the Register

Vol. 14 No. 6 • June 2013
Official IARFC Publication

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Collective Synergy

Floyd L. Shilanski

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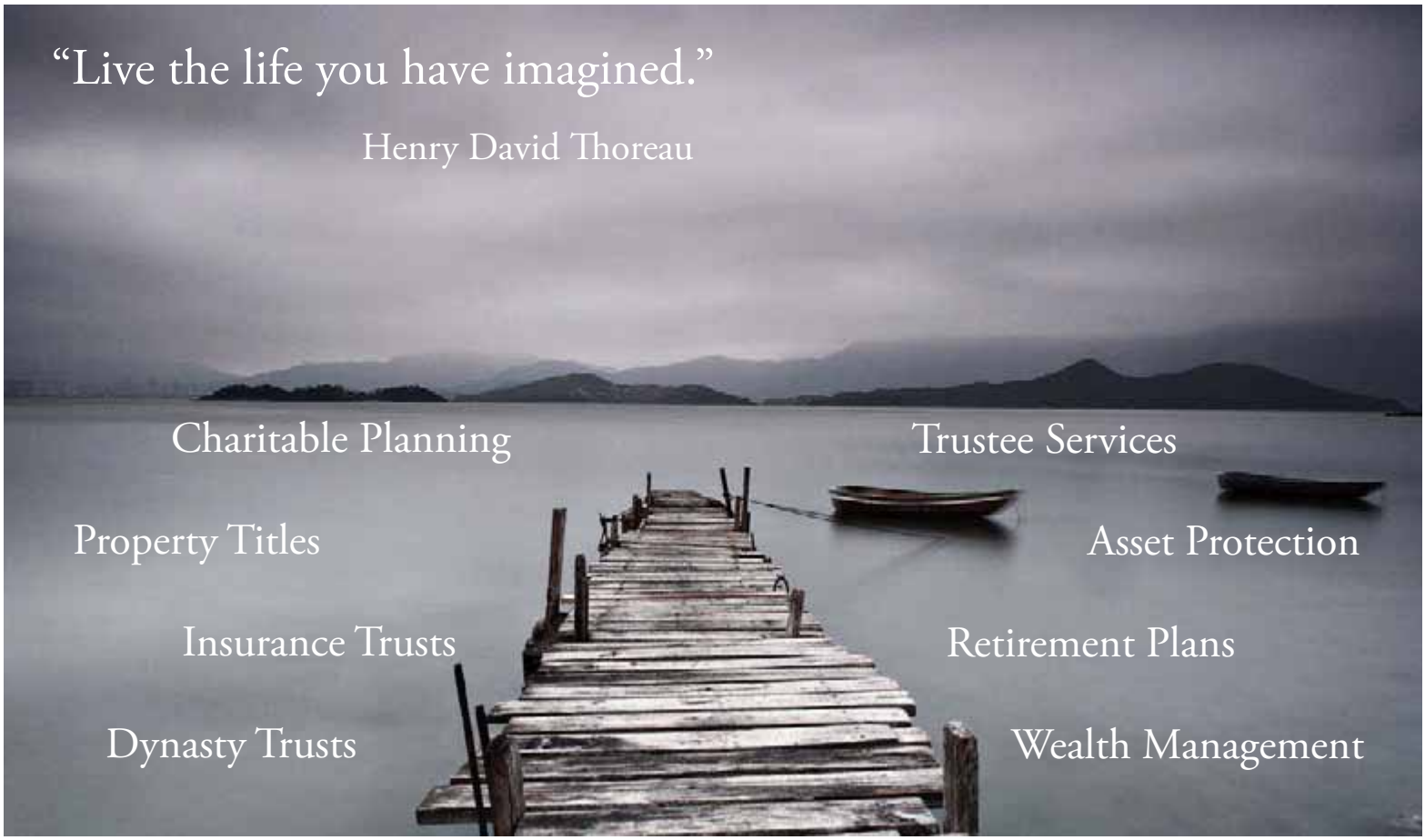

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INTERNATIONAL ASSOCIATION OF REGISTERED FINANCIAL CONSULTANTS

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July

Business Owner Consulting Workshop
July 11, 2013
Middletown, OH

Drip Marketing Workshop
July 12, 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

2014 MAY

IARFC CE@SEA™ Gold Rush City Cruise Celebrity Century
May 10 – 18 , 2014

For IARFC event speaking or sponsorship contact: 800 532 9060

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Pete D'Arruda, RFC®
Fran Giambanco, RFC®
Lew Nason, RFC®
Laura Stover, RFC®

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From the **EDITOR**

June is action-packed here at the IARFC. The 2013 CE@SEA™ conference has set sail and the 2014 venue is announced! Read *Chairman's Desk*; Ed Morrow will bring you up to full speed on the happenings. (P. 7)

Our *Tech Tips* column is back. Randy Kriner, Support Specialist at Financial Planning Consultants, Inc. dives into a summer series researching better portable devices for the financial professional. (P. 9)

Register Cover Profile. It is quite exciting to learn the history and details of each advisor. Floyd Shilanski, is no different. He bears witness to his struggles with a difficult review by the NASD now FINRA. His comeback to a strong family value based firm that serves hard working Americans is a testament to the dedication of RFCs in serving their clients and communities. (P. 16)

Mental Marketing by Michael Lovas. Michael took a very poignant look at the mistakes made during the beginning of the selling process. As you will most likely get a big chuckle from this article, don't miss the serious side that many of us have experienced. Michael sharpens your skills with *A Beginner's Guide to Stupid Selling*.
(P. 20)

Most IARFC members have visited the IARFC.org website at least once. If you haven't, don't miss out now! Ed Morrow and the IARFC developed a series of articles and videos that have been highlighted in each *Register* since January. Please take the opportunity to use the IARFC and *Register* as a resource in developing your practice. Ed's article *Get Published — Acquire Status* has basic, easy-to-use ideas to help you brand and establish your reputation in your community as a professional worthy of your client's trust and investment. (P. 24)

Jeffrey Rattiner, IARFC, V.P. winds up his two-part article on planning for your client's beneficiaries. The series tackles the extremely important and often-overlooked details that arise when planning your client's beneficiary designation choices. (P. 26)

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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: ***How are you helping the next generation of financial consultants?***

A: Your question this month is one of the motivating factors to the launch of my blog/website, *Sense on Cents* back in 2009. With financial literacy remaining at abysmal levels, people do need a place to go not only to read informed, unbiased analysis as to what is transpiring in our economy and markets, but also to access other reference materials that are informative and educational without trying to sell them something.

Sense on Cents provides all of this and has attracted over a million visitors since its launch in early 2009.

Thanks for a great question and to all those at the IARFC for promoting sound investment management practices.

Larry Doyle, RFC®
Greenwich, CT

A: How am I helping them?

By writing five full disclosure educational books, by creating the only advanced education course in the industry (CWPP), only Medicaid education/certification course, by creating a bunch of marketing tools to help them communicate the value of their services to clients (ghost web-sites, DVDs, newsletters, etc).

Roccy DeFrancesco
Saint Joseph, MI

A: With all the marketing emphasis on social media these days, I always counsel the next generation of Financial Advisors to remember that Financial Advising is 50% about "Finance", or the technical end of the business. But the other 50% of Financial Advising is about "Advising". This takes real communication and relationship management skills.

A good (targeted) social media strategy can do some of the heavy lifting for you as far as marketing goes. However, in order to build a really successful practice consisting of all A-level clients, give them all A-level service and collect all A-level fees, you need to come out from behind the computer and learn a systematic approach (meaning automatic, you don't have to think about it, it's documented and trackable), to develop sincere relationships with clients of significant wealth.

Max Bolka
Asheville, NC

A: We have a formal career development program in place. Aspiring advisors can learn how to become actual advisors through our program. The length of time it takes for them to be promoted to the position of a financial planner in our firm depends on their prior experience, abilities and commitment. Our firm not only offers them substantial training and mentoring once they are promoted, they receive extensive training and coaching, a private office, a dedicated planning assistant, complete operational support – and all the clients they can handle. Within two years of becoming a planner, they'll likely have $40 million to $60 million in assets under management and be well on their way to a successful career as a financial advisor.

Ric Edelman, RFC®
Fairfax, VA

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 July 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.

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.

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From the Chairman's Desk…

Join In

Spring always seems like such a busy time of the year. Of course there is always our national holiday on April 15, when we can take pleasure in how much we get to contribute to the local and international projects designed by our Congress and implemented by the Executive Branch. It might be nice to send correspondence to your local pols expressing your attitudes — but would they read it?

The US Chamber of Commerce is becoming more vocal — but their focus is on larger companies. Check out the NFIB — National Federation of Independent Business. Join for $180 per year. They save our association more than that with suggestions for less expensive Worker's Compensation Coverage. They will probably give you some valuable money savings ideas long before your dues period expires. You will also be supporting an organization focusing on smaller businesses – your ideal clients. www.NFIB.com

Business Owner Consulting Workshops were recently held in Middletown, Charlotte and on a joint effort basis in the Chicago area. We partnered with Roccy DeFrancesco and attorney Jim Duggan on a two-day event in Rosemont— very near the O'Hare airport. Jim, a business focused attorney, presented the need for and most effective use of legal documents in Buy/Sell and other succession plans.

Our Drip Marketing Sequence for business owners now includes 3 initiation letters, 15 letters with attached articles, three phone scripts and the letter for use in confirming the initial presentation Interview. All of this text can be transferred to another CRM.

The IARFC Financial Plan Competition went very well. The quality of the plans submitted by the students was impressive. But perhaps even better were the two presentations made by the finalists. They were connected with the judges on the Internet using Go-To-Meeting, and each team explained the rationale for their recommendations.

Would You Like to Get Involved? The competition for the 2013-14 academic year has already been initiated as we have invited the faculty at several hundred institutions to have their students participate. You could become involved with a local university that is grooming new entrants for the profession by offering a certificate or major in financial services — and perhaps one of them might fit into your plans for succession or expansion.

How Does the Plan Competition Work? First each school delegates one faculty member as the primary communication link. Students usually declare early if they will compete. We send the case data to the faculty member who distributes it. They are sent procedures for downloading the Plan Builder Financial software. The students enter the data which requires a very careful review of the soft and hard information. The software prepares the financial schedule, and if the entry was done properly, the problems will become apparent. At this point the students develop their recommendations, organize all the pages, prepare their recommendations, and assemble everything into an organized implementation tool.

Plan Competition Finals. Each of the **finalist** teams will make a presentation of their plan at a conference we are planning for Spring, 2014. We will have about 7 traditional presenters by IARFC experts, plus the physical presentation of the student finalists. A great opportunity to locate the ideal candidate to add to your practice! Tentative April 2014 in Las Vegas.

CE@ SEA™ — 2014. Make an entry now in your planner for May 10-18. We will be on one of the finest vessels, the Celebrity Century, leaving on the 10th from Port Los Angeles, stopping at Catalina Island, San Francisco, Seattle, Victoria Island and ending in Vancouver on May 18 – an 8 night voyage along some of the most scenic coasts in the world. To register for the cruise contact: starr@iarfc.org

Accreditation Volunteers. Jim Lifter is heading up the teams of Subject Matter Experts that will determine the duties a Master Registered Financial Consultant should be able to perform (a sophisticated job analysis) and constructing questions to evaluate the level of expertise of our members. Contact him at: jim@IARFC.org

Contact: 800 532 9060
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Below: Ed Morrow presentng in Chicago at the Buy-Sell Business Transition Workshop sponsored by The Wealth Preservation Insitute.

L-R: Roccy DeFrancesco, JD, CWPP, CAPP, CMP President of The Wealth Preservation Insitute and IARFC Chairman and CEO, Ed Morrow.

Thinking Inside the Box

We have all heard about thinking outside the box. We are told that we should stretch ourselves and get out of the confines that are controlling our actions and our successes. We should break out of the boxes that limit our potential and strive for something new and exciting. Well… just stop it! It is time to get back into that box and make it work for you and for your practice.

But to which box are we referring? The classic example of a box best to remain in is an elevator. Think about the last time you were in an elevator and how it made you feel. It is obviously a confining space, and like most people in society you faced the front and didn't utter a sound. Elevator etiquette says that we should refrain from making eye contact or worse yet, invade someone's personal space. We should stand still and heaven forbid do anything that might get us noticed. Again, I say…just stop it.

We can use our time in an elevator as a chance to develop and then hone our story. After all, it does you no good to do prospecting and look for people with whom to share your story if you don't have a story to tell. Your story should be short but sweet, yet intriguing enough to get the prospect to agree to meet with you in a more formal meeting environment.

Picture if you will, you and Richard Branson (or a name of your choosing) sharing a ride on an elevator. You have scant moments to share with him your story and let him know what it is you do for a living and for your clients. This is your one and only opportunity and you have only a short time frame for getting it done. This is when it pays to have your "elevator statement" in place and ready to go.

What will you say when you are on the elevator or when you are meeting someone for the first time? Will it be, "I sell insurance", or something with a bit more flair and more style that sounds something like, "We help our clients discriminate against the IRS, legally". Both of these are truthful statements, but one of them is going to attract interest while the other might tend to put people off. Which one would you use?

Your "elevator statement" is a brief sentence or two that can be delivered so as to make the receiver interested in hearing more about you and the work that you do. The process to create your elevator statement is simple, but it shouldn't be a rush job. Taking your time to craft a strong statement will help you to succeed in the sales environment and make your prospecting more effective and more enjoyable.

Think in terms of your prospective market. What would be of interest to them, and what would alert them to the fact that you can help them with their goals and objectives. It is, after all, about your client and their needs, not about you and what you want.

Work on some ideas, share them with your staff and some of your better clients, and practice them. The elevator statement should roll off your tongue with a natural ease. Remember, that you should be excited about what you do. If you don't care about your work, why would anyone else?

Do you want to know more about elevator statements and how to develop and use them? How about how to gather prospects on a continual basis, even when you are out having fun? That is just some of what we learn in the Financial Planning Process™ course. Give me a call and let me tell you more about it and the wonderful work we are doing to make our students more successful.

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.

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Tech Tips

iPad Move Over

It seems like it was a long time ago, but it was in fact only April 2010 when Apple introduced the first iPad. Now the iPad is everywhere and more than five generations old. It includes the iPad Mini that is smaller but even more powerful than that first machine introduced only three years ago.

If you ask Siri, the natural language interface available in the latest models, she will tell you that there are now more than 800,000 applications created by Apple and third parties, available to download, install and run on your iPad. These Apps run the full gamut from Angry Birds and other challenging (and addictive) games to apps for financial planning (the App store shows 110 of those listed today).

If you're an early adopter, you probably have owned one or more iPads. Or you may have even explored some of the other brands of competitive tablets. In the fourth quarter of 2012, sales of all tablets, worldwide looked like this: (see chart).

The Apple figures may be the most reliable here as most of the other manufacturers do not post their unit sales figures.

Tech Tips has been very interested and involved in the iPad phenomena. Maybe we should say the tablet phenomena and not just because we are fun loving geeks! For many years, we've heard financial professionals ask us for advice on better portable devices. The iPad seemed like it would be the tipping point and finally the device the financial advisor clamored for would be delivered. Unfortunately, this tipping point left something to be desired. The iPad and most of its look-a-likes fell short of the ideal tool for RFC's.

Worldwide Shipments Fourth Quarter 2012 (preliminary) (units millions)

Vendor	4 Q 2012 Shipments	4 Q 2012 Market Share	4 Q 2011 Shipments	4 Q 2011 Market Share	4Q12/4Q11 Growth
Apple	**22.9**	**43.6%**	**15.1**	**51.7%**	**48.1%**
Samsung	7.9	15.1%	2.2	7.3%	263.0%
Amazon	6.0	11.5%	4.7	15.9%	26.8%
Asus	3.1	5.8%	0.6	2.0%	**402.5%**
Barnes & Noble	1.0	1.9%	1.4	4.6%	–27.7%
Others	11.6	22.1%	5.5	18.5%	77.4%
Total All Vendors	52.5	100%	29.9	100%	75.3%

Source: IDC Worldwide Quarterly Tablet Tracker, January 31, 2013 (preliminary data)

The heart of the problem is the conflict: Apple versus the PC world.

When you opened your first iPad you were surprised that there was not a user manual. Yes, it is that intuitive! But among the other missing items you gradually discovered was a USB port, a disk drive, a convenient connection to your business programs, Microsoft Office (Oops-how did those words slip into our Apple story) and all the special tools you use every day.

Some of our readers will say it is easy to convert PowerPoint to Apple Keynote or Word documents to Pages, Apple's comparable word processor. But rest assured, it's a little harder than peeling ice cubes in the desert. All that ease-of-use and intuitive operation is accomplished with some sacrifices — less user control and versatility, connections only through iTunes, difficulty moving files and the learning curve involved with a new Apple paradigm.

As we published in an earlier **Tech Tips**, our hopes were again raised by the Windows 8 operating system and the new compatible Microsoft **Surface** tablet. Was the new

Surface, running Windows 8, the long-awaited tipping point? We set out to find the answer for ourselves, our clients and our readers.

This past winter, we visited the Microsoft store. We waited in line just as we did a year or so before at the Apple store. The stores are ***very*** similar. You might think Microsoft would be embarrassed to so unabashedly copy their fruity competitor! But as we held the new Surface in our hands, and we were pleased and disappointed. It was very iPad-like — full of nice features, many bells and whistles. Sadly missing was the one element we were looking for, connectivity to our office — the ability to run our PC applications and easily communicate with existing computers.

But we were quickly reassured by Microsoft experts. (I don't think they call themselves geniuses, but they were decked out in T-shirts and lanyards exactly like their compatriots down the street at the Apple Genius Bar.) They assured us that the Surface **PRO**, due out in January, would be that killer machine.

It was hard! We had our purchase order in hand! And it is not often we are empowered to actually play with new toys! But we left the store empty-handed. In the intervening weeks, our research led us away from the Surface and the Surface Pro and towards new iterations of the powerful new Ultra-Laptops that were coming on the market with touch screens to utilize the Windows 8 touch interface.

These new laptops, if they were small enough and light enough, with a touch screen that would flip and swivel to different configurations, could pass for a tablet. In fact surpass any tablet on the market. Of course that meant we could run Office, Word, PowerPoint and all our regular PC Tools (well almost all — we still need Windows 8 compatibility). We found a great deal and purchased the unit for less than $700, you could say we fell over that often mentioned tipping point! The new unit we're now testing is a Lenovo ThinkPad Twist Multitouch Ultrabook.

You will like what we have found and our test results will surprise you. But you'll have to wait till next **Tech Tips** for the "rest of the story"! Our apologies to Paul Harvey!

Randy Kriner

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

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Educate, Don't Sell

It is a typical Thursday afternoon, and I am meeting the acquaintance of a husband and wife who have been referred to our firm. They are welcomed by our staff, offered coffee and cookies, and are told I will be in with them in a few minutes.

I walk into our meeting room and ask them a very simple question, "How can I help you?" Unfortunately, their response is one I have heard more frequently lately, "I have these investments that someone sold me. I don't know what they are, or if they are any good."

This is a trend I have noticed increasing each and every day. People are coming into our office for their first visit, and they are informing our staff that they don't know what products they currently have. They were "pressured", "sold", and "told to sign here" for something they didn't understand by another financial advisor. They weren't given any financial education or physical plan; they were given a financial sales pitch.

Each week our office gets calls that begin: "John Smith is a client of yours and a friend of mine, and he said you've done a good job for him. He trusts you, and I thought you may be able to help me out with my investments." I am deeply honored whenever clients think highly enough about us to mention our firm to someone they know. However, it makes my heart sink when I hear WHY they were referred to us. Some people seek us out due to desperation or fear that they are making dire financial mistakes. Others have been sold investments from other financial salespeople, and they are seeking our help to understand what it is they have already bought. I ask them why they bought what they have, and more often than not I am told, "I really don't know."

These families come in with binders filled with statements, and they have no idea why they have their current financial products. After numerous meetings and hours of working with these families I have found that the breakdown was in that they were SOLD, not EDUCATED! They were given a PITCH, not a PLAN. To be honest, when I see this I am shocked. This type of selling makes the entire industry look bad. This type of practice makes people skeptical of any financial advisor.

Financial education has always been our company's philosophy going back to when my dad, Jerry Royer, first founded our company in 1965 to educate people on how to succeed in retirement. He was one of the very first pioneers in holding educational seminars, and he is why to this day we are focused on being financial coaches, mentors, and educators. We are passionate about educating our clients on the financial world and teaching them about the options they have. We work side-by-side with our clients to come up with great financial solutions to help them sleep a little bit better at night. The focus is always on education…not selling.

The best part of my meetings with my clients is when a client understands a strategy so well that he or she will go up to our whiteboard during a meeting, take the marker, and explain to me the plan that we have developed. It's like being a proud father. When a client understands the decisions they make, they control their financial future and can live a life of retirement confidence.

So how do you "educate" and not "sell"? You have to make a concerted effort to change your mindset. I understand you may have been brought up thinking you are a "salesperson", but if you are going to do the right things for your clients, you need to start with education. It is not necessary or in the best interest of the client to have a financial salesperson use pithy phrases or tactics to make them say "yes". In our office people only say yes and give us the green light to move forward after they feel they have been educated, and they are confident that the decision they are making will ADD MEASUREABLE VALUE TO THEIR FINANCIAL LIVES.

I want all of our clients to completely understand the plan they want us to implement for them. I would consider it to be a great failure if they went out to another financial advisor and told them that they were sold something from some smooth talker. I would rather them be able to confidently explain their financial plan to their kids and know they made the right choice. In fact, just the other day I had a client go back to his old financial advisor and explain to him the plan I developed for him. The exact words of his financial advisor of 20 years was, "Ok, this seems to be the right thing for you…I'll help you move the money".

Here are a few tips to become the educator:

1. Use a whiteboard or smartboard — I spend 90% of my meeting standing up in front of the whiteboard. This is where we write down the client's goals and build their financial plan for them to see. It is important to figure out ways to TEACH people about the financial world and their options, rather than closing techniques.

2. Ask about the client's goals and concerns — this is always the next set of questions I ask after, "How can I help you?" I usually ask: "What is the purpose of this money?; What are your top 3 goals for what you want this money to do for you?; What are your biggest concerns about your retirement situation?" Most financial advisors don't spend the time to do this, but it is the one thing I focus the biggest part of my attention. How can you build a financial

plan for someone if you don't know his or her goals?

3. Ask your client numerous questions to discover how you can help them. I tend to think of myself as a financial doctor and work very hard to find the best solution to their financial ailments.

4. Explain things to your clients in terms and language that is easy to understand. Don't try to cut corners and figure out what is the least you have to say to get the sale. It's my job as the financial "coach" to help them understand a complex topic simplistically.

5. Obtain multiple licenses to be able to offer your clients multiple options and not FEEL like you have to SELL the only thing you are qualified to sell. For example, I currently have a life and health license and a Series 65 license so I can be an Investment Advisor Representative. This allows me to be unbiased and to offer what truly is the best for a client since I have the licenses to offer numerous investments.

The first step however is to decide to become your clients financial educator and to custom tailor your approach to educate not sell. In the long run you will build a much stronger relationship, one that is based on trust not just fulfilling transactions.

Nicholas Royer, RFC®

Nicholas Royer, RFC® serves on the board of the IARFC and is the President of Group 10 Financial, LLC with offices in Orlando, Cincinnati, and Peoria. Nick and his father Jerry co-host their weekly radio show on one of the nations largest radio stations. Nick also is a regular financial commentator on NBC and ABC news networks, and was nominated as a Top Leader Under 40.

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Top Questions I get about Indexed Universal Life

Katherine Vessenes
JD, CFP®, RFC®

Over the last two years we have been privileged to assist dozens of clients with setting up part of their income in retirement to be tax-free. For some we use Roths. For many we use a combination of Roths and Indexed Universal Life (IUL).

We like IULs a lot, but the first thing we tell clients is that they are complicated. In fact they are so complicated, that we won't let a client pull the trigger on them unless we have discussed them at three different meetings.

Most of our clients don't know anything about the concept of tax-free income in retirement through life insurance products. So we take our time explaining all the pros/cons, expenses, IRR, what can go right and what can go wrong in addition to the fun part — estimates on how much money they might have in retirement that they don't have to report to Uncle Sam.

Here are the top questions I get about this product:

1. What if the insurance company fails or goes bankrupt.

- My answer: That's a good question. I looked at all the insurance companies that went under in the last few years while the economy has been so bad, and discovered only one small life insurance company out of Kentucky went bankrupt. It was so small, I had never heard of it.

- Typically when insurance companies get into financial trouble, another insurance company will buy them out and pick up all the contracts. Remember your policy is a contract, so the new insurance company is legally bound to honor the terms of the new contract.

- If your company is not purchased by another, almost every state has a "guaranty fund" that handles life insurance company bankruptcies. This works like the FDIC that insures against bank failures. The Guaranty funds will pay your claims, particularly for your cash value, up to a certain limit if your insurer goes under. In most states, the maximum aggregate benefit for all claims is $300,000 for life insurance policies.

- Also the financial reserve requirement for life insurance companies is much higher than banks. That is why so many banks failed in the great depression and by contrast, so few insurance companies met the same fate.

- Finally, this is the reason we want to make sure we only deal with insurance companies that are financially strong.

2. Can I choose how to invest my money?

- Actually the insurance company makes that decision. Here is how they do it: Let's say your premium is $1000 per month. The insurance company takes $950 of that premium and buys an investment that guarantees they will get back $1000 at the end of the year. That is how they can guarantee that your cash value won't lose money in a down year. With the other $50, they use it to buy options, specifically calls, the right to purchase a particular investment if it's price falls within a specific range. In good years, the $50 will provide some extra income — that is how they can get extra rates of returns on the product. In bad years, the options expire as out of the money and there is no extra return for the policy owner.

3. What happens if I can't make a payment, lose my job or face some catastrophe?

- That is one of the great things about this product — the premiums are flexible. First there are a band of premiums, set between a minimum and a maximum premium. Obviously the more money you invest, the better it will do over time. So one thing you could do is go to the minimum payment, and then as your life improves you can go back to a higher payment, or even dump in a load of cash, if you get a bonus or sell your business.

- Let's say you have a year where you can't make any payments at all. Depending on how long you have been in the product and how the market has done, that might be ok. We will run some illustrations for you and let you know where you stand.

- At this point we might run "bad case" scenarios for our clients. Note, we never call them "worst case" scenarios. Depending on the client, we might show premiums paid for 10 years and then taking a 4 year break and resuming premiums or just paying for 10 years and then stopping.

- Note to advisors: we usually have sample illustrations along these lines in case clients ask about it — we just pull the illustration out of our tool kit. To save time, we just ran standard illustrations showing these scenarios on a 25, 35 and 45 year old male and one for females.

- Another note to advisors: if your favorite carrier will allow, we also use their on-line illustration tool with certain clients and have them tell us their "what ifs" so they can see what the consequences would be.

- Finally, back to the client — we explain that within limits, we can

reduce the death benefit, which means more of their premiums will go to savings and less will go into the cost of insurance.

4. What if Congress changes the tax benefits?

- At this point I explain that these insurance products used to have even better tax advantages. In those days the wealthy would put in millions of dollars so they could have a tax-free savings account. The IRS got onto this tax strategy and passed a law that limits how much can go into these policies. However, all the lucky people who had been socking money away managed to have their policies grandfathered in and keep their tax benefits.

- Nothing is certain of course, but I have never even heard of any potential regulations that would impact these. The only conclusion I can come to is most of Congress must have permanent life insurance.

5. Why aren't more people doing this? Why haven't I heard about this?

- First I explain that it takes an affluent client — the younger and the healthier the better. They need to be good savers and willing to commit to a long term saving strategy.

- The only clients I have had who declined this product had no disposable income — they were living fist to mouth and couldn't save anything. This is the wrong product for clients who don't have an emergency fund or a steady stream of disposable income.

- Now, I rarely tell clients the next part: When I first got involved with financial planning (deep sigh) back in the 80's, the industry was focused on a comprehensive approach that included investing as well as insurance. With the big push to an AUM model over the last 25 years, many advisors either ignored insurance or never took the time to learn it. As a result many of the advisors who would have been up to speed with these techniques 30 years ago don't recommend these solutions because they don't understand them.

- Another factor I don't explain to clients because I don't want to bash other companies: Finally some of the top insurance carriers are still using the same type of products that they used 30 and 40 years ago. They have not caught up with the new trends. The new products are not designed for death benefit as much as they are designed for retirement income. As a result, their captive agents don't have access to these tools.

If you get questions about this product—please pass them on to me, and I will answer them in future articles.

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 where she puts in place everything she teaches other advisors.

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Profile Interview

Floyd Shilanski, RFC®

Floyd Lee Shilanski, RFC® is President of Shilanski & Associates in remote Alaska that affords the perfect backdrop for collective synergy. Shilanski & Associates is an independent firm, run as a family business with wife, Vice President, Rosa Shilanski, son Micah Shilanski, CFP®, RFC® and daughter Jamie Shilanski. Floyd, shares his journey and passion for learning in this Register profile.

How did you first enter financial services?

In 1970 I had just left basic training for the United States Air Force. I was 19, married and broke. In some ways, poverty can be the biggest propellant in a person's life, pushing, urging and motivating them towards success. It certainly was for me. Throughout my career in the military, I was always trying to learn from those around me: how did they spend their money? What did they know about money? What had they learned that I hadn't?

When I left the USAF, I went to work for a defense contractor. Compared to my enlistment salary I was making substantially more money than I ever had before. With a growing family, I wanted to ensure that I was making smart financial decisions with it so I hired a Financial Planner to assist me. Now, this was the 1980's and communication and businesses weren't what they are today. Long story short, the advisor I hired ripped me off and several of his clients.

I was devastated. I wasn't the only one. I met up with one of the other clients who had been taken advantage of and I can still hear his words today expressing how he had lost nearly all of his savings. He turned to me and asked for my help. A little alarmed, I told him that I didn't know anything about personal finance yet alone the complexities of retirement funding, estate planning or tax planning.

He looked at me and said one single word that changed my life, "Learn".

From that day forward, I have been learning — educating myself and thousands of others along the way in their quest for knowledge and financial independence.

What was your educational background?

Hard Knocks. I entered the United States Air Force at the age of 19 and served my country during a very socially and globally tumultuous time, the 1970's.

When I entered the financial planning world, I tried to obtain a second job as an "apprentice" to some of the more reputable firms so that I could learn about the industry. However, everyone laughed and dismissed me saying that given my background, I would never make it in the financial planning industry.

Rosa & Floyd Shilanski

I began to read everything that I could get my hands on about personal and business finance. I learned what licensing designations were required and obtained them. I obtained my Registered Financial Consultants designation and each year attend no less than four educational programs and earn over eighty hours of continued education credits. Today, I am considered a skilled professional and have been called a few times into judicial courtrooms in Alaska to provide knowledgeable opinions yet, I believe that all of us must commit ourselves to learning – constantly. After all, if you don't sharpen the tool it will soon become dull.

Were you successful at first?

I don't think anyone who has truly pulled themselves up from their boot straps has ever been successful in any business "at first". If the doors to entrepreneurs were thrown open to reveal streets paved with gold, there wouldn't be any risk to the equation. There were many days when I first began my career when my wife told me, "You need to get a real job." Being a Small Business Owner is terrifying and if you're not worried every now and then, than you have not taken in all the variables.

You must earn success through tenacity, perseverance and a profound will to not only survive but thrive.

We help them build and protect their wealth and then we get to do the best job in the world: we get to watch our clients retire, bring their grand kids to their appointments, have meetings via Skype because they are off traveling the United States in an RV, get pictures of their catches because they finally get to go do everything they always wanted to do.

Floyd and Rosa Shilanski awarded Bill Gross Community Service Award from the Big Lake Chamber of Commerce Spring of 2013.

Who influenced you the most?

The biggest influence in my life, since 1970, has been my wife, Rosa. She keeps me balanced when I feel off kilter, calm when I feel the waves crashing in and 43 years, 3 grown children and 5 grandchildren later she still makes me laugh.

I was also blessed to meet along the way some very healthy leaders who helped guide me in the right direction.

As an Eagle Scout, the Boy Scouts of America has always played a strong role in my youth and adult life. Before his untimely passing, Cal Calvin was a great inspiration for me.

Mr. Jack Root and Mr. Gordon Root, helped advisors like me bring financial education to their communities by allowing us to teach their classes, "Successful Money Management" and "Financial Strategies for Successful Retirement".

Mr. Norman Lavine taught me about "protecting wealth" once it had been built. He was an informative leader in the insurance community and a very educated man.

Mr. Bill Bachrach helped me put my mission statements and values on paper so that I could properly incorporate them as part of my business plan. He introduced annual reoccurring revenue so that representatives like me could spend more time helping our clients achieve their goals by asking one simple question, "What is important about money, to you?"

Mr. Bill Good helped financial professionals who had spent a decade in a "paper" world capture information and keep in contact with their clients regularly. Mr. Good, still in business today, is a true innovator for financial professionals.

What were your major obstacles?

I came into the financial planning industry in the 1980's when the public at large was leery of financial professionals. Once I had established a working relationship within my community, we entered the mid 1990's and the "Dot.Com" phase; greed swept across the nation like a disease.

I had clients come in complaining that they were making approx. a 25% rate of return and their co-worker was making a 30% rate of return. It was a time when we learned quickly that we needed to define our, "ideal client". It also created a much larger awakening from within our firm as well, in ways we would have never anticipated.

During this time, I was under review by what was the NASD, now FINRA, for having failed to provide prior written notice to my member firm for allegedly participating in private securities transactions. It was a very difficult time to be in the securities business and everyone who was barely treading water, was chomping at the bit to drown the person next to them just to stay afloat a little longer.

My investigation lasted for several months without any conclusive findings. When you're in a regulatory gridlock your business is essentially "closed for business" and every penny you've earned is being spent on legal counsel. Eventually, your attorney will recommend that you sign a "Letter of Acceptance, Waiver and Consent" which in my case resulted in a fine, suspension and having to retake every single test to enter the securities business again.

Between the "dot.com" phase and the investigation I went through, my family and I sat down and made some really difficult decisions. We needed to outline why we were in business and what we wanted for our clients and ourselves. We needed to know who we liked working with and what set us apart from other professions.

Both questions had the same answer: family values. To this day we have never forgotten where we have come from. We like doing business with hard working Americans who share this belief. We like helping people achieve their dreams and take care of their loved ones.

When you're starving for business, you take on anything even when your gut is telling you that you'll never make this person happy no matter what. Learning that I had the right to recommend a prospect seek another professional rather than feeling obligated to take them on, didn't come until the middle of my career but when it did, I became liberated. I stopped looking around me at what others were doing and focused on how my firm could help others.

Tell us about your current practice?

We help middle class Americans define what financial independence means to them. We help them build and protect their wealth and then we get to do the best job in the world: we get to watch our clients retire, bring their grandkids to their appointments, have meetings via telephone conferencing because they are off traveling the United States in an RV, get pictures of their catches because they finally get to go fly fishing and do everything they always wanted to do.

Family values are important to us because we are a family owned and operated firm. My wife and I have been business partners for over 30 years. My daughter, Jamie, is our offices Client Relations Director and she facilitates educational workshops all year long while attending to client needs. My son, Micah, is a Certified Financial Planner® and a skilled professional on the Federal Employee Retirement System. Charnell, my Operations Officer, has been with our firm for over twenty years and has become our right hand. Heidi, in our servicing department, leaves each client feeling enriched and well taken care of. Without these individuals, the experience that our clients have with our firm wouldn't be possible. They are more than employees, they are family. We have a solid, well-built firm because we hold these values so dearly.

How do you market now to acquire new clients?

The premise of our firm was built on education — a value we still promote. Today, we conduct Federal Employee Pre-Retirement Classes and distribute financial periodicals. Micah has developed an online retirement program that walks Federal Employees through their retirement options called, "FERS Route to Retirement".

Most educational programs are so complex and difficult that attendees ask for our assistance at the end. We meet with prospects on–a–one on one basis. If we feel that they are an appropriate fit for our firm, we apply for the job.

Tell us about your business continuation plan?

My business continuation plan begins and ends with my children, Jamie and Micah. Since they were very young they have been emerged in the financial planning industry attending conferences, meeting speakers, listening to audio CD's and reading financial literature. As they step up into their roles I am allowed the flexibility to travel and spend more physical time out of my office. However, I still love what I do and have no intention of turning over the reins just yet.

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

Financial Advisors should be educating in their communities starting with the local high school. Money isn't taught in school. We are barely shown how to manage a checkbook before we are sent off into the "real world" where we must earn a wage, pay taxes on that wage, pay bills on that wage and set aside money for education and retirement. We are enabling our children and surprised when they can't function as responsible adults.

What will be the impact of technology on financial advisors?

Advisors must embrace technology and learn how to use it to propel their business forward. Whenever I have the technology conversation with Advisors they are always saying, "There is too much on the internet to compete with". Meaning, everyone online is an expert. However, what they are failing to realize is that the online overload of information doesn't necessarily make a client feel any more or less comfortable in making their financial decisions. That's where the Advisor steps in.

What do you advise an RFC to concentrate on?

Values. It isn't about lightning fast response, the highest rates of return or the nicest looking performance report. Money is an exchange of life energy. It is what we give our time away from loved ones for and it means something emotional to us as humans.

We learn about money first from our parents. Learn how clients feel about money. Once you know where someone is coming from, you can guide them towards where they want to go.

What's looming on the horizon for our profession?

Today, every bank, credit card supervisor, life insurance agent and resident of the coffee break room calls themselves a "financial advisor". True Financial Advisors need to make the distinction; draw the line. Financial Advisors help clients through all aspects of their finances, not just one area or the other. Our industry needs to embrace what has so often set us apart from others in the finance industry.

Today, Advisors seem to specialize in a myriad of topics: divorce, business partnerships, married couples, college planning, etc., etc.

I think clients who are looking for a financial professional to assist them are so inundated with marketing hype that they don't know what they really want from an advisor.

Whenever I meet with a set of clients who I know have been scouring the internet for hours, have downloaded "top questions to ask when interviewing a financial professional" and start asking me about performance history and benchmarks. I start asking them, where did you grow up? What did your parents do? What did you spend your first paycheck on? This conversation inevitably leads into a more values based planning method. We start talking about dreams, goals, where they want to go in life and what's important to them to leave behind.

If they're really only after a specific rate of return, we aren't the right firm. We don't chase returns. We help people achieve their goals.

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

We do what we say we are going to do. We show up on time. We say please and thank you and when we are wrong, we look someone in the eye and take accountability.

A regulator once told me that he saw more complaints in his office from financial professionals complaining about other professionals. He seldom saw client complaints about a financial professional.

No matter what, take the high road. Don't talk poorly of other firms. Simply, do unto others as you want done to you.

The ability to network with other professionals is also critical to building a successful practice. I take a group of financial professionals fishing in remote Alaska along the Kvichak River every other year. This affords us an opportunity to build relationships; discuss strategies; learn new marketing techniques all while having the fishing experience of a lifetime. The next adventure is set for July 7, 2014. During this four day trip we fly via chartered aircraft to rivers and streams that have no roads leading to them; we travel to the Brooks Mountain Range to watch bears feed from the waterfalls and catch more Salmon and Rainbows than what most anglers are able to do in a lifetime. Remote Alaska affords the perfect backdrop for collective synergy.

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Mental Marketing

A Beginner's Guide to Stupid Selling

This is a guide unlike any you've ever seen before. It's a guide for advisors who recognize the value of being subtle in turning prospects away — without ever actually having to tell them to get lost. This is the first installment of the world's dumbest, most dysfunctional and ineffective sales approaches. It's not just for beginners. Advisors and producers all along the experiential continuum can learn from these tips. If you don't like dealing with those pesky clients, this guide is for you!

Tip 1: The Verbal Warrior — talk your way to success! Soft skills are for soft people. If you want to make a real impact, start talking right away and don't stop until the prospect gives in. You're probably already a good talker, so don't worry, you won't have to learn anything new.

As soon as the prospect sits down, say, "I guess you're wondering why I got into this business. Well, it happened when I was in high school…" Then, continue just rambling. "The third thing that I found curious was the shared liability concept…"

If the prospect seems to follow your story, switch directions and start talking about products. Say, "But, I'm rambling; let's talk about you. (no pause) My belief is that the amendment made in 2000 to the National Principal and Income Act created a loophole that we can take advantage of in your name because…." And on and on. "If you consider that your beneficiaries may still have a tax liability, then you may want to take out a different type of policy…"

Advanced Tip: For the more experienced — do not take a breath. Every time you inhale, you invite the prospect to jump in and tell his or her own story. Really, who cares?

Tip 2: The Silent Treatment — I'm not listening. "Please, have a seat and tell me how I can help you." At that point, reach into your desk and get out this prop.

- Variation one is a little hand-held game. I like the one where you have to get the BBs into the eye holes of the clown. Simply pick up the tool and start focusing on it. If that were all you did, it would be enough, but there is more. Once every fifteen seconds, say loudly, "Damn evil clown! I'll kill you!" Then, turn to the prospect and smile sweetly.

- Variation two is a Pez Dispenser. Just start popping little Pez candies into your mouth. The trick is to keep adding distance between the Pez and your mouth. As with any tool, your commentary expletives are important. So, say, "Come to papa! Come to papa! Daddy needs a new pair –"Then, abruptly stop moving and slowly move your eyes to the prospect, giving him/or a look as though you think he or she is crazy.

Advanced Tip: Before you start to use the props, pull a bandana or Mardi Gras mask out of your desk and very dramatically put it on. Then say, "I'm listening."

Tip 3: Guilt — a sales person's silver bullet. I withheld sharing this vital tip for many years because it's so effective. It works like this. The prospect comes into your office. You stick out your hand inviting him to shake. But, just before you grasp his hand, you pull your hand away. Then, drop your eyes and put the palm of your hand in front of his face. You say in a depressed voice, "Before we go any further, I hope you'll be kind enough to let me tell you about something terrible that happened to me this morning."

That little spiel will disarm anyone and you'll be free to lay your guilt trip on that prospect. You might say, "My dog Mr. Waggles is very ill. I might have to have him put to sleep. See, he has a rare disease. The doctors can save him, but it is going to be expensive. The thing is, most of my wealth is illiquid, and I need to find someone with a warm heart to help me save Mr. Waggles' life. Are you going to step up and be that warm heart, or are you going to let Mr. Waggles die?"

Advanced Tip: Practice the "stuttering nasal inhalation" to add a more powerful emotional effect.

Tip 4: The Bulldozer — how to plow over the prospect for fun and profit! This crafty approach starts like the Guilt Trip, but in this one, you actually invite the prospect to talk. Ask him or her, "Do you want to tell me your story?" Then, when he or she starts to talk, you hold up both hands with palms facing the prospect (they love that). Then, you say, "Naw, just kidding. I don't really care. And anyway, I asked if you WANT to tell me your story. I didn't say I wanted to listen to it.

That little intimate moment will gain you an extra few seconds to make your pitch. "Look, I only work with one kind of person, and that's someone I don't have to babysit. I give the same level of service to everyone, and they all get the same return…or not. You need me a lot more than I need you, so the real question is if I can put up with you long enough to take your money."

Advanced Tip: As soon as you finish that script, look at your watch.

Tip 5. Lost and Not Found — how to build that sense of urgency! The human mind is always asking questions and searching for answers. Everyone knows that! So, here's what you do. Ask the prospect to tell you what he or she needs. You can even be civil at this point. As soon as he or she gets two or three sentences out, you interrupt him or her and say, "Oh! That reminds me. I have something related to that and it's perfect. Then, say, "Please continue."

As soon as he or she starts talking again, you start rummaging through your desk. Every fifteen seconds pull a page out of a

drawer, stare at it, then toss it over your shoulder saying, "Naw, that's not it. But, this is really interesting. What were you saying?" The idea is to keep doing that because it builds curiosity and mystery in the mind of your prospect. After three times, the prospect will have that sense of urgency.

Advanced Tip: While you rummage through your desk, make sure to mumble to yourself. The key to advanced mumbling is to mumble unintelligible sounds, and then add in one word clearly enough for the prospect to understand. "Mmmmumble … mmmumble … state hospital … mmmmumble…."

In Conclusion. The approaches above are appropriate for beginners, and also for the highly experiences producer who has never had to make a sale. The key to making those approaches work is to focus on anything other than the prospect. After all, he's there for your benefit.

Your IARFC Reward. The tips above are not for everyone. If you want to take a different approach, perhaps one that invites prospects to pay attention to you, or even engage in a conversation, just send me an email. I'll send you 20 really good (and valid) sales tips. No kidding.

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.

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Retirement Planning

10 Reasons Annuities Make Sense

Christopher Hill, RFC®

With life expectancies greater than ever, retirement could very likely be the longest phase of our client's lives. Therefore, it is absolutely imperative for retirees to have a plan in place that:

- Provides the ability to spend and enjoy their heir money in retirement
- Protects them from *"living too long"* and outliving their income

Since retirement income planning is an extremely important and complicated process, this is something retirees should **not** attempt to do on their own. In addition to the risk of large investment losses and outliving their assets, there are other major challenges and considerations such as taxes, inflation, stock market and interest rate volatility, rising healthcare costs and much more.

Why Consider an Annuity?

Below are 10 reasons why annuities are an excellent alternative — and why:

1. **Growth Potential.** Clearly every retiree wants their money to grow over time. The reason growth is so important is not only to accumulate more wealth, but also to fight against the aforementioned many "money predators" such as inflation, taxes, planned obsolescence, technology changes, rising healthcare costs, long-term care, unexpected losses or expenses, etc.

Most retirees will tell you they prefer not to spend their principal and would rather live off the income generated from their principal.

Therefore, in order for their income to keep pace with things like inflation, most annuities offer a well-diversified array of investment options to choose from which offer the potential to keep pace with one's changing lifestyle and income needs over the long term.

2. **Safety Provisions.** By far, the two biggest financial fears for most retirees are:

- Losing money
- Running out of money.

The fear of losing money and/or running out of money is not only understandable, but also extremely critical. In fact, I firmly believe that **"90% of a financial professional's job is avoiding large losses".**

If your clients are taking income from their retirement assets and suffer significant losses (particularly in the early years of their retirement and income distribution) this can be extremely devastating and sometimes irreparable. In other words, the combination of large losses and withdrawing income can dramatically increase the probability of running out of money.

Therefore, annuities provide an alternative and solution, since most contain contractual guarantees that can insulate your clients against outliving their income, even if they suffer large investment losses.

3. **Tax Efficiencies.** I always jokingly say that my least favorite uncle is "Uncle Sam". I have yet to meet someone who truly enjoys paying taxes. And of course, taxes come in all flavors; ordinary income tax, capital gains tax, taxes on dividends and interest, state taxes, estate taxes, and more.

John D. Rockefeller once said; "The fastest way to accumulate wealth is to make sure you never pay tax on income you don't use." That may be one of the most brilliant statements I've heard aside from Einstein's theory on compound numbers.

Annuities can offer two unique advantages with regards to taxes. First, while non-qualified monies are accumulating inside an annuity, they are growing tax-deferred. Put another way, a client's monies are not subject to tax consequences such as capital gains, dividends, and interest. Second, many annuities offer clients with non-qualified monies with the ability to provide tax-advantaged income when they are in the distribution stage.

Since we can't beat the unbeatable opponent (the IRS), annuities provide our clients with options to minimize or avoid many forms of unnecessary taxation for non-qualified monies — where applicable and appropriate.

4. **Income You Cannot Outlive.** Given the exponential growth of the baby boomer generation and the advancements made in modern medicine, life expectancies today are greater than ever.

For example, when Social Security was first enacted in 1933, the average life expectancy for a male was approximately 59 years old… and yet Social Security didn't start paying benefits until age 62!

Since males today have an average life expectancy of approximately 85 years old, it is easy to see why we are having such a tremendous battle with Social Security benefits. Many studies show that by the year 2030, more than 2/3 of the U.S. population will be above the age of 60.

So the message here is clear. Given the fact that today's retirement plans are demanding a much longer period of income distribution, annuities are becoming increasingly popular alternatives.

5. **Income Growth Potential.** If a retiree needs their income to grow, their assets

obviously need to grow at a rate that exceeds their withdrawal rate. Since many retirees have little to zero risk tolerance, annuities can provide a greater "peace of mind" to invest a portion of their monies in the stock market.

Back when interest rates were much higher, many retirees thought they could accomplish an adequate amount of retirement income by simply investing in bonds and CD's. However, most retirees found that these vehicles alone were simply not enough. After factoring in things like investment fees, inflation and taxes, utilizing income-producing investments is usually solely capable of accomplishing income growth potential. Of course, this is especially true considering today's historically low interest rates.

Given the many features, benefits, riders, and guarantees of an annuity, they can sometimes increase the willingness for a retiree to invest their retirement monies more aggressively than other investment options. Of course, this varies on a case-by-case basis.

6. **Maintain Control.** As mentioned earlier, one of the essential ingredients of a successful retirement plan is not only providing the income needed, but ensuring that income never runs out.

In the old days, annuities were not very popular because one of the requirements was that a retiree was forced to sacrifice something they hold very dear; complete and full control of their monies.

In other words, although annuities did offer the promise of a fixed amount of income for life, clients no longer had the ability to choose how these monies were invested nor had access to anything other than their income.

Many of today's annuities offer clients the ability to maintain total control over their assets, both during the accumulation and the distribution phases of their retirement, so they can still choose how and where to invest their hard-earned monies.

7. **Maintain Access.** Something also very important to most retirees is having access to their monies in the event that they need it. Although every retirement plan should include setting some monies aside for unexpected events or emergencies, sometimes life brings about severe changes that no retirement plan is fully prepared for.

Given the many moving parts and unexpected events in a retirement plan, most retirees do not want their hard-earned monies to be "locked up".

Today's annuities can also allow retirees the opportunity to access their monies during retirement, above and beyond just their income. Note: It is important to note that, depending on how each annuity is structured, there can be penalties if larger amounts of monies are taken out in the earlier years.

8. **Full Transfer.** Another common request among retirees is helping them to create a legacy. Therefore, it is very important for retirement to ensure that whatever monies are not spent will pass on to their spouse, heirs, and/or charities as efficiently as possible.

Annuities can offer several benefits to help with legacy planning. First, they offer a "guarantee of principal" feature. This means that, assuming no withdrawals are taken, the full amount of what you put into an annuity is guaranteed to pass to your heirs — regardless of the investment performance of the monies. In addition, many of today's annuities offer the ability to purchase an additional "rider" which offers the ability for a client to "lock in" and leave behind their highest annual value. Again, this example assumes no withdrawals.

9. **Professional Support.** One could argue that retirement is one long and wonderful vacation. A time when someone gets to spend and enjoy all of the wealth they have accumulated over their working years.

Some of the most popular retirement activities include traveling, dining out, buying nice things, gifting, spending more money and time with their families, donating, etc.

In just about every important aspect of our lives, we have professionals out there to help. One of the last things many retirees should be focusing on in their retirement years is worrying about their money, their retirement plan, the stock market, and their income.

Annuities are largely purchased through financial professionals. Although most annuities are owned on a non-discretionary basis (meaning no changes or investment decisions can be made by a financial professional without a client's prior approval and consent), financial professionals can serve as a valuable resource by making themselves available for their investment opinions and recommendations.

10. **Consolidation.** Upon retirement, most clients' preference is not to have lots of different accounts, nor do they wish to receive multiple statements from various companies. Having a consolidated financial life in retirement can not only lead to less stress and worries, but also greater success.

Most annuities have a large variety of investment options and mutual funds (which are referred to as "sub-accounts"), such as growth, growth and income, international, small-cap, mid-cap, large-cap, bonds, government securities, money market, etc.

Given this wide variety of investment options most annuities offer, they can serve as an excellent option to consolidate one's retirement nest egg. This helps retirees to minimize the number of statements they receive, have the large majority of assets in a limited number of places, as well as have their income generated from a smaller number of sources.

Annuities are NOT For Everyone

Yes, annuities offer multiple features, benefits and advantages, most of which other investment options simply cannot offer. However, we have all heard the statement that "anything good in life usually does not come free or easy".

Annuities are very complicated investment vehicles, usually carry higher fees, and are clearly not the best fit for every retiree. My strong advice is to perform extensive research, review and understand all of your options, and of course, know your client — to determine whether an annuity is a good fit.

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.

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Get Published — Acquire Status

You have spent considerable time and money branding yourself and your firm. You have your interview folders set up with Code of Ethics, Engagement Agreement and other forms and certificates ready to give to a prospect or even to an established client. Now you want to start enhancing your reputation in your community as a professional worthy of your client's trust and investment. How do you build that recognition? How do you go about getting your name in print? Is it difficult? Is it expensive? Will it really enhance your image?

The Path to "Being Published!"

Step 1 — Start with the Basics. It's all about you! Compile a portfolio of information about yourself — ready to include in the folder you will give to prospects or send to those wanting personal information or interview material. It can also be called a "brag book!" This includes such items as:

Printed personal brochure, or
One page CV (bio) with a photo
Article or page of text about you
Published article **about** you
And later when you have your name in print — a published article written by you

Make sure these contents are reviewed periodically. CVs should be updated with your latest achievements and awards. Recent interviews and articles need to be added and old ones archived or put in a less prominent position.

Step 2 — Expand Your Writing Opportunities. You have read articles by or about other financial professionals. Let's be honest — it has generally increased your respect for them. Maybe even a touch of jealously especially if they got a lot of space and a nice photo as well. Just like your prospects and clients, you have been impressed by their "public persona". Everyone likes to see their name in print. Well… why not you?

These other financial gurus are not just making their presence known in professional magazines. They look to local area media to promote themselves. You can do that just as well!

Build Your Media List

Start with all the local publications you receive now, separated into two categories— local and professional. The ***Register*** and the other "glossy" financial magazines are in the latter category. Your hometown daily newspaper and business tabloid are local — as would be publications of local associations. Some city governments publish a newsletter or website and encourage local copy submission. The Chamber of Commerce in many towns has a newsletter — but of course you have to be a member.

Check the Yellow Pages. See who is listed in the sections for publishers, magazines, journals and newsletters. You may also find local writers who are well connected. For a modest fee, they might edit your manuscript, suggest some high resolution photo layouts and submit it to a local publisher who looks to them for copy on a regular basis.

Do a Google search in your market — subdivision, county, city, etc. This will not take long, and it is very likely you will be surprised with the number that turn up.

Don't forget electronic media: this includes radio, TV and cable systems as well as local area websites.

You should already have a media list with all the titles and contact information stored in your CRM system. If not, you could "farm this out" to a local journalism student. Check local colleges and universities for students who might like a part time job within their intended field.

Write and Submit Copy

Before you send copy — check several issues and get a feel for the length of the articles (do a word count, such as 500–1,000). Do they print photos in color? Are they high resolution? Is there a particular segment or section of the publication that might suit the services you offer? Check out their website for details on article size and photo information formatting details.

If you have a really good lead for an article, make a courteous call and ask about their customs. "Ms. Snyder, my name is John Jones and I am a personal financial consultant in the Metropolis area. I really enjoyed the recent article you ran on IRA plans. Many persons are confused about which is best — the standard IRA or the Roth IRA. I use a simple formula for this and I think your readers might benefit from this. Would you be the correct person for me to send the copy to? Would you like it

on paper — or by email? Would you prefer a Word file or PDF? The questions assume that the editor would love your copy — which is probably true. But asking for the format is an "Assumed Close." Most publications are looking for copy and have a great accessible resource on their website. The information usually includes detailed instructions on submitting your article.

It is not difficult to get printed when you understand that editors are **HUNGRY** for copy. They need so many pages of editorial text plus photos and they cannot close an issue until they have met that quota. If they ask for 600-1,200 words, do not send them 4,800 words and assume they will cut it down. **They won't!** They will pitch it and go with something they can edit quickly.

Will they edit your precious words? Most likely. Every publication has certain styles and they know their audience/ readership. One Registered Financial Consultant sent a splendid 5,000 word explanation of estate taxes to a local radio station. He was very upset with what they ran… "Here is news about those huge estate and inheritance taxes! You can cut them in half, or maybe completely, according to local financial consultant, Tom Terrific. Call him at Terrific Financial at 888 6666." The phone number was wrong but they still received three consumer calls and netted one large client — a marvelous payoff.

What It's Worth to You

The **REAL Value** in media exposure is not that a prospect will pick up the phone and call you, it's that you now have reprints of your published articles to send to prospects, clients and other publishers. You look more "professional" and suddenly you have acquired "credibility".

Your Reprints Will be Read

Suppose your article appeared in a publication that distributed 20,000 copies. Did 20,000 read your article? No. 10,000 didn't even open this issue. 4,000 saw your article on their way to another topic that was more exciting. 4,000 thought the topic didn't apply to them. The remaining read all or part, but none called you. So was this a failure?

No! What you need to do is have your article reprinted. Reprints are now easy to obtain from publishers and very affordable if not free. Nice, crisp color copier reprints — especially if on glossy paper, will do quite well. Publishers usually provide an electronic copy in Adobe PDF format, for easy placement on your website and reproducing more copies.

Prepare a cover letter with three short, two sentence paragraphs that emphasizes the value of your topic. Now you have a letter and an article by you. This can be sent to prospect and clients. This one will be noticed and probably will be read.

The moment they realize you are the "published author," you have strengthened your image. One day you are plugging away at your computer composing and submitting financial information — the next day your name is in print. You build a small bank of articles to share.

Remember — Media exposure is a cumulative event. Keep at it consistently and you'll become the "public persona" as a recognized local expert.

Don't be a qualified financial consultant waiting to be discovered. Explore YOUR opportunities now!

Acquiring expert status isn't really that difficult…it just takes a little effort and repeated media contact.

Start Now with the *Register*!

I would like to challenge you to write an article for this publication. Our readers are financial consultants, but that does not mean we would not enjoy reading some copy about a problem facing all of our clients. (700-1,000 words). Be sure to send high resolution color photos — especially if they feature you with clients or in some "action" format. Download the ***Register*** Submission Guide at: www.IARFC.org/Register or call Wendy Kennedy at: 800 532 9060 x 308.

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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.

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

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

Charities as Beneficiary

If your client designates a qualifying charity as the beneficiary of a life insurance policy while retaining ownership, no completed transfer has occurred. Since beneficiary designations are generally revocable, the transfer is incomplete until the policy insured dies. There will be no current income tax deductions and no current gift tax consequences. When the insured dies, however, the transfer will be completed as long as the charity is still the beneficiary, and gift or estate tax consequences will result. If the insured was the donor, the policy proceeds will be includible in his or her gross estate under Code Section 2042(2), and an estate tax charitable deduction will be available for the amount of the proceeds passing to charity. If the policyowner was not the insured, a completed gift will occur when the insured dies and a charitable tax charitable deduction will be available.

Example: Bonnie owns a policy on her life with a cash surrender value of $36,000 and a death benefit of $800,000. The annual policy premium is $7,000. She designates The Chron's and Colitis Foundation of America as beneficiary of the policy but does not transfer ownership. At the time of the beneficiary designation, Bonnie does not receive income or gift tax deductions for the value of the policy. Also, Bonnie cannot deduct any subsequent premiums paid. If Bonnie dies without changing her beneficiary, her estate will include the $800,000 death benefit, but will receive estate tax charitable deduction of $800,000.

If the policy were on the life of her husband, she would complete a taxable gift of $800,000 at the time of her death. However, she would qualify for a gift tax charitable deduction for the full amount paid to the charity.

Charitable Trusts as Beneficiaries

If your client retains ownership of a life insurance policy but names a qualifying charitable organization as the irrevocable beneficiary of the policy, your client will not receive a federal income tax deduction for all the subsequent premiums he or she pays. This is essentially a nondeductible split-interest contribution.

Example: Ted buys a $350,000 life insurance policy on his own life and names Hofstra University as the irrevocable beneficiary. Since Ted is still the policyowner, the annual premium of $2,000 is not deductible from his federal income tax. At Ted's death, Hofstra University will receive a $350,000 death benefit. Since Ted owns the life insurance policy at the time of his death, the $350,000 will be included in his gross estate. However, because the death proceeds are benefiting a charity, there will be a $350,000 federal estate tax charitable deduction.

Life Insurance

During the policy application process, your client who is the applicant designates the beneficiary who will receive the proceeds at the insured's death. If the primary beneficiary dies before the client, then the proceeds will be paid to the estate. That's the importance of naming a contingent beneficiary.

Once the policy is issued, up until the death of the insured, the policy owner can easily change the beneficiary designation by giving the company written notice using its designation beneficiary form. Very rarely will there be an irrevocable beneficiary. When there are, it's usually the result of a divorce situation or as a condition to a personal loan.

Naming a beneficiary on a life insurance policy does not constitute a gift since no rights are transferred. However, a taxable gift can arise at the insured's death if the insured, owner, and beneficiary are all different parties. This concept is often called "unholy trinity" and works in the following manner.

Example: Jennifer uses her own money to purchase a $500,000 life insurance policy on her husband Martin's life, and names their son Lee as the beneficiary. Upon Martin's death, Jennifer will have made a $500,000 gift to their son, Lee. What should have been done in this situation is to transfer the policy to Lee while Martin is still alive.

Estate Planning

Qualified Terminal Interest Property (QTIP). From a personal and tax standpoint, care should be taken to name children from prior marriages as beneficiaries through the use of a qualified terminal interest property (QTIP) election. A QTIP trust may be desirable whenever your client wants to use the federal estate tax marital deduction but does not want his or her spouse to receive the retirement plan directly.

Example: Mike and Maggie, a married couple, have no children together, but Mike has children from a previous marriage. A QTIP trust can allow Mike to provide for Maggie during Maggie's life, while

preserving some of the benefit for Mike's children from his previous marriage.

Community Property. Community property treats each item of property acquired by either spouse of a married couple during the marriage as owned equally by each spouse. Because of this equal stature afforded each spouse, each spouse will be subject to estate tax consequences at the death of the first spouse.

Example: Gus and Barbara are married, have a daughter, Krystal, and live in California, a community property state. Gus purchased and owned a $750,000 life insurance policy until his death and named Krystal as the beneficiary. Gus paid for the policy entirely with community property funds. At Gus' death, Barbara will have made a gift of $375,000 to Gus, reflecting her one-half interest in the proceeds. Barbara may be able to claim half of the proceeds as part of her gross estate if she can show that she was unaware of the policy's existence or that she was unaware that her husband had named someone other than herself as the beneficiary. Additionally, $375,000 would be includible in Gus' estate because Gus' community property ownership interest is 50%. What should have been done is to have the beneficiary, Krystal, also be the owner of the policy. This avoids the estate tax trap by having someone other than the insured own the policy.

Summary. Proper beneficiary planning is a plan of distribution that will leave assets in accordance with the following questions: to whom do you leave it, when do you leave it, and how do you want to leave assets to intended heirs. Selecting the appropriate beneficiaries and understanding the personal as well as the estate and income tax sides of those choices is essential to ensure that future client beneficiary concerns are treated properly before they become potentially devastating issues.

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.

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Life's Lessons

I was scheduled to speak about the world outlook at an investment conference recently and shortly before my time slot the conference organizer said the audience was more interested in what I had learned over the course of my career than what I had to say about the market. I jotted a few notes down and later expanded and edited what I said that day. Here are some of the lessons I have learned in my first 80 years. I hope to continue to practice them in the next 80.

1. **Concentrate on finding a big idea** that will make an impact on the people you want to influence. The Ten Surprises, which I started doing in 1986, has been a defining product. People all over the world are aware of it and identify me with it. What they seem to like about it is that I put myself at risk by going on record with these events which I believe are probable and hold myself accountable at year-end. If you want to be successful and live a long, stimulating life, keep yourself at risk intellectually all the time.

2. **Network intensely.** Luck plays a big role in life and there is no better way to increase your luck than by knowing as many people as possible. Nurture your network by sending articles, books and emails to people to show you're thinking about them. Write op-eds and thought pieces for major publications. Organize discussion groups to bring your thoughtful friends together.

3. **When you meet someone new,** treat that person as a friend. Assume he or she is a winner and will become a positive force in your life. Most people wait for others to prove their value. Give them the benefit of the doubt from the start. Occasionally you will be disappointed, but your network will broaden rapidly if you follow this path.

4. **Read all the time.** Don't just do it because you're curious about something, read actively. Have a point of view before you start a book or article and see if what you think is confirmed or refuted by the author. If you do that, you will read faster and comprehend more.

5. **Get enough sleep.** Seven hours will do until you're sixty, eight from sixty to seventy, nine thereafter, which might include eight hours at night and a one-hour afternoon nap.

6. **Evolve.** Try to think of your life in phases so you can avoid a burn-out. Do the numbers crunching in the early phase of your career. Try developing concepts later on. Stay at risk throughout the process.

7. **Travel extensively.** Try to get everywhere before you wear out. Attempt to meet local interesting people where you travel and keep in contact with them throughout your life. See them when you return to a place.

8. **When meeting someone new,** try to find out what formative experience occurred in their lives before they were seventeen. It is my belief that some important event in everyone's youth has an influence on everything that occurs afterwards.

9. **On philanthropy** my approach is to try to relieve pain rather than spread joy. Music, theatre and art museums have many affluent supporters, give the best parties and can add to your social luster in a community. They don't need you. Social service, hospitals and educational institutions can make the world a better place and help the disadvantaged make their way toward the American dream.

10. **Younger people** are naturally insecure and tend to overplay their accomplishments. Most people don't become comfortable with who they are until they're in their 40's. By that time they can underplay their achievements and become a nicer, more likable person. Try to get to that point as soon as you can.

11. **Take the time to give** those who work for you a pat on the back when they do good work. Most people are so focused on the next challenge that they fail to thank the people who support them. It is important to do this. It motivates and inspires people and encourages them to perform at a higher level.

12. When someone extends a kindness to you **write them a handwritten note**, not an e-mail. Handwritten notes make an impact and are not quickly forgotten.

13. **At the beginning of every year** think of ways you can do your job better than you have ever done it before. Write them down and look at what you have set out for yourself when the year is over.

14. **Never retire.** If you work forever, you can live forever. I know there is an abundance of biological evidence against this theory, but I'm going with it anyway.

Byron Wien is Vice Chairman of Blackstone Advisory Partners analyzing economic, social and political trends to assess the direction of financial markets and thus help guide investment and strategic decisions. Prior to joining Blackstone, he served for 21 years as Chief (later Senior) U.S. Investment Strategist at Morgan Stanley.

In 1995, Mr. Wien co-authored a book with George Soros on the legendary investor's life and philosophy, *Soros on Soros – Staying Ahead of the Curve.*

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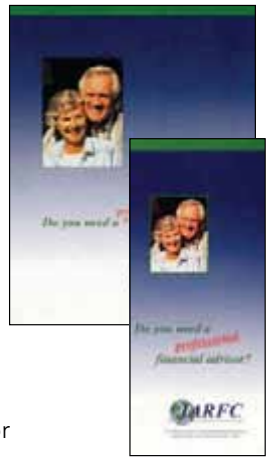

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Consumer Focus

Planning for Marriage

Who doesn't love a beautiful wedding? Tis the wedding season. We will be examining a few topics that soon-to-be married couples should consider before jumping the broom, other than what flavor cake to serve or whether or not to invite your grouchy uncle. If you are getting married soon or know a couple who will be, please pass along these great tips.

Because you NEVER KNOW, who you may BLESS!

What is it?

Planning for marriage encompasses more than just deciding whether to serve chicken at the reception and whether you should take a honeymoon cruise. If you are planning for marriage, you are faced with the enormous responsibility of combining your personal finances with your spouse's, and reassessing the way you and your spouse structured personal finances as unmarried individuals.

Prenuptial agreements

A prenuptial agreement is a contract executed by prospective spouses that may define the rights, duties, and obligations of the parties during marriage and in the event of separation, annulment, divorce, or death. If both you and your prospective spouse are young and have comparable net worth, a prenuptial agreement may not be necessary. However, if either of you has substantial assets or children from a previous marriage or owns a business, you may want to discuss with an attorney the possibility of having a prenuptial agreement.

Money issues that concern married couples

Marriage is an important step in anyone's life, bringing along with it many challenges. One of these is the management of your finances as a couple. Money issues that concern married couples include the proper budgeting, saving, and investing of money to ensure that both you and your spouse will have a successful financial future together.

Insurance issues that concern married couples

If you are married or planning to marry, you should determine how marriage impacts your insurance needs. Insurance issues that concern married couples include reevaluating your existing coverage to be sure that it is adequate, considering whether or not your marital status changes your need for insurance, updating beneficiary designations, and reviewing existing policies for possible reductions in premiums.

Integrating employee and retirement benefits when you marry

Marriage can alter the benefits you are eligible to receive from your employer. When you marry, both you and your spouse should determine how you can obtain maximum employee and retirement benefits at the lowest possible cost.

Property ownership issues that concern married couples

The way that you structure the ownership of your real or personal property as a married couple is an important step in the financial planning of your future together. The method of property ownership can affect future sales of that property, divorce proceedings, or the distributions of an estate upon the property owner's death. Property ownership issues that concern married couples include whether or not to own property jointly, whether to retain sole ownership, and what the consequences are of living in a community property state.

Aaron W. Smith, AIF, RFC®

Aaron W. Smith, AIF, RFC® is the owner of AW Smith Financial Inc. Aaron is a celebrated author, media luminary, radio host, entrepreneur, motivational speaker, and financial expert with over 20 years of experience. His first book, *In the Black: Live Faithfully, Prosper Financially—The Ultimate 9-Step Plan for Financial Fitness* was published in 2009, by Harper Collins. Aaron and his wife, Patricia, and their two children live in Richmond, VA.

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The Un-Comfort Zone

What Drives Your Desire?

It was love at first sight. I was a 15 year old working as a parking lot cashier, when a brand new car pulled up to the booth. I'd never seen anything like it; it was a new model from Toyota called Celica. Approaching the legal driving age, I dreamed of owning a car. Now my dream had a form. For the next two years, I saved all my money and during that time a Celica couldn't come within my peripheral vision without my noticing it. It was the only car I wanted. I went to the showroom dozens of times to sit in it, feel it, smell it. I talked with every owner of one who passed through my parking lot. I was driven.

Unfortunately, a new one was too expensive, so I looked in the newspaper every day for a used one, but I was always more than $1,000 short. At 17 and half years old, borrowing my parents car was painful. The desire and the peer pressure to own a car — any car — was nearly overwhelming, and my dream was wavering. My friends began suggesting cars that I could afford. Then my Dad introduced me to a car wholesaler.

When I met with him, I reluctantly gave him a list of cars I thought I could afford. As we talked about them, he seemed to sense my lack of enthusiasm. He pressed me, "Are there any others you're interested in?" "Well… there's the Toyota Celica," I replied, "but I know I can't afford it." He jotted it down and said, "You let me worry about that." My eyes lit up as he asked me about colors and options. Then he drew a big circle around the word Celica. Less than a week later, he phoned me. He found one I could afford. It had a small dent in the fender which I could fix for under $100. Cha-ching desire satisfied.

When was the last time you were obsessed with something? Desire is a powerful motivator, but unlike Fear it cannot be easily triggered. Oh, sure, I can create a television ad depicting a thick juicy steak sizzling on a grill and make your mouth water. Maybe I can even get you off the couch and into your car to go get one. As a marketer, an employer, or even as a parent, I can plant the seeds of desire, but in order for it to blossom, it must develop from within. Once it takes root, Desire has the amazing ability

to drive itself. When it becomes very powerful, we call it Ambition. So few people reach this level that we use the word Hunger to describe it because that is a Desire that everyone can understand.

When you observe the world's most successful people — in business, sports, or politics — you see that Desire takes precedence over every other aspect of their lives. As Frank Sinatra sings in *I've Got You Under My Skin:* "I'd sacrifice anything come what might." Most us have many things we are unwilling to sacrifice. Family and friends are two of the most common. Winners give their Desire complete attention, focus and energy. Michael Jordan is an excellent example; he became one of the greatest basketball players by making 2000 practice shots everyday. Are you that dedicated to your dream?

On the other hand, perhaps you gain more satisfaction from your hobbies than your work. In that case, you probably wish you could spend more time pursuing them instead of your job. That is because pleasure is the force that fans the flames of Desire. Marsha Sinetar in her book *Do What You Love the Money Will Follow* writes: "When you study people who are successful… it is abundantly clear that their achievements are directly related to the enjoyment they derive from their work." Are you ready to give up everything for your Desire?

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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Financial Plan Competition Winners Announced

2012–2013 Winners

The IARFC is pleased to announce the winners of the 2012-2013 Financial Plan Competition. First place is awarded to Utah Valley University Students: Bradley Boulton, C. Clark Harris and Nick Travato — sponsoring professor Dr. Jerry Mason.

1st Place: Woodbury School of Business — U.V.U.
students: Bradley R. Boulton, Clark Harris, Nick Trovato, faculty: Dr. Jerry W. Mason

2nd Place: University of the Incarnate Word
students: Cristal Gonzales, Jazmine Ramirez Felipe E. Villarreal, faculty: Dr. Alicia Rodriguez

3rd Place: Bowling Green State University
students: Susan D. Lang, Lauren Little, faculty: Matthew H. Garrow

"It is refreshing and encouraging to witness the inheritors of the financial planning industry. All submitted plans showed hard work and the finalists were of outstanding quality and detail," reported veteran financial advisor David Stitt. "Those who will follow us are informed, intelligent, innovative and industrious."

2013–2014 Competition to send Finalists to Vegas

The 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 2013-2014 Competition begins!

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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.

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