the Register

Vol. 14 No. 5 • May 2013
Official IARFC Publication

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COACH PETE

Peter J. D'Arruda

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Financial Plan Competition

The IARFC is honored to have established our Financial Plan Competition. The competition is open to undergraduate students enrolled in a curriculum of personal financial planning or financial services.

2012–2013

Finalists

Woodbury School of Business — U.V.U.
students: Bradley R. Boulton, Clark Harris, Nick Trovato, faculty: Dr. Jerry W. Mason

University of the Incarnate Word
students: Cristal Gonzales, Jazmine Ramirez Felipe E. Villarreal, faculty: Dr. Alicia Rodriguez

Bowling Green State University
students: Susan D. Lang, Lauren Little, faculty: Matthew H. Garrow

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For details on participating or sponsorship contact the IARFC today:
Call: 800 532 9060
Email: info@iarfc.org
Visit: www.iarfc.org/FinancialPlanCompetition

2013–2014

Competition to Send Finalists to Vegas

The International Association of Registered Financial Consultants (IARFC) has extended its invitation to students to participate in the 2013-2014 Financial Plan Competition. The finalists and their faculty advisor will enjoy a 3 day, 2 night trip to Las Vegas to present their comprehensive financial plans to a team of judges.

The Financial Plan Competition is partially supported by corporate and individual sponsorships. Participation as a sponsor is mutually beneficial. Join the list of esteemed supporters and have your name listed in the *Register* and on the IARFC website.

The 2013-2014 Competition begins!

Sponsorship levels	Silver	Gold	Platinum
Corporate	$500	$1,000	$5,000
Individual	$50	$100	$500

IARFC
INTERNATIONAL ASSOCIATION OF REGISTERED FINANCIAL CONSULTANTS

2013 Events Calendar

MAY

WPI Buy/Sell Conference & Business Owner Consulting Workshop
May 16 & 17, 2013
Rosemont, IL

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

July

Business Owner Consulting Workshop
July 11, 2013
Middletown, OH

August

IDA 9th World Chinese Congress
August 8-11, 2013
Kuala Lumpur, Malaysia

RFC Graduation Ceremony
August 16, 2013
Manila, Philippines

September

Business Owner Consulting Workshop
September 10, 2013
Philadelphia, PA

December

Business Owner Consulting Workshop
December 3, 2013
Tampa, FL

For IARFC event speaking or sponsorship contact: 800 532 9060

NEW IARFC MEMBERS

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William Alfred Garland, Jr., RFC®, SC
C. Terrence Hahn, RFC®, IN
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Sandy Schussel, RFC®, NJ
Allen W. Trimble, RFC®, TX
Herbert C. White, RFC®, CO

New International Members

Malaysia	8
Philippines	5
Thailand	27

Members Who Recommended New Members

Referror of the Month
William A. Smith, RFC®

Peter D'Arruda, RFC®
P. Terry Knight, RFC®
Brian M. Nelson, RFC®
Jon Rogers, RFC®
William A. Smith, RFC®
Dominique Vercaemert, RFC®

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

James M. Robinson, RFC®
Concord, NC

the Register

www.IARFC.org/Register
2507 Northy Verity Parkway
Middletown, OH 45042-0506
800 532 9060

CEO & Editor-in-Chief
Edwin P. Morrow
edm@iarfc.org

Editorial Coordinator
Wendy M. Kennedy
editor@iarfc.org

Copy Editor
IARFC Program Coordinator
Susan Cappa
susan@iarfc.org

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Editorial Coordinator
Wendy M. Kennedy
editor@IARFC.org

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In This ISSUE Vol. 14 Issue 5

Cover Story

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Columns

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IARFC HOME OFFICE ASSOCIATE STAFF

International Association of
Registered Financial Consultants
2507 North Verity Parkway
P.O. Box 42506
Middletown, OH 45042-0506
800 532 9060
info@IARFC.org
www.IARFC.org

CEO & Editor-in-Chief
Edwin P. Morrow, CLU, ChFC, RFC®

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From the **EDITOR**

The month of April went by rather quickly here at the IARFC. We have been bustling around preparing the items for the Financial Plan Competition. The winners of this year's Competition have been announced and the official media release sent. By the time you open this issue of the *Register* you will have read the media release and noticed items on the IARFC.org website. Take pride in knowing the IARFC is building our Financial Plan Competition and supporting the growth of the industry by challenging undergraduates to compete against each other. The first round of invitations for the 2013-2014 Competition has been sent to our list of universities. We continue to build on the Competition for 2013-2014 by announcing prizes and sponsorship opportunities. Call us and ask about how you can become involved as a individual sponsorship or how to mentor at a university near you. (P. 1)

We welcome your comments. The success of the IARFC and the *Register* is up to you. Building a viable publication as a resource that deserves your time is what we want to achieve. If you would like to send your comments on content or articles to the *Register,* please contact me at: editor@IARFC.org.

Many of the articles we run, especially the Consumer Focus column, can be easily reprinted and made available to your clients. Send an email to editor@iarfc.org, with a subject line that includes: the ***Register*** volume, number and article name. We will send you an Adobe PDF electronic copy for your distribution. Consumer Focus articles can be viewed on the IARFC website at: iarfc.org/consumer_articles.asp.

Wendy M. Kennedy, *Editor*
the Register magazine
editor@iarfc.org

Subscribe to the IARFC Blog:

http://iarfc.org/iarfc-blog

Contact Susan@IARFC.org for assistance with IARFC Blog

The IARFC Blog brings you the tools, ideas and techniques you need to build a successful practice. Fresh content is posted regularly and we welcome your feedback and ideas in the comments section. We look forward to hearing from you.

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
720 344 0312

Max Bolka
Comprehensive Business Consulting
www.MaxBolka.com
Max@MaxBolka.com
800 472 3288

Connie S.P. Chen, RFC®
Chen Planning Consultants, Inc.
CPCinc@ChenPlanning.com
212 426 1910

Roccy M. DeFrancesco
The Wealth Preservation Institute
www.TheWPI.org
Roccy@TheWPI.org
269 216 9978

Mark Gremler, RFC®
Billion Dollar Mentoring
www.BillionDollarMentoring.com
Marketing@BillionDollarmentoring.com
877 736 7492

Donald A. Hansen
The Ark Group
www.ArkGroup.com
DHansen@ArkGroup.com
866 725 0777 x201

Kerry Johnson, MBA, Ph.D.
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www.KerryJohnson.com
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Michael Lovas
Practice Marketing Psychology
www.AboutPeople.com
Michael@AboutPeople.com
847 367 4066

Fred Ostermeyer, RFC®
Communicate with Congress
Fred.Ostermeyer@KMSFinancial.com
208 773 69245

Katherine Vessenes, RFC®
Consulting and Education
Vestment Advisors
Katherine@VestmentAdvisors.com
www.VestmentAdvisors.com
952 401 1045

Register Round Up

IARFC Leaders and Financial Industry Experts were asked for their insight and advice on issues facing consultants in today's economy. Note: Responses are printed in no particular order.

Q: ***What is the best new marketing/sales program or strategy that you implemented this past year and how has it made a significant difference in your practice revenues? Tell us what has worked or even what has not?***

A: Getting pre-qualified referrals who are expecting your call. Qualified means ready, willing and able. No more cold calling. Plus you get instant credibility. It's the number one way top Advisors get new clients, because it's the number one way Clients find a new Advisor.

Max Bolka
Asheville, NC

A: We continue to have great success by hosting retirement parties for clients that retire with our firm. These are strictly focused on the client with no sales activity, visual signs, banners, give away, etc. We are there only as hosts and friends. The client invites 5 of their closest friends who we get to meet at the event. Invariably during the following twelve months 80% of these guests contact us and become clients.

Lloyd Lowe Sr., RFC®
Dallas, TX

A: During 2012, Flack Advisory began earnestly "transitioning" our clients to a better investment product that offers LOWER internal fees and charges and a BETTER rate of return — due to a guarantee in place. As a direct result, we have employed 1½ more staff and we have improved our revenues. One of our strongest assets are our clients who provide us with so many "Word of Mouth" referrals. During the festive season (Dec 12), we know whether we have done a good job for our clients or a not so good job for them simply by the influx of cards, gifts, and well-wishes. This year we have been completely overwhelmed by such kind gestures — obviously from very well-satisfied clients.

George Flack, RFC®
Eaglehawk, Victoria, Australia

A: I've blended VA and Medicaid planning services to attract the prospect/client who has $100-800,000K of assets and needs long term care. With this addition of services, the results were a 42% increase in per client revenue in 2012.

Wilma G. Anderson, RFC®
Littleton, CO

A: The Financial Advisors in our Values-Based Financial Planning Turn-key Business Model program have done 2 things to improve their business in 2012:

1. They have become much more refer-able. Your future clients are some other advisors existing clients. You won't attract them away by offering the same value proposition or claiming to be better at doing the same thing other advisors do. A key step to getting more referrals is to be more refer-able. Be more refer-able by being more valuable to your existing clients.

2. They have implemented a step-by-step process for getting referrals, orchestrating an effective introduction, and following up consistently and professionally.

Bill Bachrach
San Diego, CA

A: My best marketing idea is we quit asking for referrals! Yes, I know some folks will find that hard to believe given all I have lectured on this topic. What we did instead was just provide a WOW level of service our clients can't get elsewhere. This worked really well for us and now over 30% of our new clients come to us via referrals. Part of the reason this works so well is we limit our client base and most of them work in the same buildings. My guess is when you are seeing the same folks every day for lunch, sooner or later you run out of things to talk about and eventually our name comes us. The closing ratio on this group is much higher. I can only think of one we did not pick up who was referred to us.

Katherine Vessenes, RFC®
Chanhassen, MN

The ideas and strategies you receive from this and other sections of the *Register* may inspire you to send us your answer to one of our future *Register* Round Up questions. If you would like to share your tips and techniques with other RFCs, please do not hesitate to send in your response to editor@iarfc.org.

Our June issue will ask this question:

How has the LOW interest rates affected your business?

You can also send us a short article for the *Register* or suggest additional topics for future issues. Remember, our goal is to make this magazine an even more valuable resource for you and the clients you serve.

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From the Chairman's Desk…

Be Vigilant and Prepare

We have recently been observing fluctuations and an unprecedented rise in the stock market. The U.S. has terrible spending patterns and a totally unaccountable Congress. There are more than 5 states in serious financial condition and several major cities. Despite this, the market increases! Why — because the government is increasing the money supply — running the printing presses. Wouldn't it be nice to know where the market is headed? Several weeks ago I received a bulletin from one of the famous prognosticators, Harry Dent, who said the market is about to crash to 6,000, and then slide further down to 3,300. Will it do that? When will it happen? Read for yourself: www.boomandbustinvestor.com

The only thing I can tell you is the market will fluctuate. Moreover, I fear we will have times that good people lose money and greedy Wall Street investment firms and bankers will make money. They will "cook the books" if necessary and improperly value items (such as the LIBOR rates) and sell short to manipulate the markets. And the citizens will not realize it until too late. Some of these "Pirates of Manhattan" will retire even wealthier and hope the average citizen will have the decency to get off the street to permit their limo to pass.

What can we do to help our clients and our practices? Increase our knowledge, polish our skills and be in closer touch with our clients. I believe that small businesses have already taken a lot of punishment and are slimmer now. They will survive. So you need to direct your practice, in part, toward business owners and those who are not your current most typical client. You need to diversify your clientele.

When the markets begin to shift you must be in command of communications — to reach out to clients and warn them. You cannot predict the precise point at which the market will turn. It will take courage to give advice for them to "hold" and at other times to sell aggressively. You need to verify you have current phone numbers for all — home, work, cell and vacation home. You might even test your system. I do not particularly care if your critical client phone numbers are in the cloud, inside your phone, in your desktop, laptop or even rolodex. Just test the system and be ready.

On May 16 and 17, I will be participating in Chicago with Roccy DeFrancesco and Tom Duggan, an attorney from Duggan Bertsch, LLC (Chicago), at a two day workshop at Holiday Inn Suites — Rosemont O'Hare. Tom will cover the legal aspects of business buy/sell planning, and I will cover the practical aspects of marketing, presentations and non-legal documentation. Maybe you can join us for a very productive two days. To reserve a seat at this event, call Blair at 949 485 2598.

The IARFC is pleased to introduce a new benefit for the members — long term disability for both the members and their associates and staff persons. I am sure you know that this type of coverage on an individual policy basis is very expensive and difficult to qualify for. The IARFC plan will be far less expensive and there will be guaranteed entry provided you act swiftly. Call Chris Roberts at 800 385 9401.

I have always been a believer in long-term disability and fortunately, all I have are cancelled checks to show for it. But, we have had disabilities among our staff. I was pleased that our coverage protected their income loss and avoided my anguish. I would have not liked paying two salaries to fill a position, nor would I have felt right saying only, I'm sorry!

Please review the limits of the insurance you have and buy the maximum amount you qualify for. We have spent a lot of time helping our consultant, Chris Roberts, develop this plan and secure the best insurer with valuable features and very favorable pricing. I also urge you to insure your associates. If this plan is well received (enrolled), then we will consider adding short-term disability, life insurance and critical illness — all on a guaranteed issue, low cost plan, on a group basis.

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

Journal of Personal Finance

Call for Papers

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

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

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

Contact: Dr. Michael S. Finke
P: 806 742 5050 x259 E: michael.finke@ttu.edu

www.journalofpersonalfinance.com

On The Path to Accreditation

The Certification Board

By the time you read this article, we will have made many changes to the by-laws of the IARFC to put us in line for accreditation from the NCCA. One of the major changes has to do with the controlling body that will be responsible for the various designations that the IARFC offers to the financial planning world. A major role of an accrediting agency is to protect the public and as part of that role, the accrediting agencies require an independent certification board to oversee the designations they accredit.

The Certification Board is made up of both members of the IARFC and someone from the general public. The public member is generally someone who might use the services of the designees but who is themselves not in the financial services industry. According to the standards of the NCCA, "The certification program must be structured and governed in ways that are appropriate for the profession, occupation, role or skill, and that ensure autonomy in decision making over essential certification activities".

The IARFC, in concert with our consultants, have developed the outline for the creation of our Certification Board. This board will be comprised of both current designees and someone that represents the public. These board members will be elected by those holding current IARFC designations and will serve terms of at least three years. Details on the selection of the Certification Board will be forthcoming in the near future.

We are hopeful that our members will be willing to consider adding their names to the roster for this board. The work is not going to be too difficult, but it will be very rewarding, as the members will have a direct impact on the future of the IARFC and on the good works that we do for the public. We will rely on the Certification Board members to provide input on the current state of the financial services industry and to help us maintain our credential as a viable representation of the cream of the crop of financial services professionals.

In addition to the development of a Certification Board, the IARFC will be updating the various policies and procedures that we use to direct the association for the benefit of the members, designees and the public. These include policies related to privacy, conflicts of interest, as well as to how we will handle complaints of ethics violations by our designees and members. Our members should not expect to see any drastic changes in these new policies and procedures. What we are attempting to do is to clarify what we do currently and to make sure that everyone is aware of how to act in certain situations. We will be publishing the various documents as they are developed and approved by the board.

Change is a difficult thing to accept, but as a part of growing the IARFC, we must deal with it. As we move forward down the path to accreditation we are going to see many subtle changes that will lead to growth and improvement for our members. We will add policies and procedures and will continue to change to meet the needs of our members and the public we serve. This element of change is a good thing and will make the various designations of the IARFC a more valuable addition to your already strong personal brand.

For more information on the changes that are ahead of us, please let me know. I am happy to share in more detail the work that we are doing on your behalf. I am also happy to accept your name if you are interested in being a part of the Certification Board or are willing to be of any assistance as we work on accreditation.

Jim Lifter, MBA, RFC®

Jim Lifter, MBA, RFC®, IARFC Education Director, has an undergraduate degree from 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.

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

Dear Prudence

According to thefreedictionary.com, one definition of prudence is the 'care taken in the management of one's resources'. We should all consult 'Mother Prudence' before committing any money to any investment. Given today's climate for stocks (3/22/2013), here are the contents of a letter I sent to 'Mother Prudence'.

Dear Prudence,

Take a hike. Beat it. Scram. Get lost. Leave me alone. Don't ever interfere with my investment thinking ever again! I know I am supposed to manage resources wisely. I know I am supposed to analyze the daily data and make wise decisions concerning money and stocks. All of my analysis should be based on truth and reality. My investment decisions should therefore be somewhat cautious given the real risks of monetary loss in the event incorrect interpretation or judgment. But Prudence, you have not been any help over the last few years. In fact, you have been an impediment to asset appreciation. So now I ask you - I beg you - leave me alone and don't ever bother me again.

You see, Prudence, I no longer have any need whatsoever for the care you provide. Nor do I have a need for your imposed judgment, discretion, or concern for investment risks. The reason is because today, there are risks no more.

Prudence, the truth is Ben Bernanke and his Federal Reserve Bank have taken control, ownership, and management of the US economy and the stock indices as well. Stock prices are rising because Mr. Bernanke wants to restore net worth to his wealthy friends. In 2008, everyone suddenly came to the realization that the world was broke due to a collapse of derivative prices. Of course, derivative values are derived from the value of underlying assets. If derivative prices collapse, then asset prices themselves have already collapsed. Mr. Bernanke has been busy supporting and boosting these asset prices since his big banker friends lost all of their money and bankrupted their companies dabbling in the quintillion dollar derivative universe. That derivative universe that almost melted down the world economy is today just as big as it was in 2007. It is also just as precarious. The big banks still own huge portfolios of derivatives. The companies that insure the derivatives still don't have any money. It could all collapse in an instant. But here's the thing, Prudence. I am not supposed to know that stuff. In fact, the more I know, the worse off I will be as an investor. Ignorance is the new tool of the Bernanke era. Stupidity is also a good tool because truly stupid people don't even realize that Mr. Bernanke has 'rigged' the game in favor of the home team.

Dear Prudence, the stock indices have been transformed by central banker intervention much like the Harlem Globetrotters transformed the game of basketball. Yes, the Globetrotters play an 'entertainment' and 'exhibition' form of basketball. The baskets are still ten feet high and the court size is the same. The rules of the real game become nothing more than an outline or a form to follow as the Globetrotter members go through their various hijinks. They commit traveling violations, they stuff the ball in their jersey, they switch the real ball for one attached to a giant rubber band, and they periodically halt games to play out comedy routines. But in the end, the Globetrotters always win. Their win-loss record against their Washington Generals opponent is something like 12,000 wins and only 6 losses. Is it real basketball? No. Is it real competition? No. Is the fate of the game pre-determined? Absolutely. Fans don't pay to watch a loser. Mr. Bernanke has now perverted and commandeered the stock indices such that a real market no longer exists. The only way to make money is to bet on the Globetrotters. And so, we must ignore reality and risk and bet on Bernanke.

But Prudence, I'm not supposed to know this. I am supposed to think that stock prices reflect an improving economy. Sure it does. The EU is the second biggest economy in the world and its members are

drowning in debt and choking on a perpetual recession. Japan is the fourth largest economy in the world and they have recently embarked on a currency devaluation scheme in hopes of inflating their listless economy. China has slowed a bit even as they built dozens of 'ghost cities' in an attempt to fool the ignorant into thinking their economic growth is organic. These are all great risks to investors but only if reality matters. Please Prudence — take a hike! And please, don't bother me with reality. I need to make money in stocks.

In the U.S., unemployment is falling and the economy is adding jobs. That is, unless we take into account reality. From the most recent jobs numbers, we learned that the economy created over 200,000 new jobs and nearly half of that figure comes from the 'birth/death' model. The economy also witnessed a reduction in the workforce of some 300,000. The truth is the workforce is declining even as the population grows. This trend cannot continue. The math does not work. Added risks? Please Prudence, leave me now!

The U.S. housing market continues to rebound with both sales and prices rising. I don't want to know that about a third of all distressed properties are bought by investors and two-thirds of all damaged foreclosed properties are bought by investors. I don't want to know that according to RealtyTrac, 43% of home sales in 2012 were distressed properties. I'm not supposed to know that home prices are still down some 30% from their peak in 2006. I'm not supposed to know that distressed property values continue to fall. Why can't I embrace the regime's story of the housing recovery. It's your fault, Prudence. So beat it!

And Prudence, median income per capita in the U.S. has stagnated over the last five years. Consumers still owe close to a trillion and so do students. The savings rate is almost as low as it was a few years ago and the largest percentage of the supposed new jobs are low-wage additions. As for stocks, the Dow has made a new all-time high and that's proof that the economy has healed thus restoring wealth to investors. No one wants to talk about the NASDAQ although this index represents a higher market capitalization than the Dow. No one wants to talk about the NASDAQ because it is still down some 40% or so from it's all-time high reached in 2000. Worst of all, the Federal Reserve continues to buy $85 billion per month in U.S. debt from the big banks to keep the bubble inflated. Where does that come from? Debt. The U.S. issues debt. The big banks buy the debt. The Fed buys the debt from the big banks who no doubt profit from the insider trading. With what does the Fed buy assets? Federal Reserve Notes printed by the U.S. Treasury. Who pays for the debt? U.S. citizens do. Who gets the Treasury assets? The Federal Reserve does. How did they acquire those assets again? With our money. Isn't that called 'stealing'? Please Prudence, leave me and take knowledge, intelligence, reality, and truth with you. I will be a much more profitable investor with you gone from my consciousness. I don't need to know anything. All I need to know is that Ben has a little plastic ring and he keeps dipping it in soapy water. Blow Ben, blow!

Prudence, are you gone? Good! All we want to know is can the Dow keep going higher? Of course it can. How high? Well, let's put it this way. If the Globetrotters play the Generals another 12,000 times, how many games do you think the Globetrotters will win?

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.

Contact: 704 563 2960
barry@bmfinvest.com

Which Type of Life Insurance Do You Think I Qualify For?

Preferred *Or* Preferred Plus?

I am a 35 year old single mom, born and raised in Boise, Idaho. I'm athletic and have been competitive in sports my whole life. I love the outdoors, camping, hiking, water and snow skiing, riding dirt bikes, motorcycles and anything that keeps my kids and me active. I eat healthy, exercise; I'm very optimistic and have a clean medical history on both sides of my family.

If you chose Preferred, you're wrong. If you chose Preferred Plus, you're also wrong. I'm *uninsurable*. A couple years ago I was told the most Life Insurance I could get was a non-medical, $10,000 burial policy for nearly $50 a month. At that moment, my entire perception of Life Insurance changed. If you were in my shoes, today you would never take Life Insurance for granted again.

At the ripe old age of 21, I developed Multiple Sclerosis. It was a devastating blow not only to find out I had a lifelong chronic disease, but also that my future was now bleak and uncertain. None of us ever think we are going to get sick, let alone have 8 different diseases by the time we are 35.

When I was married, like many young couples, we had both Health and Life Insurance group policies through my husband's work. When he lost his job, we lost our insurance. When he found employment we made the same mistake again and took out another group Life Insurance policy through his employer. At the time, we did it not only because it was cheap, but neither of us was aware that there were independent agents who offer individual policies that *We* could own, not his employer. We didn't realize that Life Insurance is a privilege, and not everyone qualifies. We bought solely on price and never considered the value our insurance held. Although we were young and broke, we figured that if we didn't eat out twice a month, we could fit Life Insurance into our budget.

Unfortunately after my divorce, I lost my Health and Life Insurance I held through my ex-husband's work. Once again, I wish we would have had a financial advisor who would have educated us and stressed the importance of each of us taking out separate individual policies, so that my Life Insurance would NOT be contingent upon my marriage, nor my husband's employment. I still would have Life Insurance today had I made that critical decision.

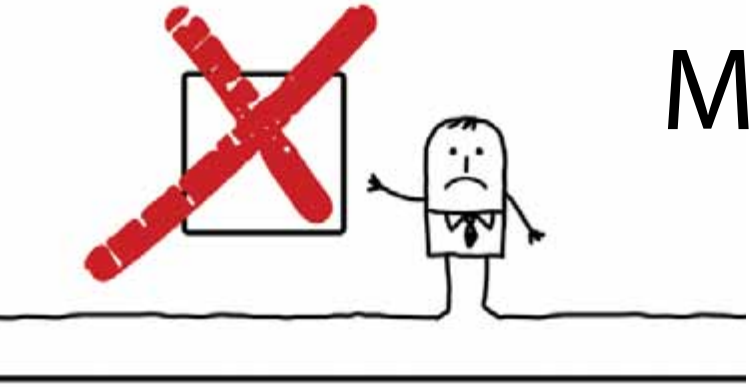
As financial advisors, you have the potential to help people make essential decisions that not only impact their future, but their loved ones as well. By helping your clients put a financial plan in place, not only are you giving them peace of mind today, you're preparing them for any unforeseen circumstances. That way, if something unfortunate does happen, they will be secure rather than making hasty and possibly unwise decisions in reaction to the event. People are counting on you to be their trusted advisor, guiding them in their investments with honesty and reliability. When a client signs a contract with you, they are putting their trust in you. Stand tall with integrity and be worthy of their trust. Henry Ford made a very profound statement, "A business absolutely devoted to service will only have one worry about profits. They will be embarrassingly large."

One of the best things my parents instilled in me was the importance of service, which is what I believe each and every one of you is doing. After I came to terms with my diagnosis, I immersed myself in service. I was reminded that there are so many people worse off than me, and it helped me forget about my own troubles as well. I was also able to benefit the MS Society by building a huge team called Heidi's Heroes. Not only did we take the annual MS Walk by storm, we also raised thousands of dollars. It was there that I was approached to be an MS Ambassador and national public speaker. Through service, I found my purpose and passion in motivational speaking. It opened the door so I could begin working fulltime as an inspirational speaker to people from all walks of life.

My favorite quote is, "Life isn't about waiting for the storm to pass, it's about learning to dance in the rain". Every day you're out there making and keeping appointments isn't going to be sunny. In fact, you have probably experienced some pretty bad thunderstorms. All those appointments that are no shows, the people who aren't interested, those who complain they can't afford it, or the ones who have to think it over; they are just storms you have to weather. But if you never give up, never let your frustration or disappointments take over, never quit, you will eventually find yourself dancing in the rain. Somewhere out there is another Heidi, someone who needs you to find them before it's too late and they are uninsurable. You just never know when you reach out to them if you are about to change someone's life.

Heidi J. Swenson, Inspirational Speaker and MS Ambassador. Heidi's optimistic perspective on life and her ability to find something positive in any situation, have not only made her a survivor, but a role model and inspiration to all who meet her. Heidi has owned several businesses and has experience and a keen understanding of various fields including Insurance, Real Estate, Nonprofit Corporations, Medical Industry and Sales. With her knowledge and experience, Heidi is able to cater her speeches to all industries and audiences. Not only is she able to motivate her listeners, she inspires people to reevaluate their lives, goals, priorities and helps them to realize what is most important in life.

Contact: www.heidijswenson.com



Mental Marketing

The Words and Phrases that Inspire YES!

Picture this: you sit behind your desk and your prospect sits on the other side. You and he are working hard to understand each other. Odds are high that neither of you will succeed at it. Why? Because neither of you have the skills to "read" the other person.

That picture is the true situation in nearly every financial office in the world. The reason is, advisors are rarely ever taught how to "read" people. If you cannot read the other person, your communication will be inaccurate. In other words:

1. You'll have no clear idea of what logic to use. Is it a numbers approach or an emotional one?
2. You'll have no idea if he wants a cookie-cutter approach or something creative. Is he attracted by the tried-and-true, or does he want something customized just for him?
3. You'll have no idea what his motivations are. Is it his family, a non-profit, or hopes for high gains?

Thus, you'll have no idea what words or phrases to use with him (or anyone else). If you can't read the other person, that means every one of your presentations is based on pure guesswork — thus you're not helping, you're gambling with no advantage. In the absence of understanding, an advisor is reduced to selling — and people hate to be sold.

If you can't read the other person, you can't make your presentation relevant. If you fail to make it relevant, then the prospect is likely to see you as irrelevant. Not much credibility in that. And, when that ball is fumbled, the prospect walks away. You are indeed a credible, relevant resource for that person but the lack of reading and understanding cause him to walk. Both lose.

With that in mind, and in an effort to help you learn how to connect with different types of people, let's look at some different approaches. What might you say to someone in these situations:

Seeking to protect his family

- Legacy
- Heirs
- Estate
- Take care of them
- Better life for your future generations
- College education for your children's children

Any or all of those would likely resonate with a family-focused investor. But, how would you know if that person is family-focused? By reading him. You can read the lines around his eyes, or you can listen to the types of words he uses. Does he say "we" more than "I"? How many times does he mention his family? If you're thinking about products when he's talking about family, you'll likely drop the ball.

Focused on returns

- Proven
- ROI
- Gain
- Achievement
- Goal
- Accomplishment

Those words work with gain-seeking people because a gain is a goal those people seek to accomplish. It is likely that person seeks to accomplish goals in other aspects of his life, too. Make note of the number of times he uses words that mean gain, win, accomplish or success.

Needing to understand your processes

- Best of breed
- Best and brightest
- Based on up-to-date research
- I'll find out for you
- Smart
- Help me understand

Most advisors I know would like to tell that person that he'd probably be better off working with someone else. The value in working with these analytical people is that they are typically the people other people go to for answers. If you drop the ball with one, you are cutting yourself off from that person's network.

Wants a customized solution

- Customized for you
- Special
- One of a kind
- Creative
- Not the traditional approach

These people do not trust traditional or standard approaches. They need their solutions to be different but effective and hopefully better. They believe there is always a more creative solution and it should work better. They spend much of their lives seeking a different way to achieve goals or solve problems.

Why do those words and phrases work?

I refer to it as simple psychology, but the hip term today is "Neuro Science." The lists above are based on profiles of mental filters. These act like pre-sets on your radio. Push button 1 and you get PBS. Push button 2 and you get Fox News. Push button 3 and you get ESPN. Different people possess different mental pre-sets. Those are called "Mental Filter Configurations."

If you can recognize something about the prospect's mental filters, you will gain expansive insight into what motivates that person. Simply use the words that represent the mental filter configuration and you will be dancing inside the prospect's mind where he makes decisions.

In Conclusion. How can you tell what words and phrases the prospect needs? Just listen. He's already using them. Communication is a two-way street; the words and phrases a person uses are the same ones he needs to hear from you.

Your IARFC Reward. If you see the logic in using psychology in your business, you need to take a close look at every type of communication you use. Every possible message your prospects and target markets encounter needs to be carefully crafted, purposefully phrased, and accurately targeted to the target's mental filters. If you'd like some help, send me a copy of one marketing piece or the URL for your website. Time permitting, I'll analyze it for you. My gift to you as an IARFC member.

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 their chosen target.

Contact: 509 465 5599
michael@aboutpeople.com
www.aboutpeople.com

Stay the Course

Have you paid attention to the changes in the Long Term Care Insurance industry over the past year? It is pretty amazing how much doom and gloom is propagated both outside of our industry and inside our industry for that matter. What has been most confusing and frustrating to me is that in all the communications I've seen, most have missed the point of why the coverage is important to begin with. Long Term Care Insurance was designed to protect your client's retirement portfolio during the asset preservation stage of life.

With significant increases in life expectancy because of medical technology, people are living longer, not necessarily healthier. The population is now surviving most illnesses that used to be considered "immediate" killers but survival of these illnesses has come at a cost. There is a real concern retirees have about outliving their assets and expenses associated with the cost of survival. Most consumers have either had friends or family experience the need for extended care services and for those who didn't plan ahead, they also experienced the costs associated with that care.

So, I am writing this article because I believe it is imperative for us to stay the course and learn better ways to recommend this very important coverage. Long Term Care Insurance has a place in protecting our client's retirement portfolio, but I believe there is a proper approach to recommending this coverage. Conversely, there is certainly an improper approach to recommending this coverage. Unfortunately, most of the training I've seen has been the improper approach to this coverage. If you were taught to use a person's emotions as a primary means of selling, you certainly want to pay attention.

It is my opinion that reasonable consumers are positioned to make good business decisions when they are approached and educated properly. As a quick side note, if you are working with an unreasonable consumer, I humbly suggest walking away. An advisor should take time to gather information about their client's unique situation for evaluation and research purposes. Once all information has been gathered and evaluated, the client needs to be educated about their situation. With the proper education, reasonable consumers will see their need and be prepared to make good decisions.

Where the process should start is evaluating which clients potentially have the greatest need. Considering this product was designed to protect the retirement portfolio during the preservation stage of life, my rule of thumb is clients who are transitioning into or are already in retirement have the greatest need. Age is important but not as important as where your client is in their retirement plan. The closer they are to retirement, the more important it is for you to begin having conversations. That being said, younger clients should focus on Disability and Critical Insurance as a priority over Long Term Care Insurance.

The next step in the process is gathering the appropriate information from your client so that you can be in a position to recommend the best solution. Besides the normal information such as name and date of birth, it is important to find out whether your client is a W2 employee, if they own a HSA, whether they are a business owner and if so, what type of corporation it is. The reason you need to know this information is because there are tax advantageous methods available to pay for Long Term Care Insurance premiums. Lastly, you will also need to gather health history and family history.

Once all information is gathered and pre-underwriting is completed, quotes should be run with the carriers who are willing to give the best underwriting consideration. All quotes should be run as close to apples to apples comparison as possible. Advisors have a responsibility to be objective for their client when running quotes and it is my opinion that one company can never be everything to everybody. There are several companies who have good Long Term Care Insurance products…don't get caught up in the "Kool–Aid" of any one company.

The next step is to have a conversation with a client. This conversation has three parts to it: 1) Developing a Preferred Plan of Care; 2) Understanding the Funding Options for Care; and 3) Implementing the Appropriate Funding Option(s). Helping your client develop a Plan of Care is a very important first step. In other words, this plan should answer the following questions: 1) Who will the primary care provider(s) be?; 2) What type(s) of care are available?; and 3) If there is an option, where will the client prefer to have care provided?

I believe it is important for your clients to have the answer to these questions written down and in a file for future reference. Even though there is care coordination from the companies at claim time, this process helps people understand the challenges and costs associated with extended care. The costs for extended care are different based on geographic location. Engaging your client in price checking up front with home health agencies and facilities will help establish your credibility and the sound wisdom of mitigating a portion of the prospective cost.

After establishing a preferred Plan of Care, it is just as important to talk about what the funding options are for care. Medicare is a Federal health insurance program that pays for limited short term, skilled care and nothing for extended care. Medicare alone is not a wise funding option for extended care. Medicaid is a state run welfare program that is available to people with limited assets. Remember, the goal is to

protect our client's assets and in order to be eligible for Medicaid, those assets need to go away. Medicaid is not a wise funding option for extended care.

The Veteran's Administration is a potential option for some people but even for those who qualify as a Veteran, any benefit will still be contingent upon your client's ability to pay and only for facility care. The VA is only a possibility for extended facility care but not in most client cases. Self-funding is the next option to review. Insurance is designed primarily to protect against the catastrophic risks. For the lesser risks, I believe that a degree of cost share or self-insuring is appropriate. So the question is, how much self-insuring is appropriate based on the client's unique situation?

Since the cost associated with extended care is so great in the long term, a partially self-funded approach can really make sense in several situations. The places for your client to consider accepting risk would be at the front end of care and then after, at minimum, five years of extended care (in most cases). The chances of your client needing extended care much longer than a maximum of ten years is not all that great. In this case, the self-insuring of care costs past three, five or ten years could really make sense. However, the costs of care in between those two timeframes would be wise to delegate to a risk pool.

So, here is an overview of what type of Long Term Care Insurance product is likely the most appropriate to implement for a client, based on a certain situation. Please understand that every situation requires its own due diligence and every client is unique so there could be caveats to the following hypotheticals. For a client who is simply a W2 employee, the chances of them being able to deduct premiums are not very high, especially considering the new adjusted gross income requirement is 10%. In this case, a hybrid Life Insurance with Long Term Care Insurance benefit rider could be a good option.

For the W2 client who owns an HSA, they are able to bypass the adjusted gross income of 10% and pay premiums through the HSA account, up to the annual limit based on the age of the client. For the client who owns or is partners in a C-corporation, a true Long Term Care Insurance policy would make the most sense. The reason is because the C-corporation is able to deduct 100% of all premiums paid on traditional policies versus a hybrid policy premium, which is not eligible for premium deduction. An LLC, S-corporation or Sole Proprietorship bypass adjusted gross income but have the same annual premium limits for deduction based on the age of the client.

It is my opinion that the ability to deduct premiums weighs greatly into a client's decision as to whether they should consider a traditional Long Term Care Insurance policy or hybrid policy. The hybrid policies allow the best of self-funding and traditional benefits and ensure that if your client doesn't need extended care, that they haven't lost the premium because there is a death benefit. With traditional Long Term Care Insurance, there certainly is the chance where your client could pay in premiums and not collect any benefit.

In conclusion, even though Long Term Care Insurance is going through changes, that does not change the fact that there is still a great need and an appropriate solution. It wasn't all that long ago that Disability Insurance went through a similar change. There are certainly fewer companies involved in Disability now than ten years ago but that fact doesn't change a client's need for the coverage. The same thought process applies for Long Term Care Insurance. Your preservation age clients have a real need and you still can provide a much needed solution.

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.

Contact: 866 725 0777
dhansen@arkgroup.com
www.arkgroup.com

Profile Interview

Peter J. D'Arruda, RFC®

Peter J. "Coach Pete" D'Arruda, RFC® and Investment Advisor, is President and Founding Principal of Capital Financial Advisory, LLC in Cary, North Carolina. Having written four financial books, he is a well respected author. His radio show, COACH PETE'S FINANCIAL SAFARI, is heard weekly on radio stations in North Carolina and on over 100 stations across the country.

"Coach Pete" has joined the roster of *Register* Member Profiles.

How did you first enter financial services?

Back in 1989, I entered the mortgage business helping people refinance their homes. So many people kept asking me financial and insurance questions, that it was apparent there was a gigantic need for that service as well. So in July of 1992, I acquired my Insurance license and later, my Long Term Care license. My concentration was safe money solutions. Living in the Research Triangle Park, I've been surrounded with very knowledgeable people as well as high tech companies. Words cannot express the emotions and turmoil I saw potential clients experiencing when the tech bubble popped in the year 2000. So many people had become lopsided and overweighed on the risk side of their portfolios. When it happened again in 2008, I decided to become an Investment Advisor so I could show people both sides of the money world and try to at least offer qualified guidance and proper institutional-like money management in an attempt to keep them properly balanced.

What was your educational background?

I graduated from The University of North Carolina at Chapel Hill in 1988 with a degree in Political Science.

Were you successful at first?

I felt I was successful income-wise but not in a time management capacity. I was driving all over a three state territory and working 60-80 hours a week. Much of that time I called "windshield time", as I was constantly driving to and from appointments. The first ten years are basically a blur. I was in effect, working 80 hours a week for myself to keep from working 40 hours a week for someone else!

What or who influenced you the most?

When I was eight years old, my family moved to North Carolina from Wisconsin. My father had just finished his PhD in Physics and had accepted his first teaching job at a small North Carolina School, UNC-Pembroke. My mother and father, both being from the Boston area, were big Boston Redsox fans. Needless to say, this

was back in the 1970's and there was no cable TV or ESPN. Dad and I spent many summer nights in the driveway sitting in the station wagon, listening to the Redsox on WBZ out of Boston. During rain delays, they would play a show called America Asks Bruce, The Bruce Williams show. Callers would call with a question about anything (again, this was pre-Internet and Google) and this guy would have an instant answer for them. Bruce Williams was my hero. I loved the way he either always had an answer or would get one for the caller. Honesty was his forte. If he didn't know the answer, he would admit it. I take that approach with me into every appointment and media appearance. I feel people would rather have an honest person than a "know-it-all". In fact, I feel one of the biggest problems in our profession is caused by "half-truths" and misrepresentations. Be honest and be proud of it.

What were your major obstacles?

Any time you are trying to build a business and establish yourself, there will be challenges. Getting qualified people to talk to was one of the biggest challenges. Being young and not having a family made it a lot easier, as I would have been a horrible family man with my travel schedule. Also, the costs to get a good potential client have always been high. I feel it is one of the main reasons people fail in the financial business.

Tell us about your current practice?

In 1995, I started a radio show on a small town station in Southern Pines, NC. I wanted to make sure people at least had something they could talk to their friends and neighbors about, so one day the name FINANCIAL SAFARI hit me. Some people thought I was crazy naming it that, but my show tripled the listenership in the time slot it aired on. I found I was able to get my message out to more people that needed it. Over the years, we added a station or two and now the show is syndicated nationally from Boston to San Francisco. It even airs in the media capital of the world, New York City on WABC. I have even opened up a side practice coaching other advisors on media. You never get a second chance to make a first impression and the worst thing one can do is dive into this area alone and air something unprofessional. Think of the bad local TV commercials you have seen. I'm also sure you've heard a bad radio show or two. Did that make you want to go see that person or avoid at all costs? I think the answer is clear. I have 12 employees and want them all to succeed and do everything I can to make this a reality. All my clients call me "Coach Pete" as I am their money coach. Heck, I even will go to car lots with them and help them negotiate their car purchase as well as help them decide between buying and leasing.

How do you market now to acquire new clients?

I probably spoke at over 2000 seminars in 8 states from 1998-2005. The travel and the lack of appreciation by the attendees caused me to wake up one day in 2005 and decide that I was not going to send another invitation out or pay for a meal ever again. Radio has enabled me to keep my promise to myself. I feel that if you treat clients well, they will tell others. We meet many new people each week because of our current clients.

Tell us about your business continuation plan?

I am 46 now and love what I do. I can never see me officially 100% retired (much to the dismay of my wife). I plan on always adding to my business and always being on the cutting edge with technology as well as coming up with ways to get my message out to all the people who need my help. I've authored four books and get great feedback from folks who read them. My books are also available in audio format for people to take with them after an appointment and listen to in their cars. The beauty of writing a book is massive. Not only will people never throw the book away like they would a brochure or a business card, but also they will pass it on to others. Sign it and they will show it off to all their friends and family. My practice also coaches on how to write books. Too many think writing a book is a way to show off and show everyone how much you know. That is the fastest way to get someone to put the book down forever. Keep the rule of 6 in mind when writing a book. Make sure the concepts you write about could be explained and understood by a 6-year-old. My daughter just turned 7. Nothing would make me prouder than to have her in business with me 20 years from now.

What benefit of the IARFC has been of greatest value?

Being part of the IARFC is great as it is a group of like-minded individuals all with a common cause of making sure the general public is getting a financial education, one client at a time. I'm trying to be the wealth beacon for many by shining the light of understanding on some rather complex topics. What I tell folks is — I concentrate on the financial part of their financial house and will help

Left to Right: Hines Ward, Pete D'Arruda, Rocky Bleier

Nick Nanton's film crew, the DNA Agency films a documentary on Coach Pete, featured on the Bio Channel Spring of 2013.

them, if they ask, to find a real attorney and CPA to help them with those areas of their life. I find it hard to believe one person can do all three for them. There are some designations out there where the planner feels he/she can discuss legal matters like an attorney and tax matters like a CPA. I feel those designations may be exposing themselves to huge amounts of liability down the road when the client realizes the person wasn't the best-qualified person to be giving advice. Put it this way — if you need legal estate advice, you go to an attorney. Period. Being an RFC, insurance agent and investment advisor, I let them know right away, I'm not going to be giving legal or tax advice but instead I am going to spend all my time researching the financial world for them. I really think they appreciate it.

What do you see for the Association in the future?

There are other private designations that have spent millions advertising to the point that the general public is brain washed into thinking that they should only work with advisors with that designation. I would like to see the IARFC get the word out in a manner like I described above, drilling home the fact that a RFC is just as qualified, if not more than anyone else out there, to guide folks through the financial jungle.

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

I spend a lot of time researching charities. I believe that it is great to donate time but even greater if I can collect donations for charities. Four times a year, on my radio show, I offer a no-cost consultation if folks will make at least a $50 donation to a local charity. I will then match the donation (up to $100). The checks pour in for these events.

What will be the impact of technology on financial advisors?

I fought using e-mail until 1997. I now embrace technology and never downplay it. Is it all good and all for me? Heck no, but like Mikey said in the Life Cereal commercials, I try everything.

What do you advise an RFC to concentrate on?

I advise an RFC to work on making sure they know every single thing about any product they offer anyone (yes, even all the fine print). Not a week goes by when I don't tell my wife at dinner that someone I met that day had a product that not only did they not understand what they had, but the agent who sold it to them either didn't know what he was selling or even worse, knew the kind of trash he was peddling and sold it anyway! Morals are a very big issue with me. Either you have them or you don't. There is no soft center on this.

What's looming on the horizon for our profession?

I think we will see massive consolidation as well as further reductions in commissions. I also believe that there is the chance of another Madoff. There are always folks out there who are trying to get rich and take shortcuts. This gives the industry as a whole a black eye. I'm confident that our industry will be a good one as long as people have money they hope to have grow. I think income planning will take an even larger portion of the financial spotlight.

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

My radio show has really helped as well as authoring the four books. Being interviewed by Fox Business, BNN and CNBC has helped my visibility. One big thing in 2013 is a documentary that will air on the Biography Channel. This could have huge potential.

You mentioned income planning. How do you help the public with this?

I really think people spend way too much time trying to accumulate money and way too little time figuring out how to live off of it without running the well dry. I try to make it an easy to understand the process using case examples and show success stories as well as ones that didn't work out quite as well.

What are some important qualifications you recommend to others?

I really feel the BBB as well as the National Ethics Association have been great organizations to be a part of as well as NAIFA.

With your radio & TV show as well as being quoted in national magazines and on CNBC and Fox Business, you are obviously one of the national leaders in PR. What should our readers do if they are just starting out?

I feel anyone just starting out in the PR building process should find a firm that knows how to get that PR in a systematic and guaranteed basis. I have never found an organization any more in tune with what we are trying to accomplish PR-wise than Dicks & Nanton (www.celebritybrandingagency.com). Heck, tell them Coach Pete sent ya, maybe they will give you a discount.

Contact: 919 657 4201
pete@capitalfinancialusa.com
www.capitalfinancialusa.com

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What You Need to Know About Beneficiary Designations *part one*

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

Planning for your clients' beneficiaries is an extremely important and often-overlooked detail you must adhere to. That's because the potential is too great for things to go wrong and the resulting consequences can be financially devastating. For example, many employers, life insurance companies, brokerage firms and other institutions send requests to update beneficiary forms to your clients that often go unanswered or are virtually ignored by them. By not updating these critical records, retirement plan account holders run the risk of these companies who are looking to make payment, not being able to because the beneficiaries are nowhere to be found. This article tackles the issues that arise in various aspects of planning for your clients' beneficiary designation choices.

Popular Problems

The most common problem I see is that a retirement plan participant will name a beneficiary under the plan (which was done a while back) and direct those assets inside his or her will to someone else. Beneficiaries named as a result of a contract supersede what's stated in the will. Courts have held that a will cannot override a beneficiary designation. Although this conclusion results simply from applying the terms of the retirement plan, some jurisdictions for convenience include an explicit provision in the probate statute.

Other common issues I have witnessed include:

- That your clients state definite dollar amounts, rather than percentages for beneficiaries to ultimately receive.
- Minor children are named as beneficiaries. What ultimately happens is that the court will need a legal guardian appointed by the court to manage their money.
- Clients make changes on their own and don't inform you, their CPA, their attorney, their banker, their employer or other interested parties.
- Clients are not specific when naming beneficiaries. As a result, there is too much room for misinterpretation.
- Clients leave retirement plan assets to nonspouse beneficiaries, which substantially raise the amount of tax paid.

Based on these prevalent issues, let's start at the top.

Understanding Beneficiaries

Beneficiaries are the people for whom the grantor sets up a trust. The beneficiary is the person who receives a gift of a beneficial interest in property from a transferor. The grantor appoints the trustee, who in turn, represents the beneficiary with undivided loyalty. The trustee must act in accordance with the grantor's directions but only as long as there is no conflict with state law.

Beneficiaries hold equitable title or beneficial title to the property. The beneficiaries hold legal and enforceable rights that they may defend and protect in the event that the trust is managed improperly. Primary beneficiaries are the first ones in line. If the primary beneficiary is not around to benefit from receipt of the property, then it passes along to a contingent beneficiary. The trust can also provide for beneficiaries to receive income from the trust assets and/or principal at an age and under the terms and conditions specified by the grantor.

For example, if the trust instrument says that the grantor is to be paid the income for as long as he or she lives, he or she is the primary beneficiary. If a child is to receive what remains in the trust at a mother or father's death, he or she is the remainderman. Beneficiaries must be legal persons or institutions that can enforce their interests in court. A beneficiary can also be set up for an incompetent person with a guardian acting as the trustee.

Communication

I would say that the main reason for the many lawsuits in this area is due to the trustee's failure to properly communicate with the beneficiaries. Managing client expectations is the key. If the beneficiary knows what to expect as a result of receiving income or property and can plan accordingly, the chances of significant and very damaging lawsuits become minimized. Beneficiaries who seek but are unable to obtain information about the assets and the management of the trust, whose needs are ignored, and whose telephone calls are not answered, are obvious candidates for instituting a lawsuit against the trustee.

Retirement Plans

Under the Retirement Equity Act (REA), your married client can only name his or her spouse as the plan beneficiary inside the retirement plan with a qualified joint and 50% survivor annuity. Here the employer requests that the employee complete a written form designating the beneficiary. The survivor annuity can be avoided only with the nonparticipant spouse's consent. However, these REA rules do not apply to IRAs, SEPs, or Section 403(b) plans (TDAs).

Many times your married client will want to maximize his life income only benefit, which pays a higher benefit, at the expense of his or her spouse. In these situations, "pension maximization" could work well This is a technique designed to choose a larger single-life payout from a retirement plan and using some of the extra cash to buy life insurance for the surviving spouse as a

replacement fund. This enables your clients to continue the higher payout at his or her death by annuitizing the life insurance policy to pay out the same amount as the life income option.

From an income tax consequence, your client's retirement distribution choice must be considered since the designated beneficiary choice will determine the timing and amounts for the required distributions for income tax purposes following your client's death.

For example, Justin dies and names his spouse, Joanna, as the beneficiary of his IRA. Joanna has a few options. First, if Joanna rolls it over into her own IRA, she can delay distributions until she hits age 70 ½. Second, Joanna can name her child, Sam, as a new beneficiary of the rollover IRA, which will further delay distributions since these minimum required distributions will be based over a new joint life payout based on the uniform table, with payouts based on the surviving spouse's age and another beneficiary assumed to be 10 years younger.

Sometimes a power of attorney can be used to name the beneficiary designation as well. If your single client fails to name a beneficiary designation, then a default designation will be used and is often the result of what's stated inside the retirement plan document itself. Most of the time, the default provision pays the nondesignated benefit to the executor of the participant's probate estate.

Other Issues: With a disclaimer, the beneficiary states that he or she does not want to receive a benefit. If the beneficiary makes a legal disclaimer, the benefit will be distributed as though the beneficiary had died before the participant's death.

With creditor concerns, a trust may contain a spendthrift provision, which in turn protects the beneficiary from his own indiscretion or poor judgment.

Jeffrey H. Rattiner, CPA, CFP®, MBA, RFC® has been a fixture in the personal financial planning profession for more than 25 years. He worked at three of the major membership and licensing organizations for our profession and runs a small tax and financial planning practice.

Contact: 720 529 1888
jeff@jrfinancialgroup.com
www.jrfinancialgroup.com

COMPLIANCE-FRIENDLY MARKETING

Asking for Referrals

Katherine Vessenes
JD, CFP®, RFC®

The basic starting point of any referral program has to be building what we call absolute advocates — those raving fans who love you so much they can't help but send you their friends and family.

So rule number one in our practice: Be determined to build a loyal base of advocates by providing great client service and the WOW experience. This has to be a level of service beyond what they can get elsewhere. We do things for our clients that their previous advisor would not even consider. Here are a few examples:

1. For busy parents who couldn't get a baby sitter: I meet them at their home at 8pm, after the kids go to bed. They were so pleased, they sent me the wife's best friend as a wonderful new client.

2. We have probably picked up a dozen cases over the last year because we do a "financial review" of our clients new contracts when they are changing jobs. I make it clear I am not licensed to practice law in their jurisdiction, and we are only looking at the financial issues, their pay, and their benefits. Almost in every case, we can find a way to improve the contract. In one case we suggested the client was being paid a lot less than the going rate. He goes back to his new employer and got a $30,000 raise for the next 6 years. When you help a client make an additional $180,000 over 6 years, you don't worry about losing them.

3. For a single professional Asian woman, who wanted an insurance policy to provide for her parents in the "old country", we advocated with the insurance company who wanted her to create an expensive trust for the parents as beneficiaries. We felt this was an unnecessary expense for the client. Much to our surprise, the Insurance company agreed. We saved our client thousands of dollars in legal fees and client has sent us about 8 new clients the first year we worked with her.

Rule number two: The time to ask for referrals is at the point of highest client satisfaction. I learned this hard way practicing law.

The most likely point in time for me to get paid was when the client was the happiest with our outcome — when we delivered the estate plan or won the case. Getting paid then was easy. If I waited too long to send out the bill, the chances of getting paid actually decreased day by day.

The same rationale is true of our clients and getting paid through referrals. The time to ask is after you have demonstrated great value and proven yourself.

Never ask before you have delivered a plan or something of value to the client. You need to do this when you have an established relationship.

Rule number three: Pick your times carefully. Here is one example: After delivering a financial plan is a great time to ask for referrals. The script would go like this:

"Jane, now that you have seen our plan and recommendations, how are you feeling about our work so far?" This question is crucial, because no one is going

to give you good referrals if they are not happy with your service. Frankly, we never know for sure if we are meeting clients' expectations unless we ask them. Then ask this:

"Is there anything we can do to make this experience better for you?"

Once again this is great feedback to learn if your WOW level of service is working. Assuming you don't get any negative response, you go to the next question:

"Great, I am so glad to hear that. That is what we were hoping for. Now I could use a little advice about my business, if you don't mind. I have enjoyed working with you so much, I have been thinking about focusing my practice on (pick a point of contact with them, like "other pilots like you" or "other members of the West Valley Country Club"). Does this make sense?"

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

Then you ask: "If you were me, how would you go about it?" What you are asking for here is your marketing strategy. Most people will give you a lot of good ideas, because they want to help.

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

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

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

Now if you have been reading my recent columns, you will know that we no longer have to ask for referrals. We just focus on my number one rule: provide WOW service your clients can't get elsewhere. More than 30% of our new clients come from referrals.

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

Katherine Vessenes, JD, CFP®, RFC®, has the best job in the world. She gets to help advisors, broker-dealers and insurance companies get their businesses to the next level. Known for fun and content rich training programs, she is an in-demand public speaker. Author of ***Building Your Multi-Million Dollar Practice***, she has her own practice hwere she puts in place everything she teaches other advisors.

Contact: 952 401 1045
katherine@vestmentadvisors.com
www.vestmentadvisors.com

Taking Social Security Income As Soon As Possible!

It is critically important to be competent and persuasive to answer the all-important question which so many individuals who are approaching retirement, or in retirement, are routinely asking:

"When is the best time to start taking my Social Security income?"

The answer in most cases is very simple: take as much Social Security income as you can, as soon as you possibly can.

Myth #1: If You Wait You Get More

The older you are when you start, the more Social Security monthly income you receive. The Social Security Administration thus entices people to wait longer. But let's look at this a little deeper.

The Rest Of The Story:

Let's use an example. Assume at age 62 a person's Social Security monthly income will be $1,000 per month. However, if they wait until age 67, this monthly income increases to $1,500. More is better, right?

However, in order to get this extra $500 per month, this individual had to wait five years. So if we calculate the income this person did not receive, it comes out to $60,000 ($1,000 per month for 5 years).

The proper thing to do in this example is analyze the pros and cons of waiting 5 years for the extra $500 per month.

Using the example, the pros are simple. Waiting earns you an extra $500 per month, which is a good thing.

Now let's take a look at the cons. How many months does it take someone to simply break even (from a financial perspective)? Well, if you divide $60,000 (lost income) by the $500 (additional income), it comes out to 10 years.

However, the story does not end here. Remember, by waiting 5 years this person is now 67 years old, correct? Therefore, in order to accurately calculate the lost income and "break-even" point, you also have to add in the five years this person waited (from age 62-67). Therefore, it really takes this person 15 years to simply break even and justify deferring their Social Security income.

"But wait, there's more…." Some other key factors to consider are:

- 5 years of potential lost interest or growth from the monthly income.
- 5 years of lost ability to spend and enjoy the extra monthly income.
- Countless years of lost income due to a possible critical illness.
- Countless years of lost income due to an premature death.
- Countless years of lost income due to an unexpected illness or death of a spouse.
- Countless years of reduced purchasing power as a result of inflation.
- Countless years of lost income due to the potential for taxes to go higher.
- Countless years of lost income due to potential reductions, changes, or even the elimination of Social Security income

Myth #2: My Income and Taxes Will Be Lower in Retirement

Far too often individuals, couples, and financial professionals make major mistakes as a result of basing a financial decision upon its tax consequences. (Note: For the sake of brevity, I will not go into the various ways — and rates — Social Security income can be taxed.)

Most of us have heard the argument; "I will be in a lower tax bracket when I retire". This statement never ceases to amaze me and, more importantly, disturb me for several reasons. First, why do so many aspire to have a significant "pay cut" reduction in their income once they reach retirement? Retirement is commonly referred to as the "Golden Years", right? This implies that you worked hard and long enough to have saved enough gold to live like Kings and Queens.

Second, when are you more likely to spend more money: while you are working or when you are on vacation? Since the obvious answer is while on vacation, isn't it fair to say that retirement is supposed to be a wonderful, long, and enjoyable vacation from work? Therefore, retirement is arguably the time when you have earned the right to spend and enjoy your hard-earned wealth and income.

The Rest of the Story: Yes, more income does mean more taxes, indisputably. However, here is my theory on taxes;

"Make a lot of money, pay a lot of taxes, and repeat the process"

So again, let's again analyze the pros and cons.

The main pro for deferring Social Security income is simple. More income means more taxes, and nobody likes paying more taxes.

According to Forbes.com, (see table) is a quick rundown of what the Federal income tax brackets 2012.

Table; Federal income tax brackets 2012 Forbes.com

Tax Bracket	Married Filing Jointly	Single
10% Bracket	$0–$17,400	$0–$8,700
15% Bracket	$17,400–$70,700	$8,700–$35,350
25% Bracket	$70,700–$142,700	$35,350–$85,650
28% Bracket	$142,700–$217,450	$85,650–$178,650
33% Bracket	$217,450–$388,350	$178,650–$388,350
35% Bracket	Over $388,350	Over $388,350

Now let's take a look at the cons using an example based on the tax brackets above.

In 2012, Couple #1 earns $50,000 per year. Couple #2 earns $500,000 per year.

Couple #1: Paid less in Federal taxes (15%) than couple earning $500,000 per year (35%). In fact, on the surface (excluding any deductions and State income taxes).

Couple #1: Paid a mere $7,500 in taxes, while Couple #2 paid a whopping $175,000 in taxes.

However, which of the following retired couples would you rather be:

Couple #1: Net Income **(after taxes)** is $ 42,500 per year, or $ 3,542 per month.

Couple #2: Net Income **(after taxes)** is $325,000 per year, or $27,083 per month.

"But wait, there's more…" Some other key factors to consider are:

Today we are in the 6th lowest tax bracket in history.

A large majority of people today believe taxes rates are going higher.

There are many reasons a person's (or couple's) taxable income can actually increase in retirement (employment income, asset and income growth, inheritances, spouse's death and rental income, IRA Required Minimum Distributions, loss of deductions, and more).

A Bird in the Hand…

When it comes to determining the right time to take Social Security income, too many individuals, couples and financial professionals conclude it is in their best interest to delay beginning to take Social Security income so as to increase their future income and/or minimize their income tax.

In most cases, choosing to defer one's Social Security income for a higher amount in later years is a financially poor decision. Since nobody has a crystal ball with regards to life expectancy, future tax rates, or how much their future retirement income will be, hoping to pay less income tax is *not* a good argument for delaying Social Security income either.

This article's goal is to help you get clear on some of the Social Security facts versus myths and, more importantly, empower and educate more individuals, couples, and financial professionals to take a comprehensive look at the net effect to their wealth from delaying such an important decision.

Christopher P. Hill, RFC®

Christopher P. Hill, RFC®, is currently the President of Wealth and Income Group, LLC, with offices located in the Washington DC area. Mr. Hill began his career in financial services industry working with one of the nation's leading money managers for over a decade. For more than 20 years Mr. Hill has been nationally recognized as a speaker, editor, seminar expert, and MDRT Top of the Table Member. Mr. Hill also received the IARFC Cato Award in 2008 for his contributions to the Register.

Contact: 703 218 6772
chris@wealthandincome.com
www.wealthandincome.com

Building Your Client Base

In our haste to consider Pareto's Principle — better known as the 80/20 Rule, we sometimes lose sight of Morrow's Maxim which stated simply is, "More is Better!"

Italian economist Vilfredo Pareto observed in 1906 that 80% of the land in Italy was owned by 20% of the population. Further research revealed that 20% of the pea pods in his garden contained 80% of the peas.

- If 80% of the land was owned by only 20% of the people, it also meant that 80% of the people collectively owned only 20% of the property.
- If 80% of the income was earned by only 20% of the people, it also meant that 80% of the people collectively earned only 20% of all earned income.
- And if 80% of the money was saved by only 20% of the people, it also meant that 80% of the people collectively saved only 20%

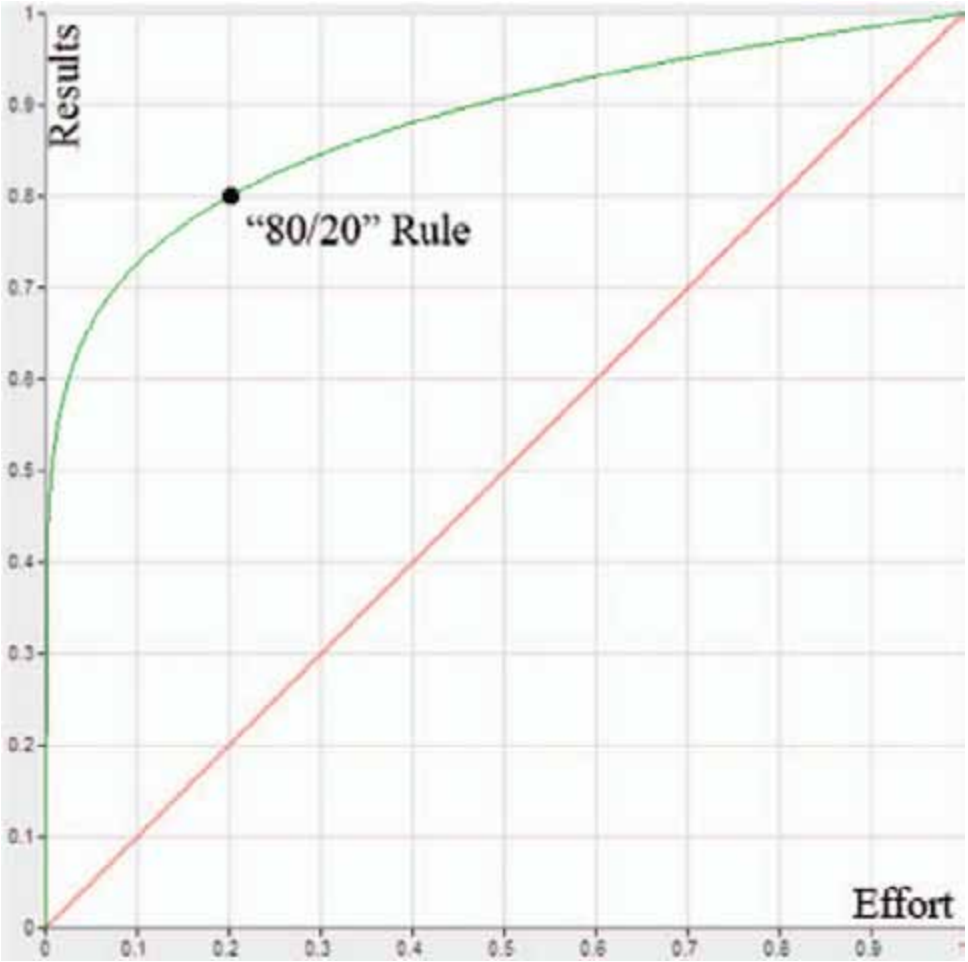
We might draw the conclusion that the disparity between the wealthy and the poor would increase. Judging by the number of un-employed, under-employed and those not even seeking work, the number of those in financial distress within the U.S. is increasing. Will that eventually cause civic unrest? You decide!

Pareto went on to apply this principle to many aspects of business and sociology. In business, this is a commonly referred to in many ways such as — "80% of your sales come from 20% of your clients." In fact we have come to believe that it is so universal that it should govern all business and professional decisions.

But how do we do that? The answer might be to change your client mix and increase the number of 20% clients — those who currently bring you the most business.

The 80/20 rule observes that most things have an unequal distribution. Out of 5 things, perhaps 1 will be "cool". That "cool" thing/idea/person will result in the majority of the impact of the group (the green line). We might prefer that life should be like the red line, where every piece contributes equally. But that doesn't always happen.

Of course, this ratio can change. It could be 80/20, 90/10 or 90/20. Remember, the numbers don't have to add to 100 — that just worked for Pareto. The key point is that most things are not 1/1, where each unit of "input" (resources, time, labor) contributes exactly the same amount of output.



So Why Is This Useful?

The Pareto Principle helps you realize that the majority of results come from a minority of inputs. Knowing this, you (or your clients) might decide to take action:

- 20% of workers contribute 80% of results: Focus on rewarding these employees.
- 20% of computer bugs contribute 80% of crashes: Fix these bugs first!
- 20% of customers contribute 80% of revenue: Focus on satisfying these customers first (like airline frequent flyers).
- 20% of your customers are now highly profitable - shed those who are not.

The examples go on. The point is to realize that you can often focus your effort on the 20% that make a difference, instead of focusing on the 80% that don't add much.

Pareto's Principle is often referred to as the law of diminishing returns. (see chart) Each additional hour of effort, each extra worker is adding less to the final result. By the end, you are spending lots of time on the minor details.

But Pareto Doesn't Control Everything!

Many financial consultants have relied — and still do so — on the 80/20 rule as they schedule seminars to acquire new clients. And the 80/20 rule seems to apply there.

One experienced consultant told me about the recent seminars he had been holding:

He mailed to about 6,000 addresses that fit his criteria. He booked an excellent restaurant in a well regarded hotel for two evenings, and the calls started coming in. (Here we are counting family units — some were single, some partnered and most were married.)

60 Expressed interest and registered
10 Failed to show up and did not call
50 Showed up for the event
10 Scheduled an appointment
(20% of 50 — Pareto's Rule)
8 Became Clients
(Pareto's Rule in reverse)
40 Did not schedule an appointment

You might say — these were not good results. Only 8 new clients out of 6,000 mailings!

But he was delighted because his average income per client is over $16,000. He charges a plan fee and sells life insurance, annuities, a small bit of health insurance, and some precious metals. He is not an RIA, but he refers clients to a qualified adviser with an RIA firm. He receives no fee from them, but they often refer customers to him for insurance.

His total cost was just over $10,000 for the mailings, the meals, the staff, the gifts and the handout folders. His income will match his average current new client revenue — $128,000 (8 x $16,000).

So he is quite happy and feels good about the entire transaction. His costs were about 8–10% of his revenue. Yes, it was a lot of work and planning. The consultant knows that if he isn't adding new clients, the inevitable client losses due to death, disability, re-location and economic reversal will cause his firm's net income to decline.

What Is He Missing?

He had 50 persons that were interested in the topics expressed in his initial mailing but who did not schedule appointments. Some were not genuinely prospects for his service. Some were distracted by ongoing family or business events. Some are slower to recognize the need for action. A lot of them are simply procrastinators.

This consultant does not believe in "Direct Mail" which he perceives to be like the junk that is in his mailbox every day. He liked the "classy" appearance of the seminar marketing distributions and felt that it contributed to his branding and image building. So he was going to disregard the 50 "no appointments" and go on to the next seminar in a few months.

This consultant drives a very nice Mercedes. He was asked, "Did you buy the first car shown by the first dealer you visited?" He said, "No, I looked at five or six brands of cars like Jaguar, BMW, Audi and Lexus and even went to two Mercedes dealers before I finally bought my car."

He suddenly caught on, "You mean that I should not simply throw those 50 names away?" He went on to say, "But I don't think many of them will retain my services, I don't believe in sending some fancy oversize postcards and I am not going to call them."

And he shouldn't. What he needs to activate is **DRIP Marketing.** He needs communications that are: **D** – Dramatic, **R** – Response, **I** – Important, **P** – Personal

This aspect of marketing can be delegated to a staff person and the results might be very significant. Suppose he starts to DRIP Market to all 50 of those he has not personally had an appointment with. During the process a few will express that they have absolutely no interest in his services.

Let's assume he uses a DRIP Marketing Sequence of 16 Letters, 16 articles and 3 phone calls from his staff person (or even an offsite part time employee). He will not have to send out 800 items (16 mailings to 50 persons). It is likely that his total will be about 500. These will cost about $2 each for postage, envelopes, letterhead and article paper. Total expense will be about $1,000 ($2 x 500 mailings).

Remember, the demographics (age, net worth and income) for this group is presumably the same as those who took the initiative to book an appointment at the end of his seminar.

- 20 percent response would be 10 new appointments and 8 new clients.
- That would be another $128,000 of income — doubling the initial response.
- All of the DRIP Marketing effort could be delegated to a staff associate.

Did it work? Yes! His staff person actually booked 16 appointments, but the consultant netted only 9 new clients. What if the results had been half of that? He might have only another 4 clients. If he only got 2 new clients from that group of 50, his payoff would be $32,000 for an investment of $1,000. Is that a good ROI?

What about Class 2 Clients?

This financial consultant was seeking clients that fit the following criteria:

Age 60-75
Married (or partnered)
Retired or close to it
Investible net worth $1,000,000

He was making no efforts to establish the sons and daughters of his current clients as clients for his practice, because they could not make the same level of purchases. In fact he even discouraged anyone that he felt could not produce a first year income of at least $12,000.

Having a secondary marketing effort with DRIP Marketing could attract those lesser clients. Some of them would grow financially and some would not. Others would inherit from his clients when they passed on and then fit his criteria.

Put Pareto to Work for You

Don't just blindly repeat the 80/20 rule and go on. Look at the 80% who did not respond immediately to your appointment offer. They might be worth even more to you than those who made immediate appointments. Many seminar attendees are intrigued but just do not move swiftly.

If your seminars (or other marketing efforts) only produce 20% client conversion, then look to the remaining 80% and put them into an automatic DRIP Marketing effort.

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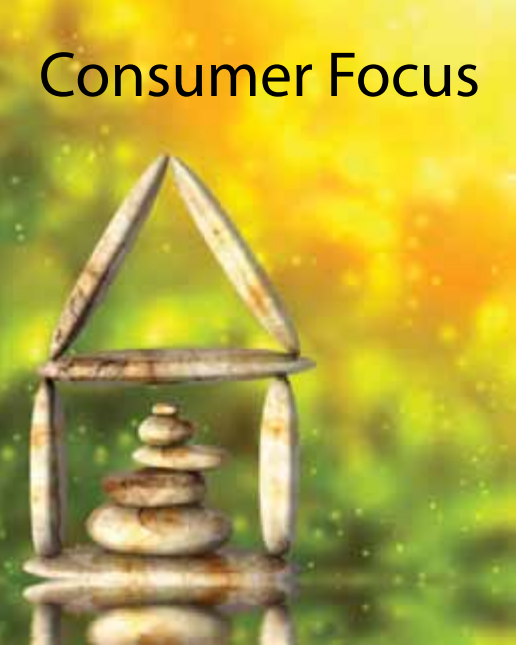
Ed Morrow, CLU, ChFC, RFC®

Ed Morrow is the chairman and chief executive of the IARFC and has been a practicing financial advisor for forty years. Visit IARFC.org and access this month's video, Building Your Client Base.

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



Refinance Before Rates Rise

The housing market finally hit bottom and the long-awaited recovery is already under way. This means that record-low refinancing rates won't stay low for long. If you are thinking about refinancing your home, now is the time to do it, but don't rush in. The devil is always in the details when it comes to money.

According to Standard & Poor's/Case Shiller home price index, single-family home prices in 20 major U.S. cities rose 4.3% on a yearly basis in October. This was the ninth consecutive month of increasing prices.

Still, current housing prices are near 2003 price levels and we have a long way to go before we return to 2007's peak. Historically, housing prices cycle from their peak high to bottom trough in seven years and the U.S. post-bubble housing market appears to be in sync with this pattern.

The factors that led to this improvement are low interest rates, employment stability in many areas and improvement in consumer sentiment. This trend is likely to keep on going.

At the beginning of 2012, real estate analysts predicted that continued monetary stimulus from the Federal Reserve could lead to interest rates reaching new all-time lows. They were right!

Mortgage rates are heavily influenced by the yield of the 10-year Treasury bond, as the average mortgage is either refinanced or paid off within a decade of origination. The Federal Reserve is buying billions in bonds and mortgage securities to force the 10-year Treasury yield (and thus mortgage rates) down.

Consider locking in these low rates while you can. Rates may already be inching up. According to BankRate as of 1/14/2013, the average 30-year fixed rate mortgage was going for 3.50%, up from 3.39% one month earlier. The 15-year fixed rate is unchanged from one month earlier at 2.84%. Even small increases like that translate into paying thousands of dollars more over the life of your mortgage.

Where interest rates are concerned, what comes down usually goes up. While you do have time to get on board with these low rates, nobody knows when they might really take off again.

Before You Sign. If you want to refinance, you of course want the lowest interest rate based on your credit rating, equity in your home, debt ratio and household income. It seems simple to immediately take your interest rate down a few percentage points, but stay focused on the big picture. Unlike a few years ago, a refinance is more involved than just reducing your monthly payment by a few hundred dollars.

1. How long do you plan to live in your current home? Let's say a refinance frees up $150 for you each month. Sounds great, right? It isn't so great if the mortgage company tacks on a point up front — that's 1% of the outstanding loan amount — and a few hundred dollars in fees. If you're only staying in that home for a few more years, that refinance is hardly worth it.

If you plan to live in your home for many years, then it's a different story. If you're moving to a 15-year loan from your 30-year loan or from an adjustable-rate into a fixed-rate mortgage, a long-term homeowner has more to gain.

2. How much do you really save per month and for the life of the loan? How much does your refinance cost? As part of your agreement, your mortgage company might add a lender point (potentially thousands of dollars) and other fees that adds hundreds of dollars more to your loan. This reduces the potential savings, making the refinance a bad idea.

3. What is the term of your new loan? Homeowners who originally had a 30-year loan and are now refinancing eight years later should make sure the payment schedule they select pays off their new loan in 22 years or less.

Before refinancing, make sure you review all of your options with a qualified mortgage professional and then have your accountant or financial advisor review it, too. It is always a good idea to be fully informed before making such an important financial decision. Remember: *Where you live and how much you pay to live there are probably the biggest financial decisions of your life.*

Walid L. Petiri, AAMS, RFC®

Walid L. Petiri, AAMS, RFC®, Chief Strategist for Financial Management Strategies, LLC in Baltimore, MD a Registered Investment Advisor. Mr. Petiri has frequently been heard on WEAA (88.9 FM) as a financial commentator, appeared on ABC WMAR, and MTA Commuter Connections. He has been interviewed and quoted by the *Investment News* magazine, written for the *Journal of Personal Finance*, the *Register*, *Popular Finance* (of China), and publishes a financial advice column called the *Foresight*. He serves on the Finance Committee of Associated Black Charities.

Contact: 410 779 1276
walid@fmsadvisors.com
www.fmsadvisors.com

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Close More Cash Value Life Insurance Sales

What do the top life insurance producers know about selling cash value life insurance that you don't? The answer below may surprise you.

Closing Secret #1… No One Likes To Be Told What To Do!

One of the main reasons why top advisers are able to close more cash value life insurance sales is they get their prospects to practically sell themselves.

Consider; most agents/advisers tend to lecture and tell prospects what they should do. So, once the agent/advisor finds (or thinks they've found a problem the prospect has), they'll immediately try to provide the prospect with their solution to the prospect's problem. Doesn't a salesperson telling a prospect what they should do create an automatic response from that prospect… of immediate resistance?

Think about it. Do you like to be told you have a problem? Do you like to be told what you should do? Don't you automatically fight the idea? Aren't you immediately skeptical? Wouldn't you rather identify your own problems and come up with your own solutions?

For example, when most agents/advisors are talking to a family they'll ask *"Do you have life insurance to pay off the mortgage if something were to happen to you."* If the prospect doesn't have any mortgage life insurance, then the agent or advisor immediately tells the prospect about a great new affordable product that will pay off the mortgage if the prospect dies, and will pay off the mortgage early if the prospect lives. The prospect automatically says: *"Let me think about it!"*

Why? Because no one likes to be told what to do! No one likes to be sold. But, people do like to buy, if it's their idea.

People buy based on emotions and then justify their decision based on logic.

The top life insurance producers have learned how to close more and much larger

life insurance sales by helping their prospects identify and truly understand their financial problems. Then they help the prospect to come up with their own solutions.

They've learned to **ask questions** and have a real conversation to help prospects to **'want to take action'** to solve their problems. So the prospect practically sells themselves!

Here's a quick simple example…

Agent/Advisor: *"If I may ask, do you currently have a mortgage on your home?"*

Prospect: *"Yes, I Do."*

Agent/Advisor: *"And, if I may ask, do you have insurance to pay off your home, for your family, if something were to happen to you?"*

Prospect: *"No I Don't."*

Agent/Advisor: *"How do you feel about that?"*

Prospect: *"I never thought about it."*

Agent/Advisor: *"Well, if something were to happen to you, and your family lost your income, what would happen? What would they do?"*

Prospect: *"I guess they would have to sell the house and move in our parents."*

Agent/Advisor: *"Is that what you want them to have to do?"*

Prospect: *"No, but unfortunately I can't do anything right now. I just can't afford it."*

Agent/Advisor: *"I understand. None of has any extra money. But, do you feel it's important to have the home paid-off for your family if you weren't there tomorrow?"*

Prospect: *"Yes, I do."*

Agent/Advisor: *"Well, if I could show you how to get the insurance you need to protect your family, without taking any additional money out of your pocket and sacrificing your life style, would you like to know how?"*

Prospect: *"Yes, I would."*

Can you see the difference? We've helped the prospect to identify and understand their problem and become emotionally involved. Now that the prospect

understands and agrees they want to solve the problem, we can work with the prospect to help them come up with their own solutions. Aren't the prospects in fact selling themselves?

Remember, no one likes to be sold! If you learn to ask questions and have a real conversation, to help the prospect to identify and understand their own problems, and then help them find their own solutions, you'll close more sales… And, in many cases it'll be a much larger sale.

Closing Secret #2… 'Help Your Prospects To 'Find the Money!'

That brings us to the second reason why top life insurance producers are closing more cash value life insurance sales. They understand that… **People just don't have any 'extra' money!**

"Well, if I could show you how to get the insurance you need to protect your family, without taking any additional money out of your pocket and sacrificing your life style, would you like to know how?"

Are you interested? Would you like to know more?

How much easier would it be to close the sale, if you could show your prospects how to get what they need to protect their family, without them spending any additional money and/or changing their current lifestyle?

Think about it. What's the biggest obstacle to you selling cash value life insurance? Isn't it; *"I just can't afford the premiums right now?"*

When prospects give you the *"I can't afford it."* objection, do you now apply pressure to try and persuade them it's worth the sacrifice? Do you try three or four of the 100s of closing techniques you've learned, until you get three or more No's?

Does applying pressure, or using those closing techniques, generally result in you making the sale?

Isn't our job as sales people, to help people to recognize they have a problem and then get them to agree they want to solve the problem? Unfortunately, that's where most agents and advisers stop.

If you want to close more cash value life insurance sales, then you must go a step further and help your prospects to 'Find the Money!'

In most cases, you can help them 'find the money' by reviewing their current situation (doing a thorough fact-find) and then helping them to make some smart money management decisions. (reposition their current spending)

Here are just a few ideas on how you can help your prospects:

Can they reduce the premiums on their existing insurance policies?

- Do they have low deductibles on their health, auto or homeowners insurance? Can they increase their deductibles to free up some money?
- Do they have an opportunity to receive a discount on their auto, homeowners and liability policies by putting them with the same company?
- Do they qualify for health insurance through their employer at a reduced cost?
- Do they have a Critical Illness policy, DI policy, or Long Term Care Insurance policy with long-term benefits? Example: Having a "to age 65" benefit period on their DI policy is fine, but if it prevents them from getting the life insurance they need to protect their family, is the long-term benefit on these policies really necessary?
- Do they have expensive, low priority riders on the above policies? Could you free up money by removing these riders?
- Do they have cash value polices that can be paid-up with dividends?
- Can you recommend a lower priced, quality company for their current insurance? Make sure it's truly in your prospects best interests.

Are they funding a retirement plan?

- Are they putting money into a Roth IRA? If they need more life insurance to protect their family, couldn't they use a cash value policy for their retirement savings instead of a Roth IRA? Doesn't cash value life insurance build tax-deferred and generate tax-free income just like the Roth IRA?
- Are they putting more money into a 401k, than is matched by their company? Or, are they are using a traditional IRA, SEP, etc… Again, if they need more life insurance to protect their family couldn't they instead use some of the money they are putting away for retirement to fund a cash value policy?

Can you help them to reduce or eliminate their debt?

- Do they have multiple credit cards and charge accounts with large balances and high interest rates? Could they consolidate all that debt onto one credit card with a lower interest rate and reduce their total payments?
- Do they have cash value in their life insurance policy they could use to pay off their debts or a car loan? Aren't they better off borrowing from themselves and paying themselves back, instead of paying someone else the interest? They can become their own bank as in the 'Infinite Banking' system. (Note: they must pay themselves back with interest.) (Note: in some cases you can borrow from a 401k to pay off debt and then pay it back over 5 years.)
- Do they have untapped equity in their home that they can use to reduce or eliminate their debts? Or, could they refinance their mortgage for a lower monthly payment to free up income? Mortgage interest is tax deductible. So, they save on income taxes, while reducing or eliminating their debt. That's the idea behind the 'Missed Fortune' concept.

By asking questions to get your prospects emotionally involved, so they… 'want to take action', …and then using these 'find the money' techniques you'll close more cash value life insurance sales. And, you'll close significantly larger sales.

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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The Un-Comfort Zone

The Most Powerful Motivator

I was abruptly awakened and told, "The house is on fire. Go outside!" As I ran out of my bedroom and into the hall, my socks slipped on the polished oak floor. A guiding hand helped me keep my footing and a frantic voice urged, "Hurry! Hurry!"

As I got to the door I looked over my shoulder and saw flames leaping out of the heating grate on the floor. The door was thrown open and I was shoved outside into the carport. "Go stand in the driveway and wait for me. And, DO NOT come back inside. Do you hear me? DO NOT come back inside the house!"

The door shut and I began to cry. I stood and stared at the seafoam green door with the frosted jalousie windows. I waited and waited, but I did not go stand in the driveway. I couldn't move. I began to shiver as the cold concrete floor seeped through my socks, and the winter air penetrated my pajamas. It seemed to take forever, and with each passing minute, I cried harder. I could taste the salt of tears flowing down my face and into my mouth.

Finally the door reopened and my mother announced, "The fire is out." Relief flooded my body as I ran into her arms and she held me tight. I was two years old and the mental images of that day are as clear as if it happened yesterday. It is perhaps my oldest memory.

As an advertising and marketing consultant, I know there are many things that motivate us. During my presentations I frequently conduct straw polls, where I ask my audiences what motivates them. The first answers are usually about desires, but eventually someone remembers the most powerful motivator of all. FEAR.

Fear is a primal instinct that served us as cave dwellers and today. It keeps us alive, because if we survive a bad experience, we never forget how to avoid it in the future. Our most vivid memories are born in fear. Adrenaline etches them into our brains.

Nothing makes us more uncomfortable than fear. And, we have so many: fear of pain, disease, injury, failure, not being accepted,

missing an opportunity, and being scammed to name a few. Fear invokes the flight or fight syndrome; and our first reaction is always to flee back to our comfort zone. If we don't know the way back, we are likely to follow whoever shows us a path.

Marketers use fear as a motivator as often as they can. They present a scenario they hope will invoke our sense of fear. Then they show us a solution — a path back to our comfort zone — that entails using their product or service. Fear is used to sell virtually everything: cars, tires, and life insurance are classics. But, clever marketers also use it to sell breakfast cereal and deodorant. As a result we purchase all sorts of things that a generation ago were considered unnecessary: antibacterial soap, alarm systems, vitamins… the list goes on and on.

WARNING: Fear can be too powerful to use as a motivator because it can also paralyze — the classic deer in the headlights syndrome. Would you like to use fear to motivate your employees to perform better? "If you don't sell more widgets — you're FIRED!" It can work, but there are rules you must follow for it to be successful. To use fear successfully as a motivator, a solution must be offered with it. A new path to follow. You can tell an employee he or she must sell more, but unless you show them how, fear will cause flight or worse: paralysis.

Fear is a powerful motivator, but it is a negative one. I prefer to motivate someone by eliminating doubt. Doubt destroys motivation. If you can help a person get rid of it, you will motivate them positively. I will elaborate on this next time.

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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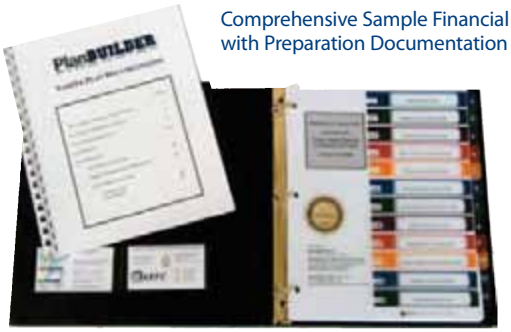

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