in the form of tuition discounts — some of which are needs-based and many of which are merit-based with still more a combination of the two. There are no “guidelines” for these types of opportunities as these grants, or tuition discounts, are funded by the school’s endowment programs and since they are private schools, each one may be different. Parents can check with the school and determine if any private grant money is available.

How all of these programs fit into a college funding program depend on availability of the money, the cost of the money, and how other resources can be utilized. It may make sense to go after federal and private loans entirely, or it may make sense to look to other more favorable loan sources. Interest rates are changing on all loans and how the tax works is an important element, as well.
Are You the Target?

Is the Bulls-Eye on Your Back?

Presenting seminars for seniors or other members of the public may be unintentionally putting a target on your back for regulators and the media!

Seminars may stimulate problems for practitioners, based on news reports, conversations with insurance and securities regulators and conferences such as the recent one hosted by the North American Securities Administrators Association (NASAA). The Society of Certified Senior Advisors has also received inquiries from members who have offered seminars and from seniors who have attended.

“As the first of 79 million baby boomers turn 60 this year, free-this and free-that financial seminars are thriving. Community centers and hotels have become a backdrop for what regulators see as aggressive sales pitches geared to seniors,” reported USA Today.

Some regulators have gone so far as to discourage seniors from attending any seminar they’re invited to and to be particularly wary of those that offer free lunches or dinners, or specifically tell attendees not to bring their financial adviser or planner. They say that such seminars have become camouflage for bait-and-switch tactics and presenters who claim to have more expertise than their background, education or credentials represent. There’s probably some truth in that accusation, but it can’t apply uniformly to the thousands of seminars being presented across the country.

“The CSA Board of Standards receives more complaints about seminars and the ads promoting them than any other activity,” said Society of Certified Senior Advisors President, Ed Pittock. “Last year, the majority of those complaints concerned clients of a particular seminar package provider, so we took the unprecedented step of asking him to tell his clients who were also Certified Senior Advisors to resign their memberships in the Society.”

In Florida, federal, state and NASD regulators have begun investigations of firms sponsoring “free lunch” seminars to ensure their sales practices are lawful. SEC Chairman Christopher Cox and NASAA President Patricia Struck said that these coordinated examinations will be expanded to additional states where seniors may be targets of abusive sales pitches or fraudulent investment schemes.

The Society of CSA provides its members a free seminar package about how seniors can avoid financial exploitation. It’s called “Nine Tips for Seniors to Avoid Financial Abuse.” Even that alert raised one regulator’s curiosity. However, the SCSA staff showed the regulator where he could review the entire presentation on SCSA’s website, and after careful review, the regulator was satisfied.

“It’s still important to be able to get in front of audiences,” said CSA leader Pittock, “and I think it always will be. But you have to follow four main guidelines:

• Make sure your intent is clearly known in all communication about the seminar.
• Make sure you talk only about things you’re qualified to talk about.
• Make sure your seminars are known to and open to regulators.
• Consider sending regulators a copy of your invitations and your presentation before you give it.”

Seminars are only one form of advertising, but historically they have been quite effective at introducing consumers to professional advisors and ethical product vendors. Naturally, they require compliance review by a representative’s broker/dealer or insurance organization — including the invitations, advertising, visual aids, presentation script and all handouts.

According to IARFC president, Steve Bailey, CSA, RFC® of Charlotte, NC, “Many RFCs also hold the CSA designation, and value the education they acquired in the program. Seniors need effective communication, and they absorb information somewhat differently than the 30 year old Internet-oriented generation.”

“Some members of the media always look for bad news,” according to IARFC chairman, Ed Morrow. “They delight in describing how some senior citizen was taken advantage of by an unscrupulous advisor. But there is nothing in the curriculum of the CSA program that is even remotely questionable, nor is there anything in the way their Society operates that deserves negative attention. No organization (be it the IARFC, SCSA, SFSP, FPA, MDRT, NAIFA or NAPFA) can assure that an educationally qualified member will not someday ‘go wrong’ and abuse a client. But all these organizations diligently try to avoid such persons and expel them when an event occurs.”

It has always been the position of the International Association of Registered Financial Consultants that these professional organizations have in common a goal to legitimately serve the public and enhance the performance of their members. In a presentation at the IARFC Financial Advisors Forum, Morrow told the attendees, “Nearly all of our members hold multiple designations and are members of several organizations. When one group is unfairly attacked, we all suffer — in terms of consumer confidence. The public needs competent advice and service, and professionals need organizational support. We should diligently defend other quality institutions, even if we are not personally members. In every profession there are a few ‘bad apples’ but you wouldn’t suggest people stop seeing doctors, just because somewhere some physician was negligent or overcharged a patient.”

As Benjamin Franklin said at the signing of the Declaration of Independence, “We must all hang together, or assuredly we will all hang separately.” For financial advisors, this means we must support and defend all the organizations that legitimately serve the profession — because our differences in focus are far less significant than our commonalities of education, ethics and service.

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There are many designations. In fact, on the IARFC website www.IARFC.org there is a listing under the “Professional Information” tab that currently lists 89 designations, and limited information regarding them and the organizations involved. We try to keep it current, but the list continues to change and expand. Inclusion on the list is not an endorsement, of course, but it emphasizes the diversity of approaches and services. We encourage persons to let us know of changes and new entities that should be added.

Because the Registered Financial Consultant designation requires forty units (hours) of continuing education every year, there is no way the IARFC can supply that much CE in all the locations and topics that members require. Therefore, the RFC® requirement can be filled by other designation programs and events sponsored by other professional organizations.

According to IARFC Executive Director, Judith Fisette-Losz, “We do not require pre-approval, any advance registration of a curriculum, or charge any CE approval fee. We encourage all our members to seek diversity in their professional development. The IARFC’s CE record form makes it clear that twelve alternate methods of learning are acceptable, and there is even a topic list with over 70 suggestions. We also accept CE programs delivered by product vendors, including the time allocated to problem analysis, solution development and product application, excluding only organizational elements such as company announcements.”

A review of the websites of the afore-mentioned associations will indicate the items they have in common: qualifying education, ethics, continuing education, challenges to members to communicate effectively and requirements of good business conduct:

www.financialpro.org
www.fpanet.org
www.iarfc.org
www.mdrt.org
www.naifa.org
www.napfa.org
www.societycsa.org

Every member of this association wishes that the Registered Financial Consultant designation would have increased recognition and prestige. The RFC® is simply not yet as well-known as other designations that have been in existence for 40 or 50 years. Others have well established media relationships and also enjoy the publicity efforts of hundreds of universities that offer their curriculum. But we are gaining ground swiftly in the battle for recognition.

More Media Attention. Whenever any member of the financial services media makes the effort to check us out, we do get respect. We don’t ask to be better treated or more respected — just to receive equivalent and fair attention. But when they start to check us out, a major question always is, “How many members do you have?”

You Can Help! The most important evidence of our value proposition is the consistent growth of the IARFC. While other associations are declining or barely holding their own, we have maintained a consistent growth of 3 per cent per month! Wouldn’t you like to own an investment that was now more than ten times its value than at the end of 1999?

Make a Phone Call. You might take just a few seconds to call an associate of yours — perhaps someone in your broker/dealer or a respected financial advisor in your community. You might say something like this:

RFC Referrals Benefit You

Get the Facts to Us. Then get the complete physical mailing address and full name so we can send them a comprehensive kit. We do not want just an e-mail address. We want to send a series of membership mailings, include our brochures and publications. This full RFC® packet has far greater impact than just a link to the IARFC website.

Get the Application. You wouldn’t be an IARFC member if you weren’t a very persuasive professional. Why not use the application form that is in the center of this issue of the Register and sign up the member. You can do it!

A Call for Action

If you are not yet an RFC and a member of our association — please give this your immediate attention. Use the application form that appears on the following pages. You can fill it in and fax back to us at: 513 424 5752. Or drop the application in the mail with a check.

We are the fastest growing professional organization in financial services for some very good reasons — our philosophy, our education and our member benefits. Our members include many very well known and highly respected financial advisors. They joined for the member benefits, the publication, and because our mission is to serve financial planners who help their clients “spend, save, invest, insure and plan for the future so as to achieve and maintain financial independence.”

<table>
<thead>
<tr>
<th>Sample Script for RFC call</th>
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<tbody>
<tr>
<td>This is John Adams, a financial advisor in _____ or with _____ in ______. The reason I’m calling is that I would like for you to seriously consider the RFC® designation. I am a member of that group, and I’ve been very impressed with their growth and the benefits for members. The IARFC is not a group of elitist planners or people that want to tack initials after their name with no qualification.</td>
</tr>
<tr>
<td>• They believe in charging fees for services, and they believe in also receiving fair commissions for product sales.</td>
</tr>
<tr>
<td>• They believe in a reasonable Code of Ethics, not some complex rules enforced by attorneys that have never practiced financial planning.</td>
</tr>
<tr>
<td>• They believe in Continuing Education that does not acquire pre-approval and they count courses and sessions on practice management, marketing, engagement of clients, and implementation based on products.</td>
</tr>
<tr>
<td>Would you like for me to have the IARFC send you an information packet?</td>
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</tbody>
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Don’t Memorize, Minimize

Don’t Memorize, Just Minimize...
Rather than trying to remember or memorize your entire presentation, we recommend creating an outline and keep that in your head as a guide. Outlines will work regardless how long your presentation is. I’ve done full day workshops where all I’ve kept in mind is my outline for the day. An outline consists of top-line talking points and can be structured as follows:

1. Tell them what you’re going to tell them. This should set the context for the topic you are going to speak about. What are the key points you will be discussing? For example, if your topic was on introducing a new compensation structure to your staff, your points might include:
   • What is the reason for changing to a new compensation structure?
   • What is the new structure like?
   • How it will work?
   • Next steps and timelines to rollout the new structure?

2. Tell them. Elaborate on the points in the body of the presentation. For example: What is the reason for changing to a new compensation structure:
   • What wasn’t working with the old system — changes in the business model require changing the system — it better suits the needs of the company as it grows.
   • What the structure looks like — describe the overall concept — highlight the differences between the old and new system — introduce examples of how this structure has worked effectively for other organizations.
   • How it will work — discuss what is involved in administering the process — introduce the different forms that will be used to track performance — what will be the procedure for implementing it.

3. Tell them what you told them. It’s important to recap your presentation. This recap should include your call to action. For example:
   • Recap the main things to remember about the compensation structure.
   • Read the handout and write down any questions you may have.
   • Schedule meeting with your team leader to discuss your questions.

As you can see, it’s much easier to remember this outline than an entire presentation. Many of you may be questioning, is this enough? There is a great deal more I want to say.

Have the confidence to know, that you know everything you need to know about the topic you’re discussing. Part of the reason you are speaking on the topic is likely because of your years of experience on the subject. You’re the expert on your topic and you have a library of knowledge and experiences to draw upon.

You can go ahead and make a few additional notes next to your bullet points to highlight specific stories, facts, etc, that you want to touch on. These notes or bullet points will act as triggers and will help you remember what you want to say.

What I want to stress, however, is that in no way does creating an outline excuse you from preparing and practicing your presentation. You should still spend time getting comfortable with what you want to say. By simplifying your presentation in this outline format, you’ll eliminate the worry of forgetting something and will be able to focus on being present with your audience.

To order a copy of Teresa’s book “A Guide to Breakthrough Presentations” or for information on how we can help you and your organization become more effective in how your communication your message, or to book Teresa for an upcoming event, contact 416 696-2020 or e-mail info@cvcomm.com or visit our website at www.cvcomm.com.
As a financial professional you probably pride yourself on giving customized solutions to each client you work with. No one would argue that one client may be very different from another and have a completely different set of objectives and goals. Not to mention that the advice you give to an affluent client may be very different from the advice you give to a middle income family. After all, their tax situation is much different as well as the amount of disposable income and their ability to bounce back from investment losses — all areas to consider when creating their very different financial plans. But are there financial strategies that you reserve for the wealthy that may also benefit your less wealthy clients?

I have noticed one area where this seems to be the case. There is one aspect of financial planning that I have found to be very different for the wealthy than it is for the average American and yet if only this strategy was explained properly it could really benefit either client. Now I am not sure how this came to be so, and I am not blaming advisors for this discrepancy, but it is a discrepancy we should be aware of and may find useful when educating our middle income clients. So what area of financial planning do our wealthy clients view very differently from the rest of the country?

I will give you a hint; it has to do with the largest asset that most of our clients own, that’s right it’s their home. The American dream is to own your home and to own it free and clear with no mortgage. But if this dream is so great why do our wealthy clients, who have more than enough money to pay off their homes, refuse to do so? Do they know something our middle income clients don’t?

The fact is our wealthy clients understand money better than our not so wealthy clients. In most cases that is how they end up with more wealth. They know that storing cash in their homes may not be a wise use of their money and that the equity trapped in their house is earning them a zero percent rate of return. They also know that once you factor in the tax breaks of a home mortgage, often your home equity is one of the cheapest places you can borrow money from. So what do they do with all of that money that they are too smart to lock away in their homes? They invest it wisely and reap the rewards. Ask yourself, how many of your wealthy clients have a 15 year mortgage on their two million dollar home? They are not in a rush to pay off their home even though “conventional wisdom” tells them they should.

Now think about your middle income clients who are making extra payments on their home but they can’t afford to put any money away for basic things like an emergency fund, a retirement plan, or a college education fund for their children. How much better off would they be if they knew what our wealthy clients are already doing? Could they benefit from the same strategy? What about those families we try to help who are living paycheck to paycheck? Often they are in a rush to pay off their homes, when in reality, if they were to get ill, have an accident, or even just get laid off; there is a strong chance they would lose not only their home, but all of the money they were in such a rush to pay into it. Yet no one is telling them this.

The question we have to ask ourselves as advisors is why not? Is it because we feel these concepts are too difficult for the average Joe to grasp? Is it because we are not willing to spend the time to educate Middle America that there is a better way to manage home equity? Maybe some of us feel that people who don’t have money will just abuse this strategy and end up worse off than they already are. Are we trying to protect them from themselves?

Personally, I have found this to be the case with many mortgage advisors. I have spent a lot of time working with mortgage brokers and loan officers to show them the value of these strategies, and I found it interesting that while many of these loan advisors knew about some of the newer loan products that can really help a family free up their cash flow, in fact almost all of them had even sold these loans to wealthy clients, but they were afraid to recommend them to their middle income clients. Why? They thought it would be too difficult for the client to understand and so they shied away from it.

My goal in writing this article is to encourage financial advisors not to take the easy road. We should not accept the status quo at the expense of our less fortunate clients. If there is a strategy that works well for the wealthy, why not share it with people who really need it?

Especially if it can work well for them just the same. Yes it may take more time to explain, and in many cases it may be an uphill battle trying to undue all of the incorrect teachings of conventional wisdom, but I assure you the rewards are worth it.

Your clients who get it will not be able to thank you enough and you will be helping them find the money to do all of the important financial planning that they didn’t think they could afford.

So should we be giving “cookie cutter” advice?

No, but we should not discriminate against the less fortunate and assume they can not grasp what the wealthy already know. Share the wealth and teach the masses. You will be glad you did! 🙌

Don’t Give Cookie Cutter Advice! Or Should You?

Antonio Filippone, RFC®

As an RFC® and a Registered Financial Consultant, I have found this to be the case. There is one aspect of financial planning that I have found to be very different for the wealthy than it is for the average American and yet if only this strategy was explained properly it could really benefit either client. Now I am not sure how this came to be so, and I am not blaming advisors for this discrepancy, but it is a discrepancy we should be aware of and may find useful when educating our middle income clients. So what area of financial planning do our wealthy clients view very differently from the rest of the country?

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Antonio is based in Loves Park, IL and is a respected speaker on a wide range of subjects. He conducts a popular series of financial workshops throughout the year that help families free up the cash they need to live better now, and plan for the future. He is a Registered Financial Consultant and a member in good standing of both the National Ethics Bureau and the International Association of Registered Financial Consultants. Readers who are interested in gaining more information on how to live debt free and truly wealthy can receive a complimentary copy of Mr. Filippone’s booklet by calling his toll free recorded message hotline at 800 756 6607 or visiting him online at www.RockfordRetirement.com or phone: 815 633 9595
Voluntary benefits, where the employees pay the full freight of their premiums through payroll deduction, are booming. Voluntary plans let employers offer attractive fringe benefits like dental, vision care and disability insurance at no additional cost to the company.

Today, long-term-care insurance, a crucial financial product, is poised to become a top voluntary benefit. Employers like LTCI because it can help employees stay productive at work instead of having to take time off to care for their parents and struggle with the additional financial stress. And LTCI is a wide-open field, as only a few percent of Americans have it. Under a Group plan, there can be a provision of only a 5-question application for LTCI, which is a huge advantage to someone who could not otherwise health-qualify on an individual application.

Big organizations, like large employers, unions and associations are courted aggressively by large benefits brokers. But there’s a lot less competition for smaller organizations — and relatively few of them have voluntary plans. This spells opportunity for agents and advisors.

You already have the customers — the business owners who rely on you for their business insurance. You already have their ear and a strong relationship you can leverage. That puts you miles ahead of a benefits broker who is cold-calling them. With the right approach, you can profit from the LTCI boom!

How Group LTCI Works, How It’s Sold.
Group LTCI is available to the employee, employee’s spouse and both sets of parents — so you can potentially make six sales for each employee. Most group policies are virtually guaranteed issue. There’s no medical exam; applicants just have to answer a few questions confirming that they do not have conditions such as multiple sclerosis or Parkinson’s. The group premium rates typically have a 10% discount from retail. The benefit is portable, and employees can keep their policies when they leave. The renewals are usually a level 10% for as long as the policyholder pays the premiums — which can be many years, especially if he or she is in her 40s or 50s.

Selling group LTCI effectively takes several steps. First, you need to represent at least two carriers that write group business. Look for carriers that have a recognizable brand name.

Next, you need to get the business owner or benefits administrator to sign on. Even though LTCI is usually 100 percent employee-paid, it still takes selling to convince the decision maker(s) to offer a plan to their employees. They won’t want to add a new benefit unless they’re convinced that it will truly benefit the business and employees, and won’t add more administrative burden to the human resources staff. Make sure to emphasize that your plan will:

- Provide meaningful insurance coverage for long-term-care expenses.
- Make the cost of insurance affordable over the long term.
- Provide flexible plan design and administration to address the particular needs of all your employees or members.

You can reach business owners several ways. Start out by writing or calling your current clients to let them know about the new service you’re offering. Press releases and advertisements can take your message to a mass audience beyond your clients. Public speaking also pays off. Business groups like the Chamber of Commerce and Rotary are always looking for speakers. Associations also look for speakers, both for their main programs and for special programs for members’ spouses.

To stay under the radar and avoid competition from national brokers, focus on companies or associations with 25 to 150 employees or members. Organizations in this sweet spot are usually big and sophisticated enough to recognize the need for voluntary benefits and have the internal systems to support them. (Smaller organizations than this may not want to offer voluntary LTCI, but you can sell individual policies to the business owner and key executives. This is especially attractive now because LTCI premiums are for the first time 100% deductible as a business expense.)

Once the decision-maker says yes, you have gotten over the first hurdle. Now, you need to sign up the employees or members.

The best way to do this is by holding enrollment meetings. You’ll meet with a group of employees and give a presentation on what LTCI is, what types of care it covers, and the financial risks of long-term care as they plan their futures. Since it’s a discounted group plan, most employees won’t feel the need to do comparison shopping. You can hold separate information and enrollment meetings, but it’s usually simpler to do the enrollment right after the educational sessions.

With groups, you won’t have the same space and time to educate people as in a one-on-one situation, but some of the same principles apply. You must create the need because unless the employee feels a strong need for the product, he or she won’t buy it. They must be able envision a time when they (or their parents’) will have a health change and need care. Most people think they’ll just

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The Journal Announces an Editorial Change

The Journal of Personal Finance, the official journal of the International Association of Registered Financial Consultants, is pleased to announce a change in editors. Beginning with Volume 5 Issue 3, Dr. Ruth Lytton, RFC® of Virginia Tech will assume all editorial responsibilities for the Journal.

She replaces Dr. John Grable, RFC® who, along with Ed Morrow, established the Journal in its present format. The change in the editorial responsibilities was something planned from the outset of the Journal’s inception and development. According to Dr. Grable, a change in editors every three to five years is expected. Changing editors allows the Journal to remain fresh and vibrant. Under Dr. Lytton’s leadership readers should see a continued emphasis on articles relevant to both practitioners and academicians. When asked about the change in editorial responsibilities Dr. Grable said, “I wish Ruth great success with the Journal. The IARFC is one of the only professional organizations to fully support academic research, and it is a great honor to be the Journal’s editor.”

Before stepping down from his role as editor, Dr. Grable acknowledged the help of others in establishing and building the publication. “I want to say thank you to the student assistants at Kansas State University who helped me run the Journal on a day-to-day basis.

Students included Gabriel Asebedo, Debra Wood, and Theresa Kasper. I am also very thankful for the great help provided by Jennifer King, the Journal’s Editorial Coordinator. And, of course, many thanks to Ed Morrow, Judith Fisette-Losz, Wendy Kennedy, and the IARFC staff for their willingness to support the Journal.”

Get Involved:
We welcome the submission of articles from IARFC practitioners. This is a great way to contribute to the profession.

Professional Articles:
The Journal is seeking articles by practitioners that may deal with the application of financial planning techniques, marketing and practice management. These are expected to be very high level papers or articles.

Publicity Opportunities:
Naturally, we encourage published authors to advise both their clients and the media of their being published by sending a press release.

Call for Papers

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live forever or die peacefully in their sleep. You have to overcome their denial. Additionally, many mistakenly believe that Medicare will cover long-term care costs.

You can get good sales training cost-effectively by telephone and through print and audiovisual materials. Since the LTCI sale is different from other insurance sales, a little training can make a huge difference in your closing rate. These voluntary benefits are natural for any independent agent with a commercial lines book of business. With the right approach, you can readily increase revenues from existing business clients and strengthen your relationships — and even attract new clients.

With the Baby Boom generation approaching retirement, LTCI promises to be one of the fast-growing, most lucrative financial products of the next decade and a lot of it will be sold at the workplace. It’s a ground-floor opportunity for savvy agents.

Wilma Anderson, RFC®, founded Senior Care Associates to respond to the changing needs of individuals over the age of 55. With over 25 years of experience working with physicians, hospital organizations, HMO management and financial planners, she now works with groups and individuals to educate them on their long term care financing, insurance needs, and investment options. Wilma is known as The LTC Coach, she offers personalized tele-coaching sessions, plus workshops, speeches and comprehensive marketing-and-sales systems. www.TheLTCcoach.com, phone 720 344 0312 or e-mail wilma@TheLTCcoach.com.
And How Are You Today?

Here is my take on solicitation calls when they come into my office or my home. There are telltale signs that make me wonder:

1. They say “Hi, may I speak to Frances?” (or they may say Mrs. Scott — in which case I know they don’t know diddly about me)
2. Next they say “And how are you today?” I know they are attempting to gain rapport with me. But here is my issue — we both know that we will never meet and are likely to never talk again.

The point is, there are dead give-a-ways that this is an unsolicited call.

As financial professionals, the phone is your lifeline to the outside world. So, in respect of the prospect’s time, getting to the point is critical. Just remember, you don’t know them and they don’t know you — so there is no need to pretend familiarity when it is so much easier to be interesting and understanding. Interesting people generally ask a question — and then shut up and listen to the answer. They tend to be comfortable with those often awkward silences in conversations.

If we believe that the call we are about to make is a matter of life and death, the risk of rejection becomes so high, it is easier to NOT make the call at all. Gee, coffee sounds good about now! Anyone in sales with half a brain understands that phone calls are part of their day-to-day activity. So let’s look at a few things that make those calls far more effective:

1. **Be prepared.** Knowing, inside and out, how you solve problems is key to being relaxed on the phone. There is nothing the prospect can’t ask that you cannot answer or at the very least, tell them you will call back at a specific time with the answer. Then keep your word.

2. **Know something about your prospect.** Do a little research on the Internet. Read what you can so you have a point of reference in the conversation. It takes only a few minutes but will give you some insight into the business you are approaching. If your prospect is in business, understand that they are probably stressed, and they also lack information that could give them some peace of mind. The kind of information you have and can convey...

3. **Don’t come on strong.** Your first outbound call is an attempt to find out more and get permission to continue to keep in touch. See the scripts below. Graciousness is the order of the day. If a prospect is rude or gives you the brush off, remember it could very well be that he or she has had a bad day. It would be presumptuous to delete them from your database. Remember you want to be there when they are ready to buy, not when you are ready to sell.

4. **Think of your prospect as a flesh and blood person — much like you.** “To sell John Smith what John Smith buys, you must first see the world through John Smith’s eyes.” Never a truer thought expressed. Your prospect is someone who works hard, expects to be paid, supports a family or themselves, worries about things like money, kids and work. They are not much different from you. They want to be treated with respect and they want someone like you to understand what makes them tick or sick.

5. **Think of yourself as a purveyor of vital information.** The information you hold in your head is so valuable that it could mean a business woman would not have to work while enduring cancer treatment. The information you have means that a family will keep their home and the family business when the provider becomes disabled.

6. **Think of them first.** Meeting a customer’s needs means they come first, while you try to find solutions. It means giving them what they want in the way of information, guiding them to make the right choices for the long term and doing it in a way that is elegant and caring. Empathy goes a long way in building relationships.

7. **Think of how you like to be treated.** Your need to make a sale is superseded by the prospect’s need to know more, to feel understood and to have someone listen. The Golden Rule in practice.

8. **Have a script handy to move you forward in the conversation.** Like I said before, I never make cold calls. I want prospects warm and willing to talk when I call. I prepare by creating a strategy that includes a few warm up letters of interest then tell them I will be calling in a few days. I follow the script, not to the letter, but to keep me focused on the kind of information I want and the knowledge of how to follow up after the call. Remember that your call will only have one of four outcomes:

1. **They tell you to get lost** (might as well get that out of the way) or they tell you they have a supplier and won’t change.

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2. They tell you they cannot talk now, but keep in touch because what you have sent is interesting.

3. They tell you that an appointment would be in order.

4. You cannot make contact with them. When beginning your calls it is always a good idea to assume you will be sent to voice mail. Make sure your voice mail message is professional and clear. Be sure to give the date and time you called and repeat your phone number if you wish the call returned.

Record this outcome on your call report for database entry (Sample Below).

Frances Scott is owner and founder of Client Sense Marketing Group. Drawing on her years of business management and marketing expertise Fran has developed a systemized approach with a series of communications to a target audience and managing activities. She has enabled financial advisors to experience highly effective levels of communication with remarkable results.

Her process is based on the principle that building sales in most businesses begins with building relationships. The proper nurturing will produce clients who stay for life and enthusiastically give referrals. Her motto is: From small seeds giant trees grow. From simple letters, great relationships grow. Pretty clear for someone living near the redwood forests. Her firm is located at: #481-13320 78th Avenue, Surrey, BC Canada V3W 0H6. She can be reached at 604 599 4850 or 888 598 4947 E-mail: fran@clientsensegroup.com or visit: www.nurtureservices.com

FIRST CALL REPORT to business prospects after letters — This report will cover all those on this action plan. Using a form, like this, for each prospect will allow you to gather information and make notes to be entered into your client database for further action.

**Contact information should be merged from your database**

Name:__________________________________________ Position:__________________________________________

Company:________________________________________ Address:__________________________________________

Phone:________________________________________ Fax:__________________________________________

E-mail:________________________________________________________________________________________

Date called:________________________ Made contact with:__________________________________________

Hello, my name is __________________________ and I have been writing you for a few months now and wondered if you have been receiving my letters? □ Yes □ No

**IF YES:** I hope I have been sending information that is relevant to your business or personal needs? __________________________

**IF NO:** May I check your address? ________________________________________________________________

Should I be addressing them to someone else in your company? □ Yes □ No Person __________________________

Title:________________________ Address:________________________________________________________________________

I am not attempting to get an appointment with you at this time, unless you think it’s time we met. I just want to provide you with the kind of information that is meaningful in your present situation.

**(Here is where you might ask some pertinent questions with respect to their protection, accumulation and/or planning strategies)**

May I continue to write to you from time to time to share with you some of the information that comes across my desk, now that I know better what interests you? □ Yes □ No

**Closing Comments from this Contact Call:**

General reflections from this conversation: ______________________________________________________________

______________________________________________________________________________________________

□ Appointment secured — when:________________________ Notes:________________________________________

□ No Appointment now, keep writing to this person Special interests, if any: __________________________

□ Unable to make contact: (keep writing) __________________________________________________________

□ Delete this person

Be careful about deleting a person from your drip marketing too soon, unless the recipient clearly doesn’t want to give you the time of day. If you feel that you have received a large number of deletes take another look at your target group and assess whether or not this group is your ideal target. You may also want to find out if the recipients would attend an ‘executive briefing’ that you would conduct in the future. Make a note of their level of interest.
The basic starting point of any referral program has to be building what we call creating absolute advocates™ — those raving fans who love you so much they can’t help but send you their friends and family.

So, rule number one: Build a loyal base of advocates by providing great client service and the WOW experience. This has to be a level of service beyond what they can get elsewhere. I like to think of this on a scale of 1 to 10. Most financial advisors are only providing service to their clients on a level of 5 to 7. That’s enough to close some business, but it is not enough to build a base of raving fans. To get great referrals you need to be providing service in the 8, 9 or 10 range.

Rule number two: The time to ask for referrals is at the point of highest client satisfaction. I learned this hard way practicing law. The most likely point in time for me to get paid was when the client was the happiest with our outcome — when we delivered the estate plan or won the case. Getting paid then was easy. If I waited too long to send out the bill, the chances of getting paid actually decreased day by day. The same rationale is true for financial advisory clients and getting paid through referrals. The time to ask is after you have demonstrated great value and proven yourself. Never ask before you have delivered a plan or something of value to the client.

One of our clients made a big mistake here. All of the information he sent his prospects included a series of statements that said he was expecting referrals from them. The problem with this? It was way too early in the sales process — he needed to provide value and make sure they were wildly happy with him before he even asked them. At this stage it was offensive to ask for referrals before he even knew how the clients felt about him.

Rule number three: Pick your times carefully. Here is one example: After delivering a financial plan is a great time to ask for referrals. The script would go like this: “Jane, now that you have seen our plan and recommendations, how are you feeling about our work so far?” This question is crucial, because no one is going to give you good referrals if they are not happy with your service. Frankly, we never know for sure if we are meeting clients’ expectations unless we ask them.

Then ask this: “Is there anything we can do to make this experience better for you?”

Once again this is great feedback to learn if your WOW level of service is working. Assuming you don’t get any negative response, you go to the next question: “Great, I am so glad to hear that. That is what we were hoping for. Now I could use a little advice about my business, if you don’t mind. I have enjoyed working with you so much, I have been thinking about focusing my practice on (pick a point of contact with them, like “other physicians like you” or “other members of the West Valley Country Club”). Does this make sense?”

See what they say to you. They might say some other financial advisor is already working with all the local physicians. But, the chances are they are going to think this is a good idea.

Then you ask: “If you were me, how would you go about it?” What you are asking for here is ideas to incorporate into your marketing strategy. Most people will give you a lot of good ideas, because they want to help you, since you’ve helped them.

Then you ask: “If you were me, who should I approach first?” This is where you get the names and other information.

Then: “How do you think I should approach them?” Most of your clients will be willing to call, send a letter or e-mail. If not you may have to prompt them.

If your clients are not willing to recommend their friends come into the office for an initial meeting with you, let off a little of the pressure and ask if it would be a good idea to invite them to a seminar. Most people would be happy to do that because it is non-threatening. Make sure you invite your client to come to the seminar and be your Master of Ceremonies. This adds creditability to the entire program.

Other good times to ask for referrals: After doing your annual client satisfaction survey. Once again, it lets you know if they are wildly happy with your service. If they are, ask them for recommendations on others who could use what you are offering.

After a client appreciation event. Call the clients, ask if they enjoyed the event and then go into the same questions listed above.

The annual client review. A good way to approach this is to confirm once again that they are happy with your service. Then say “I want you to know, I will always make time for your friends and family who need the kind of services we provide. Can you think of any one who could benefit from our (describe your system here)? I would like to invite them to our next workshop.”

Unsolicited praise. Sometimes clients like what you are doing do much, they start telling you how pleased they are with your services. This can be a great time to thank them and ask for recommendations.

Final thoughts: Just start asking. The more you ask, the more comfortable you will feel and the more likely you will get new recommendations. You won’t get referrals from everyone, but even if you can get 1 in 3, this could improve your revenue by 30% or even more. Remember the best time to ask is when the client is the happiest with your service.
The Move Toward Paperless

If you are old enough, you might remember the prognosticators who told us, 20 or so years ago that we would be a paperless society by the 21st century. These fortunetellers were probably related to others who predicted the total demise of currency and coin as credit and debit card use became pervasive and ultimately universal.

The predictions have not yet come true and indeed may never be as complete or universal as they were originally described. Nonetheless, the trends do continue. Today, your debit card will not only buy a burger at McDonalds but even goods from street vendors in the Big Apple — if you dare.

In addition, the move toward paperless seems to have picked up steam lately. One gauge of this may be the consumption of cut sheet paper. If we are making progress in the direction of electronic documents then cut sheet paper sales should be falling. Well, according to Merilyn Dunn, an analyst at InfoTrends/Cap Ventures in Weymouth, Mass., “paper consumption levels are essentially flat.” This represents a significant drop from the double-digit growth rates of years gone by. She says the slowdown is a direct result of the move toward a paperless environment — the replacement of paper-based systems with electronic ones.

As you consider office efficiencies, you may think of joining that move toward a paperless office environment. After all, there are many significant benefits to be gained. Ideally, you may be able to:

- Recover lost productivity — the time spent filing and retrieving documents.
- Improve information sharing throughout the office network.
- Enhance disaster recovery planning
- Reclaim office space from paper files and archives

If you are weighing the pros and cons, consider the steps carefully. In a recent article Jack LaRue, senior vice president at CS Professional Suite, sited these seven mistakes to avoid when moving toward paperless:

1. **Trying to go paperless overnight.** Make it a progressive transition.
2. **Not having a plan.** Set reasonable milestones and target dates.
3. **Not documenting your process.** Proper documentation will facilitate a smooth transition. Have staff members document procedure details so that problems can be illuminated and solved.
4. **Not thinking through scanner implementation.** One scanner, or many, centralized or local? Careful planning will avoid buying the wrong equipment.
5. **Resistance from participants.** Be sure that all parties are signed on and committed to the change.
6. **Lack of investment in training.** Early training always saves frustration later.
7. **Dismissing the importance of backing up data.** Any paperless process must involve a consistent back-up procedure. With a simple plan, implemented consistently, your electronic documents will be safer and more secure than the paper documents now stored in your file cabinets.

Laserfiche®, considered by many the leader in the field, provides a free, 45-page booklet, Document Management Overview. The booklet, available by download or mail, details the benefits, technology, and implementation essentials of digital document management solutions. For more information go to [www.laserfiche.com](http://www.laserfiche.com).

Laserfiche® sites these advantages you should look for in any document management system:

- Enable you to manage millions of records and retrieve the one you need in seconds.
- Be a pleasure to use, whether you are the person who needs the files, the records manager or the MIS manager.
- Let you share documents with colleagues while protecting confidential information.
- Allow you to e-mail or fax files with the click of a mouse.
- Provide an easy way to share documents with other offices or take them on the road.
- Conform to the way you work, rather than forcing you to change.

For its own move toward a paperless office, the IARFC has elected to implement the Automated Image Manager (AIM) recently released by Financial Planning Consultants as a new enhancement to Practice Builder Financial.

Practice Builder already helps the IARFC manage the client relationships that reach around the world and to thousands of advisors. Now, with AIM, all the critical documents that comprise the documentation and historical records of these financial advisors will be stored safely, securely and instantly retrievably — as electronic images.

The improvements in efficiency and productivity are expected to pay for the scanner and associated software in a matter of months.

At the very least, you owe it to yourself and your practice to consider moving towards a paperless office and reaping some of the rewards. Think of the potential the next time you reach into your wallet and use “plastic money” instead of currency! ☞

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Mark Terrett, RFC® is the Chief Operating Officer at Financial Consultants. FPC has successfully been providing software tools, training and consulting to financial advisors longer than Microsoft has been in business!

For more information on Practice Builder and the Automated Image Manager go to [www.FinancialSoftware](http://www.FinancialSoftware) and click on AIM in the top right corner or phone 800 666 1656 ext. 13 and ask Charlotte Isbell for an online demonstration.
Reflections from China

Mehdi Fakharzadeh, CLU, RFC® and Ed Morrow, CLU, ChFC, CEP, CFP®, RFC®
At the giant Three Gorges Dam on the Yangtze River

Both of us recently had the honor to attend and address the Worldwide Chinese Life Insurance Congress held in Chengdu, located in Central China. The event was presented primarily in Chinese, the native language of the 6,400 agents attending from 17 countries.

The Chinese have lost none of their famous sense of pageantry. Flamboyant entertainers provided programmatic pauses in the main sessions, and all attendees were amused by the dancing dragons. However, to our surprise, some of the entertainment was offered by the agents themselves who organized costumed dance routines that appeared to be professional.

We observed an incredible thirst for knowledge and technique among the agents. The audiences of the plenary and 38 breakout sessions were aggressive note takers and questioners. Everyone was busy exchanging business cards — surely a million cards changed hands between the agents, exhibitors, company officials and speakers.

China is moving swiftly to complete massive projects everywhere, the rate and scope of which are amazing. For example, in 2004 the Chengdu Century City Convention Center was merely a set of drawings and a large farm with lots of surveyor stakes. Within two years it has become a huge convention facility that can simultaneously host several groups the size of this one, including exhibition halls, hotels, restaurants, shops and office buildings in a park setting with fountains and canals. Can you imagine scheduling a major conference to be presented in buildings that do not yet exist? Could you rely on accommodations promised in hotels that were to be opened on the day the first attendees were to arrive? Confidence and Competence!

The Congress included three unique events. The first was the presentation of the Dragon Awards — Gold, Silver and Bronze — to outstanding producers. We shared the responsibilities of delivering the shimmering plaques with the Mayor of the 13 million population City of Chengdu and Stephen Rothschild, president of the Million Dollar Round Table. More than 700 of the 2,000 qualifiers were present to receive awards — an increase of 25% from last year. The largest numbers of recipients were from China, Taiwan, Hong Kong and Singapore. The Platinum Award was unveiled to be presented next year for consistent production that exceeds the MDRT’s Top of the Table.

About 65 percent of the agents were women, and that included the managers of agencies. The average age was less than 40 and many had been in the business for less than five years. Several had obtained MDRT Top of the Table within their first or second year of production.

The second unique feature of the Congress was a CEO Forum that included 300 leaders of 38 life insurance companies. The executives also attended the sessions and mingled with the agents — acquiring a renewed understanding of the attitudes and concerns of the leading insurance producers.

The third item was the attendance at sessions presented in English on personal financial planning, sales psychology and management of the financial enterprise. The concepts of personal financial planning are being rapidly embraced. Over 2,000 agents have completed the Registered Financial Consultant curriculum presented in their native language and have submitted the required comprehensive plan for careful review.

At other sessions there was a keen interest expressed by the agents on the subject of rebating. Once it was rampant in Asia, spurred on by the Oriental spirit of bargaining. Now it is coming under control. It was obvious that the agents were concerned with how to present the “high road” of ethical conduct and not succumb to the temptation of illegal payoffs. They exhibited keen interest in tested phrases to position the client in such a way as for the client to reject the rebate idea personally.

Following the Congress we traveled by van to the city of Chongquin — which would be better known to Americans by the Anglicized name that is used to grace cans of Chinese food — Chung King. Sitting astride the upper reaches of the Yangtze River this city of more than 30 million is a mixture of old homes and structures with glistening modern buildings. The main roads leading into the city were modern thoroughfares, but when we entered the city, we found ourselves on wide streets that wound along old watercourses, up and gradually down as we approached the river. Our van fought for space with hundreds of packed buses and pushcarts loaded high with refuse or commercial goods. Everyone was in a hurry. Finally we reached a bluff about 200 feet above the river, and could spy our target, the Century Star motor vessel. We were swarmed with porters offering to sling our bags down the bluff and out the pathway supported by small barges to the ship.

We boarded the 297 foot ship built in 2003 — with an old style exterior reminiscent of paddle wheel boats, and a very modern stainless steel, carpet and inlaid wood interior. The last passengers boarded at eleven that evening and we embarked for a four day cruise downstream through the famous Three Gorges to the magnificent new dam, still under construction. When complete, the backwaters of the dam will displace 1.2 million people, from farms, villages and cities.

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But it will cure the devastating floods that periodically drowned thousands of people and destroyed homes, buildings and businesses.

Phase one is complete, raising the lowest water level to 130 meters. Half of the power turbines are in operation, and the migration of people has commenced. The 700,000 city of Fengdu was re-created on the opposite river bank, above the ultimate water level of 175 meters. China’s hungry demand for power has shrunk the ultimate capacity of the dam from 10% to only 5% of the nation’s needs for its rapidly growing industry and the proliferation of high rise apartments and offices. More than 30,000 workers were personally involved in the dam’s construction and hundreds of thousands were employed to move the homes, factories and businesses and to create new roads and huge suspension bridges over the much higher and wider watercourse. The Yangtze is being transformed from a dangerous river that has overflowed 225 times since the Han dynasty in 185 BC into a managed lake, with giant locks to permit the transit of ships, often five at a time in both directions through the five stages.

The Chinese are proud to acknowledge that the initial idea of the dam was proposed by Dr. Sun Yat-sen, president of the Republic, in 1919. Research continued under the Kuomintang government in 1932, and surveys were expanded by Chairman Mao in 1953, but not activated until a later vote of the National People’s Congress in 1992. Homage is also paid to Dr. John Lucian Savage, an American engineer who had developed many of the water reclamation projects in the U.S. His 1944-46 studies validated the concept and justified that the flood control benefits and power generation would repay the cost, finally tabulated at $23 billion. Equipment and guidance was obtained from 25 countries, including the United States.

The Chinese seem to excel at giant projects, such as the Great Wall, the underground tombs for the Emperor near Beijing and the army of 10,000 underground terra cotta warriors of Xi’an. The Three Gorges Project will be the largest earth moving task in the world and produce the largest electrical output. Its construction spans from 1993 until the final river elevation in 2009. But it is only the precursor to twenty more dams on the upper reaches of the Yangtze — expanding the waterway and reducing the country’s dependence on coal for electrical generation. Even the displaced persons are proud of their nation’s achievement. The Chinese people, their leaders, the workers and those affected have demonstrated pride and persistence.

We disembarked in the “small town” of Yichang about twenty miles below the dam. After a lunch in a cave on the side of a rock gorge 200 feet above the river we went to the airport for a flight to Shanghai. Our guide indicated, “The airport is very nice (which was true) but it is quite small (not so true) because, after all, Yichang is a small town” (of 4 million).

Shanghai is the most rapidly modernizing city in the world. The Jin Mao tower for the Universal Financial Center is now under construction near the 88 floor Hyatt Hotel, and it may soon replace Taipei 101 as the world’s tallest office building. Most of the world’s building cranes are not really in Shanghai — it only seems that way as you view the sky that is littered with towers and booms that swirl back and forth 12 or more hours a day. Many of the remaining cranes, bulldozers, cement mixers and steel fabricators are in Beijing, Guangzhou, Dalian, Chengdu, Chongquing, Yichang, Shenyang, Tianjin, Z’ian, Zibo, Harbin, Urumqi, Nanjing, Wuhan and Xiamen. Don’t recognize some of those cities? Not sure where they are located? In time, as they continue to expand their financial impact, you and every American will become more knowledgeable about China — its energy, enthusiasm and economy.

There are enormous opportunities for U.S. financial institutions, life insurance companies and their broker dealers. The Chinese need partners who can contribute organizational experience, leadership, product knowledge and management skills, along with capital. The head of one Shanghai concern that has 1,200 agents calmly indicated that he would have 2,000 agents by year end and 20,000 by 2010. He commented, “My problem is training and supervision — not recruiting and sales opportunities.” There are great opportunities for agents and agency builders to export their talent and experience. While America continues its marginal growth, the achievements in China are exponential.

In Guangzhou the regional director of one life company also indicated that a major concern was training and increasing the sophistication of his sales force. He wants to move the top tier into financial planning, since his firm already has a securities brokerage connection, although none of the agents are dually licensed yet. The scope of his task is awesome, for in just one province of China he has 12,500 agents, 1,000 supervisors and 140 agency managers. He is considering how to enroll them in the Registered Financial Consultant course, and increase their skills while not diminishing their production.

Everywhere the smiling Chinese happily tried to polish their English by talking with us. They eagerly brought in associates to help find the right words. Question: With China boasting more than four times our population, why do our schools still teach Latin and French, rather than Chinese?

The editor Horace Greeley, asked where the great opportunities lay, once advised, “Go West, young man, go West.” It is still true, but the west is now farther west — in China!  

Ed Morrow, CLU, ChFC, CFP®, RFC® is Chairman of the International Association of Registered Financial Consultants who has established financial training programs in nine Asian countries. Both Mehdi and Ed spoke at LIRT — Life Insurance Round Table in Cochin, India in September. Hopefully it will lead to new classes of Registered Financial Consultants across the second most populous country in the world.

Mehdi Fakhzaradeh, CLU, RFC® is a non-retired agent and the leading producer of MetLife who has addressed MDRT many times. He has traveled to China seven times and addressed agent organizations in 39 countries.

continued from page 21  Reflections from China
Less than three hours later, as the ship’s eight piece string band played “Nearer My God to Thee” the RMS Titanic, highly touted as being unsinkable, split in half and, at a speed of nearly twenty knots, dove straight down three miles, imbedding her bow sixty feet into the hard ocean floor. Just five short days after her maiden voyage began, there was no trace of the Titanic herself on that desolate sea; only bitter cold and total silence.

The combined life insurance proceeds paid to their beneficiaries alone exceeded $1,700,000 dollars — the equivalent of about $54 million today!

Another passenger of means that fateful night was Henry Blank, Henry, age 39, was a wholesale jeweler and former Prudential Life Insurance agent from Jersey City, New Jersey. Owning life insurance policies that totaled $880,000, according to the Western Underwriter Newspaper, Blank was evidently the most heavily insured person on board.

Incidentally, there was no federal estate tax in 1912 and the concept of “human value” hadn’t yet been developed by Solomon Huebner. So, why in the world did these wealthy people, with other assets and promising careers, purchase all this life insurance? Couldn’t they have done better with their money if they had invested their premiums in real estate, or plowed them back into their businesses?

Well, let’s see. Most financial planning concepts and strategies employed today would suggest that this would be the most appropriate use of these millionaires’ monies. After all, many financial advisors might ask, “Why would someone spend money for life insurance when they could invest those same dollars into something better?”

The answer is that an insurance agent undoubtedly showed these affluent people what life insurance would do for them and how they could acquire it at

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bargain prices — just pennies on the dollar. The agent didn’t merely tell them they needed it, he caused these successful people to want it and make the purchase!

In some respects, wealthy people in 1912 weren’t much different from the people of abundance today. The Astors, Guggenheims and Blanks of the past purchased large amounts of life insurance for the same reasons that prosperous people do today. High net worth clients generally purchase life insurance in large amounts because of three reasons:

- What it will do for them.
- It is a bargain.
- They want it.

Reinforcing the fact that clients who are well-off purchase life insurance because of what it will do for them and not because of what it is called, is the following quote from Peter Tedstrom, CFP®. Peter, who was recently featured in Boomer Magazine, and had 140 clients and $200 million dollars of assets under management at the time of his interview, made this profound observation: “Affluent clients are most interested in results.” He said, “They are buying a solution and tend to be less interested in what a product is called as long as it works!”

Colonel Astor owned vast amounts of real property and large amounts of life insurance property as well. Life insurance he purchased in addition to, not in lieu of, his personal real estate property. For Astor realized that if he could purchase any type of property with nothing down, pay annual installments of about 1% of its value each year, borrow the equity at any time regardless of his financial circumstances and, when he died, a guaranteed buyer would cancel any indebtedness and purchase the property for its full value in a reasonable period of time, that he should rush to buy such a property.

This property so described, is, of course, life insurance! Life insurance property that Colonel Astor purchased, not because of what it was called, but rather for what it would do for him.

Wealthy people of the past as well as those today know that there is never enough money. They dream big dreams and they constantly plan for a bigger and better future. They want their dreams to come true even if they run out of time during which to bring them to fruition. And so they think of life insurance. Life insurance to provide the money that they themselves ran out of time to accumulate.

Henry Blank was aware, due to his prior insurance training, that if he added all the premiums paid into his life insurance policies and subtracted that amount from the money that would be paid at his death, those dollars would represent terrific bargains. In addition, he realized that he could purchase them for only a fraction of their value; “dollars at a discount for future delivery.” What a concept! Because of this, Blank knew he should “load up” — and so he did!

Speaking of bargains, there is a story told about an elderly gentleman who happens to be the largest seller of men’s dress shirts in the continental United States. His success is often attributed to his subtle sales prowess. Employing the use of seven key words, he positions his dress shirts not as expensive articles of clothing, but rather, as bargains. To every customer who enters his store he simply utters, “At this price, you oughta buy two!” As a direct result, people can’t resist his bargains! And, like Henry Blank did with his life insurance, they rush to “load up!”

Financial service providers today desperately seek high value clients. Clients with considerable assets to invest. The path to such client acquisition, I am convinced, is through life insurance products. To succeed in this quest, however, we must stress the benefits of life insurance ownership and use these benefits to cause clients to want our product. “Sell the sizzle,” as they say, “not the steak!”

In the current environment, agents and advisors alike tend to do financial planning with a focus on the present and only a mere glance towards the future. The way to successfully work with high value clients, however, is to take the opposite direction. That is, do planning that focuses on the future, with a mere eye on today!

In addition, life insurance agents and financial advisors must think bigger! As Tony Gordon, MDRT Top of the Table member frequently says, “Not more complicated, just bigger!” Keep in mind that what your high value prospects and clients want for themselves and for their families will always be greater than what your comprehensive financial plans say they need.

And so, in summary, condition yourself to think bigger as you pursue high value clients. Show what your life insurance products will do for them. Position your life insurance so high value clients will want it. And present life insurance as the bargain it truly is!

You will be happy you did! ☑️

Jim McCarty is a director of the IARFC and an experienced trainer and educator. He served on the national board of the Life Underwriter Training Council and was the senior insurance trainer for a major financial planning broker dealer. He is a master storyteller who helps advisors use motivating stories to guide their clients into making appropriate decisions. Jim is the author of several books on strategic selling techniques, including, Above the Line, Real World Sales Strategies that Work, You Can Earn A Million Dollars and The Sale They Never Told You About. Jim has been a three time presenter at Million Dollar Round Table. He shares his expertise through dynamic speaking engagements, hard-hitting audiotapes and informative, sales achievement articles.

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