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the Register

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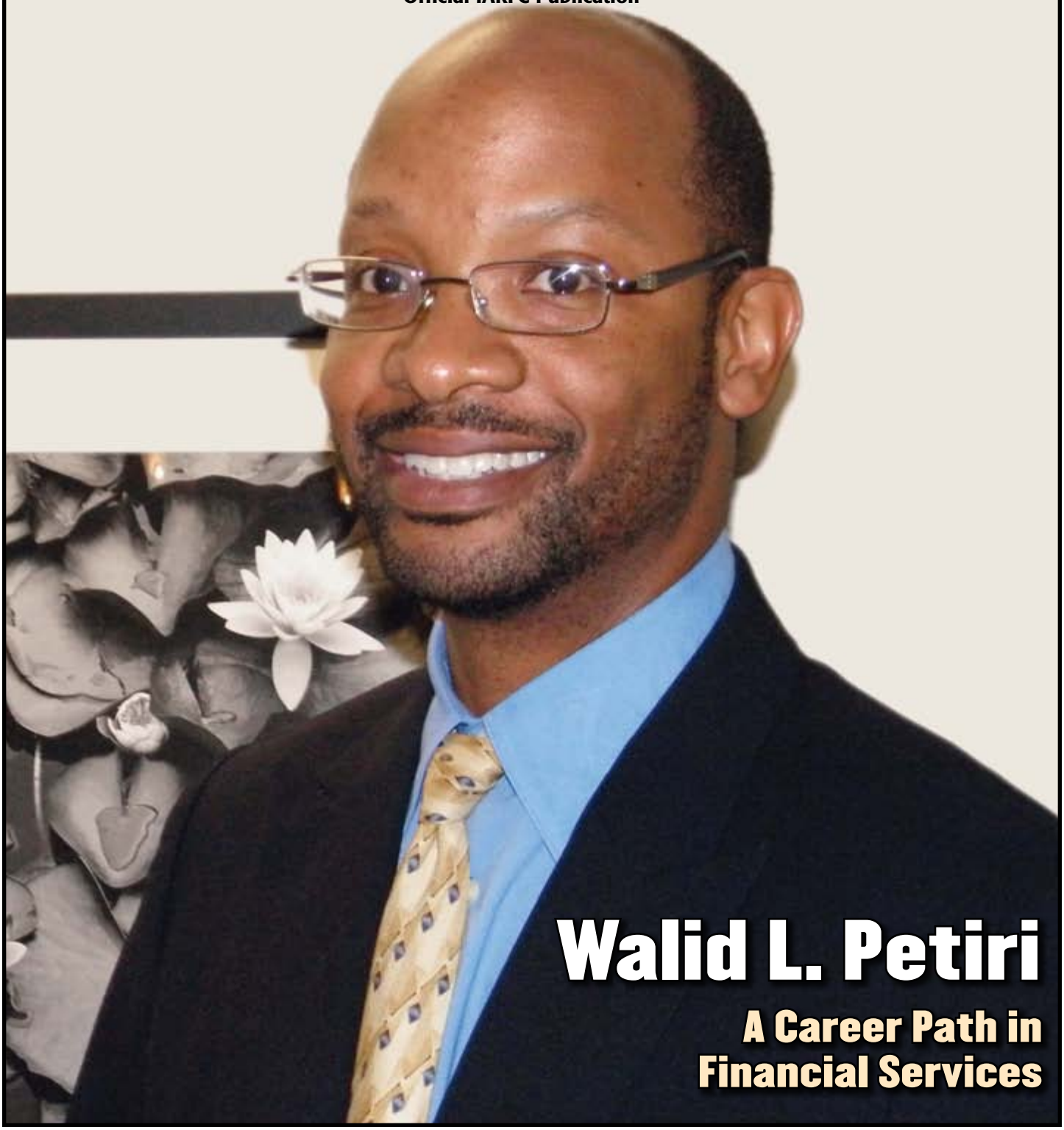

Walid L. Petiri

A Career Path in Financial Services

Serving Financial Advisors Worldwide

IARFC
INTERNATIONAL ASSOCIATION OF REGISTERED FINANCIAL CONSULTANTS

the Register

Member Magazine

IARFC News

Develop a New Fee-Based Market - Business Owner Succession Workshop

New Member Affiliate Program - IMG - International Medical Group

Register – IN THIS ISSUE from latest publication

From The Chairman - We Are Under Way

Introducing a New E&O Program for Investment Advisors affiliated with IARFC by CalSurance

Member Profile

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Fees for Comprehensive Planning,with a commission offset for assets under management or other products. Modular plans on a modest fee basis.

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Attended Embry Riddle Aeronautical University, Graduated from Southwood College. Was Financial services instructor for three years at Central Piedmont College.
Years Experience: 37

Designations:
RFC®, CEP, CSA, LUTCF, LUTCF,CEBA,MFP

Professional Associations:
IARFC, MDRT, NAIFA, NAPFA, NICEP

Financial Services Offered:
Asset Protection Business Coaching Business Planning Charitable Planning Employee Benefits
Estate Planning Exec Comp. Plans Family Offices Medicaid Planning Pension Planning
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Statement of Services:
HB Financial Resources, Ltd., is an independent investment planning and wealth management firm. Our principals, H. Stephen Bailey was a local writer for "Senior Directions for 10 years and had his own radio program for 8 years. He has published a book named "Dollar$ense for Mature Adults".He is one of the most quoted experts for age 65+ MATURED ADULTS. Stephen Bailey, Jarod A. Bailey and Stephanie K. Bailey independent financial professionals, have chosen to associate with NEXT Financial Group,Inc., an innovative and award-winning broker/dealer.* This allows them through HB Financial to offer comprehensive investment services and impartial advice. H. Stephen Bailey, Registered Financial Consultant, honors the same vow he made over 30 years ago, "I will suggest the same strategies and products to my clients that, under certain circumstances, I would select for myself". Steve has co-hosted a weekly radio show "Dollar$ense" on local radio stations for over 7 years. He has written a regular column entitled "Money Matters" in "Senior Directions" for several years. Steve is also the author of "Dollar$ense, A Book for Matured Adults". H. Stephen Bailey has been elected by his professional peers to serve as the current President of the International Association of Registered Financial Consultants, the fastest growing professional organization in financial services with over 10,000+ members around the world. * Each Year Investment Advisor magazine conducts a poll asking its representative readers to rate how well their broker/dealer is meeting their needs in key areas such as compliance, training, marketing, technoogy support, and overall performance. Broker/Dealers that are rated the highest by their representatives are named "Broker/Dealer ("B/D") of the Year" in one of four divisions based on each broker/dealer's total number of representatives.

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The Register is published monthly by the International Association of Registered Financial Consultants ©2011, 2507 North Verity Parkway, Middletown, Ohio 45042-0506. It includes articles and advice on technical subjects, economic events, regulatory actions and practice management. The IARFC makes no claim as to accuracy and does not guarantee or endorse any product or service that may be advertised or featured. Articles, comments and letters are welcomed by e-mail to: Wendy M. Kennedy, Editorial Coordinator, Editor@IARFC.org SSN 1556-4045 Periodicals Postage Paid at Mansfield, Ohio.

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Gary B. Dannar RFC®, TX
Paul H. Drinard RFC®, VA
Ernest Garcia RFC®, TX
Erlinda Delmo Marte, RFC®, CA
Daniel N. Savard, RFC®, AZ
Craig A. Sutherland, RFC®, OH
Charley Whitlow, RFC®, TX

New International Members

Philippines	16
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China	86

Members Who Recommended New Members

David Q. Day, RFC®
Lew Nason, RFC®

Referror of the Month
David Day, RFC®

CALENDAR OF EVENTS

Business Financial Planning Succession Workshop
April 21, 2011, Charlotte, NC

IMM Congress
April 9-11, Malaysia

Ultimate Power Producers Conference
May 5-6, Denver, CO

MDRT Annual Conference
June 5-9, Atlanta, GA

MDRT Annual Conference
June 5-8, Atlanta, GA

CE @ Sea Southern Caribbean Cruise
June 26 – July 3, 2011

IDA Dragon Awards
August 4-7, Seoul Korea

The IARFC is proud of our members and in reverence we would like to remember our passing members:

Joseph D. Davis, RFC®
Chesterfield, MO

Great News!

IARFC is on LinkedIn

LinkedIn is a free service that lets you keep in touch with professionals through the exchange of ideas, discussion and industry information. What's happening? Join today to start connecting with other IARFC members.

- Display the RFC group designation with the logo on your profile
- Connect with RFC professionals across the country
- Start or participate in discussion topics
- Share practice concerns and solutions
- Stay up to date on RFC classes and events

Log onto www.LinkedIn.com to join and access the International Association of Registered Financial Consultants group

Contact mark@IARFC.org for assistance with IARFC LinkedIn Group

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COACHES CORNER

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

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

Wilma Anderson, RFC®
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MK@RedZoneMarketing.com
847 367 4066

From the Chairman's Desk…

Ed Morrow

What is the IARFC Preference?

The other day I was having a conversation with several members of the association. One asked, "What is the preference of the IARFC toward compensation? Fee-Only, Commission Only, Fee and Commission, or salaried?'

The answer is, *None of the Above!*

The association, since its founding in 1984 has always had no preference with regard to compensation. However, we do have a few *very strong opinions*:

Your Advice is Worth Money. We believe that RFCs should be paid for the delivery of strategic advice. Generally this is in the form of a modular or comprehensive plan — for an individual, a couple or for a business.

Your Service is Worth Money. Again this should be in the form of a fee that is commensurate with the service required. For the advisor managing a portfolio or wrap account there is already included a fee for service, in terms of an asset-based fee. If the service means a review of the client circumstances and the various investments held personally or in trusteed accounts, then there would be built-in fees. Otherwise the RFC can charge a reasonable service fee, proportional the extent of services to be provided. Many financial services firms are offering premium service on a multi-tier basis — which enables adequate staffing for on-going service and performance review.

Product Sales Should Compensated. In some cases there are products that can be offered on a fee-only basis. However, this does not apply to all financial products. Many have a build-in commission structure — and there is no alternative, since commission rebates are illegal. If an advisor holds himself out as "fee-only" then there are only two alternatives — offer only products for which there is no load — or encourage the client to take action with a qualified vendor who will receive a commission and render above-average service. The selection, proper purchase and long-term service of financial instruments clearly warrants reasonable compensation.

Disclosure is Critical. The client/customer should always know how the person offering a financial service or product is being compensated. In the case of asset-based compensation, the fee percentages are normally presented on a gross basis. But the advisor personally does not place all that into his or her pocket — there are business overhead expenses. The same is true of a commission — every sales rep has business expenses.

Fiduciary Relationship. Much 'jaw-boning" has taken place as to whether all relationships between a client and a vendor constitute a fiduciary relationship. It is clear that whenever the professional can take actions with the client's funds (perhaps using prior guidelines agreed on) that there is a fiduciary relationship. When that is the case, the professional is required to operate under the fiduciary standard.

Non-Fiduciary Relationship. This is often a matter of contract and the extent of services. For example an agent representing Company XYZ in the sale of auto, homeowner, life or medical coverage is by contract and by insurance regulations an agent of the company. Insurance broker, representing many companies is paid fairly standard commissions, and their job is to help the client secure excellent coverage and good claims service.

All Plans Aren't Investment Advice. Financial consultants often generate a plan that addresses multiple insurance needs, indebtedness, education, retirement and estate distribution. If this does not include "investment advice" as defined in regulations, then the plan should not come under the purview or regulatory oversight of an SRO, PRO or any would-be global arbiter of professional conduct.

Can You Measure Net Compensation? The answer is "No!" Let's take the physician who charges $1,000 for a procedure. Part of this went for office expenses and salaries. Part went for the capital investment in the practice. And some portion went to the doctor. But even here, we are not sure of the net, because physicians are often paying off school loans and interest and perhaps liability coverage. The same is true of financial consultants, regardless of their compensation methods — the net is impossible to calculate accurately in advance.

A Code of Ethics. Physicians have their Hippocratic Oath, and most other professional associations have some Code of Ethics. And they are remarkably similar. The true professional has significant obligations to serve the client, customer or patient. As an RFC you must abide by our Code of Ethics — but that does not prohibit your from stating your own Personal Code.

The Failure of Government Oversight. The SEC and FINRA did not stop Bernie Madoff, Allen Stanford, or the 56 financial persons (notice the lack of professional) who were charged or convicted of major frauds in the first half of 2010. Their infractions were not "slight ethical lapses" they were outright greed and theft. There were warnings made by "whistle blowers" that went unheard and ignored. If a government regulatory agency tells the public "our mission is to protect you" and that agency does not do the job — then the regulators who failed their responsibilities should go to jail right along with the crooks and the fraudulent financial advisors.

The responsible government executives have all gone on to bigger and more lucrative positions. Who went to prison along with Bernie?

What Do Consumers Need? They do not need more regulators and more regulations. They need convictions of the perpetrators of these frauds — including the incompetence or intentional oversight of government employees in positions of responsibility.

What does our Profession Need? A lot less posturing about the "superiority" of any one form of compensation, maneuvering by some organizations to become "ethics czars", and more cooperation between professionals and their associations.

What do you think?

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Profile Interview

Walid L. Petiri A Career Path in Financial Services

How did you enter financial services?

Since age twelve, I wanted to own my own business. From the beginning of college, I wanted to major in finance with the goal of working in a profession where I could provide for myself and my family and at the same time, create wealth success strategies for my clients. As a high school senior and all through college I was always reading about mutual funds and by the age of 21 purchased my very first mutual fund.

Right out of college the first business I owned was an art distribution and publication company distributing art to about 17 stores from New York to Charlotte, North Carolina. I entered financial services that same year in 1991 working for MBNA America, in their Affinity Marketing Group, which was part of their card services area. Following that was my job for the Internal Revenue Service as a tax examiner and then as a loan officer at a financial institution. In 1998, I started to work with American Express Financial Advisors, which lead to the development of the my financial advisory practice in existence today.

What was your educational background?

I have a double degree in Business; one is a BS Management and the other is a BS in Finance from Montclair State University. While attending Montclair, a great influence for me during that time was a professor by the name of Dr. Aryeh Blumberg. I was intrigued by his presentation on the concept of Euro dollars and the fact that he went on to present that concept to the United States Congress during the 70s and early 80s. Later, I went through the College of Financial Planning to obtain the Accredited Asset Management Specialist (AAMS) designation to get additional knowledge and skill development. I also received training from American Express as a business financial advisor and took advantage of all their programs and training to become certified as a business financial advisor.

What were your early job duties?

At MBNA I would market credit cards to university alumni. These cards paid rewards to the user and at the same time donations would be made to the university based on what was spent. This affinity marketing concept by MBNA was a precursor to the rewards programs that we know of today that are offered by many businesses.

MBNA was a great experience to learn about marketing strategies, branding and how companies can utilize marketing dollars to take their product to market. Managing this role and running my art company was a challenge but they proved to be equally beneficial learning experiences.

American Express Financial Advisors (AEFA) taught me how they had advanced the art of selling financial planning, using a fee-based approach. I primarily provided financial planning services to individuals and small business by preparing a detailed financial plan for a fee and then providing the financial products to the client to implement the plan. This approach was one that I wanted to master and eventually bring to my own business. AEFA (now Ameriprise) also taught me the "business" of financial services, from corporate business structure and processes, to great concepts on how to focus a practice to drive revenues and grow a sales business. A lesson learned early on is that solutions must be tailored to the client's needs and not the needs of myself or my employer.

Were you successful at first?

In general, when you're young you do not realize how fortunate you are to have success early on in a sales driven culture and thus how rare success is for anyone in the business. My sales success at MBNA, garnered me an opportunity to interview at

their corporate headquarters in Newark, DE, which I declined.

At American Express, I was also very successful. In my first year, my total production was in the top 10% of the company. Later I found out from my regional VP that I had the highest production level of any African American advisor in the history of the region at that time. Of course a year later a first year advisor (female) had an even better first year of production and I was very happy for her success. In my second year I earned the President's Award for outstanding quality of financial advice.

When starting my independent firm after leaving AEFA, it took about 7 years of many long days and many evening hours to get off the ground and realize some financial success. My company was started in the year 2000 with zero clients and the dot com bubble exploded during that first year. A year later came terror attacks of 9/11. Making it through the first 6 years in any business is a success story in and of itself, so those two events make my story even more remarkable. I was and still am very thankful to maintain and grow this small enterprise.

Who influenced you the most?

One influence during my tenure at AEFA came by working alongside very experienced veteran advisors, learning how they were running their practices versus how other advisors in the company were running their practices. I was driven to learn more about the business of how to provide quality financial advice to individuals, institutions, and small business owners. Having wanted to own my own business since childhood, starting a business seemed to be a natural progression for me.

After leaving AEFA and starting Financial Management Strategies, LLC a gentleman by the name of Bob Maloney was a mentor who in many ways influenced the structure of my firm with his business advice and sharing of his best practices. He taught me how to set up fee-based consulting to small businesses, the affluent and high net worth clients including the format for the agreements to use in a fee-based consultative practice. He is considered one of the top planners in the country and teaches estate planning techniques and business succession planning strategies to other advisors through the National Association of Personal Financial Advisors. Another influence in my educational background was through a visiting scholar at my college by the name of Dr.Na'im Akbar. He challenged me to not settle for just going to work for a major financial institution, but to channel my motivation and build my own company. He instilled the understanding that it takes a lot of time, hard work and dedication to build a successful business.

What were your major challenges?

Since I left AEFA under a very strongly worded non-compete non-solicitation agreement I literally started my independent company with zero clients.

Another challenge early in my career was wanting to be able to sell non-proprietary products outside of the offerings of my then employer in order to be able to always provide the best solution for my client. It became clear early on that the industry was fraught with conflict between long term goals of clients and short term sales goals of agents — and the difference between just selling something to someone to earn a commission and advising them on the best course of action which is sometimes to do nothing.

Some other challenges were the diminished trust that consumers and businesses had after the various scandals in the financial services industry the past decade; and the fact that I went in to business with a partner, but who later backed out due to the uneasiness of the marketplace after the dot-com bubble exploded.

Otherwise the challenges that I have experienced when building my business were the art of building a business, finding clients, servicing clients and providing good objective actionable advice to clients in order to grow my business.

Tell us about your current mode of delivering professional service:

Financial Management Strategies (FMS) is a Registered Investment Advisory firm in the State of Maryland specializing in comprehensive wealth management and wealth preservation for individuals and small businesses. We provide premium services in financial planning, business consulting, financial analysis and research, wealth management and real estate development. The practice was designed to help smart people make smart decisions and to provide solutions today for financial success tomorrow. We strive to be able to provide personalized advice in all areas of a client's financial life. We also create multidisciplinary teams that include attorneys, accountants and insurance providers in order to service our clients better.

How do you acquire new clients now?

FMS has a web site, relationships with centers of influence such as attorneys, accountants, and insurance providers, and other bankers & financial advisors who refer clients to us and we refer clients to them. We receive referrals from current clients, we network within organizations, write monthly newsletters and submit articles to various publications as part of our marketing campaigns, and are just beginning to use LinkedIn to professionally network.

We are always looking for new ways to improve our strategies to market to prospective clients. The need for a comprehensive marketing plan is crucial to effective sustainable business development, along with branding, so people have FMS at the "top of mind" when they are looking for solutions and not just a product.

Tell us about your business continuation plan?

Our business continuation plan consists of third party custodians and asset allocation strategies that are laid out by the client. If I become incapacitated, the client would be directed to select another advisor who can help them monitor and continue with their investment strategies.

For financial planning that is non-investment management, our clients have documented specifics and a written plan that the client can take to another advisor in the event that I cannot service them any longer.

What benefit of the IARFC has been of greatest value?

The content and information that is shared through the *Register* by members and others of the financial services community is a great benefit of the IARFC. Being a member of the IARFC also helps to add additional credibility to my practice.

The benefits of information sharing, the variety of marketing, business development, best practices, regardless of what size firm you have, are also added benefits. It is always helpful to hear from other planners and service providers and that in turn allows me to gain insight on the latest trends in the industry.

What do you see for the Association in the future?

I see increased membership and a stronger effort to communicate to the public the benefits of utilizing the services of IARFC members as their trusted advisor.

What should financial consultants be doing In this economy?

Financial advisors should be focusing on the quality of advice that they present. They should operate as a fiduciary and put the needs of their clients first before their own short term economic interest.

Products are also becoming a commodity. Historical business cycles say that once products become a commodity, they become the cheapest alternative. Just because the product may be the cheapest doesn't mean it's the best. Advisors need to explain how to use these various types of products and when to use them.

The recent SEC ruling on fiduciary standard is long overdue and it is a must to have a consistent standard especially when it comes to delivering life altering advice. Financial advisors need to differentiate themselves in the marketplace as those who understand long term and short term goals of the client and are able to deliver effective advice that will bridge the two to create lifetime wealth.

What will be the impact of technology on financial advisors?

The use of technology allows for the modernization of products and the increase of the ability to explain to clients "how to" and "why to" of the various products that are available in the market place. Plans, ideas and strategies can be constructed so that clients can better achieve their objectives. The value is in the advice, not the investment performance.

Technology helps bridge the gap between what is available out in the marketplace and what makes the best sense for the client. Technology allows the client and advisor to access more information and more products than what was previously available during years past.

What do you advise an RFC to concentrate on?

Any RFC should continually improve their skills, expertise and focus on the value that they can bring to their clients. Education and learning are always at the forefront of being the best service provider one can be.

What's looming on the horizon for our profession?

I expect continued migration from broker dealers and wire houses to independent fee based and fee-only advisories. There will also be more consolidation in the RIA space of the business with more mergers of practices, smaller practices that will go out of business, along with some smaller practices that will grow rapidly over the next 3-5 years.

What have you done to enhance your reputation?

One of the greatest lessons learned from my manager at American Express Financial Advisors is to under promise and over deliver! As my father taught me, do what you say you are going to do. Follow through on commitments, maintain and uphold your integrity; this I believe (or at least hope) has allowed me to build credibility and trust amongst clients, centers of influence, and peers.

Volunteering my time and resources to different organizations or groups who couldn't afford financial advice or access to resources is another way of building my reputation and good will. Giving will always come back to you in more ways that you can imagine. As a result I:

- Serve as either Investment Consultant or committee member to some Foundations, endowments, and other non-profits.
- Have been heard on WEAA (88.9 FM) as a financial commentator.
- Appeared on WMAR-TV 2 regarding the 2008 & 2009 economic downturn, and MTA Commuter Connections (local public access cable channel) regarding residential land development.
- Have been interviewed and quoted by the Investment News magazine.
- Written for the Journal of Personal, Finance, the Register, and Popular, Finance (of China).
- Publish a monthly financial advice column called the Foresight.

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Building Client Capital Through Social Media

As a financial advisor, your most important asset is **Client Capital**. Yet, it does not appear on your Balance Sheet or Income Statement. What is Client Capital? It is the sum of three elements:

1. The **depth** of relationship you have with your clients – Measured by the number of products and services your clients buy from you and the degree to which they turn to you for advice or counsel as a Trusted Advisor.

2. The **breadth** of relationship you have with your clients – Measured by the degree to which you have made yourself referable – your clients willingly introduce, recommend and refer you to the important people in their lives.

3. Their **degree** of attachment or loyalty to you – we are all fallible human beings. At some point, you may disappoint your client. Their decision to stay with you will be based upon the attachment they feel to you.

For most financial advisors, the challenge is to make Client Capital ***scalable***. Client intimacy is the foundation of Client Capital and is based upon the ability to establish and maintain a relationship of trust and involvement. Dunbar's Law states that a financial advisor can establish client intimacy with up to 150 clients. One of the ways to make Client Capital scalable is to utilize technology, particularly Social Media. Sites such as LinkedIn, Facebook and Twitter allow you to touch a large number of people and remain "connected".

Social media is a new medium for relationship building and can be a valuable tool in an advisor's marketing strategy. However, you must be mindful of the attitude and rules of your broker dealer toward the use of Social Media. Through social media outlets you can build a web presence, capitalize on your network and create additional lines of communication. You can also use the Internet to blog or send e-newsletters and keep in touch with a large number of people who are important to the success of your business.

One of the advisors I coach, Thane Stenner, sends an e-newsletter twice a month to 1,400+ recipients. The newsletter contains articles of interest from various sources and Thane's own articles. The newsletter demonstrates his interest in keeping his people informed and is a way of demonstrating his own expertise.

Ted Oyler is another advisor in our program based in State College, PA. Ted reconnected through Facebook with a high school friend who had moved to Maryland and was relocating back to State College. The old friend is now a new client. In May, Ted attended one of our workshops in Chicago. He posted his trip to Chicago on LinkedIn where another old friend, now living in Wisconsin, reached out to him and arranged to meet him in Chicago. He also became a new client.

The Internet and Social Media have the power to redefine your market. Thane Stenner and Ted Oyler now operate nationally. They are no longer limited by geography. The power of technology and the influence of the Internet are also demonstrated through Ron Roberts. Ron is 50 and a 26 year veteran in financial services. He has a practice in Northern California with over 900 clients. In the first seven months of 2010, Ron's advisory firm has added 75 new clients. In the last two years, his son-in-law, Jared and daughter, Marie, have joined the business. Jared has an MBA and Marie has a degree in marketing. They are also very technology literate.

The US is the most socially mobile society on earth. One in four American families relocates every four years. The majority of Ron's clients are seniors. Most of the firm's new clients are family members of existing clients. Utilizing technology, Ron's firm reaches out to the children and grandchildren of their clients across the US. As a result, they now have clients in Chicago, Dallas, New York etc. In the process, the firm has become a multi-generational practice serving two, three and, in some instances four generations in a family.

When I first started coaching Ron in 2006, his primary means of communicating with clients and potential clients was face to face and by phone. Today, his firm utilizes the power of the Internet and Social Media to deepen relationships with existing clients and get introductions to potential clients. In the process, they have increased client loyalty and degree of attachment. Over the last four years, the firm's revenue has quadrupled and the business is scalable.

Utilizing Social Media and the power of the Internet enables you to convert Client Capital into Financial Capital.

Norm Trainor, NQA, CLU, RFC®

Norm Trainor, NQA, CLU, RFC® is the President and CEO of The Covenant Group, referred by many as "The Business Builder." His team has amassed and diagnosed research on top performing professionals, distilling that research into ***The 8 Best Practices & Business Builder*** concepts. The Covenant Group (TCG) is in the business of performance. TCG educates and coaches entrepreneurs, providing them with the necessary business tools to enhance their performance and achieve new levels of profit and productivity.

Norm is an international speaker; the author of the best-selling books, *The 8 Best Practices of High-Performing Salespeople* & *The Entrepreneurial Journey*; and has written articles for various leading publications in North America and internationally.

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Path to a Better Future

There is nothing so important to your practice as that you **maintain** the relationship with all your clients, and that you gradually and consistently **harvest** high caliber prospects to continually build your practice.

This will not happen by accident! You must have a commitment, a system and the determination to implement a plan.

Customer relationship management (CRM) can make a world of difference when it comes to making sure your clients get the best possible service. You can use a many tools. These range from glorified address books to complex systems that track every single customer interaction. The trick, though, is getting the most benefit from whichever CRM you choose to adapt — without overwhelming yourself or your staff with unnecessary time and attention.

Building Your System

The first step every practitioner or business needs to take is actually making use of a CRM system after installation and set-up. Often this simple implementation will be difficult and it will take more time and effort — not less. Then, as you grow with your system, populate the data further when you start employing the various functions these steps will become easier and more efficient. Your unique experience with the chosen CRM will prompt you for more ways to customize the way you use your system for the unique market you serve and your personnel.

The greatest benefit from any system will depend upon your input. Initially, you must populate any CRM with what you already know; names, contact information dates, products, etc. Then you must continually mine for new data to expand the data resources you will want to use. This can be as simple as birth facts because seldom will you want to target 60 year olds with the same message you might send to young professionals starting their practice.

At the same time you must start using the system to track all the client and prospect interactions you have. Tracking all the information represents a major commitment, especially if your interactions with customers take place over the phone or face-to-face. Many systems can automate this collection when you are communicating online.

You may simply have to insert new or revised information manually after a meeting — a daunting prospect even if you are only thinking about a few clients. On top of that, you need to go back and use the information you have compiled. It's important to build the habit of both recording data and accessing it from within your CRM system — for both you and your employees.

Automation = Efficiency

It is important to investigate fully the capabilities of your CRM tools as well. The options are becoming more robust every day, building in new features that — depending on your industry and your target audience — can help you stay more closely in contact with both potential and existing clients.

For example, it is now possible to locate automatically the social media profile of anyone you add to your contacts. When you pull up information on an individual, you can see what they have recently posted to Twitter or Facebook. Of course, that is only helpful if you're working with clients who are active on social networking sites and if your broker dealer allows you to use social media in your marketing. However, there are plenty of CRM tools customized to different industries, and it's useful to have one with features that really match up with how you do business.

Make Use of Information

If you're in the habit of checking up on a customer's profile every time you interact with him (which enables you to have a more personal conversation) you can make sure that you're providing better service for his needs. You may be able to see at a glance what products or services held the most appeal in the past, what purposes purchases may have been allocated to and even if a lot of customer service has been needed. That sort of information makes it much easier to up-sell a customer on new fee-based services or additional financial products, or a premium version of a past purchase such as converting a term policy.

Frequent Quality Contact

Gathering information is only the first step you can take. If, for instance, you know that customers who buy a certain product from you are typically interested in a follow-up product six months later. A good CRM software can remind you to contact customers six months after their purchase or even spit out an e-mail based on their purchasing history at just the right time. The deciding factor may simply be the number of customers you need to contact.

Some CRM software packages offer the ability to analyze certain information about your customers as well, making it much easier to target the prospective clients who are most likely to buy from you. This helps you evolve new services or presentations that make it easier for customers to come back and buy from you multiple times.

In financial services, most advisors or consultants already know what type of clients generate the most earnings. Once you have a clear picture of your clients, you'll be able to do a lot with your information. Follow-up personalized letters and even very short personal note cards will cement the client relationship.

Simplify Data Collection

The biggest barrier to using your CRM tool effectively and to the maximum benefit is collecting enough information to make it truly effective. The level of difficulty depends quite a bit on your business model. If financial advisors work one-on-one with clients, collecting a lot of information is just a natural part of being able to help them choose the right product or service. In your information collection process, you should be capturing financial data as well as "soft" data about their goals, objectives and risk temperament. In this scenario, getting the details you need to be able to better serve your customers can be relatively easy.

However, a firm dealing with customers in a retail setting deals with persons making

what is, in their minds, a quick purchase. Convincing them to provide even an e-mail address for follow-up can be a very tough sell. Many buyers don't want to offer any information about themselves. You have to overcome those concerns, as well as understand them.

To make sure you're getting full value for your CRM tools, you need to make sure that you're collecting the information you need, preferably in a way that doesn't involve you tracking down each detail and entering it yourself. A customer survey, for instance, can help you get some of the information you need, especially if you can make it worth your customers' while to fill out their own information. Having a good reason that your customers would want you to follow up with them can also be useful. If you offer some sort of support, you can ask your clients for a little information, if only to make sure you know who is now considering what product or service.

A customer survey can also indicate their economic concerns and what financial steps they are already evaluating.

Acquire Better Habits

You must build the habit of using your CRM tools and analyzing the information you have about your customers on a regular basis. You can find ideas for suggesting additional or new products, improve client retention, and generally do a better job of helping your clients solve their problems, just from the information you have in your CRM software. You have the tools to better understand your customers and their needs at your disposal, so why not make full use of them?

CRM and Referrals

There are five aspects of a referral-based professional practice:

- Getting the Names
- Processing the Names
- Securing the Appointment
- Closing the Engagement
- Reinforcing the New Relationship

Each of these can be improved with a CRM system — and with automation the cost to do so is nominal — especially when compared with the long-term revenue you expect by maintaining and upgrading your clients.

Good client retention is a science, creating a professional bond is an art. CRM will support and enhance both the science and art of financial services relationships.

Ed Morrow, CLU, ChFC, CFP®, RFC®

Ed Morrow is the chairman and chief executive of the IARFC and has been a practicing financial advisor for forty years. His advice and systems are used by thousands of financial advisors in the U.S. and across the world. As the CEO of the IARFC he is one of the developers of the Financial Planning Process course materials and a frequent instructor, both nationally and in many countries.

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Cato Comments – About Your Image…

Don't Send E-mails That Make You Look Stupid!

Your habits make or break you because there are good habits and bad habits. Some habits help make you productive and some habits help make you unproductive. We all have some of both types of habits. This month's column concerns a bad habit that may be very difficult for you to break. But break this habit you must!

Don't Do What These Dumb People Do!

You may be actually making specific efforts to cause you to "fit" among this group of losers **by the e-mails you write and send**. This dummying down and mental laziness influences the attempts of many Americans to interact or to communicate.

The growing trend among most Americans is to write, speak, and act like one of these near-worthless citizens who are good for nothing except to be exploited. These people are not your prospects. Your prospects are not this stupid. Remember that Mehdi Fakharzadeh, the legendary insurance super-salesman, says, "It is almost impossible to sell to a stupid person." Your actual prospects are intelligent and productive people.

You can and should use your brain before you attempt any form of communication. Think before you speak or write. Invest some intelligence (any amount) in your efforts to make any form or expression of communication. Do not take the mentally lazy way out. ***Do not speak in clichés.*** Do not waste time with meaningless jabber or gibberish. The mental midgets will always compose the largest percentage of the masses. They will never realize their ignorance. They will not read books or discontinue watching garbage TV programming. And they will not sell or purchase financial products and services except for some questionable offerings pushed by banks and some insurance companies that exploit them. Of course Wall Street will continue to fleece the few among this group if they participate.

The most frequent form of communications in which you indulge, other than talking, is most likely by e-mail, followed by other social media. Let's take a closer look at the e-mails you originate.

Using canned e-mail is not really e-mail that you originate. It is usually quite obvious to your clients or prospects if you send pre-written or mass produced e-mails that are composed by "some service." Canned e-mails with weekly stock advice or financial tips are not nearly as effective as original e-mails that you compose especially for an intended person or persons. Do you send e-mails that say nothing, for example: "I am fine! How are you? Let me hear from you."

The Dreaded "I" Word

No thought was invested in composing this effort. This is only three clichés. This is also dull and boring. This is the e-mail of a mentally lazy or undisciplined person. You should never begin any sentence with "I" if you can avoid doing so. Of course you should never limit your message to meaningless clichés. Why bother to send such a worthless message. Why ask for a message by showing that you will not bother to compose and send a worthy message?

Many people send very brief and worthless e-mails (like the "I am fine" example) hoping to receive in return an e-mail reply that is lengthy, well composed, interesting, informative, etc. But this is only what a very lazy person does. A winner would never do this.

Some people, in an effort to stay in touch send a super-short e-mail to clients, prospects, or even friends, saying something like: "Happy New Year!" Or, "Happy Birthday." Or, "Happy Valentines Day." Or "Happy Columbus Day."

Again these are all merely clichés. They are meaningless. This reflects no original thought or effort. This is not worth sending. This could even be an insult to your clients, prospects, or friends. If you want to express best wishes to someone then think first. Place your brain into use. Compose something relevant, intelligent, and interesting.

There are countless, even endless, examples of inept messages being sent by social media by the majority of people using social media and this includes professional people. You can and must do better than this if you are to be perceived as a highly skilled and professional person.

If someone sends you a book as a gift, do not respond by sending an uninspired e-mail that reads: *"Thank you for the book."* Or *"Thanks for the book."*

The above messages are worthless clichés and give the impression that you have no intellect. Before you compose a thank you acknowledgement, "turn on your brain." Invest some intelligent thought into any e-mail message you compose. Care enough to be relevant and interesting. Personalize your message. Do not be mentally asleep and do not always expect something for nothing from others. ***Show some written class.***

You have enough intelligence to compose a proper e-mail message. Don't peck out one or two abbreviated lines on a hand held device and consider that acceptable. Here is a far more intelligent, relevant, and interesting way to say thank you for a book:

> *"Brian, Wow was I pleased when I received your package and discovered the copy of Gone With The Wind that you gave me. I loved this volume when I was a teenager and over the years my copy disappeared from my home library.*
>
> *I look forward to reading this title again. I remember touring The Margaret Mitchell House during my visit to Atlanta in 2010. The tour guide told our group that the author, after countless rejections, used her thick manuscript of this book as stuffing to fill a hole in the seat of her couch. Imagine that? People sat on this great novel for five-or-six years before the work found a publisher and became a best seller.*
>
> *Margaret Mitchell was a tireless self-promoter. She worked for the Atlanta Journal newspaper and would interview local visiting stars like Rudolph Valentino. She would photograph herself with Valentino then send the pix to other distant national newspapers with a caption reading something like: 'The writer Margaret Mitchell is rumored to be the new love of Rudolph Valentino's life.' She would cover a new train engine revealed by a railroad company then send out her own version with a pix and caption that read something like: 'The writer Margaret Mitchell welcomes new train…'*
>
> *I look forward to seeing you again as I have compiled the data that will help you make a decision about improving your financial plan. We can bla, bla, bla."*

Saying simply ***"Thank you for the book"*** is trite and suggests that you are either brain dead or super-lazy when it comes to thinking. To do this indicates that you did not care enough to properly express yourself.

Avoid All Clichés

Do not send a simplistic message like the following and then believe that you are "staying in touch" with your clients and prospects: *"Here is your thought for today — Take time to smell the flowers."*

This is a time-worn cliché. These are not your words. These are the words of another person. This line has been "used to death." Use your brain before you write. Think of something original, appropriate, intelligent, applicable, and interesting. Do not merely steal some other person's thoughts or writing. Sending an intelligent e-mail does not require rocket science. Use some creative ability and be original. The receiver of your message deserves far more than clichés from a mentally lazy person. Who would want a basically-thoughtless or mentally lazy person as their financial advisor?

The same absolute rules apply when you speak, regardless of how informal the occasion. Some of your clients and prospects may be mentally lazy or ignorant in many areas, but few are likely to be so. If they are professional people, — or if they have, or had, successful significant careers, — then they are likely to be able to think and express themselves intelligently. They are not likely to continue to do business with you if they think you don't bother to think but only use clichés.

Originality Requires Only a Minor Effort

Your success depends on your habits. Your good habits benefit you. Using clichés and taking the lazy way out is a bad habit that harms you. Go to the effort to be original and interesting when you speak or write. Or else get a job doing menial labor and forget about becoming a leader in anything.

Carefully edit all of your messaging efforts before you send them. Always run spell-check. Improve your writing by thoughtful editing. You are never too rushed to be correct and proper.

E-Mails Entail Dangers for Your Image and Dangers for You Legally

Show class in all that you do. You would not sit at a table and immediately attempt to "take over" the conversation. You would not "hog" the meeting talk. You would not brag and boast. Always show class in all of your social interactions. Here are some key points to remember:

- Sending an e-mail (or using blogs, MySpace, Facebook, Linkedin, TweetDeck, HootSuite, SocialOomph, Twitter, You Tube, etc.), is **a social interaction with risks**.
- Few "senders" ever consider content development, instead they just quickly "type in" words, or parts of words. FINRA and the SEC warn of social media rules for financial professionals and legal dangers for financial professionals.
- Unscrupulous debt collectors often post "against participants" messages on social media sites in attempts to embarrass or humiliate the person they are "hounding."
- Critics or enemies can use your social media to install damaging remarks about you. This is a risk.
- Some lowlife "skip tracers" post insults on every site by anyone with your name or any names similar to your name.
- Your talk via Internet may be considered by you to be casual, informal, easy, and cheap. Few protections or restrictions are in place. But never send an e-mail without **first thinking carefully**. Others can resend your message, or edit your message, or alter your message, or change your message totally "then pass it on." Have your copy reviewed.
- Stupid e-mails can kill a young person's chances for a scholarship.
- Inept e-mails can kill a job offer many years after the e-mail was first issued.
- Poor e-mail can cause your prospects to not want to deal with you.
- Even "weak" e-mails can cause your clients to have "second thoughts" about you.
- Sloppy, inaccurate, or incompetent e-mails can be used against you legally in a court of law to "show" how careless or unwise you are!
- Stupid or unprofessional messaging can actually harm you ten or twenty years from now.
- Your client and prospect relationships, no matter how friendly, are still professional relationships and your e-mails should always reflect this fact.

You may notice inept people resort to clichés when on the stage hosting events, when interviewing someone on radio or TV, and when writing. But you will not see highly skilled professional people doing this. All of these people should know better and all should invest more intelligent thought into what they are doing.

Your regional dialect, your family influences during your formative years, current popular jargon, and other similar factors may influence your speaking and writing. It is entirely up to you to find the strength to "clean up your e-mail act" so that you can "fit" your desired image and be perceived as the leader in your market area.

Proper e-mails may be difficult for you to master because you will be "fighting" the predominate influence of America's pop culture which promotes and encourages the lowest possible standard (or no standard at all), and because so many of the routine daily communications you receive are issued by mentally lazy people who speak in clichés or mouth meaningless rhetoric. And especially because so many people consider e-mail to be very informal and forget that they are actually a form of official business and social communication with legal consequences regardless of intent.

The media promotes a ***garbage standard*** that requires no thinking from all users. Thus you have a life-long task to strive to use your brain before you act or communicate in any form. Use your creative ability to be interesting. **Be worthy of other's attention. Be accurate. Know precisely what you are talking about. Be complete.**

Invest your valuable thought and intelligence into any of your written or spoken efforts. Do not settle for a quick first effort that requires little or nothing to write. To be only typical or standard in your communications positions you among the group in which you do not desire to be placed because this harms your image.

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Forrest Wallace Cato, RFMA, RFC® is considered an "industry thought leader" in the financial services profession. His articles, essays, interviews, op-ed pieces, reviews, biographies, critiques, and editorials, are widely printed world-wide and span over 28 years. His media advocacy services have enabled many advisors to enhance their personal image, with a corresponding increase in their local status, public recognition and their income. His mission is to help financial advisors "Cut A Bigger Image!"

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Pension Lies Lead to Riots

In truth, almost all pensions are a lie.

The pension that comes to mind for most of us in the US is Social Security. A tax is deducted from our paychecks to fund the pension. By law, when the program takes in more than it pays out (as it did from 1982 thru 2009), it has to loan the excess to the federal government. The federal government is obligated to pay this amount back with interest when the program faces a shortfall. In 2010, it faced a shortfall. It is expected to face a shortfall in 2011. In addition to all its other debt, the federal Government now owes the Social Security Trust Fund (the account to which surpluses are loaned) some **$2.5 trillion dollars**. Surpluses are projected to return for the next few years but then from 2015 on, the program is expected to face deficits. Social Security payouts will then depend upon government injections and by 2037, the Social Security Trust Fund will be zeroed out. I think we all know where a government already deeply in debt will come up with the money. They will either borrow it, print it, or tax it. We can all debate a fix, but the program is a Ponzi scheme and it is built on lies. In true Ponzi fashion, there are 3 people working to support 1 beneficiary. Forty years ago that ratio was three times as wide and in looking forward, the ratio will tighten even further.

Lie #1: Signed into law in 1935, citizens were promised that the most they would ever have to contribute would be three cents on the dollar.

Lie # 2: In 1940, the Social Security tax rate was 2% on income capped at $3,000. Now it's 12.6% and an income cap of $106,800.

Lie #3: Had the tax rate not been increased over the years, full benefits would have not survived beyond 1980.

Lie #4: Case studies of Social Security benefits concludes, 'Benefits that were granted at one time, can be withdrawn'. In other words, you may have paid your taxes but you have no claim to payments based on those taxes.

Lie #5: By the end of 2010, the federal government owed the Social Security Trust Fund $2.6 trillion dollars. With debt, liabilities, and unfunded obligations totaling more than $56 trillion, it would seem unlikely that the U.S. government can 'repay' anything.

Lie #6: Social Security recipients have not been given cost of living increases in the past few years and won't receive any going forward. The act requires adjustments for inflation as measured by CPI. That's why our government claims there is no inflation.

Lie #7: In 2001, the Social Security Trustees Report projected that in 2009 that the program would have $1.41 for every dollar it spent. The actual number was $1.18. Take all 'projections' with a mountain of salt. They are 'government' numbers.

** All of the above derived from: http://www.justfacts.com/socialsecurity.asp*

Other Pensions

Governments, corporations, and unions also offer pensions. They are ultimately lies in two different ways.

First, pensioners receive an official looking statement with a figure on it and it represents a balance supposedly belonging to the person whose name appears at the top of the page. It is, in reality, a sheet of paper spit out of a computer with some pretty numbers on it. What many countries, states, and municipalities are grappling with today is the vexing problem of finding the money to match all those pretty numbers. When the money does not support the payouts, the countries, states, and cities borrow the shortfall. They all lie to themselves that they can eventually make up the shortfall. They lie to themselves that they can invest the money on Wall Street or with hedge funds or with Bernie Madoff and score excessive returns. Most of the people responsible for the investing have no investment training and very little understanding of the stock market. While this rarely pans out, they continue to borrow until the expense of borrowing turns the shortfall into an abyss. Then, the promise of the pension is broken. The only hope of fulfilling the pension promise is a bountiful stock market. The stock market no longer behaves as a 'market' when the powers of the ruling elite work to push the markets higher only to quite the working oafs. The market then becomes a lie. How did the pension idea become a lie?

Joshua Rauh (Northwestern University) and Robert Novy-Marx (University of Rochester) were quoted in an article published by The Economist (http://www.economist.com/node/17248984?story_id=17248984&fsrc=rss) citing state and municipal pensions as being some $4 trillion dollars unfunded. That figure assumes, as pensions assume, that the money currently invested can enjoy an 8% return over time. We all know how difficult the stock market has been over the past decade, so 8% seems a bit ridiculous at the moment. Using US Treasury yields, the shortfall grows to over $5 trillion dollars. Throw in a year or two of negative returns and the shortfall becomes an absolute lie. At some point, some elected official has to stand up and tell the pensioners that the money is simply not there. That's when the riots will start.

The second part of the pension lie is the inference that time and money are static. Since the Federal Reserve's rise to power in 1913 (under the watch of the most treasonous person ever to walk American soil, Woodrow Wilson), they have worked to destroy the currency. The US dollar has lost some 95% of its purchasing power during the Fed's control. In other words, a pensioner in 1913 with a $100,000 dollar pension could buy $100,000 dollars worth of stuff but could now only buy $5,000 dollars worth of stuff. This is the lie of inflation spread by the forked tongue of the Federal Reserve. ***Time is not static and neither is money.*** A pensioner might be satisfied at the point of retirement in their ability to live within their pension but as time passes, their standards of living as dictated by their pension will diminish as money is withdrawn and inflation erodes purchasing power. Pensioners never really have as much money as they think they have especially considering future purchasing power. As an example, the unions representing state-paid workers in Wisconsin and Ohio and everywhere else are protesting either cuts to their pensions or proposed increased individual funding options. Their pensions will be less generous going forward either way. Their promised pension benefit is a lie. It cannot be funded. It cannot be

sustained. It cannot be funded by the non-government populous.

When pension promises are broken, people tend to riot. The current unrest seen throughout the world started in Greece and the citizens only began to riot when their pensions were imperiled. True, Greece as a country had taken on too much debt and the credit default swaps tied to their debt began to imperil banker profits. That ultimately forced the Greek government to impose 'austerity' upon its people including a reduction in pension benefits. Of course, the government grew its debt load in part by trying to support pensions that were in the end, a lie.The same thing is happening in the US as governments, local and federal, desperately try to borrow enough money to pay for pensions that have been promised. Nearly every state in the US is broke and at the heart of their fiscal indebtedness is the pension.

Why are pensions a lie? Why do they all seem to 'run out of money'? The problem is they are all funded with current dollars that are intended for future use. If the dollar loses purchasing power year after year, the process of funding pensions with current dollars is an exercise in futility and disappointment. To demonstrate the lie, let's say a worker needed to save $100,000 over 30 years for retirement. A simple computation would tell us that the worker would need to save $3,333 per year to meet this goal. However, to maintain the same purchasing power (the same standard of living), we should assume that the next 30 years will look like the previous 30 years in terms of inflation. If that is the case going forward, the worker would really need $296,000 at retirement (to equal the current $100,000) and that would require a savings rate of $9,866 per year or 3 times the estimation in current dollars. (Inflation estimates can be derived from www.measuringworth.com.) Stated another way and given the corrosive force of inflation, the worker's $100,000 in retirement will be consumed 3 times faster than anticipated. The only chance a pension has to survive and be true is to be fully invested in something that appreciates faster than the rate of inflation. Be it stocks or be it real estate, the accumulating funds have to grow. Even then, a few disastrous bear markets can be ruinous to the expectations. Again, this is an example with true funding.

In the case of government-sponsored pensions, the funding never meets the payout promise because the populous would be unwilling to pay the necessary tax. For instance, can anyone imagine a Social Security tax rate of 25%? Besides, either a high tax rate or a high savings rate would not be in the best interests of the banking elite who run the government. The only reason the U.S. spends its brains out is the citizenry have such a perceived safety net of retirement. If there was no Social Security or welfare of any kind, people would likely save more for retirement. Spending and borrowing would be far less than current levels and banker profits would be less garish.

So who is behind the inflation thief? The people that control our currency — the Federal Reserve. They are — the 'Big Lie'. By producing inflation, the Fed guarantees that society cannot live tomorrow on what it produces today. Either tomorrow's living standards will fall or governments will have to borrow more money to sustain their promises. Inflation steals from the poor and gives to the rich. When the pensioners lose, who gains? Well, the CEO of JP Morgan just got his $20 million in annual compensation. The banking cartel only looks after its own. Don't get me wrong. I'm not hating rich folks. Wealth shouldn't be acquired through confiscation from others and it shouldn't be determined by the Federal Reserve. When the lie is exposed, rioting is a natural response. Get your rocks ready! Even Americans are awakening to the lie.

Barry M. Ferguson, RFC®

Barry M. Ferguson, RFC® is the President and founder of BMF Investments, Inc. an independent SEC registered Investment Advisory fee-based money management firm located in Charlotte, North Carolina. Barry has more than a decade's worth of experience in the financial services industry. He has a diverse background ranging from financial software consultant to registered representative of investment products to President of an Investment Advisory firm. His strong technology background has been beneficial in today's 'information age' market.

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Just When We Thought It Was Safe To Go Out In The Woods…

Recent indicators show the world economy is strong. The U.S. Institute for Supply Management index just hit a seven-year high. Aided by U.S. workers dropping out of the workforce, according to government numbers, U.S. unemployment dropped to below 9 percent as about 225,000 jobs were added in the private, nonfarm sector. German unemployment reached a new post-reunification low. Swedish gross domestic product growth hit 7.3 percent in the fourth quarter, and China is working to throttle back its growth.

Companies are sitting on huge amounts of cash. Merger and acquisition activity has picked up, as have initial public offerings. Growth seemingly has returned.

But just when the outlook is starting to look brighter, storm clouds gather on the horizon. Uprisings in the Middle East have added uncertainty to the strength of the recovery. Certainly tyrants in power for decades felt the sting, but so did oil markets. And what about U.S. foreign policy? Is the U.S. a net winner or loser? What are the economic effects?

Our Political Response

Politically, we should be concerned about our feeble response to the various crises. Our policy seems to be to take a passive position and let events unfold. President Obama may occasionally comment that some person should go, but it is hard to see that we had much impact on events.

In spite of our passivity, Egyptians seemed to be very angry with the U.S. Bahrain, meanwhile, seems to be angry with the U.S. because of its passivity. And is the House of Saud immune from the kind of unrest that is spreading in the Middle East? And what about our strong men in Iraq and Afghanistan? Don't the uprisings raise the stakes as to whether we back these fellows?

It is not at all clear that we have a point of view on Libya, even though Obama has called for Moammar Gaddafi to leave. A call to leave seems a bit callow when the person has armed himself with artillery and planes he is willing to use against his own population. True, the Libyan people have asked us to stay out; but that might change with Gaddafi leveling artillery on largely defenseless civilians.

Yes, we have promised humanitarian aid, but could we not find bases where Libyan pilots who want to defect can fly their planes with impunity? Perhaps we wouldn't need a no-fly zone if the Libyan air force flew away. No doubt there are other initiatives that we could take, but it appears that we are just waiting to let events unfold as though we don't really mean that Gaddafi must go.

The Economic Impact

These political events have strongly affected the price of oil, which has surpassed $100 per barrel. Since the first Arab embargo of oil in 1973, there have been five oil shocks; each was followed by a global recession. A further rise in the price of oil may lead to another financial crisis, and governments are much more vulnerable today than in the past. With all the turmoil in the Middle East, oil prices seem unlikely to decline.

With the prices of commodities, from metals to food, hitting new highs, we see further inflationary pressure. That has given rise to fear that the Federal Reserve is too lax in its money supply and interest rates, and cannot respond to higher prices. Several entities, notably the U.K. and the European Central Bank, either have given notice that they will raise interest rates or have raised them already, but the Federal Reserve has taken a steadfast, low-interest rate approach.

With record government spending and deficits, and a persistently weak economy, the Fed path is pretty much set for it. Furthermore, a weaker U.S. dollar has had the benefit of stimulating the U.S. manufacturing sector, and making our massive debt easier to repay. Nevertheless, we are in troubled waters, and a steady hand at the tiller will be needed to see us through.

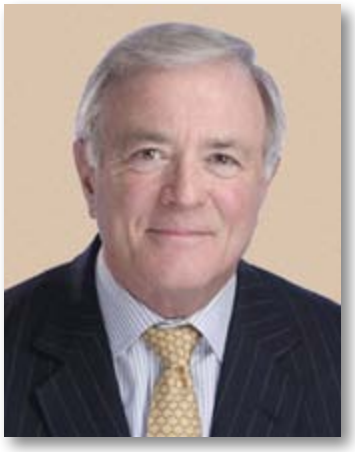
The Investment Options

For the moment at least, equities are apparently better than bonds. Indeed, large amounts of cash are leaving bond funds for equity funds, buoying the price of equities. The talk of municipal bond defaults appears overblown. Mark Zandi, chief economist for Moody's analytics, said recently that the risk

of a round of municipal bond defaults is "close to zero."

Zandi went on to predict that the U.S. will add about 1.25 million private industry jobs in the next year, and that unemployment would fall to about 8 percent by the end of 2012. He further said that state and local governments will fire approximately 250,000 employees in the next year.

So, in summary, the growth story is still intact for the moment. The world economy is growing, but faces huge challenges. Careful asset allocation and stock selection are paramount. Inflation is a risk, so one needs to be wary of a downturn in the economy still trying to grow. It is a challenging time.



William Rutherford

William Rutherford is the founder and president of Portland-based Rutherford Investment Management, listed in Barron's as one of the nation's leading separate account managers.

A graduate of Harvard Law School and the University of Oregon, William served as Treasurer of the State of Oregon, chair of the Oregon Investment Council (with responsibility for investing $14 billion at a time when Oregon was generally regarded as the best public investment fund in the nation), a four-term member of the Oregon House of Representatives, and Co-Chair of the Council of Institutional Investors.

He has appeared on CNBC, Bloomberg Television, and served as speaker at numerous investor conferences. William is the author of *Who Shot Goldilocks? How Alan Greenspan Did In Our Jobs, Savings, and Retirement Plans*.

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Earning Repeat Business

The best ways to keep people coming back are: be believable, credible, attractive, responsive and empathic.

You can earn repeat business and more referrals if you create a future, characterized by **high performance** and **consistent fulfillment**, by making a responsible commitment to think right, work right, sell right, study right, and live right.

Here are eleven strategies for forming the simple, powerful habits:

1. **Give it your best.** Do every aspect of client support and product service to a finish. Accept nothing but your best every time. As a financial professional, you are paid for the quality of service you provide with what you know, for those you know.

2. **Look like a winner.** If you look like a winner, it's much easier to be one. You'll look as if you represent a reliable company. You'll look as if you're accustomed to influencing people and closing sales. Create the images of success in everything your prospects and clients might see. Remember, a positive image is reflected by many items, but a negative one can be caused by only one poor image!

3. **Enjoy every contact and call.** Before every call, ask yourself this question: How would I feel about making this call if I knew it was going to be a good sale or advance my position? Believe that, and it is more likely to happen!

4. **Pay attention.** Learn as much as possible about your prospects and your clients — their reputations and capacities, who they are buying from now and what they are receiving for their dollars. Do not assume you know everything, and that nothing has changed since your last contact. Decide to be a shrewd observer.

5. **Build relationships.** All things being equal, or not equal, prospects tend to buy financial services and products from persons they trust, respect and like the most.

6. **Service and Sell ethically.** What is your ethical base? Can you articulate it? Can you identify how it influences your personal and professional behavior? Ethical behavior is doing the right thing, because doing the right thing is the right thing to do.

7. **Manage sales resistance.** Realize resistance doesn't mean denial or refusal. In selling, it means, "Give me a reason to buy!" This is especially important when you have charged a planning fee. Be gentle. They will make all their purchased from you – they just don't want to be forced too hard.

8. **Close sales confidently.** The most important factor in closing a product sale is not the customer. It's not the product. It's not the price. It's not the terms. It's not the weather or business conditions.

9. **It's you — the individual behind the sale!** The closer who is thinking right and who has mastered a closing strategy.

10. **Develop endorsements.** No advertising is as trusted as the spontaneous testimony of delighted customers. Expect endorsements. Nothing sets up your new client for referrals than a simple "Thank You" note in your handwriting.

11. **Service what you sell.** Never forget a client. Never let a client forget you. Be certain that they are receiving your newsletter and other frequent communications.

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

Kinder Brothers International teaches sales and management professionals how to experience lasting success. Both **Jack** and **Garry Kinder** are members of the IARFC and authors of books and courses on financial services.

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Ten Things You Need to Know About Thank You Notes

by Katherine Vessenes, JD, CFP®, RFC®

When I first started writing about handwritten thank you notes years ago, I had never received a business related note. Today, it isn't unusual for me to receive twelve or more a week! Unlike other mail, I read every single one.

I have had numerous financial consultants write to tell me that they had landed huge cases, sometimes in the multi-millions, because they sent a personalized thank you note. If you are new to handwritten notes, or just need a quick refresher to make them more effective, follow these ten steps:

1. **Yes, they must be handwritten.** I know it's tempting to use a computer-generated signature or order a card online — and there is definitely a place for this technology. However, you will get the biggest WOW experience if you take the time to compose a personalized note every time in your own handwriting.

2. **Write these in the spirit of gratitude, not expecting anything in return.** Like all of my marketing suggestions, they are based on what my Mama taught me — when you are nice to other people, they are nice to you. Send notes to people just to thank them for something they have done, particularly something that might go unnoticed. Don't expect to get something out of it — you might, and I hope you do, but it is best to send them from the heart and spirit of thankfulness. Here are some examples:

   I just wanted to let you know how much I appreciate you donating your time to the Sunday school class every week. Our little Georgie really enjoys coming. I know it can be time consuming to prepare new lessons — but I just wanted you to know your hard work is not only valuable, but we are thankful for your sacrifices.

   I just wanted to let you know how much I appreciated a busy dentist like you seeing me at 8:00 pm on a Sunday — once a crown breaks, as you know, it is impossible for me to travel. You will be happy to know I made my flight and was able to give my speech. I am one of your biggest fans — thanks again for helping me out.

   As I was sitting in Rotary last week, I was thinking about what great speakers we have had this last year. I know you have worked hard to find entertaining and educational programs for us. It may sometimes feel like a thankless job — but I for one am grateful for your sacrifices. Thanks for all of your hard work.

3. **You, not your assistant, need to write them.** First it is a bit disingenuous to have your assistant writing something that appears to be personally from you — so the "ethics" of this bother me, and that will eventually come across to your clients and friends as being a little "sleazy."

   It also never ceases to amaze me how an inexperienced staff can mess up simple things like a handwritten note. Take this experience that happened to me: one of the top attorneys in the securities industry sent me a lovely Christmas gift and a personalized Christmas card. What struck me though was the spelling of his last name on the card. I noticed immediately it was not how I had been addressing him for many years. I looked him up in my data base and sure enough, the card's signature did not match my information. Intrigued, I decided to check out his website. Guess what? I was right; the name on the card was incorrectly signed, misspelling his last name. When I called to thank him for the gift, I couldn't resist asking: Did you personally sign the Christmas cards? He took a deep breath and I know he was very tempted to lie, but finally said, no, his assistant had signed some. He was mortified to learn about the mistake. This is a case where a nice idea actually created a bad impression — it made it appear as if he didn't pay attention to details. Exactly the last thing you want out of your lawyer.

4. **Use high quality card stock paper.** Spend the money at Cranes to get very nice note cards. I have tested many different responses to handwritten notes. One of the top differentiators is the quality of the paper and using cardstock — heavy paper that is about the weight of a post card. For some reason this makes a much stronger impression than nice stationery that is folded down the middle to fit into the envelope. The heavier the cardstock the better. Just today I received a lovely handwritten note — the content was great, but it was written on regular paper stock. It was still a good experience — at least a seven or eight, but for a little more money you can give your clients a ten.

   Note, I have had great luck buying nice, but less expensive cards at www.sassygirlstationery.com. Tell Deb I sent you! Whatever you do, don't go to Sassygirl.com — it could get you in big trouble!

5. **Use cards that are approximately 4"x 6", or close to wedding-invitation size.** The key here is not to use something that fits into a standard number ten business envelope. You want your note to stand out from other business letters.

This morning I received four notes from one of our favorite clients in Seattle — everyone in the office wrote these lovely sentiments that really keep us at Vestment going. The problem — their lovely notes on card stock fit into a business envelope. Yes, they hand-addressed the business envelope and that was part of the problem. If I hadn't recognized the firm, I probably wouldn't have opened the card — because it looked like regular, boring business correspondence in a standard-sized envelope. In fact, it doesn't look quite that good because the envelope is hand addressed — it looks like they don't have the staff to type up the address.

It is important to ***hand-address your envelopes*** but use something that is an odd size.

6. **Get your assistant to help.** Writing multiple notes can become laborious. To make the process more efficient, I have my assistant hand address the envelopes. I have her use the same type of pen that I would use, a pilot gel pen in blue or black. She always prints their name and address on the envelope. We do this for two reasons: 1) it is easier to read, and 2) it becomes less obvious that one person wrote the note and the other addressed the envelope. The assistant should also enclose your business card and log-in the note into your contact management software. When you send a lot of these it becomes very difficult to remember to whom you have sent a thank you.

7. **Use a nice pen.** Another mistake I have seen advisors make is to get nice paper and then write the note with a cheap ballpoint pen. Once again, it makes you look like you don't pay attention to details, and you don't provide the WOW experience for your clients. Us a gel-point pen in the predominant color of your card's cover.

8. **Use lined envelopes.** This is certainly not a requirement, but it does set you apart to have a lined envelope. Another little touch that says you recognize quality.

9. **Have your name engraved or embossed on the card.** Usually I prefer just to keep it very classy and simple — just your name. Leave the address, phone numbers to the business card. Another variation would be using your initials. The engraving or embossing is important because people will regularly run their fingers over your name to see if it was printed inexpensively. Engraving provides a raised impression and embossing usually will show on both sides of the card — both are acceptable and speak quality.

   Sometimes I am asked if you should put the name of your firm on the card instead of your name. The answer depends on what you want to "Brand." If you want to brand your company — use that name. If you want to brand yourself and your personal relationship with clients, then use your own name.

10. **Set a goal to do a certain number every day.** When I first started my own law firm, my goal was to send out three-to-five every workday. It paid off for me, I discovered within a year I was making as much money working part time as the other attorneys in town were making working full time!

    If your goal is to send three-to-five thank you notes a day, you tend to get very creative about who you are sending them to. After you run out of clients and prospects, you will be forced to send them to old college professors and people you meet at your children's soccer games. They may be great clients — they may not. But they probably know great clients who will appreciate your thoughtfulness.

Katherine Vessenes, JD, CFP®, RFC, president of Vestment Advisors, speaks nationally to thousands of advisors every year, giving them a bumper to bumper system to break down barriers and build up their business.

The creator of the NO-Sell Sale®, she is considered the country's leading consultant on building a multimillion-dollar business (Dearborn) and the country's best known authority on the legal and ethical issues of financial advisors (Bloomberg).

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Credibility's Impact on Your Bottom Line

Ask your clients to describe their attitude toward the financial industry. In fact, that's already been done for you. The simple message is: The American consumer (investor) no longer assumes any professional or company has his/her best interests at heart.

> "The collapse of financial markets in late 2008 has invited renewed questions about the governance, compliance, and ethics practices of firms."
> — *Rand Institute for Civil Justice, August 9, 2010*

Nearly every industry has been affected, but let's look at the hard numbers. Below are the results from the *2011 Edelman Trust Barometer*. The question asked was, "How much do you trust the following industries to do what is right?"

1. Technology 81%
2. Automotive 69%
3. Telecommunications 68%
4. Food and beverage 66%
5. Biotech 65%
6. Retail 65%
7. Entertainment 63%
8. Pharmaceuticals 63%
9. Energy 62%
10. Consumer packaged goods 59%
11. OTC personal health care products 57%
12. Brewing and spirits 57%
13. Media 54%
14. Insurance 52%
15. Banks 51%
16. Financial services 50%

How can you turn that attitude around? By improving your personal credibility. But, how? **In order to improve your credibility, you have to understand it explicitly.** First, realize that it's comprised of other qualities. If you ask ten people to define credibility, you'll get ten somewhat different answers. However, our research shows that the most common qualities are: **trust, expertise, consistency, honesty, and relevance.**

The question is, "How can you implement those qualities?" You can demonstrate ROI or market fluctuations, but how can you demonstrate to your target market(s) that you possess those qualities? Obviously, your behaviors demonstrate them. But, the most effective way is through your communication. In other words, craft the most psychologically valid and relevant business message for one specific target market. Then, deliver it in numerous ways, through numerous media. Here's a simple formula:

Message Reception = Relevance × Frequency

The word "reception" implies that your outbound message is actually received. In order to increase the probability of that happening, you have to understand the psychology of the target market; you have to phrase your message in the language of that target market. For example, corporate executives respond to one type of language, where managers respond a very different one. Engineers respond to certain language, where human resources people respond to a very different one. Most financial marketing addresses all target markets with the same logic and psychology. That kind of generic marketing is highly likely to be irrelevant and off-target for most people.

Look inside credibility. Perhaps the most important credibility lesson is this: you cannot get it by claiming to have it. The only way people can get credibility is by inspiring other people to give it to them. Thus, you have to approach credibility through the eyes of the other person. With that in mind, can you see how using the appropriate language is vital?

Your job is to communicate your specific qualities and message(s) to your target market in their own "language." The pivotal point is that what you say must be rooted in what the target wants to know — not what you want to say.

But, what do they want to know? Ah, you're in luck. There are some psychological consistencies. Our recommendation is to focus on the following qualities:

1. Safety

Safety is a vital psychological value. Without safety, people back away. Let's look at your website. One of the first pages people look for when they visit your site is the "About Us" page. They want to know real people represent the company. They want to know something about those people. They're looking to determine if those people are safe to work with. How can you demonstrate that your people are safe?

First, do what so many firms do not do — show photos of your people. Second, tell the stories — where your people came from and what their backgrounds are. Add the humanity. Without that information, visitors have no way to gain a personal connection (feel safe) with you.

2. Social Proof

According to research done at IBM, approximately half the population needs to know what other people think about you or your firm before saying yes. But, those "other" sources need to be seen as credible in the eyes of the prospect.

Here's what that means to you in your credibility communication strategy. Cover both sides of the coin. Include endorsements or recommendations from experts and also from people who represent your target market. You might create marketing materials such as posters showcasing local business executives and include a quote from each about you. Perhaps most effective is a video of your clients talking about their experience with you. The point is, you have to get the "face and voice," or at least the sense of that face and voice, into your marketing.

3. Scientific Validation

Research studies, white papers, focus groups, clinical trials — they all help you provide scientific validation. If you have real primary research, provide it. If you don't, find some research that substantiates at least some of your claims. Perhaps, even more important is to interpret the scientific conclusions into objective "plain language" that your target market will more easily understand.

Caution. From the time the internet first allowed (literally) anyone to publish any opinion under the guise of "expert advice," the world has been inundated with spin, suppositions and opinion. So, create a contrast to that. Provide research and scientific validation; they are your most effective way to distinguish yourself from mere opinion.

In Conclusion

Americans do not openly trust business right now, especially the financial services business. The industry repeatedly scores very low on scales showing reputation, trust and credibility. What do those tell you? That your target markets look at reputation, trust and credibility! So, it makes sense to me that you would seek to improve yours. Follow the advice in this article and you will take a giant step in soothing those ruffled feathers. You'll also find a bottom-line payoff for doing that.

Your Reward. If you want to learn more about how to increase your credibility with your target audiences, just copy this paragraph into an email to me at: michael@aboutpeople.com. I will send you our report: "6 Things You Can Do to Enhance Your Communication Credibility."

Michael Lovas

Michael Lovas is the author of ten books, three columns, and a thousand articles on Professional Credibility and the Psychology of Communication in the financial industry. He's the co-founder of AboutPeople and the pioneer of Credibility Marketing. Find Michael's books at: http://www.aboutpeople.com.

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Due Diligence is the Key That Unlocks the Fixed Annuity Sale

Times are tough, to say the least. With interest rates at their lowest levels in 50-plus years, investors have little motivation to change investments. Even if they are willing to make a switch, there are precious few quality choices.

I have spoken with many advisors who feel it is futile to even try to talk with clients about fixed annuities. In the midst of this quagmire, I see opportunity. By dropping rates to the basement, banks have actually done investment advisors a favor. Advisors have ample opportunity to provide a superior alternative. Therein lies the rub. Finding good products with high interest rates and very short surrender periods is seemingly impossible.

When we look for viable alternatives, we often turn to wholesalers and marketing companies for solutions. Wholesalers and marketing companies really want to help you make the sale, but are limited to the handful of companies they represent.

So, if you are like me and want to find the best product for your client's situation on any given day, you will call multiple marketing companies. Once you have obtained all the data for available products and organized it in spreadsheets, you lay them out and hope to find what you are looking for.

This takes time you don't have and always leaves a lingering doubt that you've seen all of the available options. You don't ever want to lose a sale because your competition has a better rate. Nothing destroys your credibility more quickly than failing to identify the best solutions available for your client.

For these reasons, I created **Annuity Detective**.

Annuity Detective, www.annuitydetective.com, is a single source provider of fixed annuity rates and information only. The site represents no product or company and cannot help advisors with contracting, but can solve your due diligence problems in minutes, if not seconds.

The site contains information on more than 100 commercial and/or fraternal insurance companies with rates and in-depth product information on more than 625 individual products. The website functions allow you to search by issue age, premium or interest bonus, company rating, bailout provisions, and surrender periods.

Recently, I heard someone say, "Fixed annuities are dead until rates rise…I can't justify locking up money for seven years at 2.5%."

I couldn't agree more. But could you justify one year at 3%? If you need a tool that will help you gather assets as alternatives shrink, www.annuitydetective.com may be what you are seeking.

James L. Flanagan, MBA, CEA, CEP, RFC®

James L. Flanagan, MBA, CEA, CEP, RFC® is the founder and owner of Bentron Financial Group, Inc. in Naperville, IL. Mr. Flanagan works exclusively with people at or near retirement with estate planning and investments. Jim has over 20 years of experience in insurance and securities, and frequently addresses senior groups and private organizations on retirement planning issues.

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Electronic Medical Records

Government-Controlled Kill Switches

Financial planners are understandably and justifiably concerned about client privacy on financial matters, but have not yet had to deal with the serious intrusions into client's *medical* and financial privacy that are soon to hit due to provisions in the 2009 "Stimulus" bill and the 2010 Healthcare "reform" bill, generally referred to as Obamacare.

As a physician, I am concerned about government intrusions into my patients' medical privacy. Having researched these bills, however, I think it is wise for *financial planners* to also address these issues with clients now. As professionals who have responsibility to maintain privacy for patients and clients, we also have a responsibility to help them prepare for the government invasions of privacy just around the corner.

Many Americans, and likely many financial planners, do not know that a provision calling for all physicians, hospitals, and other medical settings to fully implement electronic medical records (EMR) systems by 2014 was buried in the 2009 *American Recovery and Reinvestment Act*, known as the "Stimulus" bill, was. Beginning in 2015, penalties will be levied against physicians and health care facilities that do not implement use of EMR and also ***share all patient data*** with the Federal Health Information Technology (HIT) database.

The government's plan is that medical information from all physician visits will be sent to the federal HIT bureau in Washington, D.C. to provide individual medical data for the federally run health care coordinating council. This new bureaucracy, created in the "Stimulus bill, is to combine cost effectiveness data with comparative clinical effectiveness research data (CER) to produce the quality-adjusted life year (QALY) measure. The newly created government panel is tasked ***deciding what treatment will be allowed*** for individuals, based on the patient's age and on government criteria for both cost and clinical effectiveness.

The national media has ignored aspects of the spreading crisis in the Middle East that, beyond national security issues, raise even more personal concerns for Americans: *the security and availability of your electronic medical records* in the event of a government-imposed *"kill switch"* for the Internet.

The authoritarian government in power in Egypt quickly realized that communication via the Internet was furthering the spread of the protest movement. Without warning, the Egyptian government abruptly shut down the Internet to stop protesters' ability to organize rallies.

Protesters' communication was not the only communication shut down with this draconian "kill switch." Financial systems, on-line banking, ATMs, and wire transfers, were also affected, along with hundreds of businesses that could no longer communicate with other offices around the world.

Medical communication via the Internet also came to a halt. Suppose your local doctor or hospital Emergency Room can't obtain your electronic medical record via the Internet from the Health Czar's cyberspace "cloud." What happens to your ability to get rapid medical treatment if you find yourself in a medical emergency that occurs in the middle of a political crisis and the government has shut down the Internet? At that point, you will appreciate first hand the true tyranny of government-controlled healthcare.

The President already has the authority under the Emergency Powers Act to shut down the Internet if he deems it necessary. We have heard concerns from many quarters about how such a shut-down could devastate financial systems and shut off people's access to funds via on-line banking.

Today's electronic medical records are controlled locally in physician's offices and local medical facilities. That is a far cry from the Washington-based centralized computer system being proposed. It isn't hard to take the next step and imagine what can happen to patients in medically urgent situations if their only medical records are sitting in a government-controlled cyberspace cloud and cannot immediately be accessed by a physician.

Old-fashioned paper medical records that are available to me for my patients 24/7 — even when our monsoon storms in Tucson regularly knock out electricity and computers. What if Internet access is disrupted on a more widespread or more prolonged basis than a day or two of thunderstorms and power outages?

What if there is another 9-11 style terrorist attack in a major city and hospitals and doctors cannot access medical information to treat emergencies? What if Iran or North Korea detonate a high-altitude nuclear device that generates an electromagnetic pulse (EMP) knocking out all electronic systems? What if our own government decides suddenly to implement an emergency Internet "kill switch?"

In our current world, these are not implausible scenarios. Any of them could be life-threatening if you have a medical emergency and your information is tied up

in computer systems that are not accessible. Paper has a purpose. Paper medical records also serve valuable functions, even in the computer and Internet age. In an emergency, physicians can quickly get to the paper records, or if needed (and power is available) quickly scan, fax or email records to others who need it to care for a patient.

I have grave concern for the privacy, security and accessibility of medical information if the government requires that we move totally to electronic medical records.

I also have serious reservations about a breach of computer security systems to steal and misuse confidential medical — or financial - information. Stolen medical records have already been used for identity theft and insurance fraud. Remember the hacking of the Veterans Administration medical database? Remember the hacking of Pentagon and NASDAQ computer systems? Remember the massive Wikileaks confidential data dump on the web?

How do you feel about such a leak of your personal private medical information? David Blumenthal, M.D., the President's former "health information czar," acknowledged, "No infrastructure exists in most areas of the country for secure health information exchange among providers and between providers and consumers."

Medical privacy? Apparently it is more important to this administration's health czars to achieve government-dictated *theoretical* efficiency goals than it is to insure your personal medical information is kept between you and your physicians.

Many physicians who see patients daily are very worried about the potential harm to patients under a system in which personal medical information is controlled by government-appointed central planners. Physicians need immediate access to critical information, and we also realize the sacred responsibility we have to keep our patients medical information private.

Have the Obama Administration central planners really thought about the many potentially serious ramifications to having all our medical records concentrated on the "cloud" and accessible only via the Internet?

Or, is the unstated purpose of our new Obamacare really to have government control of our medical information and our allowed treatment options? By limiting our freedom to get the care we need, when we need it, and with whom we choose… and by infringing on our medical privacy, the government has ever-increasing control of our lives.

Americans face many dangers from government control of electronic medical records coupled with government control of access to communication via the Internet. American citizens must have control of, immediate access to, and the choice of how to act upon their personal medical and financial information, and must be able to work with professional advisors of their own choosing.

Financial planners need to be addressing with clients these very real and serious privacy and security issues that go far beyond just financial data. Our physical and financial health are both at stake.

Elizabeth Lee Vliet, MD

Elizabeth Lee Vliet, M.D. is a preventive and climacteric medicine specialist with medical practices in Tucson AZ and Dallas TX that take an integrated approach to the evaluation and treatment of women and men with complex medical and hormonal problems. Dr. Vliet is also President of International Health Strategies, Ltd., a global healthcare and education service company whose mission is twofold: liberty and privacy in treatment options and preservation of the Oath of Hippocrates focus on individual patients.

Dr. Vliet is the 2007 recipient of the Voice of Women award from the Arizona Foundation for Women for her pioneering work in overlooked hormone connections in health and illness. Dr. Vliet received her M.D. degree and internship in Internal Medicine at Eastern Virginia Medical School, then completed specialty training at Johns Hopkins. She is a member of the Board of Directors of the Association of American Physicians and Surgeons. Dr. Vliet appears on national networks addressing the economic and medical impact of the new healthcare bill

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Great News for Stupid Tax Patents

Some time ago, patents on tax planning techniques were to be continued. This would hamper all categories of planning that are tax-related. The nation's tax code is a tool for all regulators and citizens-not a limited number.

The Senate has overwhelmingly passed, 95-5, a bill that includes a provision that prohibits individuals or firms from trademarking a particular way of paying taxes or achieving an exemption.

The prospects for the bill are unclear in the House, which is just beginning to draft a similar measure. But the Senate vote is clearly in the best interest of the citizens as well as all financial services professionals — except a limited number of attorneys.

Under current law, financial planners must be aware of the various patents that are in force in the welter of U.S. tax rules.

For instance, there is a patent on how to put stock options into a grantor-retained annuity trust. If a planner wanted to recommend such a strategy, he or she would have to get permission — or risk litigation.

Prohibiting tax strategy patents obviously drew bipartisan support in the Senate.

"Taxes are a responsibility we share, and tax strategies should not be hijacked and monopolized for profit," Sen. Max Baucus, D-Montana, chairman of the Senate Finance Committee, said in a statement.

"Tax strategy patents are increasing," said Sen. Charles Grassley of Iowa, the ranking Republican on the committee. "More and more legal tax strategies are unavailable or more expensive for more and more taxpayers."

We have to protect the right of taxpayers to have equal access to legal tax strategies. "Letters from many IARFC members were sent to Senators, and now we need to contact every U.S. Representative," said IARFC Chairman, Ed Morrow. Have you written?

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Leprechaun Redux

Last month's issue provoked an unusually large response. One person (of Irish descent) felt that the article was insulting and unprofessional. Two others, of similar background, found the article "charming" and "amusing" as well as "eye-opening."

In fact, the overwhelming majority of the mail asked to hear more about the income tax myth. So, although my accountant says I am oversimplifying, here goes. These are the five most relevant rules:

1. Medicaid is not IRS and IRS is not Medicaid. Their rules frequently contradict each other.
2. According to the IRS, anyone can give away up to $13,000 per year to anyone else and not even tell the IRS. The transaction is entirely tax free for both parties.
3. According to the IRS, anyone can make lifetime gifts of up to $1,000,000 to another person (or persons) without tax liability for either party. The only requirement is that the giver notify IRS. Of course, the recipient has to report income earned on the gifts received.
4. According to the IRS, at the death of the giver, all REPORTED gifts are totaled and added to the giver's taxable estate. IRS then subtracts $1,000,000 and taxes the remainder at a hefty rate.
5. According to Medicaid generally, almost all gifts cause ineligibility for benefits. More specifically, a gift of $500,000 (which could have absolutely no IRS consequences either now or upon the giver's death) would make the giver ineligible for Medicaid benefits for almost 8 years. Even a gift of $13,000, which doesn't even have to be reported to the IRS, would make the giver ineligible for Medicaid benefits for 2 months.

More Popular Medicaid Myths

MYTH 7: "The healthy spouse gets to keep half of the assets."

TRUTH: Medicaid counts all of the resources of the sick spouse AND the healthy spouse as of the day the sick one first enters a nursing home The healthy spouse is allowed to keep half of that amount, **BUT NO MORE THAN $109,560** or no less than about $21,000.

MYTH 8: "Once on Medicaid, you're **not allowed to sell your house**."

TRUTH: You are permitted to sell your house whenever you want, but sale of the house

could convert a temporarily exempt asset (a house) into a countable resource (money). Consequently, unless you know how to shelter the proceeds of sale of the house, you will lose benefits until all of the house money has been paid to the nursing home.

MYTH 9: "I can't get Medicaid because I have **too much money**."

TRUTH: You don't have to lose out on Medicaid because you have too much money – neither do you have to go broke. You just have to re-arrange your assets to comply with the twists and turns of Medicaid law.

Be good to your children. They'll decide what nursing home you go into.

Hal Fliegelman, Esq.

Hal Fliegelman, Esq. is President of Nationwide Elder Service Associates, LLC ("NESA") of Collegeville, PA. For the past 21 years, NESA has provided Medicaid Planning and VA services to over 800 Advisors in every state in the union. NESA's Team Concept and its on-line software enable Advisors profitably to offer Medicaid and VA planning services to clients without liability.

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When Great Customer Service Starts to Grate on Me

My hotel room was missing a TV remote. You know what I did? I put on a single TV program, jumped into bed, and then watched the whole thing including the commercials. The next morning I stopped at the front desk and told them I needed a remote.

When I returned to my room, I found a new remote on my pillow. End of story? Of course not.

My phone console's red message light was blinking. I ignored it because I didn't know anyone at the hotel and my wife didn't even know where I was staying in St. Louis. (She does have my cell number if she has to find me).

However after a few minutes, I surrendered to the flashing light and checked the message. "Mr. Reinfeld we're so sorry that you didn't have a remote last night. To make up for your major inconvenience we would like to offer you a 25% comp on a meal at our sumptuous dinner buffet or a free pay-per-view movie."

I wasn't hungry and I didn't have time for a movie, although I was tempted. I've always wondered what those super X-rated adult movies were really like. However, I ignored the offer.

I stopped at the front desk and told the lovely young lady that they were going overboard with their customer service. Why couldn't they have just replaced the remote and be finished? I didn't expect anything else. The extra message and free offer was more of a nuisance.

She responded: "Mr. Reinfeld we have customers who expect a lot of handholding. So we treat all of our customers the same way."

"Well I don't want that level of service." I said. "Please change my profile: no corporate quality assurance phone calls. And don't send me any follow up e-mail surveys either."

"But Mr. Reinfeld how will we know if you liked staying at our hotel?" she asked. And she sounded like she really did care.

"If I come back, then you'll know." I answered.

"But we want to do everything to ensure that you do come back. And that's why we communicate directly with you," she retorted. I felt I was participating in a high school debate and I was losing.

"How about creating a new level of service?" I suggested. "Call it 'we leave you alone.' It would be the opposite of the concierge service. You ignore me and I'll ignore you."

"We don't understand." She said. I wondered who 'we' was. But I was afraid to ask. She continued, "Our clients stay with us because they like the level of service we offer. It's our differentiator, our key value proposition, our mantra."

"Listen, I like staying here. I really do" I answered. "I'm a satisfied customer. Just leave me alone. Can't you add that to my profile in your database? 'And add that Mr. Reinfeld carries his own bag, and doesn't want anyone calling him by name."

She was flustered. I think she was ready to cry. "Today is my first day of work. I don't know what to do. I'm afraid to call my supervisor."

"You win. I'll take the dinner discount." I gave up.

"Thank you Mr. Reinfeld, thank you so much. Would it be OK if I call you Howard? We've gotten to know each other so well. My name is Karen." She said with a big smile, her tears long forgotten.

"Sure go ahead. As matter of fact my friends call me Hesh." I had given up all hope of anonymity. Could my day get any worse? I needed some fresh air. I headed towards the hotel front door.

"Hey, Hesh need a cab?" It was my new friend Dale the doorman.

Hesh Reinfeld

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