the Register

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Official IARFC Publication

www.IARFC.org

Keep Everything Clear and Simple

Mark Kanakaris

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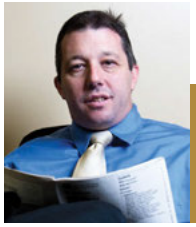
• IN THIS ISSUE •



On the cover:
Mark Kanakaris

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CE Update

Business Owner Consulting Workshop

Are you interested in CE?
The Business Owner Consulting Workshop now awards 7 hours of CFP® CE credits.

Attendance is Retroactive!
If you attended a workshop between January 2011 and now, you are eligible.

Application is Easy!
Send the following information to **susan@iarfc.org**

1. Date of workshop you attended.
2. Location (city) of workshop you attended.
3. Your CFP membership number or the last 4 digits of your Social Security number.

Questions?
Call 513 424 6395 x 306

CALENDAR OF EVENTS

Insurance ProShop Trusted Advisor Success Training
December 5-7, 2012
Dallas, GA

Business Owner Consulting Workshop
December 6, 2012
Tampa, FL

RME Sales & Marketing Super Cruise
January 17-21, 2013
Tampa, FL to Cozumel, Mexico

IARFC Board Meeting
February 22, 2013
Middletown, OH

Business Owner Consulting Workshop
March 21, 2013
Middletown, OH

IARFC CE@SEA™ Venice Italy to the Divine Mediterranean
May 25 – June 1, 2013

NEW IARFC MEMBERS

Lori Bensing, RFC®, CA
John W. Bucher, RFC®, IL
Louis Cook, RFC®, NY
Sean P. Hanson, RFC®, IN
Charles Hayden, RFC®, MI
Alan Lockhart, RFC®, MO
Carlos A. Rodriguez, RFC®, FL
Kenneth N. Scopp, RFC®, CA
Jordan D. Urshan, RFA®, MN
Mark D. Wendell, RFC®, CA
John M. Young, RFC®, TX

New International Members

China	89
Hong Kong	126
Indonesia	13
Poland	1
Taiwan	5

Members Who Recommended New Members

Referror of the Month
William Isaacs, RFC®

William Isaacs, RFC®
Jim Moss, RFC®
Lew Nason, RFC®
Simon Singer, RFC®
Daniel Urshan, RFC®

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

Troy V. Collins, RFC®
Redwood Shores, CA

Register ROUND UP

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

This month's Round Up question:
How has holding the RFC designation helped your business?

On the face value (just the fact that you have some designation) says that you have grown past the minimum requirement. This means you are willing to do more to keep yourself abreast of the regulations and markets which translates into your increased value to the client or prospect.

Les Anderson, IARFC President, MBA, RFC®
Dacula, GA

All of the designations help build creditability with your client. THAT IS, AFTER you explain what each one stands for. I explain to each client who I am associated with, what my credentials are, and how they help the professional effort I will bring to the table. Again, unless you explain what they stand for, your client will not know and probably will not ask. You must share with each client about the IARFC.

Dr. Bill Moore, Pharm D., CLU, ChFC, FIC, RFC®
Dallas, TX

COACHES CORNER

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

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

Wilma Anderson, RFC®
Long Term Care & Critical Illness
www.CriticalIllnessCoach.com
WilmaAnderson@q.com.com
720 344 0312

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800 472 3288

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212 426 1910

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877 736 7492

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866 725 0777 x201

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www.RedZoneMarketing.com
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From the Chairman's Desk…

Opportunity

Every New Year you have the opportunity to reflect on what you have achieved during the prior year, and to shift your focus in a slightly different direction. We all need to do this from time to time — as it relates to our business, our career and our personal life. What are some of the areas you might consider for your New Year Resolutions?

Don't make a Giant List! This is the most certain way to fail. If your Resolutions List is too long, it will be discouraging and you will come to avoid it — increasing the likelihood that you will not make the promises you have made for yourself.

Start with Something Easy. As I drive home every evening my radio is tuned to a local talk show station. I often listen to *Simply Money*, featuring local financial advisors Nathan Bachrach and Ed Finke. They have interesting guests and do a consistently fine job. But recently I have been leaving the office later and I catch the following show, Dave Ramsey, the denizen of debt. He just hates credit abuses. I don't agree with all of Dave's recommendations, but he makes one powerful recommendation to his listeners who are faced with lots of accounts payable, credit card debts and mortgages. Dave suggests increasing the payments and paying off the **smallest first.**

Emotion is More Powerful than Logic. We all know that from a mathematical stand point, the loan with the highest interest rate should be paid off first. Ramsey suggests paying off the smallest ones first (and not re-using them). Why? Because the consumer will see the list of debtors shrinking more swiftly, and be mentally stimulated, encouraged to increase debt payments even more.

Financial Consultant Resolutions

In our recent Business Owner Consulting Workshops we talk a lot about marketing services to a new group of clients who need and can afford your services. But we start with some of the fundamentals of marketing, not how you deliver the sizzle. I ask the attendees several questions. And I am sad to tell you the "Yes" responses are very few in number.

Do you have a written Business Plan?
Have you seriously reviewed it in the past year?
Do you have a Marketing Plan?
Do you a Desired Client Profile?
Do you know the number of your desired prospects?
Do you have a source of eligible names?
Are you drip marketing to all referrals?

Time Allocation Resolution

Often you have completed a course or workshop and realize there is a new or expanded market for your services, one that might elevate your average size client. You decide to enter/approach this market — but don't decide exactly when you'll do so. What happens? You procrastinate! Or you are distracted by other, less important, events. Suddenly you realize a year has gone by and you have not followed up on your good intentions. Furthermore, the steps to be taken are less clear now.…

What's the solution? Allocate a specific time for this new market. Perhaps it should be Tuesday morning or Thursday afternoon. Plan for nothing else in that time slot. Apply what you have learned to enter that rewarding market.

Segregate Your Materials

Suppose that by reading an inspiring article, or attending a conference or workshop, or inspired by the recommendation of a friend, you decide to enter a high potential new market. This might be offering your services to a nest of retiring school teachers, large tract farmers, or business owners with 10-50 employees in your county. Place all the materials relating to this market into one brief case. See what else is available from local organizations or specialty publications.

If you haven't made some progress each week, carry your Target Briefcase home, and set aside weekend time to move forward.

Start with the Small Steps

In many new markets you will need to modify your initial materials. These are easy steps, like editing the approach letters and agenda. You will also want to customize any PowerPoint presentation with your name and designations, your firm name and edit any references to fees. You can also review and edit any agreements or illustrations if needed. Don't tackle something that could take a lot of time, such as revising a process flowchart. You are getting ready and now need a field test.

Taking Baby Steps

Ramsey uses this term for executing the simple items first. Maybe you can practice your opening presentation with an associate, a family member, or a business practitioner, like your attorney or accountant. This is a no stress procedure…you're just practicing. But one financial consultant practiced on his cousin, a local attorney with a big divorce practice. The cousin said, "This is great, I need this for my firm! When can we get started?"

Don't send out large mass mailings, maybe send 20 per week until you have 60 prospects receiving your drip mailing. Then about 4-6 weeks later, you can start your low pressure phone calls. After all, you just want to "Share some techniques that are helping other _____ (prospect category) to reduce their taxes and achieve greater peace of mind…."

Back to the Beginning

If you weren't able to indicate "Yes" to some of those questions at the start of this article, then you have a bit of extra homework to get caught up. But don't be concerned — start with the easiest one first!

Contact: 800 532 9060
edm@iarfc.org
www.iarfc.org

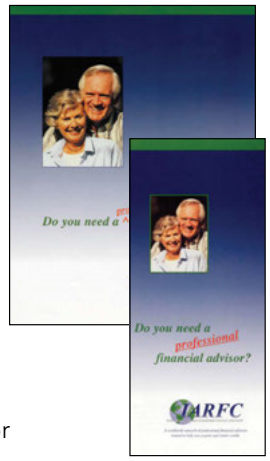
IARFC Brand Building

Item #SG104 Image Building Brochure – 3 panel, 8.5"x 11" letterfold, full color

Quantity Pricing

50	100	200	500
$20	$36	$65	$150

Purchase flat and we will send you the template for imprinting electronically.



Item #A102 Consumer Brochure – 4 page, 8.5"x 11" full color

Quantity Pricing

50	100	200
$25	$40	$78

Item #A103 Consumer Brochure – 3 panel, 8.5"x 11" letterfold, full color

Quantity Pricing

50	100	200	500
$20	$36	$65	$150

Purchase flat and we will send you the template for imprinting electronically.

#SG102

#SG105

Referral Cards (Client and Business)

2-sided, 8"x 3", full color

Item #SG102 (Client)

Item #SG105 (Business)

Quantity Pricing

250	500
$40	$75

#SG103

#SG106

Information Request Cards (Client and Business)

2-sided, 8"x 3", full color

Item #SG103 (Client)

Item #SG106 (Business)

Quantity Pricing

250	500
$40	$75

Item #		Quantites Available	Quantity Desired	Total Cost
SG104	**Image Building Brochure** – 3 panel, 8.5" x 11" *circle for flat*	50, 100, 200, 500	_____	_____
SG102	**Referral Card (Client)** – two-sided, 8" x 3"	250, 500	_____	_____
SG105	**Referral Card (Business)** – two-sided, 8" x 3"	250, 500	_____	_____
A102	**Consumer Brochure** – 4 pages, 8.5" x 11"	50, 100, 200, 500	_____	_____
A103	**Consumer Brochure** – 3 panel, 8.5" x 11" *circle for flat*	50, 100, 200, 500	_____	_____
SG103	**Information Request Card (Client)** – two-sided, 8" x 3"	250, 500	_____	_____
SG106	**Information Request Card (Business)** – two-sided, 8" x 3"	250, 500	_____	_____

Subtotal_____

Ohio add 6.5% tax_____

Shipping and Handling_____

Total_____

Please print or type information below.

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First Name Last Name

Firm or B/D

Street Address

City State Zip Code

Phone

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U.S. Only Shipping Rates

$0 to $10.00	$10.00
$10.01 to $50.00	$15.00
$50.01 to $100.00	$20.00
$100.01 and up	$25.00

Shipments are sent UPS Ground

Payment Information:

☐ Credit Card ☐ Check made payable to IARFC

Credit Card # (Discover, MasterCard, Visa, AmEx) Exp. date

Signature

PLEASE MAIL OR FAX THIS COMPLETED FORM

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The Key to Success in Four Simple Words

Ponce de Leon was searching for the fountain of youth, Christopher Columbus was seeking the new world, and Marco Polo was looking to find riches in Asia. As financial professionals, we too are hoping to find our own pot of gold at the end of a rainbow. While I can't give you the exact location of your pot of gold, I can give you the most likely avenue to use to get near it. That avenue is made up of four simple words, **Who, Where, Say** and **Leverage.**

These four words are the basis for your success in prospecting in the financial services industry. By knowing and using these four words and the concepts attached to them you will be on the road to the pot of gold that is profitability and enjoyment. But, it can't be as simple as four words, can it? Yes. If you understand the four words and use them properly. Remember that words are containers of power. They can make us do things, make us stop doing things, make us feel things, make our lives better, and make us better at doing our jobs.

The first of these words, "who", is the starting point for any advisor. Who is a prospect for you? Who needs and wants your services? Who can afford your services and with whom do you want to do business? By first learning the "who", you start to make inroads in the marketplace and start to gain the foothold you need to be more successful. Without knowing "who", there is no point in going any further in your prospecting activities.

But wait, there's more. We cover these questions and much more in the Financial Planning Process course and in some upcoming webinars that I know you'll find valuable. Want to know more about these words and how you can use them to improve your sales? Give me a call or drop me an e-mail and I'll share some important info with you that could change your business.

Jim Lifter, MBA, RFC®

Jim Lifter, MBA, RFC®, the IARFC Education Director, has an undergraduate degree from The Ohio State University in Marketing and an MBA from the University of Dayton. Jim is responsible for coordinating the development and distribution of the IARFC educational courses. As the Director of Education for the IARFC, it is Jim's responsibility to help ensure the continued success of the association. As a part of that mission Jim is diligently leading the efforts for achieving third-party recognition and accreditation for the IARFC. For details on the accreditation process and the work being done please contact him.

Contact: 800 532 9060 x 312
jim@iarfc.org
www.iarfc.org

Profile Interview

Mark Kanakaris, RFC®

Keep Everything Clear and Simple

How did you enter financial services?

In 2004 I was working as a senior accountant for a major defense contractor in their tax department. My employers lost their major contracts resulting in a massive layoff. Because of those circumstances, I focused on my strengths which included knowledge of business and personal taxes, plus financial planning. I began an independent practice at that time based upon my expertise in these fields.

Describe your educational background?

I have a well-rounded knowledge set composed of Bachelor's Degree in Economics, Accounting and Philosophy. My work in tax accounting allows me to clearly and precisely communicate problems that arise in the computations of my clients personal taxes.

What were your early job responsibilities?

My early work duties included fixed asset management and filing corporate tax returns, as well as ad valorem returns for a large manufacturer. These took quite some time to prepare and were so large in many cases that I had to file extensions to complete the returns accurately.

On-the-job experience taught me that the more complicated, technical, lengthy and confusing a project — the more likely that project was to be inaccurate. I quickly developed the habit of keeping all things as simple, understandable and brief as possible. Today, teaching my clients to understand what the problem is helps them to take the necessary steps to change that problem. Most people agree taxes will stay on the rise and realize if they don't act now, they will pay for it later.

Were you successful at first?

Our success grew rapidly during our first three years. There is a steep learning curve for this specialty discipline of financial planning with an emphasis on tax management. Having the economics and accounting background made it easier for me to understand relevant factors that confused many clients. I still had to learn about selling our services, dealing with specific target markets and what was important to most families.

What helped to grow my practice was to partner with local estate planning attorneys Brett Ladd and Karen Sacandy. I even went so far as to share office space with them thus reducing my overhead and giving me a receptionist to answer the phone. Now, when I realize my client needs a trust or corrected will, I walk them 4 feet to Brett or Karen and kill 2 birds with 1 stone.

I also realize that clients know when you tell them the truth. They may not understand every intricacy about a tax code or financial product, but they know from how you deal with them that you understand and can show them how to stop, fix or more importantly prevent a problem.

Most of the time when you just explain what is going on with their particular situation; they will tell you how no one has ever covered this with them. They were completely unaware. It is a shame how little people understand when it comes to their taxes and finances and how much bad information is out there. I strive to be a source of honest information and communication.

What or who influenced you the most?

I cannot say that it was only one person who influenced me, rather a culmination of all the books I have read. From people like John Maxwell to Napoleon Hill and even Jack Canfield — I still reread their books and spend time every day advancing my knowledge in my career field and in my personal relationships.

What were your major obstacles?

My major obstacles I think (and the same for most RFCs), involved clients and money. If I had no clients, I had no money. Our profession can break you fast. But, perseverance and activity can help tip the odds in your favor. At times, the thought of returning to corporate America would have made life easier for my family. But that is not me. I am a leader not a follower. However, I carefully heed the advice of my trusted advisors. I don't know everything and do not claim to.

Having mentors who can show you the way to a successful practice is worth 100 times more than what you may pay for it - especially when running a tax practice. There are plenty of ways for things to go wrong. But when you have someone who can help you keep your procedures straight, things run smoothly. My understanding of how to read a tax return, really opens my eyes to what is going on in my clients financial life. This helps me make meaningful changes in their lives.

Tell us about your current practice?

I own and operate Cherokee Tax Group in Woodstock, Georgia in partnership with a local attorney. Together we can complete true financial planning. So many advisors sell products but do not take the time to properly understand the whole picture. They make the sale, then run out the door as fast as they can before the client changes their mind and hide out until the wait period is over. It takes 3 to 6 appointments to

"Above all, we always try to keep everything clear, simple, and easy-to-understand. We make an effort to get to-the-point and give straight answers. I try to respond quickly and to maintain constant communications with both my highly valued clients, and my sought after prospects. I believe complicating, or big-dealing anything, only creates confusion, delays, or problems. For me KISS stands for Keep It Super Simple."

engage a new client. This allows me to see the inherent problems with their circumstances. I am able to do so much more for the client and hear all of their concerns. We also spend the Fall doing tax planning so my clients can take advantage of all the opportunities available to them. Clients appreciate the amount of interaction we provide. When you take the time to put together a comprehensive tax and financial plan for the client, they clearly see your efforts and the resulted benefits. They then are quick to refer me to people in their inner circle.

How do you market now to acquire new clients?

I still find that direct mail is the best method of acquiring new clients. Diligently, I try to exceed expectations and get referrals — but right now acquiring a flow of referrals seems to be slow albeit building. Giving seminars is great for some, but I did not have the desired returns at this time. But I am going to do different seminars and see if they are more receptive.

What are your major frustrations?

This is not a get-rich-quick industry. We do not follow the financial industry's self-proclaimed gurus that offer sales secrets or marketing magic. But, you can become quite successful — with a proper marketing plan and a proven personal brand-building program for your region — provided you execute these and stick with them.

Tell us about your business continuation plan?

My plan is to build a practice large enough to pass on to my two sons. Luckily, they are young, so I have enough time on my side. I could also sell my practice now for three times its gross but I prefer to leave my practice as part of my family legacy.

What feature or benefit of the IARFC has been of the most value for you?

The credibility of being an RFC cannot be quantified. Compounded with my tax and accounting training, it makes for an awesome combination. Displaying the IARFC membership certificate on my office wall reassures my clients and prospects who visit that I am someone worth listening to.

What do you see for the Association in the future?

I think more advisors should flock to the IARFC to qualify and join. There is no other way to compete with agents selling stocks and bonds when credibility is an issue. I feel credibility is a major key with clients and the IARFC designation trumps that problem.

What should financial advisors be doing to give back to the community?

Get involved! I am an active member of two local volunteer civic groups. One assists our seniors and the other raises funds for community improvements for youth. I am a leader of my church financial committee and I volunteer at a food pantry for the area needy.

What do you advise an RFC to concentrate on?

Get your series 65. I know there is a lot of controversy on this but from a credibility and legal view, you must have a 65 to stay compliant and be most competitive in your marketplace. RFCs need to spend more time showing the clients the tax perspectives on investments.

What's looming on the horizon for our profession?

More regulation for sure. The Dodd-Frank act will see to that. I also think more aggressive fixed annuity products will become available which will help us diversify our client's portfolios.

What do you wish you had done, early in your career?

I wish I had found a reliable lead source to stay in front of more prospective clients. That is very important. I would have worked at achieving my series 65 much earlier which would have opened many more doors allowing me to advance more rapidly.

What have you done to create a reputation in your professional practice?

I hired Forrest 'Wally' Cato of Cato Makes you Famous. Wally has made all the difference to me in getting my name out in the community thus building my own credibility. It was having an publicist in my corner telling me what to do, and then just doing it. Newsletters help me stay in front of my clients and bring in some referral business. Anyone can give that flier to someone else who can then call me for an appointment. In addition, I display my educational qualifications and my career achievements on my office walls for my clients to see.

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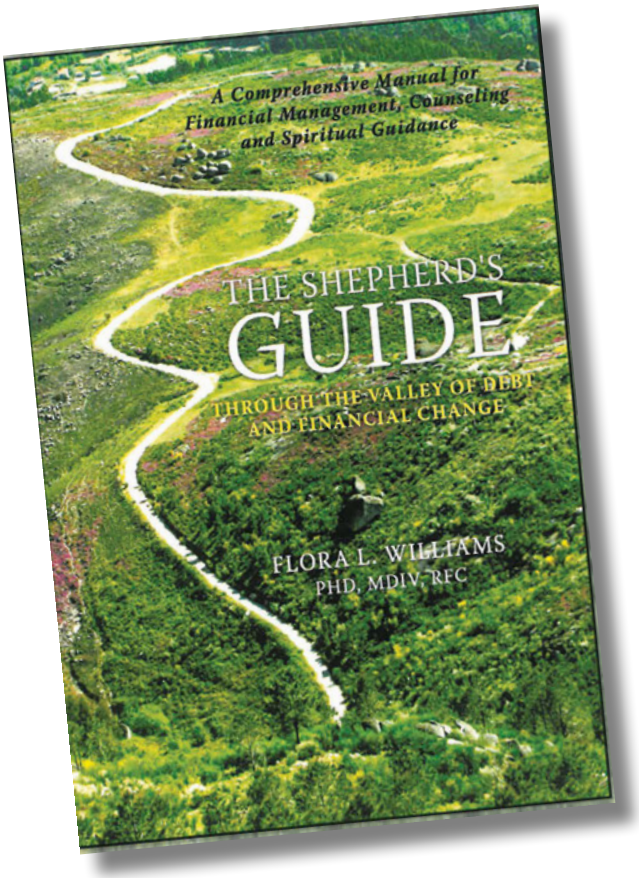
Book Review

THE SHEPHERD'S GUIDE

Through The Valley of Debt And Financial Change

author

Flora Williams, Ph.D., MDiv, RFC®



In today's uncertain economic environment, many consumers are facing financial challenges as they navigate the financial marketplace. While there are many useful financial education and literacy programs available, few, to date, have taken a systematic and scientifically grounded approach to literacy outcomes incorporating a spiritual perspective. What Dr. Williams has developed is important. Her approach to financial counseling and education is founded on applied academic research. This makes her program different from others who profess to enlighten financial behavior with spiritual insights. It is not uncommon for competing programs to be little more than new age products that rely on simple solutions and quick-fix sermons. By combining financial counseling solutions with a spiritual perspective, Dr. Williams has made financial literacy accessible to thousands of individuals and families who might otherwise not seek help for their financial troubles. Although her unique perspective and approach may not meet the needs of all Americans in financial crisis, her program certainly has the ability to help those searching for spiritual based financial solutions.
—John Grable, Ph.D., FSHS, RFC®
University of Georgia

The *Shepherd's Guide Through the Valley of Debt and Financial Change* by Flora Williams has been an extremely helpful resource for the Ministry Excellence Project. The project is funded by the Lilly Endowment, Inc and contributions from the Northern Indiana and South Central Indiana Districts of the Church of the Brethren. The overall goal of the project is to remove some of the major economic barriers that cause stress on pastors and interfere with their ministry effectiveness and personal well-being. Project goals target key initiatives with both pastors and congregations. Flora William's book has been utilized as a text for the project's annual financial planning retreat for clergy. Numerous participants have commented on helpful material in the book that enabled them to think about how their faith values become the foundation for a family financial plan. The book has also enabled pastors to more clearly articulate their role as a financial shepherd of their congregation. Flora has drawn on her career as a financial teacher to share a wealth of information that is valuable to anyone wanting to think about how faith and finances intersect in a concrete and specific plan.
—Dr. Barry A. Belknap
The Ministry Excellence Project, Indiana

I am pleased to write about using *The Shepherd's Guide* in our Responding to Financial Crisis workshops. In 2009, we conducted a survey with the Extension Agents in Tennessee to determine the most pressing needs for financial information in their communities. We also surveyed the types of support needed by the faith community by interviewing faith advisors. Faith leaders told us what was new about this financial crisis — that they were being asked for more counsel and help by their own congregants. Often, the faith leaders felt awkward and unprepared to delve into the personal lives of their own congregants, but needed for financial information to assess need and decide how to help in the most appropriate ways. Faith leaders also felt the need to offer more intensive long term support to their own congregants. We found *The Shepherd's Guide:* A Comprehensive Manual for Financial Management, counseling, and Spiritual Guidance to be a solid source of help for both issues and I encourage use of *The Shepherd's Guide* to assist community and faith advisors in this.
—Dr. Dena Wise
Professor and Extension Specialist, University of Tennessee.

About the author: **Rev. Dr. Flora Williams** has 32 years at Purdue University teaching and research, 25 years directing a financial clinic, study at Bethany Theological Seminary earning a Master of Divinity, counseling, money coaching , and 20 earlier books.

It is available at Amazon or direct at:
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Windows 8

The fabulous new operating system from Microsoft and why you may want to avoid it!

The day before release of the new operating system from Microsoft, CEO Steve Ballmer said, "We've reimagined Windows and we've reimagined the whole PC industry." Skeptics abound however, and there are many reasons.

Foremost among skeptics are those who follow the folklore that Microsoft does not get it right until after the first two or three tries! They will probably consider a purchase only **after** Service Pak 2 is released. Others may be rightly concerned that their existing software or attached hardware will have problems working in the new environment. While we have seen incredible advances in technology over the past years, too many of us have felt the growing pains that accompany the advances.

We have been experimenting with Windows 8 for more than two months now and we are prepared to give you our Tech Tips for RFCs on this new operating system: **The advice is simply to wait a while.** Read on only if you need details and explanations.

What we like:

Windows 8 is very bold and very fresh — of course, that makes it very different as well. A first time computer user will have fewer problems with this new operating system than many of us who grew up with XP and graduated to Windows 7 with a less than desirable experience with Vista. To use Windows 8 you will need to unlearn some of what you have grown accustomed to over many years. When you do, you will find an operating system very similar to the system on your smart phone. And of course, that is Microsoft's goal: to build a system that will provide the user a seamless transition from Tablet to Phone to Laptop to PC. Dan Costa, of *PC Magazine* said it well, "Windows 8 wasn't made for your laptop. It was designed for that weird hybrid thing that you are going to buy next."

There are "tiles" for the apps. Not icons but rather rectangular boxes — some will even show live data before you touch or click on them. Smart phone users and texters will be right at home.

Microsoft knows that more of us are using multiple monitors so Windows 8 will better support those options. Cloud integration is easier too. The built-in SkyDrive app makes it easier to store and retrieve from the cloud. There is a long list of these enhancements. Many of which you will learn about from the new advertising campaigns – Microsoft is betting the ranch on this system and you get all this for only a $39.99 upgrade from Windows XP or later. The versions are simpler as well starting with the basic Windows 8. Windows 8 Pro adds some corporate support for joining domains for example and it adds support for Windows Media Center. Windows 8 RT is the version you will find on tablets including Microsoft's own Surface.

What we don't like:

Some older PCs will not be compatible. You can easily check by downloading and running the Upgrade Assistant from Microsoft website. (http://windows.microsoft.com/en-US/windows-8/upgrade-to-windows-8) And as we said before, some users will not be compatible! If you remember the

challenges you encountered going from Office 2003 to Office 2007 — this is exponentially worse! Heck, not only is the start button missing, the desktop is hard to find.

While we like the interface with touch screens, some of the features are more difficult when using a keyboard and mouse. If you are looking for a new laptop, be forewarned that many will **not** have the more expensive touch screen. In late October, we tried to buy a Dell laptop with Windows 8 and a touch screen to take full advantage of Windows 8. The Dell online salesperson told us, "maybe sometime soon." Manufacturers, sensitive to the added cost of touch screen hardware and unsure if Windows 8 will indeed drive the demand for this feature, are apparently playing a wait and see strategy.

If you are comparing the lists of pros and cons, you are correct to conclude that the list is heavily weighted to the things we like. But we're stubborn and sometimes slow to adapt and adopt. You may be similarly inclined and we think that is a good stance - for now.

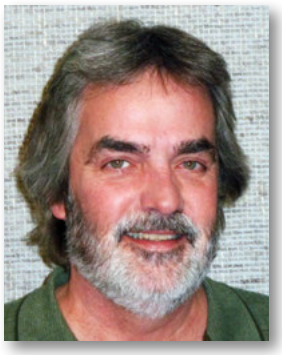
Why we will change our minds:

One of the most compelling arguments for Windows 8 is its association with Microsoft's very first venture into manufacturing a computer — the new Surface. As we have supported financial professionals over the past few years, more and more have clamored for a tablet that would play nicely with their office PC.

The impact of the iPhone and iPad are felt over our industry just like any other. The difference is that unlike music or the arts, business computers are predominately not Apple.

The Surface may change all that and so we will be testing one soon. Watch for a column comparing the iPad and the Surface. In addition, we will be looking for the first Windows 8 Service Pack as well.

Meanwhile, if you are hanging on to Windows XP… Now is the time to move to Windows 7. It has proven itself and moving now will soften the burden of your ultimate journey into the present.



Randy Kriner

Randy Kriner has been a software support specialist for Financial Planning Consultants, Inc. since 2007. Randy has over 28 years experience with computers, including hardware and software support. Randy is a lifetime resident of Middletown, Ohio.

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Fiduciary Standard?

The headline reads: "Wall Street wins big as Dodd drops fiduciary provision." And the first line of that article is "Chalk it up as a win for the securities and insurance industries." How do the securities and insurance industries *win* when the client loses?

It's a fascinating way to view the world, but not surprising. Here's my translation, "The lower the standards, the easier it is for us to manage our advisors, wealth managers, salespeople and agents." It's the usual product-oriented, fear-based thinking from our industry at-large and it's proves, once again, that you have a competitive advantage as an individual Trusted Advisor who chooses to put the client first. Can you believe what you just read: *You have a competitive advantage by putting the client first?* Yes, you do. Doesn't everyone put the client first? Apparently not. Amazingly enough, our industry considers it a win when they don't have to adopt the highest standard–of–care for their clients. Wow. Here's what Wikipedia has to say about Fiduciary.

A fiduciary duty is a legal or ethical relationship of confidence or trust between two or more parties, most commonly a fiduciary and a principal. In a fiduciary relation one person, in a position of vulnerability, justifiably reposes confidence, good faith, reliance and trust in another whose aid, advice or protection is sought in some matter. In such a relation good conscience requires one to act at all times for the sole benefit and interests of another, with loyalty to those interests.

A fiduciary is someone who has undertaken to act for and on behalf of another in a particular matter in circumstances which give rise to a relationship of trust and confidence.

A fiduciary duty is the highest standard of care at either equity or law. A fiduciary is expected to be extremely loyal to the person to whom he owes the duty (the "principal"): he must not put his personal interests before the duty, and must not profit from his position as a fiduciary, unless the principal consents. The word itself comes originally from the Latin fides, meaning faith, and fiducia, trust.

Sounds like the perfect standard for the kind of advisor you would probably choose if you were a client, doesn't it?

A group of top advisors and industry leaders formed a committee called "The Committee for the Fiduciary Standard" (www.thefiduciarystandard.org).

The message on their website reads: When the Committee formed, we spoke out on the important issue of ensuring that investors' best interests are number one in financial reforms, by adopting the five core principles of the authentic fiduciary standard. These five principles are:

1. Put the client's best interest first.
2. Act with prudence; that is, with the skill, care, diligence and good judgment of a professional.
3. Do not mislead clients; provide conspicuous, full and fair disclosure of all important facts;
4. Avoid conflicts of interest.
5. Fully disclose and fairly manage, in the client's favor, unavoidable conflicts.

What are the advantages of being an advisor who adopts the fiduciary standard, even informally, as a matter of choice?

1. Fewer, if any, conflicts of interest. Wouldn't it be great to have no conflicts of interest to disclose? If you were a client, would you rather have a Financial Advisor who fully discloses her conflicts of interests or a Financial Advisor who does not have any conflicts of interest to disclose? No matter how much your clients trust you now, the relationships shift up to the next level when you take the fiduciary approach. They were always confident you had their best interests at heart and now they know it for certain.
2. Confidence knowing that you have voluntarily chosen to operate at a higher standard than your peers and "competition." What impact would this higher level of confidence have on:
   a. Your client interactions?
   b. Your effectiveness in asking for referrals?
   c. Your effectiveness in how you follow-up with your referrals?
   d. How you answer the question, "what do you do?"
   e. Your value proposition?
   f. Your entire way of being in every prospect and client interaction?
   g. Your effectiveness in partnering with other professionals such as accountants, lawyers, and money managers to serve clients?
3. Employee morale and loyalty. Even in difficult economic times, the core motivators beyond the paycheck determine the true value you gain from

your employees. Most human beings would rather be part of an organization that stakes out the higher ethical ground as part of their defined business practices.

4. Compliance simplification. It's very obvious to your internal compliance officers and/or the regulators who are looking for client situations where you have conflicts. When they don't exist there's no reason to spend more time in your office, to keep digging, or engage in endless follow-ups.

What other advantages would you have if you adopted the fiduciary standard?

Maybe it's a good thing for you that the industry fights the fiduciary standard. As long as they do, individual advisors who adopt the standard have a competitive advantage. Enjoy it while it lasts.

Bill Bachrach, CSP, CPAE

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

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#1 Risk Management Strategies for the High Net Worth Individual

part two

High net worth individuals have their own set of issues that planners need to address. This article continues our discussion.

Titling Property

How property is titled is important in asset protection planning as well as in estate planning. Tenancy in common offers no protection from creditors. Joint tenancies can, under some circumstances, provide limited protection in some states. Tenancy-in the entirety, between husband and wife can, in many states, partially insulate an asset from creditors while in some states it offers absolute protection. Joint bank accounts can be particularly dangerous because the creditors of one owner may be able to seize the entire account. Joint ownership — as with motor vehicles — also produces liability against both owners. Ownership should be in the name of the less vulnerable owner. Community property laws can protect marital property from the claims of creditors of either husband or wife, but not creditors of both. Conversely, creditors of one spouse can proceed against the property of that spouse if purchased before the marriage. Holding property in one's own name is almost always a mistake because it creates the greatest exposure to creditors. However, in some situations — as when real estate in your state is homesteaded — holding property in your name may be the safest strategy.

It is also important that one's business not own valuable assets. These assets should be owned by another entity or by the business owner unless the owner has guaranteed business debts. Another strategy is to place a "friendly" mortgage on business assets as the mortgage indebtedness will be first in line against other creditors.

Acting as a Director

High net worth individuals who are corporate directors engage in a hazardous pursuit. Directors incur civil and criminal liability in a wide number of ways, most of which go beyond the negligent management of the corporation. Director negligence, however, still remains the most frequent cause of liability, particularly among directors of publicly-owned corporations. Corporate directors can be liable for declaring improper dividends, making "insider" loans to officers or shareholders, unpaid taxes, improper payments on dissolution, securities violations, ERISA transactions, anti-trust violations, civil rights and discrimination violations, and environmental law violations. Accordingly, every corporate director should be indemnified by the corporation for any suit brought against him or her and the corporation should obtain director liability insurance with at least $ 1 million coverage per occurrence and with $ 5 million or more for larger corporations or for those posing excessive risk. Careful attention should be paid to the policy exclusions and deductibles.

Creating an Asset Protection Plan

High net worth individuals should put in place an asset protection plan well before there is any hint of trouble. Claims must not exist when an asset protection plan is created as this could constitute deliberate fraud or the intentional avoidance of creditors.

Asset protection is not used to hide assets. This does not work and can constitute a crime. Nor is it an excuse to defraud existing creditors or a scheme to evade taxes. The primary purpose is to create distance between the assets of high net worth individuals and future creditors. It can result in the opportunity for favorable compromises.

Properly practiced, asset protection is not illegal. While there are those who consider it improper to shelter assets from those who can make a rightful claim to them, others believe there is no obligation to expose assets where it is legally permissible to protect them. There is no compelling reason to participate in a legal lottery where one can lose all they own.

Using Limited Partnerships

A limited partnership, once used primarily as a tax shelter device, is one of the most effective devices for asset protection purposes because it offers two unique and highly beneficial features:

1. The general partner retains total control over partnership assets.

2. Assets placed in the partnership are safe from the creditors of any limited partner as long as the limited partners refrain from management participation. Even slight management participation can render a limited partner liable. However, a limited partner may work as an employee or independent contractor of either the limited partnership or the general partner, vote on amendments to the partnership agreement, guarantee partnership debts, and vote on: dissolution of the partnership; sale, lease, exchange or encumbering of assets outside the ordinary course of business; changing the nature of the business; or removing a general partner.

Using Trusts

Another favorite device for asset protection is the use of trusts. Some are used to keep assets private and out of the probate court. Others serve to hold property for minors or incompetent adults while others reduce or eliminate taxes. There are also trusts to protect assets against litigation, creditors, divorce, or other claims. Asset Protection Trusts (APTs) are usually irrevocable and the trustee must be someone other than the beneficiary. The transfer of assets to an APT must be made under such circumstances that it cannot be set aside as a fraudulent conveyance. Because the irrevocable APT deprives one of control, one also loses the right to receive income and to sell or dispose of the property. Only those individuals who have sufficient additional assets or independent sources of income for financial security after transferring assets to an APT should consider such transfers.

Generally assets placed in revocable trusts are not protected from creditors. However, a few states provide that in the absence of a fraudulent transfer, the grantor's creditors cannot reach the conveyed assets, even though the grantor reserved the right to revoke the trust and income from the trust. In most states the outcome depends on whether the grantor retained a general power of appointment as to the remainder, coupled with a life estate. In those states, and probably all states, it is unwise to retain both powers.

Experts recommend combining APTs with Family Limited Partnerships (FLPs). This technique involves setting up a U.S. partnership with the high net worth individual or couple as general partner with perhaps only a one percent share and also being limited partners owning the balance of the partnership. Accordingly, the individual or couple has no direct voice in the day-to-day affairs of the partnership. Partnership assets can remain close to home and under the owner's control.

To create the APT, the limited partners transfer their 99 percent limited partnership shares to a family trust which has as a sole trustee a foreign individual or organization. The beneficiaries of the family trust are the individual or couple establishing it, their family and, perhaps, a charity. The high net worth individual or couple might be the "trust protector" which is someone who owns the right to veto actions of the trustees and appoint new ones. As a result, all trust assets in this arrangement are directly or indirectly under the control of the high net worth individual or couple.

In the event of a creditor legal judgment against the high net worth individual or couple, the trust requires that partnership assets be removed from the U.S. and shifted to the offshore trustee in a foreign location. The effect is to place the creditor under the control of the law where the trust is located, and normally, he or she will be required to actually institute a new lawsuit. Most likely the expense and burden of proof will be prohibitive. The result is often a rapid, reduced settlement of the lawsuit.

This partnership/trust structure is most useful for those who have financial exposure such as physicians, dentists, attorneys, architects, engineers, financial advisors or other professionals concerned about malpractice; land developers and real estate investors; board members of corporations or those contemplating marriage. This type of planning can help to reduce expensive premiums for malpractice, errors and omissions, or liability insurance. An asset protection trust can maintain assets for one's personal benefit and even pay one's bills.

Another type of irrevocable trust that can provide meaningful asset protection is the "wealth trust". This type of trust permits the trustee to invest in real estate and allows the beneficiary use of trust property. Once the trust is funded, the trustee invests in a desirable property which is used by the beneficiaries rent-free. If the property's value increases, it can significantly shift wealth from one generation to another. If one's children (or grandchildren) who occupy the property go through a divorce, the property will remain protected from spousal claims. Also, creditors of either the grantor or the beneficiary are unable to reach the property.

In general, when trusts are used for asset protection purposes, consider the use of multiple trusts with different trustees and out-of-state trusts. Transfer assets to the trust gradually, add a preamble to each trust stating its purpose (such as estate planning, rather than with the intent to place assets beyond the reach of creditors), and consider the use of multiple beneficiaries in addition to the grantor (rather than the grantor alone).

Summary

A sound Asset Protection Plan requires understanding and support from those who have an interest in your financial affairs. This would include a spouse, other family members, trusted friends, trustees of trusts, executors of one's will, and possibly even business partners or key associates when business assets are affected. Candid explanation of one's proposed actions will usually result in their understanding and cooperation.

Jeffrey H. Rattiner, CPA, CFP®, MBA, RFC®

Jeffrey H. Rattiner, CPA, CFP®, MBA, RFC® has been a fixture in the personal financial planning profession for more than 25 years. As a leading educator, author, practitioner, and industry organization executive, he has experienced financial planning from a perspective most of us have never seen up close. He worked at three of the major membership and licensing organizations for our profession and runs a small tax and financial planning practice. Jeff keeps himself very busy. He has written many books, edited industry trade journals and newsletters, been featured as a columnist in various trade publications, and has been a featured speaker for many years on a host of very important topics in our profession.

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Mental Marketing

Investor Psychology —

How to read people in 5 seconds!

Here's the scene: A prospect comes into your office; let's call him John. You shake hands and offer John a seat. Stop. At that point, what do you know about him?

Chances are, you know very little: name, approximate age, race, degree of fitness, and taste in fashion. So, the questions are:

- How are you going to use any of that data to help him?
- How does any of that help you do your job?
- How do any of those facts help you get a new client?

The answer to all those questions is: They don't help you. They're as valuable as knowing John's shoe size.

What would you like to know about him?

- How much wealth he has? How is that going to help you connect with him? You can't invest until you connect, right?
- Does he already have an advisor? Irrelevant. At this point it's all personal.
- Why is he in your office? Perhaps — but, unless you can quickly develop rapport and trust with him, you'll probably never get him to answer those questions.

So, the real question is: What can you find out about your prospect in five seconds that will help you develop rapport and build trust?

This may surprise you: In five seconds, you can know enough about your prospect to make an accurate guess about how he organizes his sock drawer!

In just five seconds, you can learn these things:

- If he has a family, or if he's self-focused.
- If he is able to make a decision, or if he's going to waffle.
- If he's judgmental.
- His values, communication style and decision-making style.
- You can know (and name) more things about him than his wife can.

And, all it takes is five seconds.

Backstory. Many years ago, I was teaching classes in social styles and personality types. One day, I noticed something truly amazing. I realized I could determine the personality type of almost anyone — just by reading simple cues on that person's face.

I can look into faces and see what's important to those people. I can see how they think. I can see the conflicts in their minds. I can see where some of their confusion comes from. It's as clear and vivid as a photograph.

The common push back we hear from the advisors we train is that those cues on faces are just the result of gravity and age. Wrong.

Here's how it works. Lines form for one specific reason — you make the same faces throughout your life. When you get excited, you make your Wow face. When you feel affectionate, you make your Warm and Fuzzy face. When you're thinking, you make your Intense face. You always make the same faces to express what your mind is doing.

Knowing that, doesn't it make sense that the facial expression you make most often will produce the most prominent lines? We teach our clients how to read those lines.

Here's how you can use this knowledge:

The obvious application of this face reading skill is to get new clients. But, that's the low-hanging fruit. How else can you use it to build a more successful practice?

Scenario One — new advisors. Imagine you're a manager and you're responsible for the success of new advisors. What advice do you give them that will help them gain more clients in less time? Would you tell them to start making cold calls? Go to the

mall and solicit everyone you see? Present themselves as all things to all people?

If your business lives or dies by the quality of your client relationships, then it stands to reason that you would focus on building quality relationships. And, it stands to reason that you would want your new advisors to learn the specific skills for doing exactly that.

The most important relationship–building skill is your ability to read the person in front of you. That's what tells you how to adjust your communication to match that person.

Scenario Two — relationship managers. Imagine you're a manager of several investment teams. All the team members are brilliant tacticians and technical professionals, but like many brilliant people, they lack the right kind of people skills. Thus, you decide to hire a relationship manager to help all your teams build close client relationships. What skills do you look for in a relationship manager?

If you're like the other managers we've encountered, you don't know how to answer that question. "Uh, good organization, self-starter, can work in a hectic office, knows the latest software…." See anything in that job description to indicate you're going to get someone who knows zip about the psychology of building profitable client relationships? No. While all the relationship managers we've met are highly organized, very few know the specific steps that build a relationship.

Scenario Three — office manager. Let's say you need to increase the effectiveness of your office. How do you do it? The one area that is consistently neglected is the training of your office manager. He or she is trained in the typical areas: systems, processes, technology, time management. But those areas take a back seat. Your office manager is either a profit enabler or a profit roadblock.

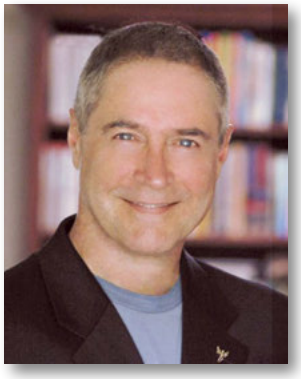
Every person who calls your office or walks through your door talks to your office manager. Every one of those conversations either advances your chance of gaining new business, or diminishes it. That's why you need to train the office manager to read people and enhance relationships.

Think of it like this, relationships are always in movement. They are either growing or in decline. And, it's your office manager who decides which direction your client relationships will go. Doesn't it make sense to equip that person with the right people-reading and relationship-building skills?

In Conclusion. In those scenarios perhaps the most important skill is that person's ability to read prospects and clients. There are stacks of books on relationship psychology and communication psychology. They go back to the days of Plato! But our industry tends to ignore that science.

In Conclusion. It is proven time and time again through the years — when you can read people accurately you can develop rapport, trust and loyalty more quickly and more reliably. Do that consistently and you are assured greater success! In our experience most people immediately double the percentage of people they can most naturally connect with. And, those who don't use these skills find themselves connecting with only 25% of the people they meet.

Your IARFC Reward. In this economy, every contact is vital to writing new business. When you learn how to read people, you will increase your ability to turn contacts into clients. So, to help you, I'm offering to send you a short 10-minute class on how to read two of the primary types of people. Just send me an email with your contact information. And please reference the "10-minute class."



Michael Lovas

Michael Lovas is the author of twelve books, mainly on Professional Credibility and Psychological Communication in the financial industry. He has been published more than a thousand times since 1986. All of Michael's work teaches professionals how to use simple, effective psychology to write more business and inspire their clients to love them. He is also the cofounder and a principal of AboutPeople, a unique consultancy focused on helping advisors build credibility and relationships with thier chosen target.

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Investment Grade Life Insurance

We've talked a little about Investment Grade Life Insurance in previous articles appearing in the *Register*. At this point you may be asking what is Investment Grade Life Insurance?

Simple Explanation

Basically, Investment Grade Life insurance is a life insurance policy where you put significant additional cash into the policy over and above what is needed to support the policy's death benefits. In simple terms you are purchasing a lesser amount of life insurance death benefit for the money you are investing (paying). This allows your cash value to grow much faster because of the minimal internal expenses.

Technical Explanation

In reality the federal government has a strict definition as to how much money that can be deposited into a life insurance policy and still have it retain the unique tax advantages of life insurance. These are the guidelines of Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), Deficit Reduction Act of 1984 (DEFRA), Technical and Miscellaneous Revenue Act of 1988 (TAMRA).

What is generally considered to be an investment grade life insurance policy is a life insurance policy that has been funded up to the Modified Endowment Contract rules (MEC). The policy is then able to accumulate significant amounts of cash value, while still retaining all unique income tax advantages of a life insurance policy.

Tax Treatment of Life Insurance

Life insurance policies receive very favorable tax treatment under the income tax laws. Section 101 of the Internal Revenue Code provides that the death benefit proceeds of a life insurance policy, subject to the exceptions stated in the law, are not subject to income tax when paid. It is also stated that the cash value accumulation in a life insurance policy grows tax deferred and can be borrowed out tax-free as long as the policy remains in force. These income tax benefits are just a few of many reasons for the exceptional growth of the life insurance industry.

Tax Law Changes

In the early 1980's, the introduction of Universal Life caused some confusion in and out of the insurance industry. Prior to TEFRA and DEFRA, there were not any specific federal laws defining what was considered life insurance. If a life insurance policy met the applicable state's requirements to be considered a life insurance policy, then the policy would be treated as life insurance for federal income tax purposes. Universal Life was the first policy to actively focus on the life insurance policy's cash value build-up as a supplemental income for a client's retirement years. Thus, the cash accumulation in the policy was a major focus for Universal Life sales.

Life insurance has since become one of the most attractive financial products someone can consider. What has been presented here is only a simplistic overview. As with any discussion of products and income taxes, there are always exceptions to the general rules.

Tax Legislation

With the passage of the TEFRA in, Congress provided a mechanism to allow Universal Life - type policies to be treated as life insurance for tax purposes, thus providing the UL policies the tax benefits of IRS Section 101 treatment. TEFRA addressed only the "flexible premium" life insurance (Universal Life) and left open the need for a statutory definition of all life insurance. Subsequent to TEFRA, the Deficit Reduction Act of 1984 DEFRA was passed. DEFRA took the TEFRA rules and modified them, providing a general set of qualifications for any contract to qualify as a life insurance policy for income tax purposes. Included were tests that effectively limited the amount of premium and required at least a minimum amount of pure risk coverage (death benefit) in order to qualify. Thereafter, compliance to these laws has become a matter of mathematical calculation and ongoing testing to assure policies meet the statutory definition both at issue and while they remain in force.

By providing a consistent definition of life insurance, DEFRA effectively made it clear that all qualifying life insurance policies will be taxed under the favorable rules provided by the Internal Revenue Code. Basically,

that means that the death benefits of a life insurance policy are generally received income tax free by the beneficiary. This applies to the full death benefit, including the cash value component. This means that any interest portion included in the policy cash value and death benefit is free from federal income tax when paid as a death benefit.

In 1988, TAMRA created a new category of life insurance policy called a Modified Endowment Contract (MEC). TAMRA defines such a contract as one which fails to meet certain premium limitation tests, first on an annual and then on a cumulative basis. The TAMRA test period runs for 7 years from the time it starts, hence its common name, the "7-Pay Test".

As with TEFRA and DEFRA, compliance with TAMRA, involves fairly straightforward mathematical computations performed by life insurance companies. It should be noted that death benefits of both types of policies (non-MECs and MECs) are generally paid free from income tax, including any cash value component. Policy distributions, however, are taxed differently depending on whether or not the life insurance policy is classified as a MEC.

You'll want to consider Investment Grade Life Insurance for those clients who need life insurance and who also want to make their 'safe money' work harder for them.

Lew Nason, RTIA, LUTCF RFC®

Lew Nason, RFC®, RTIA, LUTCF, with his sons Jeremy Nason, RFC®, and Will Nason, are the creators of Found Money Management™, a complete 'Turnkey' marketing and sales success system dedicated to helping Middle Income Families to 'Live Debt Free and Truly Wealthy.'

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Increase Your Listening Power

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

"Good listeners generally make more sales than good talkers." *B. C. Holwick*

Books have been written and courses have been developed on how to be a more effective listener. Every salesperson should read and study all he or she can on this important area of selling. By listening, you will:

- Show prospects you respect their opinions.
- Show prospects you're really interested.
- Learn how to guide, direct and assist prospects.
- Help prospects help themselves.
- Exert subtle pressures on prospects.

Here are proven ways to increase your listening power:

- Pay attention! T his might seem too obvious to mention. However, it's surprising how many of us try to fake our attention. While listening to someone, we should **look at them** — squarely in the eye is always best — and give them the attention and respect we appreciate so much when we are talking.
- Recognize the importance of skillful listening. If you don't accept the fact it's beneficial to hear more of what prospects say, there's no reason to bother improving this creative power.
- Observe prospects' gestures and facial expressions. Empathy is one of the outstanding marks of a master salesperson.
- Don't rule out any topic of discussion as totally uninteresting. Creative people are always on the lookout for new and different information. Keep your mind open for new ideas. Let your mind exercise itself as often as possible so that you can strengthen its capacity. This is just the same as exercising any muscle to avoid atrophy. New ideas are all around you and many of them will come by way of the spoken word. Absorb everything you can. You'll become better informed.
- Avoid prejudging the speaker. Listen to what is said, the way it is said — and ask yourself why it is being said.
- Become a note taker. While listening, take written notes to review later. This suggestion will help jog your memory and bring back major points as well as compliment your prospects in the process.
- When you take written notes you are sending a powerful message to your prospect, and that is: What you are saying is so important the I am making a written note of your comment.
- Listen for areas of mutual interest. Resist distraction. Remember, our minds can think at a speed of 500 words per minute, but prospects talk about 125 words a minute.

Practice Improves. As you focus on being a better listener, your performance will improve. How can you do this? At the start of every conversation with a prospect or client say to yourself: Listen Better. If your topic includes any details or responses, such as your introduction or fact finding meetings you should also say to yourself: Take Notes.

When you have completed your interview try to take 10–15 minutes to transcribe your notes — proving to yourself and your client that you are a better listener. Place these notes into your CRM system and also send a copy to your client.

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. Their associate, **Bill Moore**, is a director of the IARFC and he delivers the Professional Patterns course worldwide and is developing the Registered Financial Manager workshop.

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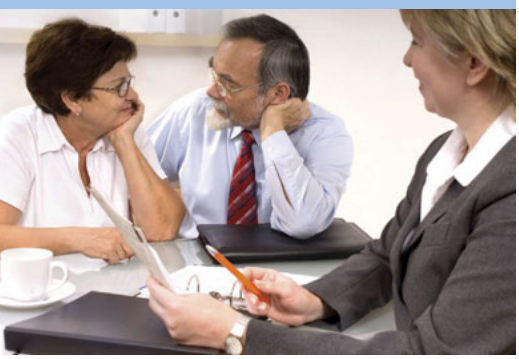
Consumer Focus

Term vs. Whole Life

Why Rent **If**…
You Can Afford to Own?



For decades, economists, financial advisors and insurance agents have studied, reached and offered a wide variety of ways to explain the differences between Term and Whole Life Insurance. Regardless of how you choose to review the key differences, client decisions almost always boil down to **cash flow.** Is it affordable and will it fit into their budget?

When you remove the real estate downturn and mortgage problems of recent years, owning a home has traditionally been a much better long-term decision versus renting. Simply put, there are very few individuals or families who would willingly choose to rent a home versus own a home – **if** – they could afford to own.

Not only does ownership carry a psychological and status gain, but there are also long-term financial and tax benefits that make home ownership the better strategy. It is not difficult to determine who is a more suitable candidate to rent a home versus consider ownership.

Four Key Differences
The simplest way to review the main differences between term coverage versus whole life insurance is using a four-step, side-by-side comparison. This is based on the assumption that the insured person is healthy and does not engage in hazardous work or personal activities:

It's Perfectly OK to Rent Versus Own
After reviewing the four-step analogy to explain term versus whole life, the next question to be answered is; "If you/we hypothetically assume that I am going to make the annual payments for you, which one would you choose to own? Term or Whole Life Insurance?" Invariably clients would always choose Whole Life Insurance, – **if** – you remove the affordability factor.

Side–by–Side Comparison

Term Insurance

1. **Lower Price –** Like renting an apartment versus buying a home, Term Insurance is known for its lower price. It is an entry level product that is more affordable from a cash flow basis.

2. **Price Increases –** One of the major disadvantages of renting property is that landlords usually increase their rental prices over time. Likewise, whether someone owns a 10, 20, or 30-year term policy, at renewal time, the price goes up. And with some contracts the coverage is unavailable or can only be continued with a prohibitive premium.

3. **Protection Ends –** Another disadvantage of renting is that landlords reserve the right to terminate the lease under certain conditions. Term Insurance is designed to eventually become far more expensive and less affordable in your old age, when you may need it the most. In other words, *term insurance is priced to expire before you do.*

4. **No Equity –** A renter has no equity at the end of a lease. If they want to remain in the property, they must renegotiate a new lease with the landlord. At the end of a term policy, there is no cash value or equity. If you want to maintain coverage, you must reapply. Regardless of your health condition, the cost will increase significantly, simply because you are older.

Whole Life Insurance

1. **Higher Price –** Whole Life has a higher price tag. The following points explain the purpose and a value. One should expect to pay more to own a home versus renting, but keep in mind that *price is only relevant in the absence of value.*

2. **Price Remains Level For Life** – Just like owning a home via a 30 or 15-year mortgage, the price of Whole Life insurance remains the level for life. Most Whole Life policies also reach a point where the payments are no longer required, and yet the policy and cash value remain in force for life.

3. **Protection Lasts a Lifetime** – Just as the name implies, Whole Life insurance is priced to last as long as you do, providing coverage or "a roof over your head" (which usually increases in value) for you until death.

4. **Builds Equity** – As mentioned earlier, just like building equity in your home, the payments you make in a Whole Life policy create a cash value. This cash value accumulates on tax-deferred basis over time at a guaranteed interest rate or better. This cash value provides access and liquidity via withdrawals or loans. Yes, the price of Whole Life Insurance is higher but with significant benefits. Similar to owning a home the payments create a value over time, either via the equity in your home or a guaranteed lifetime "roof over your head" for your family. So over time the *price is higher but the cost (or net effect on your wealth) is usually zero.*

Bottom line, Term and Whole Life insurance are both excellent products. The reality is that Term insurance is a more affordable and suitable fit for many clients. It is the job of the financial consultant to properly educate and empower individuals, families, and business owners who can afford to own life insurance versus rent this all-important protection. In either case, the main objective for every financial professional should be to ensure the right amount of coverage versus selling the features and benefits of Whole Life Insurance.

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Christopher Hill, RFC®

Christopher P. Hill, RFC®, started his career in financial services industry in 1986, working as a college intern assisting a veteran stockbroker. Chris now has more than 24 years of experience as a top producer in the financial services industry as a nationally-recognized speaker, seminar expert, and MDRT Top of the Table Producer. He is also the Founder of FuneralResource.com, the Internet's leading educational Resource Center for families and funeral directors. Also he received the IARFC Cato Award in 2008 for his contributions to the *Register.*

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Proper Field Underwriting for Critical Insurance

Have you ever been in a situation where you felt as though Underwriting really should be referred to as the Business Prevention Department? I imagine like most advisors that you have experienced underwriting challenges that were disenfranchising, to say the least. Critical Insurance (CI) is no exception. CI is a unique product and as such, has unique underwriting quirks. I can't tell you how many times we hear of an advisor who tried implementing CI into their product portfolio only to get entirely frustrated due to underwriting. It is my experience that the best success in underwriting comes from setting proper expectations and educating advisors on the process. So, the goal with this article is to give you tips on setting proper expectations and show you how to best field underwrite CI.

The best place to start is by setting proper expectations. To do this, we will need to take a couple of steps back to make sure we are on the same page. As you are aware, every actuary prices their company's product with certain underwriting niches they are willing to focus on. Conversely, there are underwriting niches that those actuaries do not want to focus on. Thus we begin to establish the importance of having access to more than one company's product for our clients. It is up to us to learn carrier underwriting niches and then based on gathering complete and accurate information from the client, determine which carrier is going to be the best option given each client's unique situation.

Once you have a good understanding of what each carrier's underwriting niche is the next step is to build a relationship with those underwriters and learn their specific processes, which I feel is really important.

I have heard agents respond to this by saying this business would not exist without the agent/advisor and they basically convey the attitude that the underwriters owe them their livelihood. My blunt response is that we need to check our ego at the door. This business would not exist if it weren't for both the advisor and the underwriter. It is our professional responsibility to recognize the importance of approaching underwriters as partners instead of adversaries. How many great relationships can you build believing the other party is an adversary anyway?

Relationships are built on equal parts trust and respect. No advisor should expect an underwriter to trust or respect them, especially if they get treated as an adversary. It is my opinion that no one is entitled to trust or respect. These relationship building blocks are earned over a period of time by our actions, in addition to our words. The model to earning an underwriter's trust then is exactly how you earn a client's trust by proving that you are trustworthy. Please keep in mind that there are dishonest agents and advisors who adversely select against insurance companies and as such, it creates issues for professionals who conduct themselves responsibly. Considering CI has a higher likelihood than Life Insurance or Disability Insurance of paying a claim before age sixty five, underwriters are watching even closer for inconsistencies.

This leads us into setting proper expectations with underwriters and with clients. It starts with completing an application. It is important to understand that an underwriter's review of an application for coverage is similar to a prospective employer's review of a resume. If there are questions on your client's "health resume" left unanswered, smudges on the papers, mistakes/misspellings everywhere and/or the answers are barely legible, what will an underwriter think? Underwriters are trained to watch an agent's business closer when there are these issues. Completing the application also allows your clients a glimpse into your service. Being detailed in this process will help you earn trust with both underwriters and clients and show that you are committed to the relationship.

Now, I mentioned that CI underwriting tends to be quirky. Even though that may sound a little intimidating, it really isn't. Actually CI underwriting tends to be pretty straight forward. There are several rules of thumb to go by when considering CI on a prospective client.

Here are four examples:

1. If the prospective client was ever previously diagnosed with one of the

covered conditions, they are not eligible for coverage. The only exception to this is blindness, deafness and basal or squamus cell carcinomas.

2. If the client has diabetes and is on insulin, they are not eligible for coverage. If a client has noninsulin dependent diabetes, they might be eligible for coverage but only with a table rating.

3. If the client has had an immediate family member diagnosed with one of the covered conditions prior to a certain age, without regard to whether they survived the diagnosis or not. Family history underwriting is truly the quirkiest part of underwriting as carriers have different approaches to what is asked. Family history can result in approved as applied for, to table–rated to decline, depending on the situation.

4. If the client has had most any kind of heart issues, they are likely to either have a high table rated case or a decline.

The simplest way to describe CI underwriting is that it is similar to Preferred Life underwriting with a little Disability underwriting sprinkled in. However, CI underwriting certainly can be more liberal in underwriting than Disability is. Several examples of this would be:

1. CI takes all income into consideration.

2. CI can be underwritten for the same face amount on nonworking spouses as working spouses.

3. CI underwriting isn't as concerned with anxiety and depression history.

4. CI underwriting doesn't have any issues with clients who have Chiropractic care.

5. CI underwriting doesn't have medical exclusions for injuries.

6. CI underwriting is significantly more liberal in occupational underwriting.

7. A client just getting into business would still be eligible for coverage.

Please understand that this is not a comparison of the value of CI and DI side by side. Rather it is meant merely as a reference point for you to understand what to expect when underwriting CI and show you places where CI can help your clients. Like Life and Disability Insurance, parameds are normal with CI. That said, the face amount applied for on CI, will determine whether a paramed and labs are required or if the client qualifies for nonmedical underwriting. Medical records are also a normal aspect of CI underwriting. We tell everyone that the average turnaround time in underwriting is anywhere from 30 to 45 days. Now we certainly see cases turned around much quicker than that but medical record requests can skew the turnaround times.

So to conclude this month's article, setting proper expectations for both your clients and the underwriters is imperative to your success in implementing CI into your product portfolio. Underwriters are our partners in this business and should be treated that way. Just as important to your success in underwriting, is a good understanding of the quirks that CI has, in order to maximize your time and help your clients have the proper insurance protection in place. To close, I highly suggest you find someone who has the right amount of experience in CI so that you can delegate some of the responsibility in underwriting and ultimately lean on them to help you implement CI into your protection portfolio. Your clients will be grateful for the coverage.

Donald A. Hansen

Don Hansen is a principal at The Ark Group, a National Insurance Brokerage and Planning Company based in Omaha, Nebraska. He and his company work with financial advisors across the country by providing them with powerful financial protection strategies uniquely structured to fit their client's specific need through proper case development, research and implementation.

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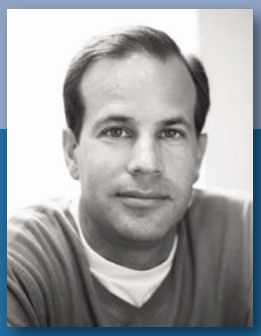
Agent Fined $2,500 by NJ Dept. of Insurance for Postcard Mailer!



Roccy DeFrancesco, Jr., JD, CWPP™, CAPP™, CMP™

Sending postcards to *"prospect"* for new clients is something that's been a staple in the insurance industry for years.

As a general rule of thumb, the scarier the content in a postcard the higher the response rate.

Most advisors do NOT send out or create their own mailers. They use one of the many postcard mailer systems/ companies in the industry. Sometimes that means using an IMO's internal system, or there are many independent mailing companies that just send mailers with no vested interest in the products sold.

When agents use a mailer sent out by what they believe is a firm that "specializes" as a general statement, they think the firm is giving them tested content. By tested content, I mean content that has proven to generate a high response rate and content that is *"compliant"* (it won't get the agents in trouble).

Trouble is here!

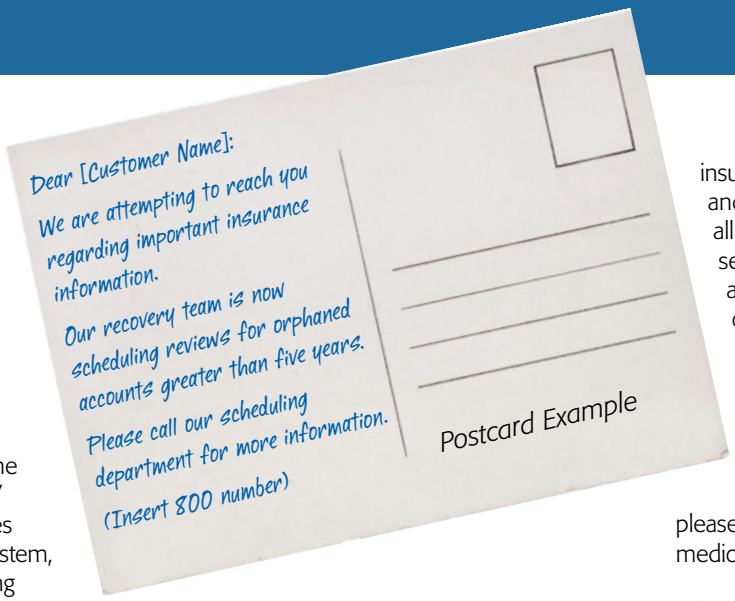
I just got my hands on an agent's settlement with the New Jersey Department of Insurance (DOI) where he has agreed to pay a $2,500 fine for sending a postcard mailer that the DOI believes violates the state's solicitation laws.

What did the postcard say?

The pertinent language is as follow:
See Postcard Example

Guess where the agent got the postcard from?

Yep, a firm that specializes in sending literally tens of thousands of postcards for insurance agents every year. The agent in question thought he was using a postcard that had been tested and wouldn't get him in trouble. Boy was he wrong.



Of course the agent sending the postcard and the marketing firm who has a call center to receive the calls don't have any special information to tell people who call in.

Script used — If you want to read the entire script that was used by the call center who received calls from seniors who responded to the above referenced postcard, simply email info@thewpi.org.

I did want to put in this article the first paragraph the call center was supposed to use when seniors called in:

> *"The reason you received this postcard is because you may have held an annuity for some time and are due for a quick service review. This review will cover any unclear contract features that could potentially INCREASE your income, and make sure you are receiving all the benefits you are entitled to. Have you been getting your statements on a regular basis?"*

Of course the person at the call center is making it sound like he/she works at the insurance company that issued the annuity and the review is a courtesy review. We all know that the goal is to have an agent sell a new product to the respondent and as such the postcard and call center script are misleading. It's no wonder agents are getting sanctioned and fined for sending such postcards to seniors.

To read the agreed-to settlement between the agent and the NJ DOI, please visit following link: http://medicaidplanning.org/post-card-mailer/

What's my point with this article? To warn you.
Many agents who are reading this may be sending postcards that can cause them to get in trouble with their state DOI (they just have not had a complaint and been investigated yet).

You know what they say — times they are a changing. It's getting harder and harder to solicit clients without having complaints from those you are soliciting, and now you have the added real worry of having the DOI investigate you and potentially fine you.

Roccy M. DeFrancesco, Jr., JD, CWPP™, CAPP™, CMP™, is the Founder of The Wealth Preservation Institute, and the Co-Founder of the Asset Protection Society. Roccy is the Author of *Bad Advisors: How to Identify Them; How to Avoid Them©, Retiring Without Risk©, The Home Equity Management Guidebook©, The Doctor's Wealth Preservation Guide©, The Home Equity Acceleration Plan (H.E.A.P.)©*, and the Editor of: *Wealth Preservation Planning: A "Team" Approach©*, by The National Society of Accountants.

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The Un-Comfort Zone

What's Pushing Your Buttons?

What motivates you? That's the question I'd like to ask in this inaugural column on motivation. Are you motivated by fame, fortune or fear? Or is it something deeper that fans the flames inside of you. Perhaps you are like Jeanne Louise Calment whose burning desire enabled her to do something that no other human being has done before.

A feat so spectacular that it generated headlines around the globe, got her a role in a motion picture, and landed her in the *Guinness Book of World Records*. A record that has yet to be beaten.

Jeanne Louise, however, did not initially motivate herself. It was someone else who drew the line in the sand. But, it became a line she was determined to cross.

In motivation we talk about getting outside of one's comfort zone. It is only when we are uncomfortable that we begin to get motivated. Usually to get back into our comfort zone as quickly as possible.

Born into the family of a middle-class store owner, Calment was firmly entrenched in her comfort zone. At age 21 she married a wealthy store owner and lived a life of leisure. She pursued her hobbies of tennis, the opera, and sampling France's famous wines.

Over the years she met Impressionist painter Van Gogh; watched the erection of the Eiffel Tower; and attended the funeral of Hunchback of Notre Dame author, Victor Hugo.

Twenty years after her husband passed away, she had reached a stage in life where she had pretty much achieved everything that she was going to achieve. Then along came a lawyer. The lawyer made Jeanne Louise a proposition. She accepted it. He thought he was simply making a smart business deal. Inadvertently he gave her a goal. It took her 30 years to achieve it, but achieve it she did.

Are you willing to keep your goals alive for 30 years? At what point do you give up? Thomas Edison never gave up, instead he said, "I have not failed. I've just found 10,000 ways that won't work."

Winston Churchill during the bleakest hours of World War II kept an entire country motivated with this die-hard conviction: "We shall defend our Island, whatever the cost may be, we shall fight on the beaches… in the fields and in the streets… we shall never surrender."

Many of us give up too soon because we set limits on our goals.

Achieving a goal begins with determination. Then it's just a matter of our giving them attention and energy.

When Jeanne Louise was 90 years old, attorney François Raffray, age 47, offered to pay her $500 per month (a fortune in 1965) for the rest of her life, if she would leave her house to him in her will.

According to the actuarial tables it was a great deal. Here was an heirless woman who had survived her husband, children, and grandchildren. A woman who was just biding her time with nothing to live for. That is until Raffray came along and offered up the "sucker-bet" that she would soon die. It was motivation enough for Jeanne, who was determined to beat the lawyer. Thirty years later, Raffray became the "sucker" when he passed away first at age 77.

When asked about this by the press, Calment simply said, "In life, one sometimes makes bad deals." Having met her goal, Jeanne passed away five months later. But on her way to this end, she achieved something else: at 122 years old, she became the oldest person to have ever lived.

In future articles we'll examine further the ways in which motivation works. How to motivate ourselves, our employees, customers, friends, loved ones and children. I would like to get your feedback on which of these areas of motivation are of most interest to you. Please email me with your suggestions.

Robert Evans Wilson, Jr

Robert Evans Wilson, Jr. is an author, speaker/humorist, and innovation consultant. He works with companies that want to be more competitive and with people who want to think like innovators. Robert is also the author of the humorous children's book: *The Annoying Ghost Kid*.

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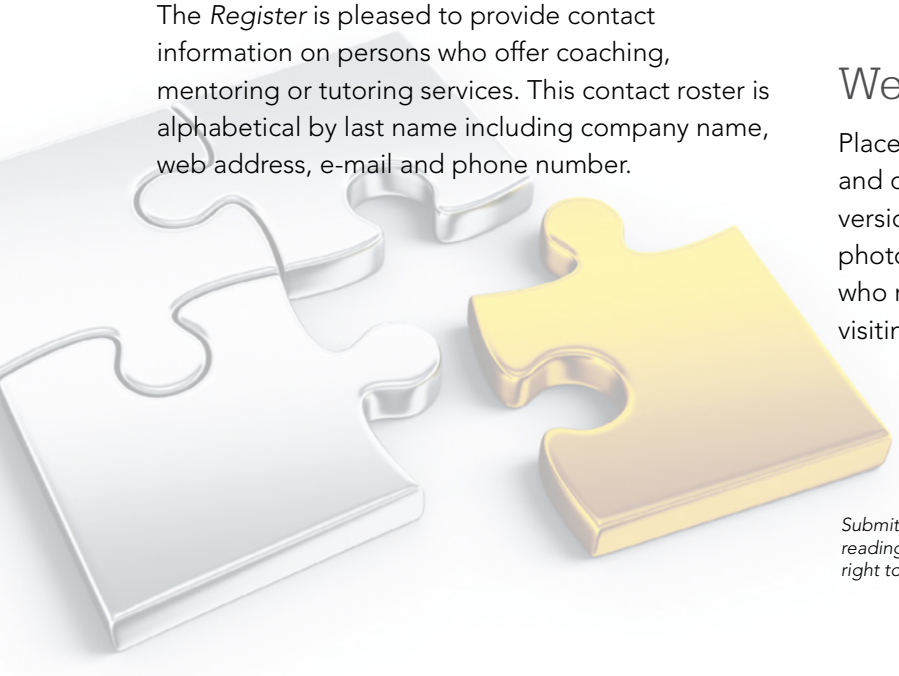
Coaches Corner

The *Register* is pleased to provide contact information on persons who offer coaching, mentoring or tutoring services. This contact roster is alphabetical by last name including company name, web address, e-mail and phone number.



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the Register

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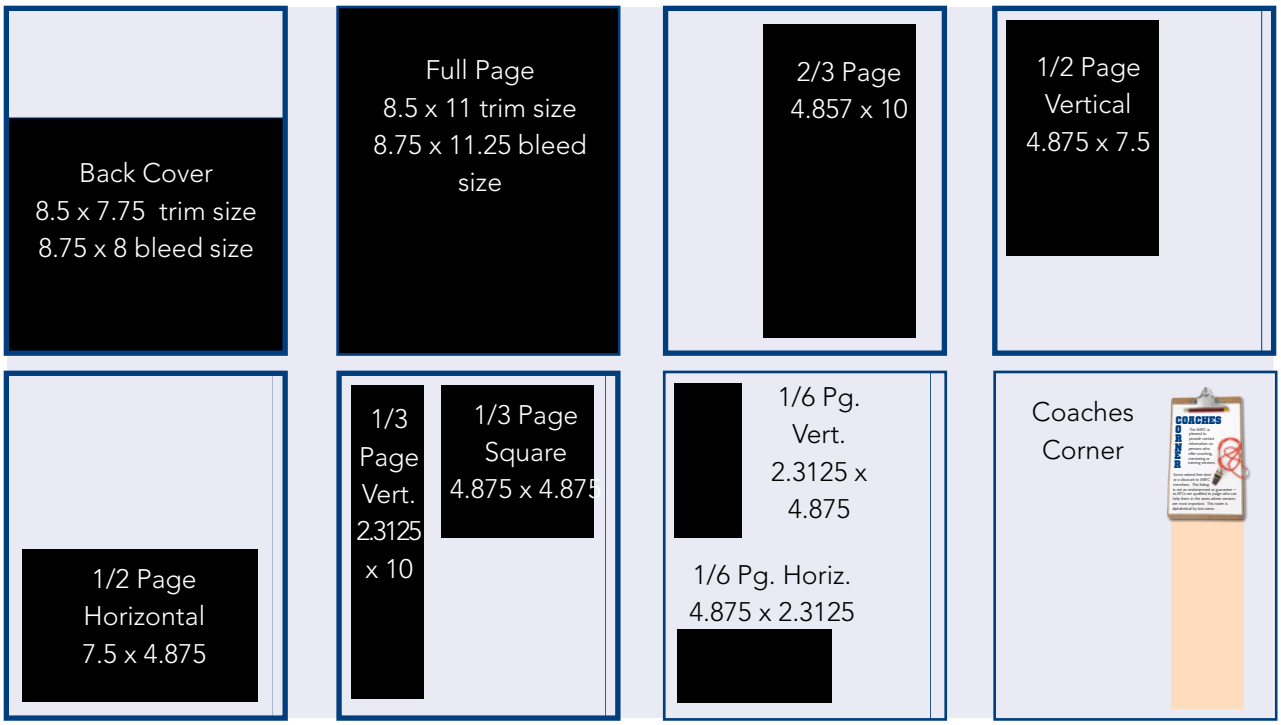

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February	December 15
March	January 15
April	February 15
May	March 15
June	April 15

Issue	Copy Deadline
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September	July 15
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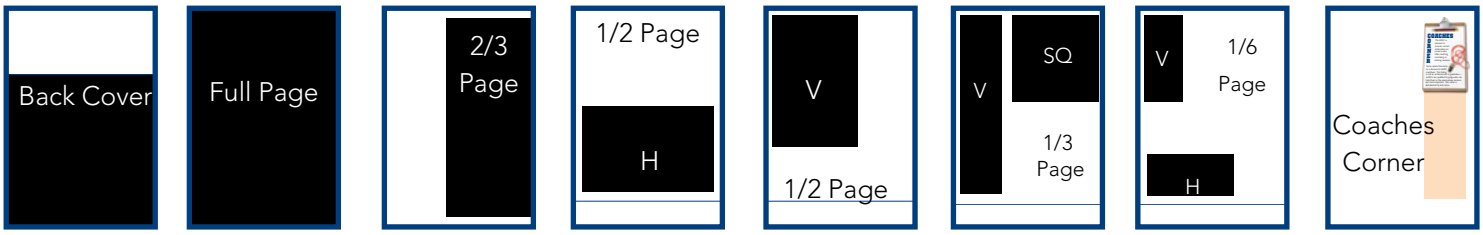

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