the Register

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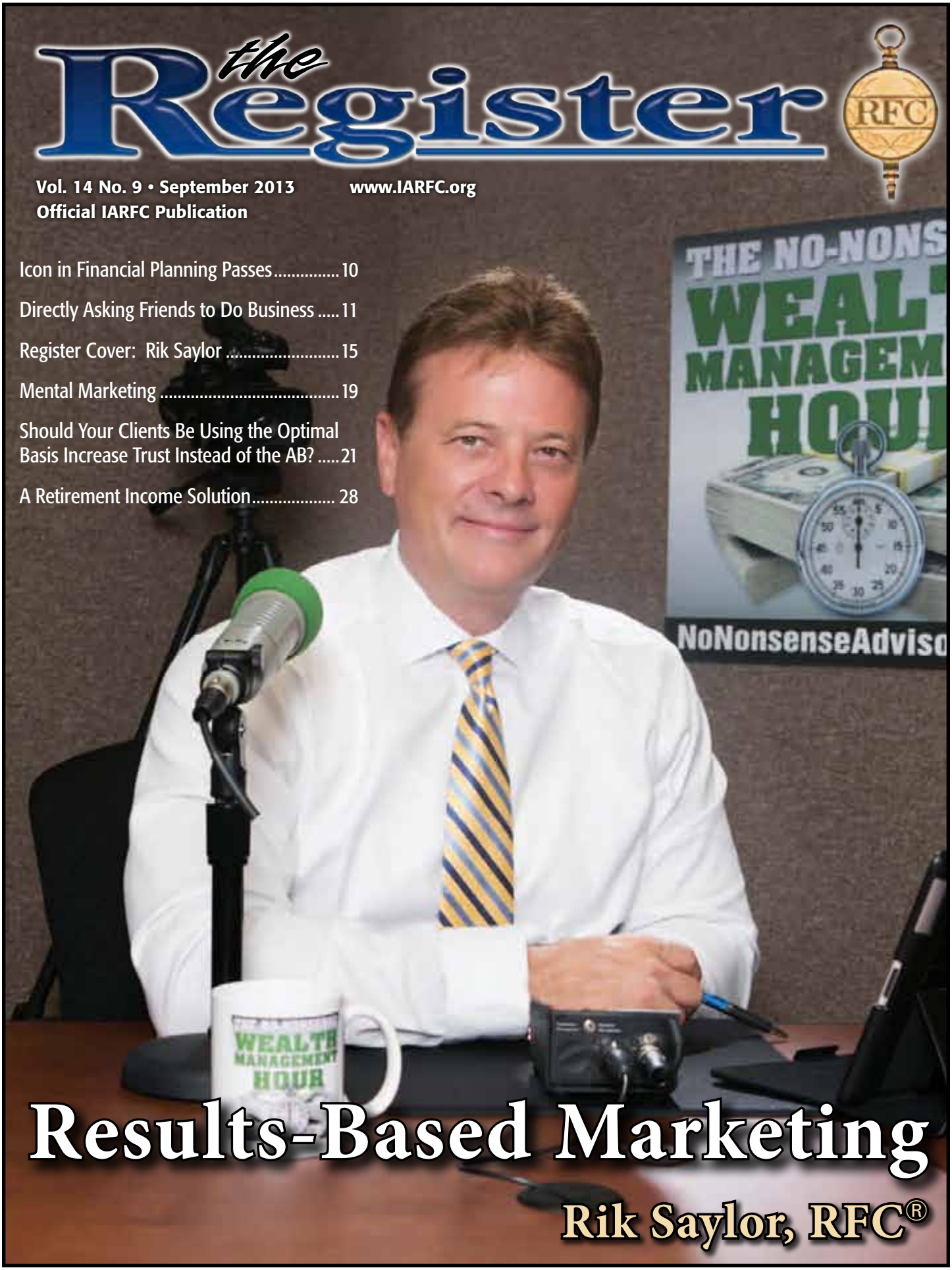

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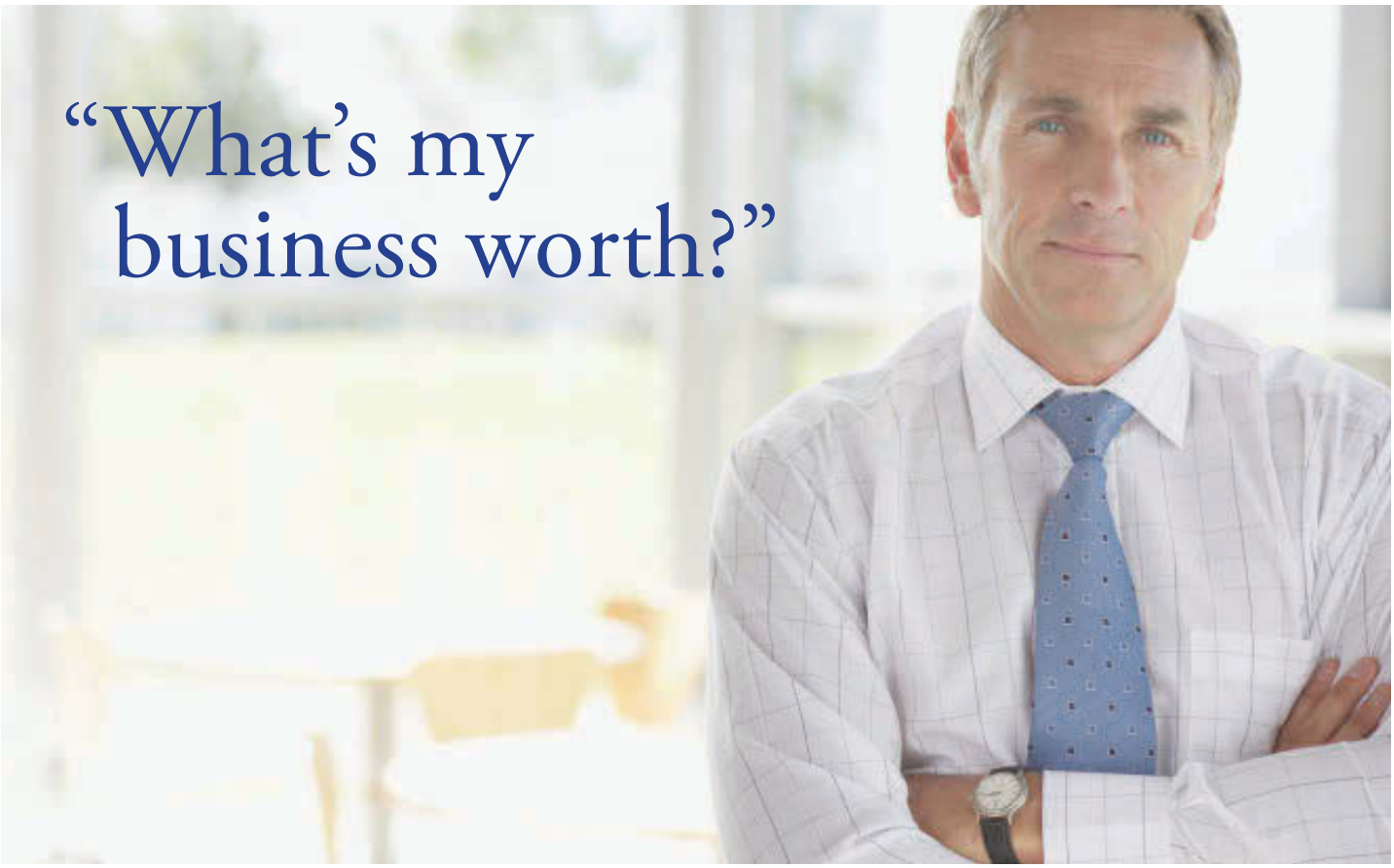

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The IARFC has invited students to participate in the 2014 Financial Plan Competition. The finalists and their faculty advisor will enjoy a trip to Las Vegas to present their comprehensive financial plans to a team of judges.

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Events Calendar

2013 CE@SEA™
Al & Vicki Colletti, Michelle Blair RFCs and Howard Blair

October

RFC Conference
October 13 & 15, 2013
Beijing & Dalian, China

RFC Graduation Ceremony
October 17, 2013
Shanghai, China

RFC Graduation Ceremony
October 20, 2013
Chengdu, China

RFC Conference
October 22, 2013
Quangzhou, China

RFC Conference
October 24, 2013
Taipei, Taiwan

November

Business Owner Consulting, Drip Marketing & Branding Workshops
November 14-15, 2013
Middletown, OH

December

Business Owner Consulting Workshop
December 3, 2013
Tampa, FL

2014 May

Financial Plan Competition
May 1, 2014
Las Vegas, NV

June

CE@SEA™ Western Caribbean Cruise
June 15-22, 2014

For IARFC event speaking or sponsorship contact: 800 532 9060

NEW IARFC MEMBERS

Wayne R. Arnold, RFC®, TN
Zana R. Barrientez, Staff Associate, SD
Michael N. Bui, Staff Associate, VA
Van N. Dube, Staff Associate, NV
Kathleen A. Fedor, Staff Associate, MN
Noel Flanary, RFC®, NC
Jorge C. Garrido, RFC®, FL
Philip C. Grimm, Staff Associate, MI
Kevin H. Kelley, RFC®, RI
Huda P. Khan, Staff Associate, VA
Willmesha K. Mangrum, Staff Associate, VA
Michele L. Polanis, Staff Associate, PA
Richard J. Putnam, General, SD
Yunita V. Suwono, Staff Associate, CT
Carly J. Thames, Staff Associate, LA

New International Members

Indonesia 13

Members Who Recommended New Members

Referror of the Month
Edward Skelly, RFC®

Derrick Alford, RFC®
Enrique Alvarez, RFC®
Mark Cheeley, RFC®
Chris Dantin, RFC®
John A. Dube, RFC®
Todd Klein, RFC®
Andrew Perri, RFC®
George Siracuse, RFC®
Edward Skelly, RFC®

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

Angelo T. Stath, RFC®
Merrillville, IN

In This **ISSUE** Vol. 14 Issue 9

Cover Story

Features

Columns

Departments

IARFC Domestic and International Directory

INTERNATIONAL WEBSITES

China — www.iarfc.cn

Hong Kong — www.iarfc-hk.org

India — www.iarfcindia.org

Indonesia — www.iarfcindonesia.com

Philippines — www.iarfcphils.org

Taiwan — www.iarfc.org.tw

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the Register

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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: *Advisors are looking for mentors. Do you have advice on who to turn to?*

A: There are many coaches/mentors out there. A mentor goes one step further than a coach in that they make more of a commitment to take you under their wing, show you the ropes, and help you achieve success.

This person does not necessarily have to be located physically in your organization. Today technology allows you to have a mentor anywhere in the world. In extreme cases, where the mentor is well published in writing and with video, you may be so philosophically aligned with them, their ideas, their techniques and their practices that you may never actually meet or talk with them.

Sir John Templeton, whom I consider one of the greatest money managers ever, as well as successful personally, was such a role model to me that I considered him my mentor.

Look for someone who has experience directly in the industry and/or area(s) of expertise you'd like to master. When entering into a professional mentoring relationship, make sure you get them, not someone else they've trained.

No contracts help. Pay for results, not promises. Always get as many references as you can from other satisfied clients. And definitely contact those references. Ask about the professionalism, responsiveness, level of expertise and overall satisfaction with the mentor you're considering.

Max Bolka
Ashville, NC

A: Since taking the IARFC's Financial Planning Process™ course through the Institute for Financial Education, I see the value and importance of practice management. Going beyond the normal scope of salesmanship and financial product knowledge, an advisor needs to know about recruiting, training, office management, client and employee relationship building and marketing. An advisor must see their practice as a "business". Investing the time with a mentor who will guide you through growth and then maintenance, is key to continued success.

Michelle Blair, RFC®
Smithtown, NY

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 October issue will ask this question:

Do you sell LTD? How do you sell products if you are not covered for the unexpected either?

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.

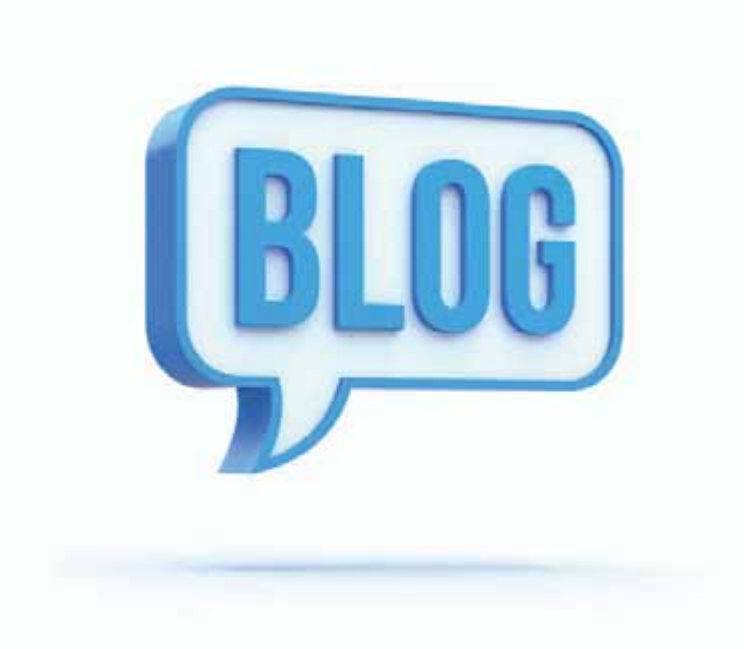
IARFC ONLINE

At the beginning of the year, the IARFC added a blog on the website homepage.

Have you visited it lately?

Have you commented on the content?

The Blog addresses current topics of interest in a more timely and concise manner. Content is uploaded in the hopes that members or non-members will weigh in with their opinions.



Members are encouraged to submit their ideas for the blog. If you have a topic you want to share, let us know. Two of our Board Members are recent contributors: Nick Royer and Les Anderson.

At the IARFC, the staff works diligently not only on the blog but on other social media outlets. Visibility matters — but we need your support and following. Check in with the blog and give us feedback!

Subscribe to the IARFC Blog: http://iarfc.org/iarfc-blog
Contact Susan@IARFC.org for assistance with IARFC Blog

Connect with us LinkedIn

Join the IARFC on LinkedIn

Contact editor@IARFC.org for assistance with IARFC LinkedIn

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From the **EDITOR**

Have you been reading Education Director, Jim Lifter's bimonthly column "On the Path to Accreditation"? This month's piece titled Looking Back While We Move Forward is rather important. Notice the changes in the IARFC Mission Statement that were approved by the IARFC Board during their annual meeting. This and other changes that are being adopted and put in motion as part of the IARFC's journey toward accreditation will continue to be discussed. Jim's articles keep you posted and help guide you as members through the changes that need to be made during this process. Don't miss this month's. (P. 9)

Would you like to be published in the Register? We greatly appreciate all the articles sent to us and want to need for your continued support. Please submit your articles for review for possible publishing to editor@iarfc.org or call me at: 513 261 6047 to discuss topic and guidelines details.

Wendy M. Kennedy, *Editor*
the Register magazine
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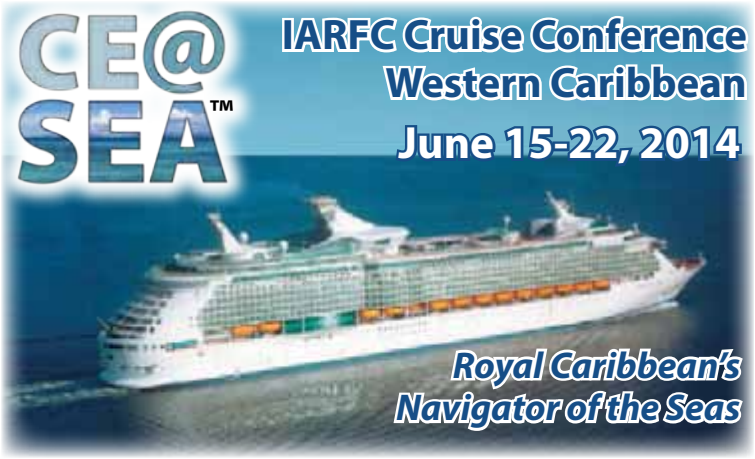
For more information and specific details, contact Starr Morrow at starr@iarfc.org



COACHES CORNER

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

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

Wilma Anderson, RFC®
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WilmaAnderson@q.com
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The Institute for Financial Education
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www.theife.org
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Roccy@TheWPI.org
269 216 9978

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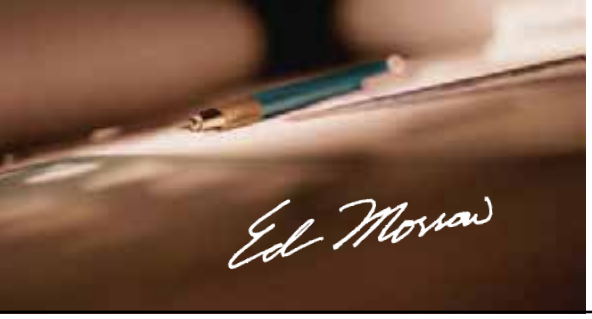


From the Chairman's Desk…

Identity Issue

Do we have enough government-related oversight in the USA now? Is it very effective? Are you pleased with the performance record of the SEC, FINRA and the Options regulators? What is next on the horizon?

Did you respond: **Consumer Financial Protection Bureau?**

This is an organization that you want to be keeping an eye on — since they are coming your way. At one point there was a strong move to appoint Elizabeth Warren (currently the elected Senator from Massachusetts) as the head of this new fiscal watchdog — but her very liberal and activist background stimulated opposition and her appointment by President Obama was not approved. Now a new leader, Richard Cordray, has been appointed and confirmed.

The CFPB originally focused on the "Senior Designations" issue. You may recall that there was a great deal of negative publicity on the CSA — Certified Senior Advisor as a designation. It is not fair to comment lightly on this group because they were labeled by regulators (especially in Massachusetts) for acting like the CSA designation was being improperly used. That was true in a few cases, because some holders of the designation acted as if the CSA was a financial services credential. The CSA under Ed Pittock never asserted that its designees were financial experts, but that they had taken a course and passed an exam that concentrated on "how to communicate more effectively with seniors." But some persons acted as if they had acquired senior financial expertise. So, the first activities of the new CFPB director, Cordray, are very likely to pursue that "senior issue" and the many designations that focus on the expertise to counsel the elderly.

One of the questions that no one has dared to touch is: "Which age group is the most financially illiterate, and the most subject to inappropriate financial recommendations?" Is it the young college students who have just discovered the danger of irresponsible student loans, activating multiple credit cards and aggressive spending? Is it the dual income households wrestling with schooling and debt reduction — or is it the seniors.

Speaking of seniors…. At what age does someone become a "senior? Is it age 55 when first taking serious interest in retirement? Is age 65 for Medicare coverage? Is it the slightly later starting point for Social Security benefits, or the year when all employment is completed? Dare we call Warren Buffett too old to manage billions of dollars because he is age 83?

Speaking of those younger ages, Was it all right for the 11 year old Buffet to be placing investments in Omaha? Shouldn't the government have prevented him from such youthful indiscretions?

But government agencies are eager to expand their outreach, and you can expect this to come from the CFPB. First the focus will be on protecting seniors, and then it will expand to protecting minorities and then majorities. Who is the new "financial cop" and what is his background. As you might expect he is an attorney.

Richard Cordray previously led the Bureau's Enforcement Division. I am not sure if that means they prosecuted offenders, or packaged the cases to be litigated. But I'm pretty sure that they ignored the senior citizens who lost billions in the Bernie Madoff Ponzi schemes. By the way did you notice that Bernie's brother Peter had to forfeit 1.4 billion of prior profits and his part in helping his older brother who was 75 when he finally went to prison. But a majority of Madoff victims were elderly —and some even lived in Massachusetts where William Galvin (currently 63 — approaching that magic 65 retirement age) is current Secretary of the Commonwealth.

How big are the aspirations of the CFPB? Go to www.consumerfinance.gov and look at their organizational chart. Their budget for 2012 indicates that in their first full "year in business" they planned to spend $300 million to eradicate consumer financial abuse of the citizens.

Prior to joining the Bureau, Cordray served on the front lines of consumer protection as Ohio's Attorney General and claims to have recovered more than $2 billion for Ohio's retirees, investors, and business owners. He took major steps to help protect its consumers from fraudulent foreclosures and financial predators. In 2010, his office responded to a record number of consumer complaints, but Cordray went further and opened that process for the first time to small businesses and non-profit organizations to ensure protections for even more Ohioans. To recognize his work on behalf of consumers as Attorney General, the Better Business Bureau presented him with an award for promoting an ethical marketplace.

Cordray also served as Ohio Treasurer and Franklin County Treasurer, two elected positions in which he led state and county banking, investment, debt, and financing activities. As Ohio Treasurer, he resurrected a defunct economic development program that provides low-interest loan assistance to small businesses to create jobs, re-launched the original concept as GrowNOW, and pumped hundreds of millions of dollars into access for credit to small businesses. Cordray simultaneously created a Bankers Advisory Council to share ideas about the program with community bankers across Ohio.

Earlier in his career, Cordray was an adjunct professor at the Ohio State University College of Law, served as a State Representative for the 33rd Ohio House District, was the first Solicitor General in Ohio's history, and was counsel to Kirkland & Ellis. He has argued seven cases before the United States Supreme Court. He is a graduate of Michigan State University, Oxford University, and the University of Chicago Law School. Cordray was Editor-in-Chief of the University of Chicago Law Review and clerked for U.S. Supreme Court Justices Byron White and Anthony Kennedy.

In all fairness, Cordray has a good record for getting things done. What worries me is that he will balloon the CFPB and then turn it over to someone with less qualifications and a far more aggressively political posture. But be sure to keep watching for more actions of the CFPB… It is pretty likely that you will eventually come under their responsibility to regulate and oversee.

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

On The Path to Accreditation

Looking Back While We Move Forward

As I write this month's article about accreditation, I am amazed at the amount of work that has been done by all of the staff of the IARFC. Little did they know the amount of effort that would involve them in this endeavor. They have been great supporters of the IARFC and of the accreditation process in general. Without their able assistance, I am not sure that we would be as far along as we are in the quest. I want everyone to know that the work that I am doing would not be possible without their help.

To try to bring everyone up to speed on what has been accomplished so far, let me go over the various items that have been created and/or updated to reflect the needs of the NCCA review committee. This list will include some of the various groups that have been developed to do work specific to the examination development process.

We have updated our By-Laws to allow for the creation of various committees and oversight groups that will benefit the public and the IARFC. This update included changes to our mission statement as well as a clarification of the various membership levels being offered by the IARFC. Our new mission statement says, *"The IARFC will foster and enhance the growth of our association for the benefit of our members and the clients they serve by providing a continuing source of information, education and networking. The organization will strengthen the financial services profession through adherence to and promotion of ethical behavior by our members and a focus on continuing professional education for our members."*

This change does not alter the role that the IARFC intends to take in the continuing development of our members. It merely clarifies the good work that we have done in the past and will continue to do into the future.

In addition to the change in the mission statement, we have added the MRFC to our list of board approved designations being offered by the IARFC and created a separate administrative group that will be responsible for the designation. This separation of powers is a requirement of the NCCA for accreditation and will make our new designation more appealing to the general public. These various changes, as well as some minor adjustments not mentioned here, pave the way for us to continue seeking accreditation for the designation and allow us to be ready for action when the final approval is received from the accrediting body.

One of the larger tasks that we are undertaking is related to the examination that will be required for those seeking the new MRFC designation. By the time that you read this, we will have developed a job task analysis for the MRFC. This analysis will be the basis for the examination and will help us determine the subjects and weighting of the various questions. We have brought together a great team of professional advisors to aid us in this process and they have been of great help. We will take their input and from that create a survey that will go out to all of our members. This survey will ask you to rate the various tasks and share with us how you feel about the importance of each task. I will share more information on this process in a future issue of the *Register.*

In the meantime, we will continue to add to our work in the area of policies and procedures. These various policies and procedures are a required component for accreditation and will serve to protect the public and our members. The extra value that comes from an advisor holding the MRFC designation will be obvious to clients, broker-dealers, and other regulatory agencies. That is one of our goals, and I have no doubt that we will be successful.

If you have any questions or comments about the accreditation process I would love to hear about them. It is through this open communication that we can create a much stronger association; an association that is of great value and benefit to the most important people, our members.

Jim Lifter, MBA, RFC®

Jim Lifter, MBA, RFC®, IARFC Education Director, has an undergraduate degree from Ohio State University in Marketing and an MBA from the University of Dayton. Jim is responsible for coordinating the development and distribution of the IARFC educational courses.

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

The IARFC is proud of our members and in reverence we would like to remember our passing member: Vernon Gwynne, RFC®

Icon in Financial Planning Passes

Vernon D. Gwynne, husband, father, grandfather, Naval officer and a leader in the financial planning community, passed Sunday July 7 in Jacksonville, Florida. He was 85.

Vernon was born in Union Township, Pa. to Edgar and Nell Gwynne. Eventually the family moved to Tampa, FL where he earned his Eagle Scout in 1944 before graduating from high school. Vernon joined the Navy toward the end of WWII starting as a seaman recruit and through the years climbed the ranks to retire as a Commander in the Naval Reserves specializing in antisubmarine warfare stationed aboard destroyers. Vernon attended Wofford College (Class of 1950) in Spartanburg, SC where he played basketball for the Terriers. While at Wofford Mr. Gwynne met Betty Ragan, a student at nearby Converse College. They became engaged on their third date.

Through the 1950s and 60s he worked for Investors Diversified Services and Western Union eventually becoming the president of three of its subsidiary corporations including one in Jacksonville. In the 1970s, Mr. Gwynne joined Financial Services Corporation in Atlanta, GA, before becoming a principal at Hamlett, Gwynne, Wells, Parsons and Associates. Vernon became one of the first to earn the Certified Financial Planner (CFP) certification and later became a Registered Financial Consultant (RFC).

One of Mr. Gwynne's greatest professional accomplishments was becoming the executive director of the International Association of Financial Planners (IAFP), predecessor to the Financial Planning Association, where he grew the fledgling organization from 3,800 members to over 13,000 in four years. During his tenure he also helped to establish both a code of ethics and standards of professional conduct for CFPs.

Returning to private practice, he co-founded Source International, a broker dealer firm in Irving, TX before establishing Financial Services Exchange (FSX) which brought together investment sponsors and clients looking for investment opportunities as well as holding quarterly meetings and seminars for broker dealers.

In 2004, the prestigious Loren Dunton Award was presented to Vernon Gwynne for his long-term contributions to the financial services profession. Even after receiving that honor, he has continued his public commitment by serving on the IARFC Board of Directors and offering advice to many advisors in the community. Vernon truly helped define "Financial Planning".

The Gwynnes moved from Texas to Lady Lake, FL, where at age 70 he ran for and was elected to the office of community supervisor. In 2004 the Gwynnes returned to Jacksonville where Mr. Gwynne was a proud member of Isle of Faith United Methodist Church and served on the board for several years.

Vernon will be greatly missed and we are proud to have had his contributions as part of the IARFC history.

Directly Asking Friends to Do Business

Does this Sound Familiar?

My friends like, respect and trust me, yet they don't do business with me. How can I tactfully ask them to become clients?

What's the Problem?

It's easy to ask strangers for business. If they say "No" it's over. With friends you have an ongoing relationship with lots of moving parts. Because the "Risk to Friendship" looms large many advisors avoid the issue, leaving great opportunities on the table. Let's consider four scenarios:

I Already Have an Advisor.

Your friend might have said: "I know you are good at what you do, but I already have an advisor." There are lots of solutions!

Let's start with the simplest, **Establishing Yourself as the Alternative** – "I'm sure you are very happy with your financial advisor. Here's my card. If anything ever changes, please give me a call." You are planting seeds. They keep the card. One day, a friend's advisor leaves the business or retires. Maybe they have a falling out. Relief is just a phone call away. They like, respect and trust you. One call and you will handle all the transfer details. When the call comes, you need to get over there with transfer papers in hand while the issue is still in the top of their mind.

Don't want to wait? Remember the **Wealthy Have Multiple Advisors.**

The book "The Millionaire's Advisor" by Russ Alan Prince and Brett Van Bortel makes the point the wealthy have 3+ advisory relationships on average. You wouldn't quote statistics to a friend. Try this approach instead when they say "I work with someone already": "I expected that. Successful people usually have multiple advisory relationships. You are obviously successful – How many do you have?" Most people identify with the word "Successful". You have established a rationale for why they should work with more than one person.

Tackling the Risk to Friendship

Upsetting the balance within a friendship is a big obstacle. Use the risk as the reason for the conversation. The approach has three segments.

First, introduce the subject. "You know where I work and what I do. I've never discussed business with you before because you are my friend and that's very important to me. I've never wanted to put our friendship at risk." You've got it out in the open. Even if they are uncomfortable they can "see the door". They can always say "I prefer not to doing business with friends either." Because they have a way out, it's likely they will let you continue.

Second, state the obvious. "Besides, I've always assumed you work with someone else already. They probably take great care of you and provide excellent service. Most successful people have that kind of relationship with their advisor." You have recognized they probably have a relationship in place. You've also done something subtle. You've brought up how successful people are important clients. They might start wondering "Am I an important client to my advisor?"

Third, you establish the rationale to discuss business. "It's been a difficult six years in the market. You may know some people who haven't been as lucky as you. I thought we might spend a few minutes discussing 'What I do' so if you came across some of those people you would know how I may be able to help them." You have asked for permission in a non-threatening, third party way to discuss "What you do." You are many things to many people. You can align your explanation specifically to their situation. They will know how you can help them or someone similar to them.

Changing Hats

This strategy has been around for years. Lots of people have written or spoken about it. Your friend sees you in the role of a friend. They know you are a professional in your field. You start by acknowledging your role as a friend. Next you say: "I would like to take off my friend hat for five minutes and put on my business hat." You pantomime changing hats. You discuss business and when you're done you pantomime changing hats and say "I'm taking off my business hat and putting my friend hat back on." You have gotten your message across by introducing clearly established breaks in the conversation. If they want to continue asking business questions they can ask you to put the business hat back on.

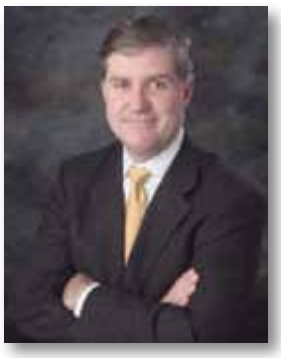
What if Something Goes Wrong?

Friends may voice an obvious problem. "If something goes wrong and this doesn't work out, have I lost a friend in addition to losing money?"

When I was an advisor I would explain: "If you become my client and take my advice, you should get a report card. If I'm doing a lousy job you should be able to fire me." Clients like this approach because you are demonstrating accountability. The quarterly or periodic reviews you deliver are the report cards. You measure performance vs. appropriate blended indices representing their proportional mix or stocks, bonds and cash. You look them in the eye and explain the results.

This approach makes friends comfortable. They realize if things don't work out, there's a roadmap in place for unwinding the relationship. You suggested it. They don't need to feel any guilt because it was your idea.

Conclusion. Established friendships have lots of built in advantages and opportunities. Many investors prefer doing business with people they know. The difficulty is bringing up the subject. Make the effort using words that are comfortable. The results can be gratifying.



Bryce Sanders

Bryce M. Sanders is president of Perceptive Business Solutions Inc. in New Hope, PA. His book "Captivating the Wealthy Investor" can be found on Amazon.com.

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Tech Tips

Financial Social Media Marketing

15 Unexpected Social Media Stats for Financial Advisors

Do you ever wonder how many clients and prospects other financial advisors reel in from social media? How about whether or not your target audience is even on social media?

These are questions that occupy the minds of many advisors who are on the fence with social media. And with good reason. Why would you offer time and money to something if it produces little or no return?

Here are some recent stats that may answer some of your burning questions and catch you by surprise:

- In 2012, more than 60 percent of financial advisors used LinkedIn to gain new clients. (http://linkd.in/YaTQuf)

- Of that group, 32 percent used LinkedIn to bring in $1 million or more in assets under management. (http://linkd.in/YaTQuf)

- In a 2012 study of 500 marketers, 60 percent said they acquired leads from social media, and 62 percent said they acquired new customers. (http://bit.ly/Q2xQO6)

- 71 percent of advisors say their target clients are active on LinkedIn. (http://linkd.in/YaTQuf)

- Slightly more than one-third of U.S. adult Twitter users agree with the statement: "I often recommend financial products and firms that I like to my friends and acquaintances," compared with 21 percent of U.S. online adults overall. (http://bit.ly/eO5fki)

- 75 percent of senior executives watch videos on business sites every week. 65 percent go on to visit a vendor's website after watching a video. (Earnest Agency)

- 45 percent of online U.S. adults who have a Twitter account are interested in interacting with financial services firms via Twitter. (http://bit.ly/eO5fki)

- 53 percent of people on Twitter recommend products in their tweets. (SocialNomics)

- The average household income of a LinkedIn user is $109,000. (http://slidesha.re/bOu0Dz)

- While 76 percent of marketers believe they know what their consumers want in terms of social media content and interaction, only 34 percent have actually asked those buyers. (e-Strategy Trends)

- 30 billion pieces of content are shared on Facebook each month. (Bullas)

- In a study of nearly 500 marketers from various industries, 57 percent say that ROI measurement is the number one challenge. (http://bit.ly/Q2xQO6)

- Marketers working with an agency are twice as likely (21 percent versus 10 percent for in-house) to be satisfied with the performance of their social media program performance. (http://bit.ly/PZ6fAd)

- Companies that publish new blog posts just one to two times per month generate 70 percent more leads than companies that don't blog at all. (MarketingProfs)

- 44 percent of companies with social marketing budgets of $100,000 or more are using social CRM software, compared to 16 percent in general. (http://bit.ly/10l9NPr)

As you can tell, there is a ton of opportunity when it comes to social media — even as a financial professional. As more studies are conducted and social media matures as a marketing medium, you will see more evidence about how effective it is.

Amy McIlwain

Amy McIlwain, President of Financial Social Media Entrepreneur, author, speaker, and worldwide connector, is recognized internationally for radical new ways of thinking about Social Media, PR, marketing, advertising, and customer service.

A former NCAA Division I Soccer player, Amy started building and designing Websites back in the late 1990s. She spent the past 6 years in the financial industry selling advertising space for the Senior Market Advisor and consulting for insurance companies on various media vehicles.

As the marketing landscape shifted from traditional to Social Media, Amy saw the increasing value of social networks in their ability to connect with clients and prospects. As a result, she launched Financial Social Media in 2010 which specifically address compliance issues surrounding social media and the financial industry. With her unique background in both online marketing and financial services Amy advises which media vehicles work and the marketing language needed to deliver results.

Visit: www.financialsocialmedia.com

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IARFC **WORKSHOPS**

Business Owner Consulting

Prospect a New Market
Business owners are an underserved market that are looking for solutions to many issues. We address items such as loan cancellation plans, buy-out or succession plans, retention and incentive plans and more. We give you solutions and tools to address their needs.

Acquire All the Tools
PowerPoint presentation, fact finder, letters, agendas, checklists, forms, motivating articles, plan text and east-to-use calculation spreadsheet that motivates business owners to immediate action. Approach local businesses using tested letters, articles, sample plans, certificates, agreements and a proven professional system fully scripted.

Full day
7 RFC and CFP CE Credits

Drip Marketing

Get the Appointment
Drip marketing warms up your prospect, attracts their interest in the topics presented and builds their respect for your knowledge. Gradually Drip Marketing will develop a bond with the prospect that motivates them to grant you an appointment to make a presentation.

Learn the Basics
Our workshop reviews the purpose and goals of Drip Marketing. You will learn ways to approach Drip Marketing to make it more effective, how to get started, basic setup information that applies no matter which CRM you are using, and then the practical application once you get the appointment.

Sequence Included
A sequence including 15 letters, 15 articles and 3 phone scripts targeted to business prospects is included.

1/2 day
3 RFC CE Credits

Branding

Impact Branding
The competition for your clients is increasing. A strong brand projects your passion and commitment to clients and prospects. Brand loyalty is reinforced by continued efforts to positively project a favorable image. You don't have to be a big company to promote your own brand. We help you discover what it is and how to build it.

How are you Perceived?
You will learn that first perceptions are a result of how you brand yourself. We review the cumulative cycle of branding and how it effects every aspect of client interaction from before the initial approach through your follow up service.

Step-by-Step Checklist
Much discussion is given to a real world checklist for you to start building your own identity. This list breaks down your branding journey in manageable tasks and time.

1/2 day
3 RFC CE Credits

For more information: schedule, pricing, registration, agendas

www.iarfc.org/workshop

Rik Saylor, RFC®

Results-Based Marketing

Many Financial Consultants within the IARFC have mixed attitudes towards marketing. Some regard the acquisition of new clients to be the most uncomfortable aspect of building and maintaining a clientele. Some used to enjoy it when entering the profession, but have gradually come to regard it as a necessary evil; — evil not because they are doing something improper but because they would rather be designing some plan or solution for a client.

We frequently hear consultants say, "When I was new in the business, without any clientele, it was necessary for me to spend most of my time trying to acquire new clients. But as my number of clients grew, I came to hate this activity. Now I realize that my client base is in a risky situation:

- I lose a few clients from death, disability and exit to a retirement community.
- I lose a few clients because competitors will tell them anything. They have forgotten my years of service and the good results. I do not know of their concerns until the assets have already been transferred.
- Some clients become unprofitable. They still need service but their situation has declined substantially from disability, divorce or an employment decline."

Meanwhile these consultants need increasing revenue to cover their overhead and staffing escalation. They ask, "How can I achieve significant increase in clientele at a minimum allocation of my time and money and with less negative response when I approach a new prospect?"

The best solution is not reading books, dozens of magazines, and attending Internet webinars from "so-called experts". The greatest results will be from networking with RFCs who have achieved great results and who are willing to impart how they are getting the job done in an un-stressful fashion.

On a scale of 1-10. . . a great staff rates a 12! Five star customer service, execution of trade, advice and warm experiences would not be possible without them.

We didn't have to look far for such a person. In fact, we only needed to focus our editorial inquisitiveness about 15 miles south of Middletown — in Fairfield, Ohio to the offices of Rik Saylor, RFC®. The more questions we asked, the better the answers became.

How did you first enter financial services?

I started in high school working during the summers in a family owned construction business. A partner and I then opened our own firm in residential construction. We were doing fairly well, but I realized that framing houses was very hot in the summer and quite cold in the winter. I wanted to work more with my mind than with my hands. If you trip on a few words there is no harm done, but you don't want to trip while covering a wet roof. I interviewed in 1983 with Met Life, and was offered a position selling all lines of business. In those days, we sold all the products: life, medical and annuities — even property and casualty coverage.

Met Life had a good basic training program, but many of my associates were not doing well. After two years, I switched to association with John Reichert — who had been a very successful manager with Met. He provided excellent advanced training and taught me to focus on a few lines and drop the P & C coverage. I don't regret the association with Met Life — it just didn't offer the higher caliber training that I needed to succeed.

What was your educational background?

My studies have been perpetual…. I've never stopped reading and learning. I went to the school of hard knocks and had a PSD (Poor — Smart — Determined) outlook as a young entrepreneur. I started with a circulation paper route at 11. Then my job expanded at age 13 to collecting the subscription costs. I was learning how to "ask for the money." I was only 20 when we formed the construction partnership and became licensed with Met at the tender age of 23. After that, I depended on industry training by professional societies and mentoring.

Were you successful at first?

Yes, but not wildly so. I had the drive, but not the knowledge and wisdom required. John Reichert helped me understand the products available to me to sell, and how to position them for larger prospects. John moved on to other areas and activities and I found myself as a self-employed agent who was slowly gravitating to sell services, not just products.

What or who influenced you the most?

That's an easy question to answer — my parents, Jim and Rose Ann Saylor. From them I acquired a strong work ethic, morals and a good name. I had a deep desire to be excellent, whether it was delivering the papers in bad weather, building houses, selling package policies with Met Life, or offering more extensive products to a clientele that was increasing in their degree of affluence.

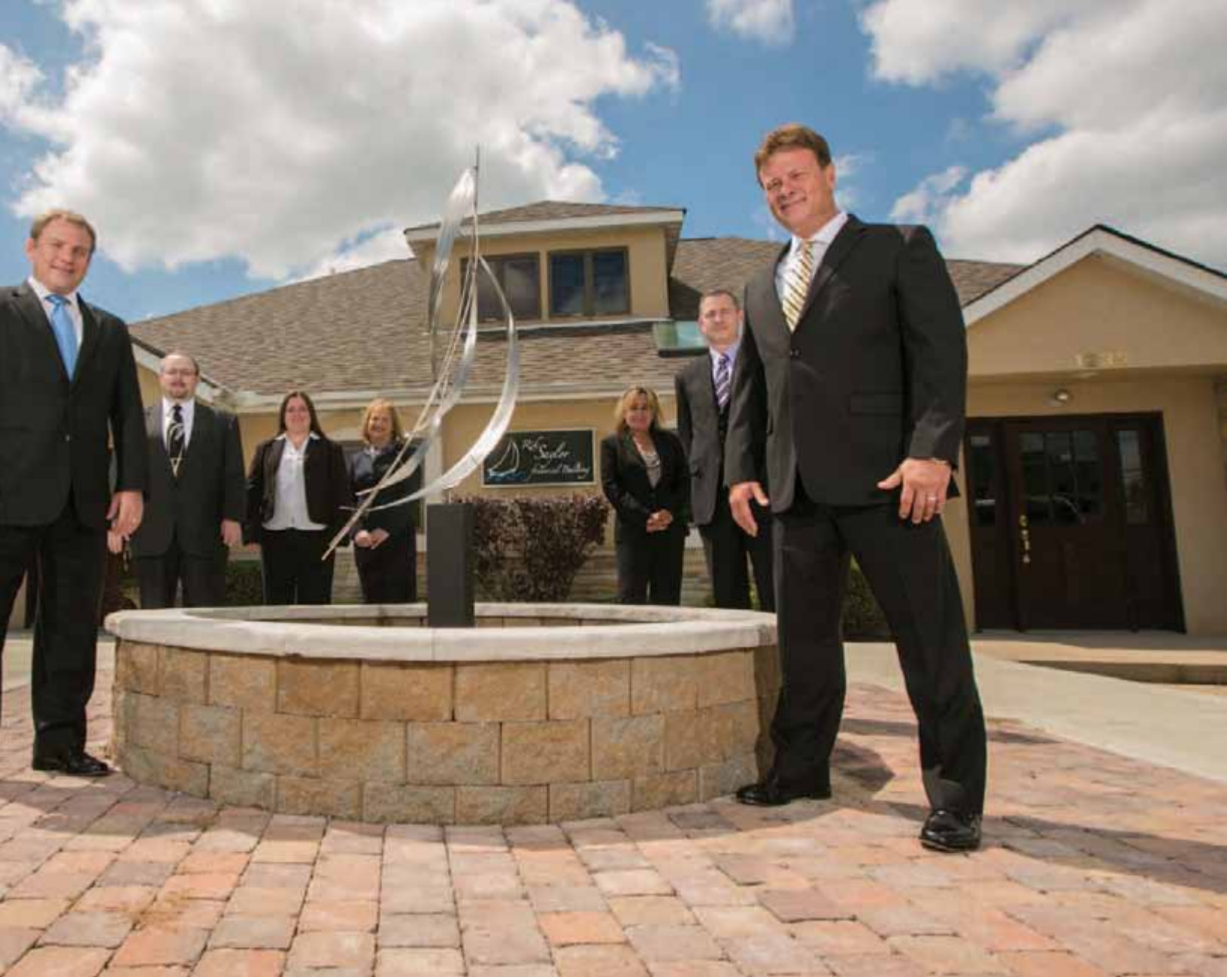
What were your major obstacles?

Myself — and my initial lack of knowledge. I realized the elements I needed were best learned from mentors, not from books or distance learning. I found how to locate excellent mentors who were doing the things I wanted to do. I watched and learned their skills and then tweaked their techniques for me. I am still doing that — learning from mentors and serving as one to other associates.

Rik Saylor Financial team L to R: Vice President -Eric Hamberg, Paraplanner -David Frank, Computer Operator-Heather Porter, Operations Manager-Lisa Lawhorn, Marketing-Kim Saylor, Relationships Specialist-Bill Mueller, President-Rik Saylor

What is unique about your current practice?

I like to tell prospective clients that I offer "An integrated, holistic wealth management model to help folks grow, use and keep their wealth." This is available on a fee-based or commission arrangement and it includes investments, tax planning and tax return preparation services. I now offer every insurance via my partners, including life, annuity, individual and group health, Medicare planning, LTC and alternatives, disability income, property/casualty, umbrella.



Recently I added ObamaCare exchange alternatives, and for qualified candidates, probate avoidance, estate planning and elder law. At times and with some products, I use "partners" such as attorneys or insurance wholesalers.

How do you market now to acquire new clients?

I have a diversity of exposure to quality prospects. I believe that each one enhances the other and makes them more effective. If you live in Fairfield, Ohio, you may not have met me, but you know who I am and what I do.

I am moderately active with Social Media, such as: Facebook, LinkedIn, Twitter. I do public speaking, and hold educational workshops in/out of our Fairfield office. I participate in worthwhile projects and programs that are important to help get my name out in the community. This includes: charities, the Unsung Hero Award, drip letters via snail/email, videos, e-newsletter weekly, referral promotions, "fun" events, annual CAP, radio spots with "The No-Nonsense Money Minute" and a radio show "The No-Nonsense Wealth Management Hour". I maintain two websites: www.nononsenseadvisors.com and www.riksaylorfinancial.com. We have formed a small business, Infinity Marketing, to help others.

We have to keep asking ourselves, as professionals, "Where is the next market expansion?" I believe that America will rebound through small to medium businesses — not from the government or corporate giants who have exported so much of their operations. That is why I attended the IARFC Business Owner Consulting Workshop, and plan to expand in this area, using the RFC materials.

You mentioned "Offices" — do you have more than one?

Our primary office is in Fairfield, but I realize that my clients want that first meeting to take place nearer their home. So I use Regus rental office space in Dayton and Cincinnati. I do not act as if this is my main headquarters — it is a place of convenience. Eventually I require all clients to come to our head office at least once to meet all the associates and gain a sense of comfort from our technology. Some have become clients through referrals, and do not know about our radio show and video spots. They are amazed with our studio and equipment.

Are you involved in any mentoring groups?

A great local team and I am part of a national network of like-minded advisors, many of whom are also RFC members. One activity is *America's Radio Wealth Management Group.* They have grown nicely, but there are still many communities with no representation. This group exchanges successful techniques — call it group mentoring. There are nearly 100 members and Dean Barber, RFC® and others are a real sharing group. I believe many IARFC members could benefit from this group.

You mentioned reading…

I try to read 4-5 books every month on some aspect of finance, economics or philosophy. There are two books by John Stossel, ***No they Can't*** and also ***Myths, Lies and Downright Stupidity***. You can gain an interesting perspective on current economics from a book entitled the ***Forgotten Man*** by Amity Shlaes — who describes what really happened to create and continue the Great Depression. The work of *economist* Harry Dent has had a significant influence on my work.

I also like the ***Freakonomics*** books by Lefitt and Dubner. Ben Carson had 4 or 5 great books and his famous "Prayer Breakfast Speech".

How has the IARFC been of greatest value?

I have come to appreciate the need for Branding — to make my client acquisition even easier. I value the ***Register***, the *Journal of Personal Finance* and the IARFC educational workshops and industry insights.

What do you see for the Association in the future?

I know that future workshops will help me continue my growth path, and that IARFC staff and leaders will help drive "positive" industry change.

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

Everything we can! What I do, every IARFC member can do: public speaking for the Boy Scouts, 4H, schools and civic associations. I give of my time, talent and treasure to a multitude of charities in addition to the foundation I set up for my parents.

What will be the impact of technology on financial advisors?

It has been, and will continue to be, massive. In this modern era of change, fast paced lives and information firms like ours need this to thrive. We can out–hustle and out-perform the giant institutions – provided we team up with our fellow financial consultants.

On what do you advise an RFC to concentrate?

Follow the success of others. Find people who are where you want to be and copy them. You might even ask one if he or she will mentor you. Don't be surprised at their willingness to do so.

What is looming on the horizon for our profession?

We will experience a narrowing and refinement of the profession. The best will survive and thrive — by providing planning not peddling packaged products.

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

I try to focus my practice by giving folks "straight talk that will help lead to clear decisions" in a holistic package — or a la carte service on just one item where that fits their interest.

How important is a great team/staff?

On a scale of 1-10… a great staff rates a 12! Five star customer service, execution of trade, advice and warm experiences would not be possible without them.

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Radio:
The No-Nonsense Wealth Management Hour

L to R:
Rik Saylor and Eric Hamberg,

Mental Marketing

It's Where the Magic Starts!

If you read my column, you know that I look at the financial advisory business through the colored lens of psychological effectiveness. I typically ask the same questions of every advisor:

1. Who buys from you?
2. Why do they buy from you?
3. What do they have in common?
4. Why aren't more people buying from you?

Of course there are reams of other questions to ask along the way, but until you can answer those, you're probably stumbling around. That means you're losing business.

Let's assume you're a highly credible professional. Who knows that? Likely, only the people who know you well realize that you are a credible professional. Meaning, you have probably done a questionable job of marketing your credibility.

In a previous article ("The Brand Called Dull"), I discussed that most financial marketing is redundant, thus ineffective because it fails to distinguish you from the vast majority of other advisors. Even if we assume that all of them are credible, trust me, very few of them are letting their target markets know about their credibility. Meaning, the door is wide open for you to burst through in an explosion of celestial light and dramatic music. (cue the orchestra) Ta Daaaaaa!

Well, there's just one teeny problem; the magic only works if your message is "right." The vision of you exploding through the door loses some (or all) of its magic when your message is something like, "Here I come to save the day, and boy howdy, do I have another great mutual fund for you."

What is your message? This is really pretty simple to answer. Think of your default presentation or new business conversation. What points do you make? Right now, that's your message. How's it working for you? And, how effective is it in exposing your credibility to the prospect? Perhaps there's a better question: Are you giving the "right" message. Sorry to say, far too many advisors are delivering the wrong message.

Your own credibility. We teach a class on Credibility Selling for advisors. If you're in the class, we'll ask you to grade your own credibility and then say what that grade is based on. Most advisors give themselves a healthy grade in the 75% – 90% range. We're not there to question their credibility, just to help them articulate and demonstrate it. So, we don't question it — until we see what those grades are based on.

Nearly every advisor bases his or her own credibility first on the number of years in the industry. Second, on the companies they're connected to. It's only when we get lower on the list that they list their knowledge or areas of expertise. "Oh yeah, Mike, I actually know some stuff and can actually DO something worthwhile."

We've also researched what consumers look for to determine credibility. Bad news — it's not the number of years in the business or company association. If those are what you base your credibility on, you're shooting blanks and they're falling on deaf ears.

The "right" message is the one that connects your expertise to what the prospect needs or wants. We call that the "relevance connection." Without it, your magic quickly fades. People do not want to

listen to any advisor talk about something they're not interested in.

"But, Mike, I've got a product to sell. If that prospect doesn't want the product, I move on. I don't really care what he thinks is relevant." We all know advisors who take that approach. How credible are they?

How to clone yourself. How many places can you be in at any one time? Here's a hint, it's fewer than two. How many people can you realistically meet with on any given day? Let's say eight.

The point is – you need to be in (at least) two places at one time, and you need to express the right message consistently in both/all of them. What are the places? You in person, and you virtually. The virtual you includes:

1. Books
2. Ebooks
3. Magazine articles
4. Website
5. Newsletters
6. Blogs

Why those places? Because they are the ones people turn to for information. The key is to put your message in the places your target markets go to. It's hard to find a brochure through a Google search. What's the most important one? Your website. Why? Because it's immediately and easily accessible. It also speaks for you all day every day. There's a risk to your website, too. If it's not written and formatted correctly, it could do you more harm than good.

How to develop content? Create short blips of relevance, then string them together. Just start with one small idea and build on it. That's the simplest way to develop blogs, web content, articles, ebooks and books.

Let me leave you with two final questions. I love these questions because they caused a total (temporary) mental meltdown in my own mind many years ago. It was 1981, and I was a comedy writer and actor in a comedy troupe in Austin, Texas. My writing partner asked me: "Who are you, and what do you know for sure?" At the time, I could not answer either of those questions. They burned themselves deep into my brain and ignited a great deal of self-exploration.

You will likely have great difficulty demonstrating yourself as a credible professional if you can't answer those questions. And, the litmus test is how the answers are perceived by your prospect. Who are you and what do you know for sure that is relevant to your prospect? Answering those questions gives you the spark for credibility, charisma and magic.

In Conclusion. Your credibility is probably your most valuable asset. If it's not, something is wrong. The trick is to gently let people experience your credibility. The easiest ways to do that are by crafting the "right" message for the person(s) in front of you, then, by publishing variations on that credibility in a variety of publishing channels. What's the most important one? Your website. Why?

Your IARFC Reward. Want to know if your marketing is credible? Send me an email. Time permitting, I'll look at your website (with you) and give my feedback. My gift to you.

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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Should Your Clients Be Using the **Optimal Basis Increase Trust** Instead of the AB?

For many taxpayers, the traditional trust design for married couples is now obsolete. Traditional AB trust designs risk incurring higher income taxes after the first death and reduced basis increase at the second death. New trust designs can not only mitigate against this risk, but create income tax advantages over outright bequests or marital trusts.

Some practitioners advocate using a marital deduction trust, even if there is no need for the federal marital deduction, to allow the family to achieve a second step-up in basis with the asset protection and control of a trust.

But we can do better. After all, marital trusts also receive a second step-down in basis. Moreover, they cannot "spray" income to beneficiaries in lower tax brackets, and they are leaky for both asset protection and tax reasons because of the mandatory income requirement. They provide greater complications for see-through trust status (aka "stretch IRAs"), especially for general power of appointment marital trusts. QTIPs may receive valuation "discounts" even when not desired. And, marital trusts simply won't be as efficient in saving state or federal estate taxes, especially if the surviving spouse lives long and the assets appreciate significantly.

Achieving a Second Step-Up in Basis

It is possible to obtain a step-up in basis on assets in bypass trusts at the second death by building flexibility to trigger the inclusion of assets in the surviving spouse's estate. This might be done if an independent trustee or other party using a limited power of appointment has discretion to distribute up to the entire amount in the bypass trust to the surviving spouse and distributes the assets before the surviving spouse dies.

However, this is often impractical and requires an extraordinary amount of proactivity and actions before death, not to mention potential fiduciary and asset protection concerns of terminating a trust and its various protections to the family.

There are two methods that allow for more certain and precise tax planning: the surviving spouse can be granted a general power to appoint appreciated assets up to his or her remaining applicable exclusion amount, or the surviving spouse can be given a limited power to appoint such assets to a trust that triggers IRC §2041(a)(3) (otherwise known as the Delaware Tax Trap.) Either will cause estate inclusion over those assets, and cause a step-up in basis. The amount can be capped to prevent excessive inclusion that would cause estate tax. I refer to any trust using these techniques as an Optimal Basis Increase Trust.

This creative use of general and limited powers of appointment ("GPOAs" and "LPOAs") can achieve better tax basis adjustments than either outright bequests or typical marital or bypass trust planning. Importantly, these techniques can assure that assets in the trust receive a step up in basis and not a step-down in basis.

Example: John Doe dies in 2013 with $2 million in assets left in trust for his wife Jane. Jane files a Form 706 and "ports" John's remaining $3.25 million of exclusion amount (called the Deceased Spousal Unused Exclusion Amount). After eight years, when she dies, assets have grown to $4 million. Due to rebalancing, depreciation, and depending on the composition of assets, approximately $2.5 million might comprise assets with combined basis of $1.5 million, $500,000 might be "loss" property with basis of $750,000, and remaining $1 million might be cash equivalents or retirement plans.

Had John used an outright bequest, or a marital trust, all the assets (except retirement plans) would get a new cost basis at Jane's death, including the property with a $750,000 basis and $250,000 embedded loss. Had John used an ordinary bypass trust, none of the assets would get a new cost basis at Jane's death, including those with $1 million of unrealized gains. Instead, John's Optimal Basis Increase Trust (OBIT) grants Jane a limited power of appointment (or, no power at all) over the retirement plans and assets with a basis higher than or equal to the fair market value at the time of her death (which would salvage $250,000 of basis from disappearing). It grants Jane a general power of appointment (GPOA) over any assets that have a fair market value greater than tax basis (which would create $1,000,000 of additional basis for the beneficiaries). This may also be accomplished with a limited power of appointment (LPOA) that triggers the Delaware Tax Trap.

The result is that John and Jane's beneficiaries get a step-up on the trust assets, but, more uniquely, they do not get a step-down in basis for any loss property — a very crucial feature if Jane were to die just after a market slump. This additional basis may allow them to use the higher basis for depreciation to offset income, or sell assets to take the capital loss to offset other capital gains plus $3,000 per year against ordinary income, or hold for future tax-free appreciation up to basis.

This is only a brief introduction to the use of OBITs. They must be carefully crafted to not only maximize the basis benefit, but ensure continuing asset protection and prevent exposure to estate tax or unintended distributions.

In summary, the Optimal Basis Increase Trust design offers all of the benefits of a Traditional AB trust design, while largely avoiding the potential basis and income tax drawbacks. For a 90 minute recorded teleconference and much more extensive material on this topic, see www.ultimateestateplanner.com. For a copy of a longer article, contact me.

Edwin Morrow III
J.D., LL.M., MBA, CFP®, RFC®

Edwin Morrow III, J.D., LL.M., MBA, CFP®, RFC® is a manager of Wealth Strategies at Key Private Bank. Ed works with local Key Private Bank financial advisory and trust teams nationwide, assisting with in-depth reviews of high net worth clients' estate, trust, asset protection and tax planning in order to better preserve, protect and transfer their wealth in a tax efficient manner. Prior to joining Key Bank in 2005, Ed was in private law practice in Cincinnati, Ohio, concentrating in taxation, probate, estate and business planning.

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Why Smart People

Make Dumb Mistakes with Their Money

In the 1930's depression, much like the downturn of 2008, market technician Ralph Nelson Elliott made an interesting discovery. He noticed equity markets move in similar and replicating patterns with degrees of trend. This new field called Socionomics explained market movements response to social mood, both euphoria and discouragement, optimism and pessimism. In fact, Robert Prechter, who recently popularized this area, warned of a top in the market in 2000 based on past patterns of market movement, in turn based on social mood. This major mood swing called a Grand Supercycle portends the magnitude of what may happen in a future framework, while not predicting week by week changes. Almost like a TV meteorologist is able warn of storms a week from now because of low pressure areas. They may not be able to tell you what day next week it will occur. One economist at a conference I spoke at suggested since baby boomers were retiring in such vast numbers from 2000 – present, all an advisor had to do was dig a hole in front of where the herd was moving. Good strategy, but if the herd makes a detour, your hole is empty.

A more important part of this grand market movement is how your clients emotionally respond to these seismic financial changes. It is widely thought we are in a secular bear market due to the levels of debt raked up by the current administration. This treasury debt is competing with private debt dampening the ability of private capital to influence future investment growth. Yet many investors believe we are in a bull market recovery. Even if that were so, it will be a very shallow recovery with a great deal of volatility in the short term. If your clients are caught on the wrong side of that volatility, it will greatly impact their retirement lifestyle. Here are a few of the traps your clients and prospects may find themselves in without the benefit of your financial guidance and counsel. As you read each of these objections and concerns from your clients and prospects, let them know first what the concept is and if possible, tell stories about other clients who have mistakenly believed similar notions and how you helped them.

I want to stay with my advisor (even though he lost 42% of my life savings in 2008).

This stupid Investment mistake is called **Status Quo Bias**.

William Samuelson of Boston University showed clients 3 investment options. One stock with a 50% chance of staying the same. Another stock with 40% of staying the same. A US treasury with a 9% return and Municipal Bond with 6% tax free return. Which to choose? 47% of those who were told they already owned an investment ignore their selection and remain with the investment they already had. This study showed that people are inclined to stay with what they have no matter how bad the performance. This also explains why some investors will stay with a bad advisor.

The Fix

Tell your prospects about this research and tell them a story about a client who realized this mistake and how well they did by working with you.

I want to keep my money where it is. If I sell now, I will ink those losses.

This stupid investment mistake is called Sunk Cost Fallacy – Throwing good money after bad.

These investors believe their portfolio is still OK until they cash in. You can't make changes to the portfolio because it will ink your loss instead of taking the money out and moving into a more sound investment. In the last decade, The Big Dig in Boston linking the city to Logan airport was $15 billion over budget. The administrators wouldn't fire the contractor and start over because of all the money they have sunk in the project already. Yet even after completion, a tile fell off the ceiling of a tunnel and killed a woman causing the project to incur even more expense. The US Government gave $70 billion to General Motors in 2008. GM asked for $30 billion more in March of 2009. Both the Bush and Obama administration fell into this trap believing it was too big to fail. But the ensuing GM default was the biggest sunk cost mistake in US history. If GM had restructured in September of 2008, they could have saved the company billions in cost and the US taxpayers nearly $100 billion. Because of the inability to recognize Sunk Cost Fallacy, currently every citizen in America now owes $600 per person on behalf of that one company. That is a sunk cost sinkhole.

The Fix

Ask your client if they didn't already own their investment, would they buy it again? That will bring them back to reality quickly.

I am going to keep my money in the market. It is moving up and I want to recover my losses. This Stupid investment mistake is called **Confirmation Bias**.

There is a great tendency for investors to look for information that confirms their beliefs, rather than data that falsifies it. Cornell Marketing professor Ed Russo did a project with students evaluating restaurants. They rated restaurants on a 1–10 scale, 10 being the most positive. The ratings were based on menus and photos. But when the differences were mentioned one at time with photos of problem areas like rips in the booths and dirty kitchens, the students stayed with the initial ratings. They discounted information that didn't fit with their first impressions.

Dick Winnick and Rahul Guah of Cornerstone Research in Boston noted that when consumers bought the same car

every 3-5 years, they paid a premium over those who chose a different brand. They paid an extra $1500 with Buicks. Mercedes owners paid an extra $7500 because of Confirmation Bias. These car owners tended to be less skeptical and less willing to negotiate a deal with a car they have owned for the last 20 years.

During the presidential election of 2008, shock jock Howard Stern asked voters in New York City who they would vote for. If Obama, the question was asked if the voter liked his running mate, Sarah Palin. The Obama supporters agreed it was time for a female VP. Stern employees also asked what the Obama supporters thought of his pro-life stance. They again mentioned their support of a child's right to life. Kind of makes you wonder how voters make decisions in the first place.

The Fix

Tell them about Confirmation Bias and talk about information that refutes their views. But then produce stories about other clients who came to you with the wrong ideas and succeeded as a result of following your advice.

I don't like totally safe investments right now, I am getting back in. Look at how much the market has gained! This Stupid investment mistake is called **Short Term Memory Syndrome.**

We soon forget what happened last quarter in favor of what happened last week. The stock market lost 42% over the last 6 months and came back 25% in the last 6 weeks. The downturn must be over and boom times are here again. The stock market is based on earnings and GDP expansion. Everything else is sensitive to emotion and subject to volatility. This is also called "Chasing Returns". There is a strong tendency for your prospects and clients to respond to news reports that taut something that happened today or this week while ignoring a longer term perspective.

The Fix

Talk to your investors about the rule of 100. Discuss the level of volatility over the last 2 recessions if they had been fully invested without regard to their retirement horizon. Tell stories about investors you have helped to weather the last few storms.

Losses are only paper, it'll eventually be fine. I don't really care about losses right now.

This Stupid investment mistake is called **Mental Accounting**. The money you have is worth the same no matter how you make it.

Some dollars are worth less than others and thus don't matter. The notion is that my earned income is worth more than the money I make or lose from investing. This is where the idea of "found money" came from.

One new husband while waiting for his wife to dress, before dinner he decided to try his luck with $10 at a Las Vegas casino roulette table. $10 turned into $100. That became $1000 and soon parlayed into $10,000. He lost it all on his last roll. On the way back to his hotel room, he noticed $5 still left in his pocket. His wife asked about his luck, he said, "Not bad, I only lost $5". Casinos always make money. Las Vegas hotel mogul Steve Wynn once said he has never seen a gambler make money over the long term.

The Fix

Take out a $10 bill and give it to your prospect. Let them keep it long enough to feel like they own it. Then ask for $10 out of their wallet and tear it up. Ask which $10 was a gift and which was earned. Your point will soon be made (you might want to give them another $10).

Kerry Johnson, MBA, Ph.D.

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4 Keys to Seminars

The Way to Grow Your Business

If you turn back the clock, there was a time when hiring a professional was as common and easy as searching through the Yellow Pages. Clearly things have changed in today's world. With the advent of the Internet, innovative technology, Social Networking, and more, people are searching for professional services in a variety of new ways.

When most people think about hiring the services of a professional such as a doctor, lawyer, CPA, architect, teacher, or personal trainer, arguably the two most common sought after criteria are experience and credibility.

However, in the financial services industry things are a bit different. Regardless of how people seek the help of financial professionals, the harsh reality is that we do not have enough people contacting us to employ our services. Our email inbox is not filled with inquiries from people seeking to hire us from Internet searches. People don't stop by our office because we have an excellent sign or company name. Our phones don't ring off the hook from people who decided they need a financial plan or life insurance policy. The "elevator speech" we use and networking events we attend are not creating a sizeable volume of new opportunities. Referrals are not coming in often enough.

Therefore, although we know most people need our services as much as we need their business, we have to go out and find them. The clients we would like to work with are rarely going to stumble across us, find us, and/or proactively contact us.

Seminars are Excellent

In my experience, **there is no form of advertising or marketing better than seminars**. Zero. If your goal is to expose yourself and your business to new prospective clients on a consistent basis, then by all means please consider hosting regular seminars.

Our industry has a unique advantage that I firmly believe many financial professionals are failing to capitalize on. This advantage is the need for a **personal relationship** to be present before any business takes place.

When people choose to employ the services of financial professionals, there are specific elements of "human touch" that simply cannot be trumped by any form of technology or internet search. There is a personal relationship that needs to be developed.

Four Keys to a Seminar

Seminars offer a golden opportunity, unlike any other form of marketing or advertising. By hosting seminars, you have a captive audience of qualified prospects for approximately 30 minutes to an hour. During this invaluable period of time, you have the unique ability to provide every attendee with four key answers they need to know before they consider working with you:

1. **Do they like you?** Yes, first impressions are important. However, quality relationships happen over time. Most people can usually determine after a reasonable period of time whether they like you or not. By "like" I mean they can answer certain key questions such as; can they see themselves enjoying spending more time with you? Do they connect with you on a professional and/or personal level? Can they see themselves inviting you to their home or to a party?

2. **Do they trust you?** In addition to the ability to determine your "likeability" factor, seminars also offer the ability to develop a level of trust. After spending a reasonable period of time with you, most people can determine if they view you as a credible and trustworthy professional. They are able to decide if they feel comfortable opening up their financial lives to you, and whether they can trust your professional advice and services.

3. **Do they think you are competent?** Throughout the course of a seminar, you have an extended period of time in which to present your abilities, skills, knowledge, expertise and overall competency. People are able to come to a decision as to whether you know what you are talking about, if you are a qualified and trusted professional, and if they believe your advice and services can be of value to them.

4. **Do they think you have *their* best interests at heart?** Seminars provide you the ability to not only present your likeability, trustworthiness, and competency, but they also allow the attendees to learn and understand the kind of work you do and how you work with your clients. They get to see how you talk, educate, and interact. Most importantly, they become familiar with important factors such as how you work with your clients, how much time and effort is required on their part, what they can expect when you meet, any costs or fees, and how you are compensated.

Seminars – Art and a Science

One of my favorite sayings is "*Experience is the name we give our mistakes… **if**… we learn from them.*" After hosting seminars for over 20 years now, you can rest assured I have made my share of

mistakes. A high-quality and successful seminar requires lots of hard work, study, analysis, education, repetition, and fine-tuning over time. Please don't assume that hosting seminars is an easy task, nor that all financial professionals have the skills or inclination to host these events.

Also, a seminar consists of two parts. One is the art and the other is science. In other words, there are a lot of other details that are equally, if not more important, to hosting a seminar. Some of these key considerations include how to fill the seats, choose a location, provide handouts, select support staff, give an effective presentation, scheduling appointments, and much more.

My hope is that this article helps you see that, by hosting seminars, you are providing large numbers of individuals and families with these four key ingredients on a regular basis. Over time, this strategy is bound to help your business boom. However, nothing good comes quickly or easily, right?

Christopher P. Hill, RFC®

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

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Create an Academic Image

Branding, for a financial consultant, is creating and maintaining an image that encourages a prospect to agree to your services, an established client to continue the professional relationship, and an allied professional to endorse your services.

There are over a hundred elements of branding that you might consider. It is important to realize that **your brand is based on perceptions, not on reality**.

This does not mean that you convey falsehoods or misunderstanding. It means that if the target (prospect, client or professional) does not have a perception, the reality is almost useless. Let's take a look at just one small item. Suppose you recently completed an MBA from a well-recognized university. This is a noteworthy academic achievement, and it marks you as a financial consultant who is expanding his or her knowledge in order to serve clients more effectively.

If your client does not know this, your image, the perception of your capabilities, is of no value in strengthening your brand. Hanging your diploma in your study at home does no good. Placing it on the wall of your private office does nothing for you if prospects and clients always meet with you in the conference room.

Do you have a written Bio or CV? Does it mention this academic credential? Do all prospects and clients receive a copy? Do they always read it? No — some will not. Therefore you need to add it to your Bio, include it sometimes in your media releases, and hang your diploma on a wall where they will see it.

I have been in offices of RFCs where it was hard to see any space on the walls, they had so many certificates displayed. There were university undergraduate diplomas, MBA, even Ph.D. They also had many RFC® certificates as well as CLU, CFP™ and ChFC.

If I were a local accountant or attorney, I would have recognized the occupants as peers. If I were a prospective client, I would have been impressed that these folks could help me accomplish my objectives.

The MBA will strengthen the perception that you are smart and a scholar - and your reference to it cannot hurt you. But it is limited. Having the degree does not say you are continuing your studies or that you deliver good service, or that you are studying advanced planning techniques.

To effectively **Polish Your Image** means you have multiple ways of reinforcing the desired image — that you are well equipped intellectually to help upscale clients.

Financial consultants want to receive high quality referrals from professionals such as attorneys, accountants, commercial realtors and trust officers. They want to achieve these referrals with minimal research and writing effort. How can you acquire that image of being an expert?

The solution is really simple. It's called the "DROP OFF" program.

What are you going to "DROP OFF"?
Print items.

The IARFC produces two publications — the *Register* magazine and the *Journal of Personal Finance.*

For the *Register,* write a short one or two page article on a financial technique that you have employed to benefit a client. Maybe you use as a basis, an article from a company publication and you adjust it to be aimed at Register readers. It clearly reveals how you helped a particular client or group of clients. Send your copy with photos to our editorial staff who will glamorize your content with graphics.

After your article (and photo) appears, you can prepare for distribution. You could buy more full copies of the *Register*. You could also reprint your article using the Adobe PDF copy provided to members on the IARFC website — much cheaper, but less impressive than the entire magazine.

Make a list of the professionals you'd like to receive referrals from. Call and determine a good time to "DROP OFF" an article. Imply that none of their time is required – however, they really might give you some time.

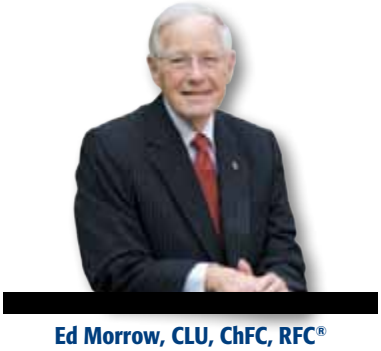
Be sure to clip your card to the article – or even the full magazine.

To create a stronger perception, or as a second effort, the Journal of Personal Finance contains formal and academic information that can be very powerful. First, read the full issue and pick the articles you feel would interest local professionals. Call to "DROP OFF" the copy – with your card attached, of course.

Even if you don't get in to see your target person, they are likely to call you with their appreciation - and maybe you can arrange to have lunch.

Sooner or later you'll be getting those valuable referrals from other professionals.

Listen to Video Series at IARFC.org



Ed Morrow, CLU, ChFC, RFC®

Ed Morrow is the chairman and chief executive of the IARFC and has been a practicing financial advisor for forty years. Visit IARFC.org and access this month's video, Create an Academic Image.

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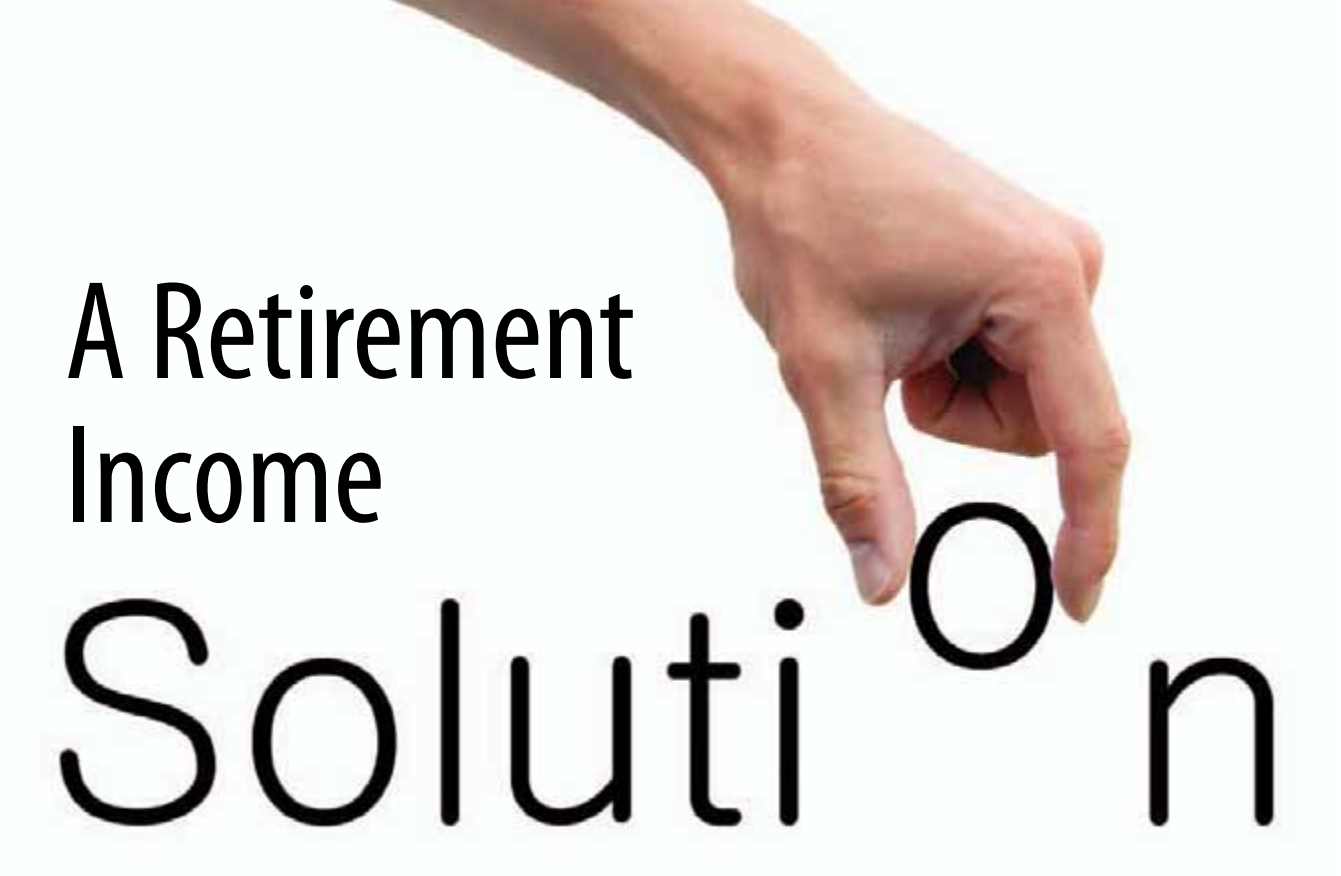
A Retirement Income Solution



Is there a retirement income crisis? It depends, are you part of the 10% high net worth Americans; if so, then, no. If you are part of the 90% low net worth Americans, then, yes.

Fact: Americans need to save more money for retirement source: *The Wall Street Journal*, March 19, 2013, "Workers Saving Too Little to Retire" by Kelly Green and Vipal Monga.

Fact: Most Americans lack sufficient income to adequately fund their own retirement. Source: Forbes, March 20, 2013, "The Greatest Retirement Crisis in American History" Edward "Ted" Siedle.

Fact: Most Americans are ill-equipped to manage their own retirement money. Source: the *Washington Post*, April 4, 2012, "The 401(k): Americans Just Not Prepared to Manage Their Own Retirement Funds."

Myth: Employees prefer defined contribution plans to define benefits. Source: Mercer, Human Resources Consulting, May 2004, "Exploding the Myth That Employees Always Prefer DC Plans".

Those of us who have worked side-by-side with the 90% helping them save, plan and invest for their retirement know these facts are not new. They have been reported for decades without a courageous solution.

Solutions That Work

1. Make saving into a retirement plan mandatory upon condition of employment.
2. Make employer contributions mandatory upon condition of employment.
3. Make plans portable and surrender free.
4. No withdrawals.
5. No loans.
6. Tax deferred.
7. Employees choose their own financial advisor.

It's About the 90%

Our nation's retirement income crisis is about the 90% or incomes less than $150,000 source: http://www.npr.org/blogs/money/2012/07/16/156688596/what-americans-earn. We all have subjective opinions. Mine developed since 1985 by witnessing the evolutionary changes to retirement plans; viz, bundled approach, unbundled approach, annuties, no annuities, mutual funds, index funds, active funds, brokerage windows, negative elections, automatic enrollments, automatic increases, target funds, lifestyle funds, education and now low fees and full transparency. All good intentions but none have changed the fact: the 90% have a retirement income crisis.

An Alternative

Let's discriminate in favor of the 90%. These solutions are for them. Lest any of you think I am advocating socialism, I am not. I am advocating responsible capitalism.

Tax Incentives for the 90%

When we pay our taxes, we have a progressive tax table; the higher the earned income the higher the taxes paid on that income. However, using this same table to calculate tax savings into a defined contribution (dc) retirement plan is misguided. Invert the tax table in favor of the 90%. Here's the formula:

> $0 to $385/week 100% of their retirement deduction is saved from income tax (highest annual income: $20,000).

$386 to $770 40% saved from Income Tax

$771 to $1154 35% saved from Income Tax

$1155 to $1,442 33% saved from Income Tax

$1,443 to $1,730 30% saved from Income Tax

$1,731 to $2,405 28% saved from Income Tax

$2,406 to $4,807 10% saved from Income Tax

Above $4,807 no Income Tax savings.

Someone earning $4,804 a week, $250,000/year, has the financial means to save for retirement without saving on income taxes too.

Tier the employer contribution the same way, in favor of the 90%. The lower the income the higher the employer contribution. A plan sponsor can always discriminate in favor of the NHCEs.

No Income Crisis for the 10%

The 10% are not in a retirement income crisis. They retire with generous pensions, substantial balances in their individual retirement accounts; some receive full health insurance and benefits and some golden parachutes.

The 10% don't need: tax incentives, tax deductions, employer contributions or other encouragements to save toward retirement, but they get them; and it's disproportionate to the 90%.

The 10% also have: stock options, top hat executive plans, life insurance, and tax free and tax deferred investments. Eliminate them from dc plans and the company will save on plan administration and the company match too.

The Need for Financial Advice

A lawyer who represents himself has a fool for a client. The same is true for the 90% who are expected to manage and invest their own retirement funds. I had a nurse ask me: "What weekend course she could take to know what I know about investing." I asked her: "What course I could take to know what she knows about nursing."

There are a plethora of articles written about investor behavior (how misinformed they are), how they make horrific investment decisions (buy high and sell low), and paralysis by analysis (too many investment selections). Yet, despite knowing this, the 90% are asked to do more on their own.

Corporations have shifted their financial liability and investment risk onto them. At the most basic of licensing levels, one needs a license to drive a car. The higher the responsibility the more difficult the license is to obtain. A financial advisor is a licensed professional; in many cases they hold multiple security licenses, professional designations, attend yearly conferences and complete yearly continuing education courses. Employees at any company should be allowed to use a financial advisor of their choice. Make it easy for these employees to do so, but it isn't.

It's By Design

Today only 11% of Fortune 100 companies still offer a traditional DB Plan as of June 30, 2012. Down 14% in 2011, 17% in 2010 and 19% in 2009. In 1985 89% offered DB plans source: *Workforce*, "Fewer Employers Offering Befined Benefit Pension Plans To New Salaried Emplopyees" by Jerry Geisel, October 3, 2012.

"When 401(k) plans were created under the provisions in the Revenue Act of 1978, they were intended to provide workers with a means of *supplementing* (author's emphasis) retirement income from the traditional define-benefit pension plans, the most common form of pension plans at the time" source: *Center for American Progress Action Fund*, "The Promises and Perils of a Model 401(k) Plan", by: Rowland Davis, Nayla Kazzi and David Madland, April 15, 2010.

"From 1978 to 2011, CEO compensation increased more than 725%, a rise substantially greater than the stock market and the painfully slow 5.7% growth in worker compensation over the same period" source: *Thinkprogress*, "Study: CEO pay Increases 127 Times Faster Than Worker Pay Over 30 Years", by Travis Waldron, May 3, 2012

From January 1981 to October 2011 the CPI rose 160%, Rent Index 202%, Food Price Index 152%, Gasoline Price 197% Tuition and School Fees 697%, Medical Care Index 414%, Medium Home Price 150% source: *Economist's Outlook*, "Inflation Over the Next 30 Years", by Lawrence Yun, November 18, 2011.

Given the above statistics, today when the financial advice columnists state how employees can have a secure retirement (save more, spend less, retire later in life) given their wage increase over the past 30 years and the dramatic increase in food, medicine, gasoline, rent and education, they unwittingly aggravate the situation with their advice.

The Solution

It is time to regulate retirement plans for the 90% because corporations won't do it. The 90% need a livable wage and 3 sources of retirement income: a defined benefit plan, defined contribution plan, Social Security and investment advice. This is their solution and it represents capitalism at its best.

Evan F. Cole, RFC®

Evan F. Cole, RFC®, with Gateway Financial Advisors has been working with people to keep their investments simple, easy to understand and successful since 1985. He is an investment advisor representative and registered principal of Cambridge Investment Research, Inc, specializing in retirement plans of all types for healthcare, public schools and non-profits. He uses annuities, mutual funds, third party money managers, alternative investments and insurance to meet the financial needs and objectives of his clients.

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How Fees Devour 401(k)s

Saving money in 401(k)s comes with a few strings attached — fees. The fees in retirement accounts are *probably* the biggest obstacles to saving successfully for retirement, and many of these fees are undetectable to the untrained eye.

The good news is that new regulations mandate that the fees be better disclosed. Pay attention to the information. If you are an employer, the rules impose new requirements on you.

Let's look at how fees nibble away at your returns and how the new disclosures can help:

How high are these fees? Typically, 401(k) fees run from 0.25% to 1.5% annually. The fees come right out of the savings in your account, and there is no requirement to notify you about them. In the past, when you received your quarterly 401(k) statement in the mail, you didn't see a line-item expense labeled "fees." That changes this year with the regulations.

The bulk of these fees are for investment services. Most 401(k)s contain mutual funds, and investors have to pay fees to the fund managers. Some plans also charge fees for legal, administrative, record-keeping and even advertising costs.

What it costs you. On PBS's recent *Frontline* program, *The Retirement Gamble,* Vanguard Funds founder John Bogle provides a chilling example of the harm fees do. He demonstrates that if the annual fees are 2% and the investment's gross returns are 7% annually, *then after 50 years*, *your net return of 5%*, a**lso means you lost 61%** of your potential returns because of high fees. Just a single percentage point difference in fees and expenses leaves you with significantly less money for retirement.

Multiple studies show these fees blindside investors. In 2007, the Government Accountability Office reported that about 80% of 401(k) plan participants didn't know how much in fees they pay. A 2011 AARP survey also found that 62% of investors didn't understand the fees that they paid for 401(k)s.

Regulatory changes. To make the 401(k)s more transparent, the Department of Labor is currently implementing new regulations this year. They intend to make indirect plan costs visible and leave plan participants better informed.

Beginning April 1, the DOL required 401(k) plan sponsors to disclose fees and expenses to all plan participants. Specifically, the expense ratios of the funds within the plan must be disclosed, along with the amount per $1,000 that it costs participants to invest in a particular fund.

Business owners' responsibilities. If you are a retirement plan sponsor, the new regulations affect you in three ways:

- You now have to assume greater degrees of vigilance and diligence.
- You have a new obligation to gauge the acceptability of the plan vendor's fees and costs.
- It is in your best business interest to regularly review your 401(k) plan, and test it periodically to check that your employees get the best available offerings from the plan vendors.

As a plan fiduciary, you have three ongoing duties required by the new regulation:

- Check whether the plan vendor sends you suitable fee and expense disclosures. This should be routine.
- Review these disclosures to make sure they are sufficiently transparent to conform to federal law.
- Audit the plan with the input of an independent consultant to see if the fees are appropriate. See whether the existing service arrangement is reasonable or if your employees are getting gouged.

Failing to do this could constitute a breach of *your fiduciary* responsibility.

How can you step up and meet these new responsibilities? Employers now have to look at their 401(k)s from a holistic perspective. It could be illuminating or dismaying, as some businesses may learn that a trusted plan vendor has been less than forthcoming about certain fees and other costs.

Whether you are an individual investor or a business owner, it doesn't hurt to ask for help evaluating your retirement plans. A good investment advisor will seek to make sure fiduciary responsibilities are being met as you implement the necessary steps to cover all the bases and get the maximum benefit from every fee that you pay. The experienced retirement plan consultant can help employers with an annual audit of the 401(k) fees and expenses, and contribute insights to help meet these challenges and obligations with accountability, knowledge, and confidence.

How To Develop Clients

Walid L. Petiri, AAMS, RFC®

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

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What are some of the things you can do to make your initial client serviced and product sales stay closed and develop firm, lasting clients? Won't this increase the number of high-caliber referrals that you so desperately want?

First, you can assure your new client that he or she has made an intelligent decision. An effective way to do this is to write a congratulatory letter. This adds a distinctive touch. It displays professionalism. Many of your competitors will not be as well organized or take the time to write.

Some financial advisors like to include a small, inexpensive gift. The key here is the thought behind the gift, not the value. For example one financial specialist supports a local non-profit theatre group. Rather than make a cash contribution, he purchase (at a healthy discount) a block of tickets to their annual presentation developed for children and adults.

Second, look for opportunities to communicate financial information. There are many reasons you can find to send business, prospects, or information to prospects and clients. Ask yourself this question regularly: "What can I do to help my client's business?"

Next, after your product or service has been delivered, make follow-up, courtesy calls. This eyeball-to-eyeball exposure with the new customer permits you to accomplish several important objectives. It permits you to resell the need for the product and, naturally, in talking to satisfied clients, you can get them thinking about future purchases.

Finally, frequent, in-person contacts with new clients make it possible for you to get endorsements. Your best prospects will be developed in this manner. Satisfied clients will help recommend you, your products and services. Once you've sold a customer, make sure he or she is satisfied with your product or service and you. Remember, it takes far less effort to keep an existing client satisfied than to get a new prospect interested. All your clients will be presented claims and counter-claims from people who offer similar products and services.

The competitive edge you want to develop comes from the attitude you project of serving as you sell. You do this in two ways:

Do whatever it takes to establish a record of consistent reliability. Earning the reputation of being a 100% reliable sales professional whose every word and promise can be depended upon takes application, effort and attention to detail.

Stay determined to be the best-informed sales professional who calls on your clients. This requires a commitment to excellence and a regular program of study. **Make special efforts to be timely in the delivery of information or service.** Once you have established the image of being a reliable, well-informed sales professional, you are in an enviable position.

The basic principle is: Never forget a customer. Never let a customer forget you. Serve what you sell.

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

Kinder Brothers International teaches sales and management professionals how to experience lasting success. Both **Jack** and **Garry Kinder** are members of the IARFC. Their associate, **Bill Moore**, is a director of the IARFC and he delivers the Professional Patterns course worldwide.

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2014
Finalists Compete in Las Vegas — Be Part of the Judging

The IARFC has extended its invitation to students to participate in the 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 live audience. We invite the IARFC members to join the competition and become part of judging process.

Expenses incurred by participating in the judging of the Financial Plan Competition are not the responsibility of the IARFC.

Why sponsor the Financial Plan Competition?

All of us in any profession have an inherent responsibility to continue the legacies and skills of that profession. To that end, the IARFC Financial Plan Competition, is a way to get hands-on development of young people by teaching them the skills necessary to provide the services we currently give, to the next generations.

I believe that no person ever achieves success without one hand up on the rung above him lifting themselves — and one hand down lifting someone else. Often we don't have the time to personally go do this. By pooling our assets we can encourage the next generation to do the right things for their clients.

Someday I will retire. I have clients who are younger than me and I want someone to look after them as I would have. It's part of my responsibility to ensure that there are capable people to advise them on their asset requirements for the future.

Lester W. Anderson, MBA, RFC®
IARFC President

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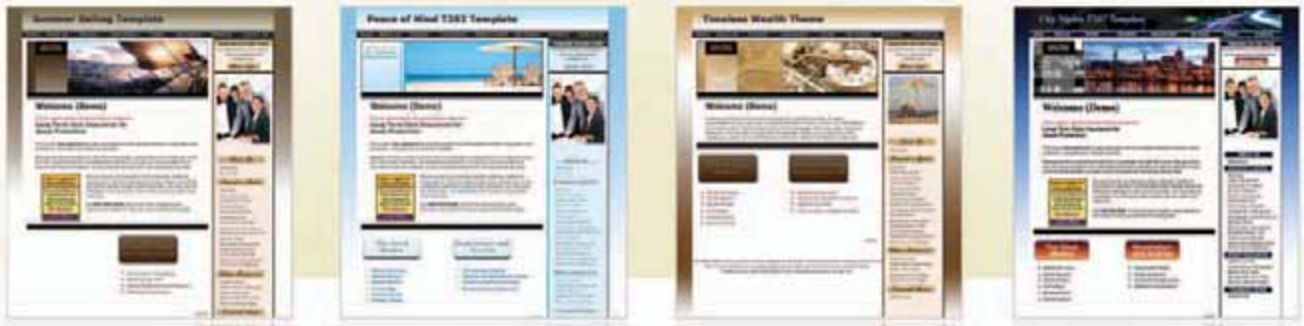

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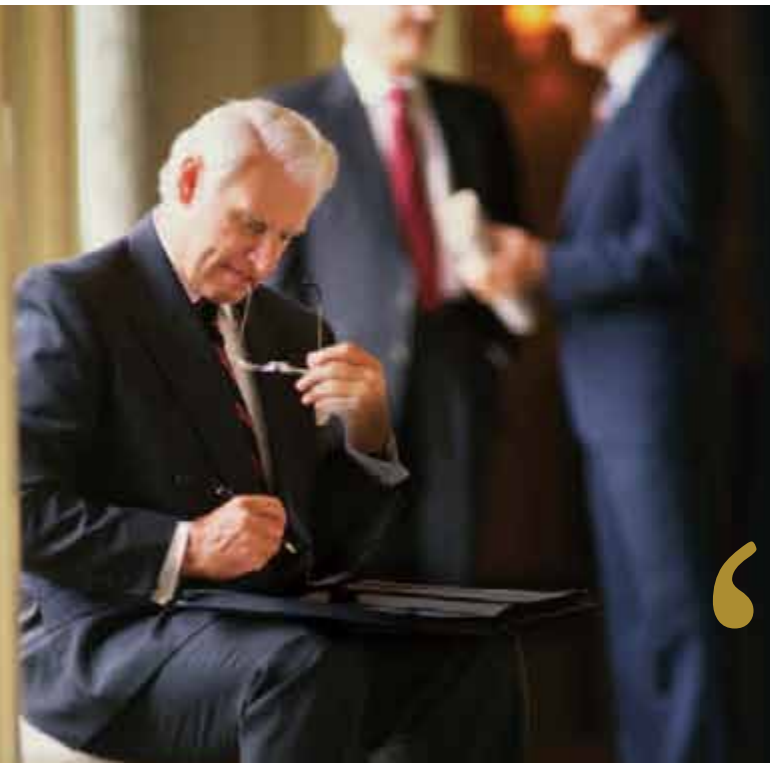

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