Volume 17 No 4 July-August 2016

the Register

Beyond the Competition

1st Place
Team Bryant University
Molly Funk

Official IARFC Publication
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IARFC
INTERNATIONAL ASSOCIATION OF REGISTERED FINANCIAL CONSULTANTS

IN THIS ISSUE

Millions of Baby Boomers Now Coming of Age
Generating Retirement Income: Income Annuities vs. Bond Funds
The 80/20 Rule with Seminar Event Marketing
Is Third-Party Investment Management For You?

the Register

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Periodicals Postage Paid at Mansfield, Ohio.
POSTMASTER: Send address changes to:
P.O. Box 42506, Middletown, Ohio
45042-0506
SSN 1556-4045

Events Calendar

2016

June

Board of Directors phone conference
June 21, 2016

July

CE@SEA™ Rhine Getaway
July 16-23, 2016
Viking River Cruises

August

Worldwide Chinese Life Insurance Congress
August 14-17, 2016
Macau, China

September

Board of Directors phone conference
September 20, 2016

December

Board of Directors phone conference
December 13, 2016

2017

IARFC Conference Details Coming Soon

New IARFC Members

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Abram J. Soper, RFC®, MI
Margaret S. Arnold, RFC®, NC
Eugene J. Ziccarelli, RFC®, FL

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Michael Berkemeier, RFC®
Joshua Blaker, RFC®
Cathy Foster, RFC®
Chris Dantin, RFC®
Pete D'Arruda, RFC®
Mark Fricks, RFC®
Jeff Imber, RFC®
Joshua Kadish, RFC®
Richard Kasen, RFC®
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Bender Mackey, RFC®
Don Moore, RFC®
Kenny Parker, RFC®
Thomas Patston, RFC®
Van Pearcy, RFC®
Mike Piershale, RFC®
Nicholas Royer, RFC®
John Stone, RFC®

Referrer of the Month Recognition
Cathy S. Foster, RFC®

In Memoriam

In reverence, we would like to remember our passing member(s):

Nevin Edson, RFC®, Tallahassee, FL **Douglas C. Iles , RFC®, Saginaw, MI**

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IARFC
INTERNATIONAL ASSOCIATION OF REGISTERED FINANCIAL CONSULTANTS

From the **EDITOR**

The strategies you choose to implement greatly affect your ability to take your practice to new heights of success. The *Register* helps support these activities and changes. This issue for instance, has a plethora of articles focusing on how to generate more clients and boost your sales.

For example, *Millions of Baby Boomers Now Coming of Age* by Pete D'Arruda reiterates the wealth of newly retired Boomers that need help with their changing income status and new goals. (p. 8)

The 80/20 Rule with Seminar Event Marketing by Jorge Villar, advises to adapt the formula into your marketing and focus on the 20% that will generate new clients and increase your income dramatically. (p. 15)

A new contributor to the *Register* this month is Wade PFau, co-editor of our *Journal of Personal Finance*. He presents that income annuities more effectively do what bonds were meant to do for retired clients in his article *Generating Retirement Income: Income Annuities vs. Bond Funds.* (p. 12) — Long-time contributor Christopher Hill reinforces this message with his research on VAs negative press with *Debunking the Top 6 Myths of VAs*. (p. 21)

The decision on whether or not to outsource investment management to a third party is different for every financial planning professional. Recent member and new contributor to the *Register*, Cliff Walsh's article, *Is Third-Party Investment Management For You?* looks at the investment management challenges consultants face. (p. 17)

Don't miss our cover article and the stories behind the photos that relate to our recent event in Charlotte, NC. In *Beyond the Competition*, our 2016 National Financial Plan Competition Coordinator, Susan Cappa, opens your eyes to what really matters. (p. 24)

Sadly we learned that the professor from Central Michigan University who brought his team to the National Financial Plan Competition in April, Douglas Iles, passed away unexpectedly on May 30th at the age of 56. Pertinent words of praise in his obituary cited that "In addition to his success at Merrill Lynch, Doug was passionate about fostering and mentoring the next generation of financial service professionals."

Wendy M. Kennedy, *Editor-in-Chief*
the Register

the Register

Round Up

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

Note: Responses are printed in no particular order.

Q: In your opinion give the Financial Plan Delivery Do's and Don'ts?

A: Do not unsell the plan on the delivery! I have seen more new reps talk the clients out of the plan by talking too much on delivery.

H. Stephen Bailey, RFC®
Charlotte, NC

Our next issue will ask this question:

How do you get a client to buy into your financial planning process?

What we are looking for are several sentences, although more are welcome. This may entice you to submit a short article on the current proposed *Register* Round Up question. These questions are sent out via email, contact us to join the list: editor@iarfc.org

Members In the News

Members In the News. Keep us informed on your recent accomplishments. Have you added staff, certifications, seminars, celebrated an anniversary in the business? Send a brief description and a print-quality photo when available to editor@iarfc.org.

IARFC Member Edwin P. Morrow, RFC®, to be awarded the Chinese Life Insurance "2016 Lifetime Achievement Award"

In order to appreciate his remarkable contribution towards the Chinese Life Insurance community, Ed Morrow will be the 2016 "Lifetime Achievement Award" recipient. Chairman Liang of IMM International will present the award to him during the opening ceremony of the 11th Worldwide Chinese Life Insurance Congress in Macau on August 14, 2016.

From the Chairman's Desk…

H. Stephen Bailey

A Recap of Competition Excellence

Sometimes I have thoughts about the future of the Financial Services Industry and who is going to take the place of the experienced, retirement–bound consultants. I know it is a concern for those of you who have built a successful practice. In reality, it is your life's work on the line. Finding someone with whom you can entrust your faithful and loyal clients is a challenge. I feel fortunate. I have my children working alongside me.

As I experienced yet again in April at our National Financial Plan Competition, I get a sense that the future is bright and promising. Seeing these young participants present their plans at the Finals, I felt relieved that our new consultants will be prepared to learn and progress to take over. Right from the start, they are more advanced than when I came into the business.

I think the student plans have improved every year. This year was the best competition I have attended. It seemed that the teams had a knack for digging out the information. Previously, we had experienced people missing important details. This year, the details were scrutinized carefully and it came down to the interaction with "real people" and their delivery.

My advice to the students is that if this is truly their life's work and chosen career path, they must continue their education – that is education combined with experience. Just because you get a degree doesn't mean you are ready. Being a student of life and networking is just as important. I call it being a life-long learner.

That is where the messages given by seasoned professionals at the competition were impactful. We had members with 40-50 years of experience telling it like it is, the way things work in the real world, and what is going to happen as a person starts out. Most impressive was the message of Ethics given by our Board Director Jon Rogers. Ethics is the foundation and base of trust from which we operate. No Ethics - No Trust. We feel it is so important for students to interact with these high caliber individuals.

Congratulations to the winner and all who competed. My wish is for them to have a successful career fulfilling the dreams and goals of their clients for whom they serve.

No Expectations, No Results

Hard to believe that almost 6 months has gone by for me as Chairman. I am getting more connected to the day-in and day-out operations of the Association. As stated before, I want to improve the IARFC in what we do and what we give our members. I am zeroing in on doubling membership and review this goal with the staff weekly. I am challenging both them and the Board to give me their best and buy into the vision I put before them.

Both groups of the IARFC are enthused and willing to move forward. Some ideas will fail, many will succeed – at least we are DOING SOMETHING! The challenge is to face the changes to come with cooperation and hard work. Thus are my dreams and expectations that come to me at 3:30am as I lay awake in my analytical state.

My Challenge to Members

Your task is easy. Send us referrals. Each one of us has someone they can refer. Membership goals are not met unless we all team together. Send in names to the team or talk up the IARFC to your Associates. The more members, the more influence, the more benefits. It's a win-win for us all.

H. Stephen Bailey, "Steve" Bailey, CEBA, LUTCF, CEP®, RFC®

Steve started HB Financial almost 30 years ago after already having a life insurance career. Many got to hear and "know" Steve through a radio show he had co-hosted weekly on a local station for over 4 years. He has written a regular column entitled "Money Matters in ***Senior Directions"*** for several years and is the author of "Dollar$ense, A Book for Matured Adults".

Steve is an elected member of the IARFC Board. He is the Committee Chair for the Loren Dunton Memorial Award and holds the office of IARFC Chairman.

He is also the 2010 recipient of the prestigious Loren Dunton Memorial Award presented to people who have made significant contributions to the financial services profession and to the public. The award is presented annually in honor of Loren Dunton, the founder of the financial planning profession, who organized financial professionals in the late sixties.

When not working with his clients you will find Steve on a golf course, spending time with his grandson or traveling with his wife, Bobbi.

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Member-Refer-A-Member

Enhance the Designation

The value of your own RFC® designation continues to grow by increasing members of highly qualified consultants using and displaying the RFC®.

An Ongoing Opportunity

The IARFC is looking to enrich the careers of your professional peers with the same membership benefits you enjoy. By referring potential IARFC members, you offer them an opportunity to tap into the premier network of members who share best practices, strategies to help grow businesses and techniques for better practice management.

Referring a member is easy!

Take a few minutes to grow our network of the Registered Financial Consultants. Enter the names, addresses and emails of your most qualified colleagues in the fields below and return the form by fax or mail to the IARFC.

Please print or type the information below. (program subject to change)

First Name Middle Name Last Name

Prefix: ☐ Mr. ☐ Ms. ☐ Mrs.

Address

City State Zip Code

Phone Email

First Name Middle Name Last Name

Prefix: ☐ Mr. ☐ Ms. ☐ Mrs.

Address

City State Zip Code

Phone Email

Referred by:

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On The Path to Accreditation

What's New?

MRFC

MASTER REGISTERED FINANCIAL CONSULTANT

It's a question as old as the mountains. "What's New?" Readers of my parents' generation may hear those two words and their minds starts singing the Tom Jones song "What's New Pussycat". Those of us who grew up watching Saturday morning cartoons may conjure images of Bugs Bunny saying "What's up, Doc?" There are the more up-to-date forms — "wazzup" and "sup" or "s'up". Every day social media tells us what is trending. It all gets back to the same thing. We want to know what is going on. What is new?

All of us at the IARFC are happy to tell you! The Association is moving forward, at what sometimes appears to be a very fast pace. We celebrated our 30th anniversary in 2014; and our goal is to be here in another 30 years. It is with this in mind that we are pursuing third party accreditation through the NCCA.

Every night on TV, I see commercials of "ambulance chasers" asking if the viewer has lost money in the market. Our industry is constantly under attack, and the general public wonders whom they can trust. One of the goals of the IARFC has always been to provide a pool of qualified consultants to the public. It is our belief that the introduction of another level of membership with the MRFC designation will elevate the position of the IARFC in the marketplace and among your peers.

For those who are or will be seeking the MRFC designation, the accreditation will allow you to tell your clients that not only have you been checked out, but the Association has also been checked out. We are opening ourselves up to the scrutiny of a third party, and we believe this will benefit the entire membership.

The MRFC exam has been open for nearly 7 months, and we speak to members daily who are interested in taking this next step. If you think you want to pursue the MRFC, I encourage you to do so now, while the exam fee is reduced. Do you have colleagues who haven't been interested in the IARFC due to the lack of accreditation? Now is the time to refer them to us!

We are currently working on study materials for the exam. We welcome input and assistance from members. If you feel you can assist with creating study materials, please contact Susan Cappa at 513.424.1589 or by email: susan@iarfc.org.

As we move forward with accreditation, it is helping us take a fresh look at the whole Association. In the coming months, expect to see revamped Consumer Brochures and marketing pieces. You may see a change with the look of our message. You may even see us advertising in new venues. Everything that we are doing is with the same purpose: *to serve professional consultants who help their clients wisely spend, save, invest, insure and plan for the future in order to achieve financial independence and peace of mind.*

Amy Primeau

Amy Primeau studied Communication at Hanover College, graduating in 1998. She spent several years in the insurance industry, both in college and prior to joining the IARFC in October, 2007. At the IARFC, Amy handles all aspects of membership.

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Millions of Baby Boomers Now Coming of Age

"The Boomers' biggest impact will be on eliminating the term 'retirement' and inventing a new stage of life...the new career arc."
– Rosabeth Moss Kanter

I remember picking up a copy of USA Today a couple of years ago and seeing the headline: **"First of 77 Million Baby Boomers Coming of Age"** and wondering exactly what that meant. Upon reading the article, I was to learn that by "Coming of Age", the writer meant that the generation that was nicknamed "the baby boom generation", because of a spike in the birth rate following World War II, was now — can you believe it? — turning 65. Yep, the generation that invented rock and roll, grew up on black and white television and fought the Vietnam War…the generation that watched Howdy Doody and gave us Woodstock…the generation that put a man on the moon and saw both the beginning and the end of the Cold War… was now ready to retire. And, statistically anyway, they were doing it in the same manner with which they entered the world — with a boom. How would the country adjust to one-fourth of its population stopping work and lining up for Medicare and Social Security?

Officially, to be a Baby Boomer, you have to have been born between 1944 and 1964. On January 1, 2011, the very first Baby Boomer turned 65. For the next 20 years, Baby Boomers would be turning 65 at the rate of 8,000 per day. Let's face it, as this unique bunch gets older, they will likely transform the institutions of aging dramatically, perhaps even redefining what retirement means forever. After all, they have done that to just about every other aspect of American life.

Some who have been looking forward to retirement and now find themselves at its doorstep have that deer in the headlights look, as if to say, "What do I do now?"

Growing up in Laurinburg, North Carolina, I was a Boy Scout. The Boy Scout motto is, "Be Prepared." Some added the words, "and not surprised!" to the motto. That has always stuck with me. As a financial consultant now, it is my job to keep my ear to the ground, as it were, when it comes to matters of financial preparedness. In my work as the host of a nationally syndicated talk show that deals entirely with financial matters, I take questions and have on-the-air conversations with literally thousands of people each year. What I hear sometimes frightens me. Many of the burgeoning horde of seniors in the stampede toward the green meadows of retirement are in line for a harsh dose of reality, and some are totally unprepared for the shock. Exactly how it will affect the economy is hard to say. Will the country's healthcare and Social Security systems survive the strain? That remains to be seen. One thing is for sure: these Boomers, as a societal class, are wealthier and healthier than any generation before and, statistically, as a group, they can look forward to an active old age.

Longevity

Just what is the life expectancy of the Baby Boomers? Well, life expectancy works in a strange way. Every year you live extends your life expectancy a little further. I suppose the people who analyze this say, "Well, if you've made it this far, you must be made of better stuff than we thought…so we will tack on a few more years." I like the way one octogenarian put it when asked his age: "At the rate I'm going, I'll be 100 before long." The life expectancy of a person who makes it to 65 is 83.6 years. That's an average. It's a bit lower for men and a bit higher for women. Life expectancy gets even better at age 75. If you make it to age 75, then life expectancy becomes 86.5 for men and 87.5 for women.

Health

Baby Boomers are more health conscious than previous generations. When an old black and white movie from the 1940s came on the tube recently, I found it strange to see how much smoking the characters did. Everyone was lighting up. It was part of the screen play. Not so in twenty-first century movies Boomers have all but kicked the habit. Smoking is a thing of the past in airplanes, and it's going the way of the wooly mammoth in restaurants. But while that is going on, it appears that not all Baby Boomer have traded in their burgers and fries for salad and tofu. One poll showed that a higher percentage of Boomers are obese than any other group in the country.

Boomers came in with a 36% obesity rate, while only 25% were obese in the generations directly above and below them. There is more chronic illness, such as heart disease and hypertension, but those who have it are living longer with it. That may be because of better medicine, at both the diagnostic and the treatment end of things. All things considered, Baby Boomer can expect to live out the Vulcan greeting made popular by the pointy-eared Mr. Spock of Star Trek fame, "Live long and prosper." At least as far as their health is concerned.

Wealth

For wealth, the outlook is not as good as the health picture. It is true that Boomers are wealthier than their parents, but inflation has driven up both prices and wages dramatically on their watch. Real median household income for Boomers is 35 to 53% higher (depending on age) than in their parents' generation, and 27% of Baby Boomer have four or more years of college, making this the most highly educated generation in U.S. history. On the whole, however, Baby Boomers do not feel that they have saved enough money to cover the costs of retirement for the longevity they hope to enjoy. If retirement starts at age 65, and your nest egg must last another 18.6 years, then as Odyssey said to Houston in the movie Apollo 13, "We have a problem here."

What are Boomers looking to for support during retirement? Defined benefit pensions have almost become extinct, and 401(k) plans, which could do no wrong in the heady 1990s, went backwards in the 2000s. Home values took a substantial hit when the housing bubble burst. Adding to the uncertainty are higher energy costs, higher health care costs and the effects of the recession that began in 2008 and is still going on at this writing. Baby Boomers were raised in affluent times and imbued with high expectations. The first crop of this wave of retirees, however, now faces the ironic prospect of living longer but crimped lives.

Gloom Meets Boom

According to a *USA Today*/Gallup Poll taken in early 2015, two-thirds of Baby Boomers say they are less optimistic about retirement than they were 10 years ago. The Insured Retirement Institute recently surveyed a cross-section of individuals from 50 to 66 years of age, and found that only 40% of them were confident of having enough to cover basic expenses in retirement. Sixty percent believed that their retirement security would be worse than that of their parents. Even the pollsters were surprised at how much the pendulum of public opinion within this group had swung toward the negative in just 10 years. One ray of sunshine in the gloom — 74% said that their retirement picture would get no worse, and would probably improve.

When asked from what source their retirement income would come, most of this sampling of Boomers, 46%, said 401(k)s, 403(b)s and similar defined contribution plans. Only 37% listed traditional pension programs as their main source of income during retirement. The older the Boomers get, the more these programs drop off.

The 2008 market downturn took a toll on wealth; inheritances on average won't be as big and many shop-till-you-drop Boomers simply haven't saved enough money to last through their retirement.

Apparently, some of the Baby Boomer generation are the embodiment of the attitude espoused by that dubious spokesman of their youth, Alfred E. Newman of *Mad Magazine* — "What, me worry?" According to Annamaria Lusardi, economics professor at the George Washington University School of Business, there exists a general lack of financial literacy and planning among "a sizable group of the population that has not even thought about retirement." She points out that many people see retirement as a distant stage, even if it's only five years away.

With all that in the wind, it's not surprising that a significant number of those polled said that they expect to postpone retirement past age 65. Does that mean that the old 30-something gang will still be showing up for work at 70-something? So it appears, if they hope to enjoy a retirement that enables them to continue the lifestyle to which many of them have become accustomed. It is a fact that more and more Boomers are either working or beginning a second career after "retirement age."

One thing is sure, seniors in the music industry aren't retiring. The Rolling Stones are still together at an average age of 65. Check out this list of "mature" citizens from the top ten grossing concert tours for 2010:

- Bon Jovi (age 48), #1 music tour with $201 million worldwide
- AC/DC (lead singer Brian Johnson, age 63), #2 (tied) music tour with $177 million worldwide
- Roger Waters (age 67), #2 (tied) music tour with $90 million worldwide from a mid-year start
- Dave Matthews Band (Dave Matthews, age 43), #4 music tour with $72.9 million
- The Eagles (singer Glenn Frey, age 62), #6 with tour with $64.5 million
- Paul McCartney (age 68), #7 music tour with $61.8 million
- James Taylor (age 62), #8 music tour with $50.7 million

Hey, it looks like old age is cool… and profitable!

What's in Store

This flood of seniors and their changing economic status from workers to retired, semi-retired or soon-to-be retired, will change a lot about our culture. Many think taxes will increase. In addition, someone has to pay for the heavier medical care burden. However, there are many possible benefits to having (proportionally) more seniors around. They have one commodity that cannot be overlooked and one that I hear ranks pretty high on the qualifications list of contributing members of society experience. Boomers have already introduced the concept of volunteering to our culture. Seniors have a great deal of knowledge and experience to share with younger people. Retired Boomers will have even more time to become engaged in this way.

Peter J. "Coach Pete" D'Arruda, CTC, RFC®

Peter J. "Coach Pete" D'Arruda, RFC®, CTC, is a Financial and Tax Coach. He is host of the nationally syndicated weekly radio show, ***The Financial Safari***, as well as the author of four books, including "Fine Print Fiasco", "Financial Safari, 7 Financial Baby Steps" and "Have you been talking to Financial Aliens?" Themes of these easy readers include helping others avoid being taken advantage of and translating financial jargon for any layperson.

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Manage the S&P Roller Coaster for Clients by Looking at Stable Assets

The chart for the S&P 500 over the past year looks like a thrill ride at Six Flags. From a close at 2102 on August 17, 2015, it nose-dived to close at 1867 on August 25th. By November 3rd, it closed back up at 2109, but after a series of peaks and valleys it closed all the way down at 1829 on February 11, 2016. We've seen a steady rise since that time, but who knows what the summer months have in store?

The Panicked Client

Any financial consultant understands the fluctuations and volatility of stock markets, but the reality is that many of your clients do not. We all know the psychological impact that gyrating stock markets have on consumers and the challenge that presents for financial consultants, who are part investment advisor and part behavioral therapist during these roller coaster rides. Specifically, for your clients who are seniors who have retired and are now living on fixed incomes, there is nothing thrilling about these rides.

The reason that these roller coasters are more trying on seniors is obvious. As we transition from a lifetime of employment and building our savings into the later years when we begin spending our capital for retirement needs, a profound emotional change occurs. Seniors are less able to view market volatility from the long-term perspective of inevitable cycles and pivot to viewing them from a more serious level of real concern about the value of their assets today. These psychological shifts for seniors create stress, uncertainty and even downright fear.

Unfortunately, when stock markets undergo inevitable corrections or even extended downturns, many individuals panic and call

their financial consultants to talk about selling their investments at prices that may be at deep discounts to reasonable valuations. These panic sell moves are especially harmful to seniors as they lock-in losses on those assets. Of course, your job is to persuade your clients to remain calm during these periods of market turmoil and avoid the self-inflicted wounds that come from poorly timed investment decisions. But the truth is that, when working with vulnerable retirees, it's often easier said than done.

Finding a Stable Asset

However, what if you were to examine the makeup of your clients' investments as a total portfolio of personal holdings and examine each individual asset class they own? If you did so, nearly every asset class would have potential for some market volatility — except one. Their life insurance policies.

If your client is over the age of 65 and has a life insurance policy he/she no longer needs or can afford, that life insurance policy may be a safety net during volatile times. It may be the extra resource that gives them the peace of mind in knowing that it can be tapped when and if it's ever needed. It may also eliminate the strains of an added expense of annual premiums at a time when reducing unnecessary cash outflows are essential.

For example, if the motivating factor for your client is to obtain cash in their family's hands — for retirement needs, health care expenses or simply to invest into other assets — then a life settlement may well be a superior alternative to liquidating other assets in the portfolio. When they enter into a life settlement, life insurance policy owners realize an average of seven times the amount of the policy's cash surrender value.

Few seniors are aware their life insurance policy may be a source of stable retirement funds, so you have a unique opportunity as a trusted advisor to educate them about the value of these overlooked assets. In fact, according to a survey prepared for the Insurance Studies Institute, 90 percent of seniors who have lapsed a policy would have considered selling it if they had known a life settlement was an option.

How to Learn More

Our website – www.lisa.org -- includes free information resources for financial consultants, advisors, insurance agents, accountants, attorneys and other professionals who are in a position of providing counsel to seniors and their family members regarding important financial planning decisions. This includes access to our searchable member information directory to find someone with whom you might work to meet that client's needs.

Most of us loved a good roller coaster ride when we were younger, but the wild swings and gyrations can be a little tougher to manage as we get older. The same is true with the equity markets, whose volatility can produce dramatic returns when your clients were accumulating wealth but can be a source of anxiety during a season of life when they are living on a fixed income. A key strategy for consultants is to help clients manage this reality of the stock markets by searching for stable assets in their portfolio and make sure they are being properly leveraged for the client's benefit.

Darwin M. Bayston, CFA, is president and chief executive officer of the Life Insurance Settlement Association (LISA), and

Daryn N. Teague is president of Teague Communications and serves as public relations counsel to LISA..

Contact: www.lisa.org

Darwin M. Bayston, CFA

Daryn N. Teague

Generating Retirement Income: Income Annuities vs. Bond Funds

Income annuities provide payments precisely matched to a client's longevity, which in turn determines how much spending will be needed to support retirement. Stocks provide opportunities for greater investment growth. The question remains whether clients should hold any bond funds in their retirement income portfolio as part of the overall asset allocation and for reasons other than supporting an emergency fund. I argue that income annuities more effectively do what bonds were meant to do for retired clients.

Income annuities can be viewed as a type of coupon-paying bond that provides income for an uncertain length of time and does not repay the principal value upon death. Much like a defined-benefit pension plan, income annuities provide value to their owners by pooling risks across a large base of participants. Longevity risk is one of the key risks that can be managed effectively by an income annuity. Investment and sequence risks are also alleviated through the more conservative investing approach for the underlying annuitized assets. Income annuities support longevity through risk pooling and mortality credits rather than through seeking outsized investment returns. The "special sauce" of the income annuity is that it can provide payouts linked to the average longevity of the participants, because those who die early will subsidize the payments to those who live longer.

Meanwhile, sequence risk relates to the amplified impact that investment volatility has on a retirement-income plan sustaining withdrawals from a volatile investment portfolio. Even though we may expect stocks to outperform bonds, this amplified investment risk also forces a conservative individual to spend less at the outset of retirement in case their early retirement years are hit by a sequence of poor investment returns. An income annuity also avoids sequence risk because the underlying assets are invested by the annuity provider mostly into individual bonds, which create income that matches the company's expenses in covering annuity payments.

The "special sauce" of the income annuity is that it can provide payouts linked to the average longevity of the participants, because those who die early will subsidize the payments to those who live longer.

There is still an important benefit from income annuities even to those who do not survive long into retirement, especially for those who are particularly worried about outliving their assets. That benefit can be seen by comparing it to the alternative of basing retirement spending strictly on a systematic withdrawal strategy from an investment portfolio. In order to "self-annuitize," a retiree has to spend more conservatively to account for the small possibility of living to age 95 or beyond while also being hit with a poor sequence of market returns in early retirement.

The income annuity supports a higher spending rate and a license to spend more from the outset of retirement, because unlike the equity risk premium, an annuitant can rely on the mortality credits as a source of additional returns in the event of a long life.

With regard to sequence risk, those seeking to "self-annuitize" have two options for deciding how to spend from their investments. They could spend at the same rate as the annuity with the hope either of dying before they run out of money or that their investments earn strong enough returns to sustain the higher spending rate indefinitely. This approach requires acceptance of the possibility that one's standard of living may need to be cut substantially later in retirement should the hopes for sustained investment growth not pan out. The alternative is to spend less early on and increase spending later if good market returns materialize. The problem with this intention to increase spending over

time is that it is the reverse of what most people generally wish to do: spend more early in retirement.

The four financial goals for retirement are lifestyle, longevity, liquidity and legacy. I have just discussed how an income annuity potentially enhances lifestyle from the starting point of retirement. As well, longevity is the fundamental reason to partially annuitize assets. But what about liquidity and legacy?

Income annuities do not provide liquidity or legacy without adding costly provisions that reduce the value of the mortality credits. Intuitively, if you are not willing to subsidize the payments to others in the event you die early, then you have no right to earn the subsidies from others in the event you live long. But there is more to the story about liquidity and legacy. This relates to how an income annuity fits into an overall plan. Often the discussion around income annuities frames the matter incorrectly as an all-or-nothing decision. Partial annuitization lets us think about how we allocate assets toward meeting different goals.

An important point to understand about the assets in a liquid financial portfolio is that a retiree may overstate the degree of control that they have for these assets. Retirees do not really maintain full control over their financial assets because they have a stream of lifestyle spending goals which must be financed in order to have a successful retirement. Those spending goals represent a liability that must be financed by assets on the household balance sheet. Certain assets must be earmarked to fund these liabilities and this has implications for how those assets should be managed. Many retirees end up earmarking more assets than necessary to support income. They therefore spend less than possible because there is no guarantee component with their income and they worry about outliving their assets. The possibility to consider is whether an income annuity provides an explicit way to earmark the assets needed for income in such a way that it frees up others assets for meaningful liquidity. Often it will, especially for more conservative retirees who would spend less (i.e. earmark more of their assets to cover income) due to worries about outliving their assets.

Meanwhile, bond funds are still volatile and subject to sequence risk. For a retiree meeting spending needs with portfolio withdrawals, bond funds might have to be sold at a loss if interest rates rise. Income annuities sidestep this possibility (as, it should be noted, do individual bonds held to maturity). Interest rate risk becomes inconsequential, because spending amounts have been securely funded. When interest rates are low, income annuities have even more merit for retirees because the mortality credit component becomes all the more important.

Income annuities are "actuarial bonds" that provide longevity protection unavailable with traditional bonds. Trying to meet a spending objective from a bond fund will inevitably lead to portfolio depletion while income annuities provide income for life. Income annuities are like a bond with a maturity date that is unknown in advance but is calibrated and hedged specifically to cover the amount of spending needed by retirees when they are alive to enjoy it.

My research has showed that the efficient frontier for retirement income generally consists of combinations of stocks and income annuities. Perhaps surprisingly, bond funds did not make it to the frontier; they do not serve a useful role in the optimal retirement income portfolio to meet a lifetime spending need.

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The 80/20 Rule with Seminar Event Marketing

You most likely have heard this proverbial percentage analogy mentioned many times in the business world. It is universally stated that *80% of the business comes from 20% of your clients*, your salespeople, your efforts, your products, and so on.

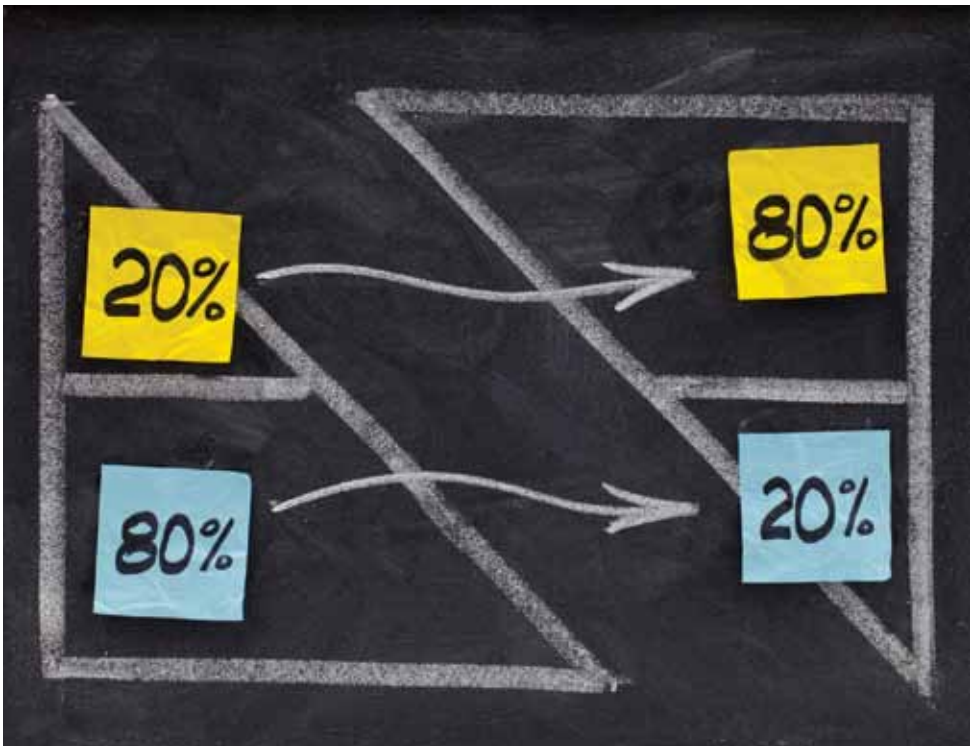
Based on that premise, I wanted to explain a similar dynamic that occurs when you are marketing your consulting business (if you use seminars to acquire new clients). At times, some of you tend to get concerned with the attendees that do not book appointments and believe that they were there for the wrong reasons or that they were not good prospects. Truth be told, anyone who agrees to spend their valuable time coming to hear you present your services and financial strategies is there because something is wrong with their plan; they are seeking better options or because they feel it's time to get their financial situation in order. Keep in mind; thousands of individuals procrastinate when it comes to meeting with a financial expert about their life savings and their private matters. So at your event, it is up to you to offer value and compelling reasons for them to want to meet with you at a face-to-face private appointment. If you do not do that in your seminar presentation, you most likely will think that they were not qualified and that they just came to gather information or for a nice dinner.

Perception is not reality in this case. Who cares why they are there? They fit your selected demographic profile by age, income, net worth, investable producing assets, the zip codes that you specifically targeted and finally they physically came to hear what you have to offer. Isn't that the most ideal prospect? They came to YOU!!

This is what you have to understand about seminar marketing…the same 80/20 rule applies here. It's simple math, 80% of your new business will come from 20% of your attendees. So, why worry about the 80% who for some reason that evening, did not connect with you or maybe your presentation did not answer some of the questions or doubts that they had prior to attending your event? Don't get caught up on perception. Instead, use the law of averages and numbers in your favor. Focusing on that 20% will generate lots of new clients and increase your income dramatically. The more people you get in front of the more opportunities you will create …more of the right people that is.

This is where a reputable marketing partner, data and expertise becomes valuable to you. You must have "the right list, the right invitation package, the right message, the right timing, the right venues, the right times and the right presentation". These are the critical ingredients that will bring you a continuous flow of motivated prospects and generate the most ideal marketing outcomes for you to grow your business faster.

In closing, I will use this proven theory to make a point in this article. Eighty percent of you that read this will not do anything to adapt this formula into your marketing and 20% of you will in fact take advantage of this powerful opportunity to get in front of 500 to 1,000 motivated prospects in the next 12 months. So be it, those are the numbers. They play out every time.



Jorge Villar

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Is Third-Party Investment Management For You?

Independent financial consultants often have the opportunity to manage client assets themselves or to outsource the investment management to one or more third-party managers. In light of all of the regulatory issues ongoing with the U.S. Department of Labor as well as increasing turbulence in the global financial markets, the trend is certainly moving toward outsourcing. But is it right for you?

There are certainly more than a few things to consider: your team's ability to handle the growing complexity of compliance; your investment expertise or lack thereof; the cost involved; how much control you want; the impact on business value; and your own job satisfaction. My hope is that this article will help you understand the benefits and challenges while giving you some actionable ideas if you do choose to outsource your investment management to a third party.

Compliance

For those of you under the umbrella of a mega RIA or wirehouse, compliance is probably more of an occasional headache to you compared to the chronic migraine that it is for independent RIAs. The asset size (assuming average fee levels) that you need to effectively handle the increased government oversight and the expanding fiduciary role that advisors have is growing rapidly. The industry "rule" for independent RIAs used to be that you needed about $100 million in AUM to manage the compliance burden, but is now closer to $250 million, and rising. The benefit of outsourcing to third-party managers from a compliance standpoint is that a portion of the fiduciary responsibility is off loaded to the investment manager and it changes the consultant's responsibilities to manage due diligence rather than investment selection. This is likely to make for an easier visit when the SEC rolls into your office for a checkup, all else equal.

Investment Expertise

The investment expertise question is not too complicated. Do you have what it takes to compete with professional money managers and do you have enough time to do it? When I was an equity analyst on Wall Street

earlier in my career, I routinely spent 60 hours a week researching stocks. I met with 80-100 companies a year in their home offices and touring their facilities, and then met with another 100+ management teams at conferences and my own office. I met with competitors, suppliers, and customers of companies I was interested in. This is certainly not the only way to invest, but know that analysts, portfolio managers, and hedge fund managers are not only full-time investors, but often times highly specialized, focusing on specific asset classes, sectors, or industry groups. Investment managers often have an informational advantage and certainly have more time to analyze securities and the economy than the typical financial advisor who wears many hats. Can you add value to your clients by doing it yourself or are you doing them a disservice?

Cost

There's no way around it. Hiring a third-party money manager often costs more in hard dollars than what you're paying for an in-house investment team and certainly more than if you're doing it yourself. This can make a transition to third-party money management difficult and is probably the biggest reason why advisors keep money management in house. Some consultants' performance is good enough that it doesn't warrant hiring an experienced Wall Street firm while with others, the benefits to paying up for experienced investment managers is quite obvious when looking at client statements. The cost depends on what model you are currently using, its internal fees, and your ability to raise advisory fees. It also depends on what type of manager or platform you are considering. Mutual funds typically cost more than ETFs, which cost more than buying individual stocks. Converting a mutual fund model to a third-party manager may not change the cost at all for the client or could possibly reduce overall costs, while some SMA strategies or TAMP platforms could charge anywhere from 50bps to 180bps for investment management services, performance reporting, and transaction costs.

We've seen a lot of different approaches for those who have chosen to convert. Some advisors use a hybrid model and manage small accounts while outsourcing more custom, larger accounts to third parties, or vice versa. Others make the transition slowly, beginning with hiring third-party managers only on new business wins. Finally, there are those that just pull the band aid off, take a short-term hit to profitability, and get busy winning new accounts.

Control

For many, giving up control of the business (or a portion of it) they've built is a difficult task. Regardless of the function, successful entrepreneurs realize that they cannot do everything themselves, and must trust employees and/or vendors to handle critical tasks. There's no other way around it. To make it easier, I suggest committing time to developing a thorough due diligence process and fine tuning your own investment philosophy and wish list. You can then find the right fit and feel comfortable that you've found the appropriate team to handle your client's investment needs better than you can. There is no shame in admitting that someone can do something better than you. If it improves client outcomes, it's not a weakness, but a strength.

Outsourcing can often make the client stickier as well. Many of the advisors we work with position themselves as financial planners and investment consultants who select, or help select, third-party investment managers. This often separates the value an advisor offers as a financial planner from investment performance.

Business Value

The value of any business is dependent on a wide range of factors, so the calculation becomes just as much art as it is science. That being said, there are some common themes in the financial planning world when looking at valuation multiples, some of which we think are overlooked by many consultants. Revenue from commission business is typically valued at a multiple less than that of recurring revenue from fee-based planning or advisory business. That shouldn't come as a surprise. Stability garners a higher multiple. However, consultants don't often think about how their business value could differ from a switch to third-party management. While profitability could get squeezed, depending on how much new business the consultant wins from freeing up more business development time, the valuation multiple a prospective buyer is willing to pay has often been more than an extra 1x on recurring revenue, which can often increase the business' value by more than 50%. How much more risk is there to buying a practice with one producer who does all the planning, investing, and business development versus a practice that has a diversified team? It obviously depends on the business and people involved, but all else equal, most people would pay more for the team than the one man/woman show.

Job Satisfaction

Assuming you are good enough and have the time and resources to manage money and the associated compliance, do you really want to do it? To me, this is the most important question to ask yourself. What are you passionate about? Do you enjoy money management? The most successful financial advisors focus most of their time on the activities they are best at and what is most strategic to their businesses, and then they outsource everything else. Do you enjoy researching stocks, bonds, mutual funds, and following the economy and Federal Reserve or would you rather spend your time on meeting with people, building financial plans, and growing your business?

Summary

The decision on whether or not to outsource investment management to a third party is different for every financial planning professional. One consultant might care only about doing what he or she enjoys while another might focus solely on how much business value/retirement savings he or she can generate. Neither is wrong for doing so. The problem is that both sides of the business are growing increasingly complex and can each be a full-time job in itself. Third-party investment management certainly comes with challenges, but can also remove bottlenecks to growing your business and free up your time for business or personal use. I strongly urge you to assess your capabilities and desires and take a hard look at your business plan to see what makes sense for you and your clients.

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Marketing Unplugged

Defining Your Market

The following article is an excerpt from "Captivating the Wealthy Investor" by Bryce Sanders, president of Perceptive Business Solutions Inc. Bryce is a longtime contributor to the *Register* and writes on client acquisition strategies. His book is available on Amazon.

Research

Regardless of your strategy to develop business, you must be sure you are talking to the right people. Sometimes you contact a person, develop a relationship, open an account and discover the person only has the capacity to invest $25,000. If your objective is to develop $500,000 relationships, you have not added a client that meets your criteria. Do proper research in the beginning and the universe of potential clients is such that whoever becomes a client, you can be confident they meet your criteria of being able to be a $500,000 relationship.

The objective of the Research phase will be to identify a universe of about 1,000 or more prospects. Ideally you want these people to be within the top 2-5% of the population in your area.

First you will be defining your market. This will be done primarily on a geographic basis using two areas: where you live or where you work. Additionally, you may have other criteria to define your market that involves special interests you may have that may give you entrée into the High Net Worth portion of your population; for example, you may own a classic car or be an equestrian.

In order to identify 1,000 people within the top 2-5% of the population you need to find some broad categories, research them and learn who within your category lives in the area. The primary categories we are going to research are:

- Senior Executives
- Philanthropists
- Business Owners

The list you are developing will be organized by zip code. This provides many advantages. Zip codes represent a defined geographic area which is useful if you live or work in a large city or town. You can identify the neighborhood it represents. The second advantage is that cities and counties are composed of specific zip code zones you can easily identify. You may never have heard of a street or subdivision, but if it's in the right zip code, you know it's within your market. Third, zip codes have a defined or approximate population. If you are looking at the top 2–5% of the population, these numbers give you an idea how many people are within that universe.

The research you will do should turn up the name multiple times. For example, a business owner may belong to the Chamber of Commerce. In addition they may be a donor to the local museum. This builds a "profile" for the person, but more importantly, gives you clues how you could go about meeting this person socially.

Senior Executives Rationale

Senior executives are usually well compensated. This compensation is often available as public information. Senior executives are often very busy people who need help to manage their finances because they do not have enough time to do this on their own. Through the structure of their corporation they also understand the concept of hiring an expert to do something they do not either have the time or the specific skills to implement.

Public Companies

First we want to identify the Senior Executives who live in the zip codes within your market. If they work within the area, it's logical they live within commuting distance of their office. The first step is to identify the Public Companies in your area. Here are two examples how this can be done:

Book of Lists — Many major metropolitan areas have a weekly business newspaper, often including the words "Business Journal." In addition to a weekly business newspaper,

they often publish an annual "Book of Lists" that includes the Top 25 Public Companies or Top 150 Public Companies for your area. This list includes the name of each firm, address, phone number and the names of one or two senior executives. The cost for most books of lists is about $20–$60 in paper copy format.

Online Research — The list of Public Companies in the Book of Lists is useful; however, it may not be a complete list of all public companies in your area. For example, the Book of Lists might feature the Top 100 public companies in your area, but there may actually be 189 public companies nearby! However, it's a safe assumption that the easier it is to find the company, the more it is prospected. In a city with 189 public companies, the top 100 are probably contacted a lot more than the bottom 89.

Several websites allow you to access information either for free or for a fee. Some examples are Reuters Investor www.investor.reuters.com and www.corporateinformation.com, which is owned by Wright Investor Services. Each site you find will have rules on access to the information. Your firm may also feature an equity scanner as part of the technology made available to advisors. When scanning for public companies in a geographic area, enter criteria such as the state. Another technique is to use area codes as a criteria.

Important: Rules of access and use can vary considerably from site to site and the rules can change from time to time. Some offer free access. Others have free trial periods. Some are accessible by subscription only. This information is usually detailed in the legal and privacy clauses on the site. Your firm may have an existing relationship with some of these firms.

Annual Report
Company annual reports contain lists of the senior officers and board of directors of the company, sometimes including pictures. It's a good assumption that a person who either sits on the board of a public company or is a senior enough officer to be listed in the annual report is probably a High Net Worth individual. Compensation and personal holdings of the company's stock are sometimes also listed in the annual report or in the prospectus. It's pretty simple to get a copy of the company's annual report: most companies provide them for free.

Get annual reports from as many public companies as possible in your area. If you have 200, contact all 200. The average annual report should have about 30 names, between officers and directors. Interestingly, banks list a lot more.

The next step is to identify which senior executives and directors live within the zip codes you have identified when you defined your market.

1. Find a good website for researching phone numbers.

2. Enter the name of the senior officer and the city and state for the company. The address information is listed in the annual report, often on the inside or back cover.

3. Click on the box for "Check surrounding area." You are able to search a radius approximately 25 miles wide around the address. This is a reasonable commuting distance.

Philanthropists
Philanthropists are ideal prospects because, by definition, they have money to give away. If you assume a statistic that Americans donate one or two percent of their income to charity annually, it's logical to assume a person who annually donates $25,000 to a museum or hospital has an income of $1,250,000–$2,500,000 a year. The rule doesn't always hold; however in general, people don't give away money unless they can afford it.

There are several ways to identify philanthropists in your area:

1. Invitations to Charity Galas
2. Plaques on Walls
3. Annual Reports

Business Owners — Many veterans in the financial services business understand that the majority of wealth in the community is in the hands of business owners. It's not something we consciously think about, because most people, as they grow up, are predisposed to working in a large corporation when they graduate from school. However, small to medium sized businesses can be very, very profitable in a low key way.

We are going to consider three ways to identify wealthy business owners in your area:

1. High Profile Businesses
2. High Margin Businesses
3. Agriculture Related Businesses

Public companies are high profile. It's easy to find their names using the information discussed earlier under Senior Executives.

Private businesses, especially the larger ones, are also easy to find. The Book of Lists published by your local Business Journal is a good source.

High Margin Business Owners
Think about the businesses in your neighborhood or town that probably make a lot of money where the business or the owner is not flamboyant about their wealth. Tom Stanley, in his book "The Millionaire Next Door" and others he has written, highlights that many people in prestigious jobs that we think have money are actually living up to an image and wallowing in debt, which may eliminate them from the High Net Worth individual category. Conversely, other people who own their own businesses or are engaged in a trade may live in modest circumstances but have significant assets.

You are looking for the High Profit Margin Business Owners, the people who have a "cash cow" but are low profile about their wealth. Think about local businesses in your community that fit this profile. Examples are:

Dry Cleaners	Auto Repair/ Collision
Jewelers	Florist
Plumbers	Landscapers/ Nurseries
Masons	Junkyard Owners
HVAC Contractors	

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Bryce M. Sanders is president of Perceptive Business Solutions Inc. He provides High Net Worth client acquisition training for the financial services industry. His book "*Captivating the Wealthy Investor*" is available on Amazon.

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Debunking the Top 6 Myths of VAs

If you do some research about variable annuities (VAs), it is very easy to find volumes of negative information and press. When you ask most people's opinion about VAs, some of the most common responses are: "I don't like VAs" or "I've heard lots of bad things about VAs".

Similar to whole life insurance and reverse mortgages, VAs are highly controversial products that have always been the subject of great debate. In fact, there are many who passionately proclaim that "nobody should ever own one".

I believe it is extremely unprofessional for anyone to state that any financial product is always bad. If VAs are really a bad investment for every person, in every situation, then nobody would ever own one – and the VA industry would not exist today.

However, the VA industry is robust and growing, which means people choose them because there is a perceived value. Therefore, in an effort to determine who is a good fit, this article is designed to help debunk the most popular myths and hopefully provide some clarity.

MYTH 1: VAs Have Large Surrender Penalties

It would be far too time consuming to list all of the various surrender penalties within each of the VA companies and contracts. So for the sake of brevity, below are two examples of common surrender period options and penalties.

VA Option 1: 7–Year Surrender Period

An example of 7-year surrender penalties are as follows:

- 7% (Year 1), 7% (Year 2), 6% (Year 3), 6% (Year 4), 5% (Year 5), 4% (Year 6), 3% (Year 7), 0% (Year 8 and beyond).
- This 7-year option usually has lower annual fees.

VA Option 2: 4–Year Surrender Period

An example of 4-year surrender penalties are as follows:

- 7% (Year 1), 7% (Year 2), 6% (Year 3), 6% (Year 4), 0% (Year 5 and beyond)
- This 4-year option usually has higher annual fees.

MYTH 2: VAs "Lock Up" Your Money

There are many people who believe that when you buy a VA, your money is "locked up". To some extent, I can understand this argument. However, I believe it is important to address these concerns in depth and debunk this myth.

10% of your money is penalty-free.

Every VA contract includes a provision that allows you to access up to 10% of your original investment every calendar year without penalty. This free access provision means you can withdraw up to 10% of your money every year, at any time, for any purpose, and for any reason.

What if you need to access more than 10%?

Most VA contracts have surrender penalties if you need to access more than 10% per calendar year in the early years. Therefore, if you need to withdraw large amounts of money in a short period of time, then a VA is not suitable.

Another important consideration is that if you need to withdraw more than 10% per year (for reasons other than health, Long-Term Care, or nursing home expenses), this withdrawal rate is unsustainable. In other words, no matter what vehicle you choose, taking out more than 10% per year creates an extremely high probability you will run out of money in a short period of time.

MYTH 3: Financial Companies Have Your Best Interest At Heart

It is very important to understand the truth about banks, insurance carriers, and investment companies.

In order for these financial companies to stay in business, keep their lights on, pay their expenses and support team, and market, advertise and grow, they must have a sustainable and increasing revenue model that produces regular and recurring income.

If you look at the business models of every financial company, there are four foundational and fundamental principles consistent across the board:

1. They all operate on a for-profit basis.
2. They all sell something intangible.
3. They all collect fees, costs, and/or expenses.
4. They all need money to make money.

No financial company can exist without your money.
Here are the three primary objectives for every financial company:

1. Gather as much of your money as possible.
2. Hold on to your money for as long as possible.
3. Give you back as little of your money as possible.

All investments have fees.
To further debunk the myth about VAs and higher fees, here is an easy-to-understand example.

If you want to purchase mutual funds, here are the three most common options:

1. Buying "A" shares — this option charges a 5-6% up-front sales charge in exchange for lower fund expenses.
2. Buying "C" shares — this option charges a 0% up-front sales charge in exchange for higher fund expenses.
3. Paying a fixed annual fee — this option charges a fixed annual fee in exchange for professional money management and the lowest fund expenses.

As you can clearly see, the first option has higher fees now, and lower fees later. The second option has lower fees now, and higher fees later. And the last option has fees that remain the same every year. However, no matter which mutual fund option you choose, each option is built upon the same philosophy: collecting long-term fees and penalizing you accessing your money sooner versus later.

MYTH 4: Lower Fess = Better Investment
Over the years I have found that far too many investors base their investment decisions on fees. However, fees do not determine your long-term investment success or failure.

To help explain, which of these two investments would you purchase?

1. An investment with a 10% annual fee, and a 30% annual return.
2. An investment with a 1% annual fee, and 5% annual return.

In the first option, virtually no investors would invest in something with 10% annual fees. However, almost every investor would flock to invest in something that grows at 20% per year — net of fees.

In the second option, most investors would invest in something with 1% annual fees. However, very few investors would aggressively seek an investment that only grows 4% per year — net of fees.

Performance versus fees:
As you can see, rather than focusing on fees, your primary focus should be:

- Who is the person/people/company managing the money?
- What is the long-term investment philosophy?
- What is the long-term performance in both good and bad years?

Some investment options have high fees and some are lower. However, what matters most is your long-term net investment results, which are the result of successfully investing and growing your money over time.

MYTH 5: High Fees Make VAs A Bad Option
I believe it is extremely important to debunk the myth that VAs are bad investments because of higher fees.

Yes, it is true — VAs have higher fees.
Considering the large number of VA companies, contracts, and kinds, it would be impossible to review all of their features and benefits. It would also be impossible to compare the advantages and guarantees inherent in VAs that other investment options do not offer.

However, I believe the following two facts can significantly help debunk the myth that because VAs have higher fees, they are bad investment option.

1. Price is only relevant in the absence of value. If a VA had the exact same features and benefits of other investment options, nobody would (or should) pay higher fees.
   - There must be a valid reason and added value for VAs to charge higher fees otherwise nobody would buy them.
   - There must a perceived value with VAs that justifies choosing them versus other investment options.
   - There must be a reason why VA's have existed, evolved, and expanded significantly over the past 100 years.
2. High fees do not create poor investment results.
   - Long-term investment failure is not the result of high fees, but rather the result of poor money management.
   - If your investment results fail miserably and create large losses over time, this means you would have been better off owning a VA — regardless of the higher fees.

MYTH 6: High Fees Defeat Performance
When it comes to financial companies and their never-ending quest to gather your money and collect your fees, there is only one way to win the battle and claim victory over this all important war over fees. This particular strategy is 100% guaranteed to succeed and cannot fail. And best of all, there are only two requirements:

1. Avoiding large losses.
2. Have your money available and successfully seize the exponential growth opportunities rarely afforded at bear market bottoms.

The most fundamental principle for investment success is "buying low and selling high". Seems easy, right? Well, if you search the financial services industry, you will find this to be a largely untold story, an unspoken truth, and for the most part, an unattainable victory.

However, if you can accomplish these seemingly simple, yet exceedingly allusive tasks, your money will multiply in ways that make fees insignificant and inconsequential.

Christopher P. Hill, RFC®

Christopher P. Hill, RFC®, is the President of Wealth and Income Group LLC, with multiple branch offices in Virginia. Chris began his 28-year career in the financial services industry by spending his summers as a college intern for a major stockbrokerage firm. After graduating college with a B.S. in Finance, he spent over a decade working with the Senior Portfolio Manager of a leading money management firm. In 2001 Chris formed his own company with a primary focus on wealth management.

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IARFC

National Financial Plan Competition

2016

April 20-21

Charlotte, NC

1st Place
Bryant University Molly Funk

The National Financial Plan Competition is organized through the IARFC for undergraduate students in a curriculum related to Financial Services. Participants are given a case study of a fictional family with an overview of their financial picture. A financial plan is then produced with recommendations for current and future action. These plans are sent to the IARFC headquarters for an initial round of judging. From this group of entries, six are chosen to be presented electronically with the three semi-final winners going forward to present their plans in person at an IARFC event.

Molly Funk, student competitor from Bryant University connects to the group (a.k.a pretend case study family) on a more personal and level playing field.

1st Place Team, Bryant University, Smithfield, RI
Molly Funk, Professor Mara Derderian.

2nd Place Team, Central Michigan University, Mount Pleasant, MI
Grant Hulett, Daniel Ingles, Professor Douglas Iles.

3rd Place Team, California State University Northridge, Northridge, CA, Anthony Pelaez, Professor Inga Chira, Cole Brownell.

Beyond the Competition

Students had to start at the beginning — understanding the basic details of working a plan. The IARFC furnished a fictional family on whom to build their case study.

Students submitted the documents to the IARFC with their recommendations. After a number of competing rounds of judging and eliminating, 3 teams ended up in Charlotte.

Although everyone competes to win, there is something about going through the experience that ups the game and makes one a better professional. That is the underlying motivation for the IARFC National Financial Plan Competition.

The Association recognizes that these kinds of events set up a situation where more experienced consultants have an opportunity to influence the new, young professionals. Students network with established consultants who have seen it all in the industry. Those needing guidance can connect with mentors — quite possibly ending in employment.

When one focuses beyond the process, the competition then becomes more meaningful to the young professionals competing. How does it help fulfill the dreams of clients? How are personal goals realized?

Along with affecting the students, the competition touched the careers and hearts of many professionals. There were the individual sponsors of the Competition who believe in putting forth a helping hand to the generation to come; corporate sponsors who recognize the importance of connecting with these participants; and Presenters who wanted to share their knowledge and experience.

The main presentation on the importance of Ethics was given by Jon Rogers, IARFC Treasurer. Being ethical and a person of integrity is a fundamental concept and the basis for everything a financial consultant does. The students needed this message drilled into them; a goal to strive for — beyond the competition.

Take time to view our photo gallery here in the *Register*. Each image has a story and a memory of its own to tell.

RFCs and future financial professionals having some fun on pit road w the stadium is not a CGI!

Jon Rogers, IARFC Treasurer and of Rogers Financial Group talks to th audience about Ethics. In his presentation entitled "Doing Good Whil Doing Well", he emphasizes working in the interest of the client and t importance of the consultant's Fiduciary Relationship.

Barry Dayley of M introductory lesso critical component relationship. As a C is important to spo out to those who ar

Corporate Sponsors National Financial Plan Competition

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The Competition participants with Chairman H. Stephen Bailey, Anthony Pelaez, Cole Brownell, Molly Funk, Steve Bailey, Daniel Ingles, Grant Hulett.

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Money Concepts presented an
n about the power of trust, the
of any client-consultant
Corporate Sponsor, he feels it
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e starting out.

Nicholas Royer, IARFC Vice Chairman discusses the importance of a dream board. If you write down your goals, dreams, ideas – it's your blueprint to a map of action. He is constantly adding and revising his whiteboard to reflect his roadmap.

Jon Rogers, IARFC Treasurer and of Rogers Financial Group and Susan Cappa, IARFC Competition host wait in the lobby for Thursday morning events to start rolling.

Coach Pete – taking advantage of Charlotte Motor Speedway Media Signage. So relatable to his address to the students on Taking Control and Ruling your Media Market.

In Memory of Central Michigan University, Mount Pleasant, MI, Professor Douglas Iles.

The Relationship Bridges

There are two relationship bridges to cross with most of your clients that you may not even realize exist. On this side of the first bridge you have clients who like and trust you enough to do some of their business with you. This may be quite a bit of business generating good money to serve these clients. On the other side of the bridge, however, is a relationship with those same clients where they trust you so much that they give you all of their business. In other words, they consolidate all of their assets with you and take action on all of your advice about everything they need to do to achieve their financial goals. That could be increasing their insurance coverage, buying an annuity, doing their estate planning, or any number of things that are good for them to do.

What would be the increased revenue impact from crossing the bridge with your clients to the place where they do all of their business with you?

Don't believe the lie that financially successful people will always have more than one consultant. That's just not true. What is true is that most financially successfully people have not yet crossed that relationship bridge to be in the place where they trust one of their consultants enough to do all of their business with them. You just want to make sure that you're the consultant who helps them across that bridge.

After you cross the first bridge there is still another relationship bridge to cross. On the other side of the next bridge is the place where they trust you enough to do all of their financial services business with you AND they introduce you to their friends, family, and colleagues. It makes sense, right? That level of trust has to be even higher for a person to risk their relationships by referring you.

What would the financial impact be for you to cross those 2 bridges with your clients? What other ways would you benefit from clients who trust you enough to do all of their business with you and refer you to their friends, family, and colleagues? And how would it be better for the clients to simplify their financial lives by consolidating all of their financial affairs with the one consultant they trust the most?

The payoff for you is easily measured:

- More revenue from planning and advice fees.
- More revenue from AUM.

- More revenue from other advice implemented.
- More referrals, which means much less time and money invested in marketing.

How do you cross these two bridges?

First, make sure you are not in relationship denial. If you are closed to the possibility that some of your clients, even some of your best clients, may have money with other consultants and institutions that you don't know about, then it's not likely you will make the choices and take the actions necessary to bring your client relationships to the next level. Are you open to that possibility?

If you are, your next step is to elevate your client value. How can you improve everything you currently do for your existing clients? Here are four words that might help.

Visual. How can you make everything you do more visually interesting and therefore easier for your clients to understand everything they receive from working with you?

Engage. What can you do to engage both spouses in the conversations about their future and the financial decisions necessary to make that future a reality while protecting against the inherent risks of life and world events?

Compelling. How can you make every recommendation you make more compelling so they are more inclined to act on your advice? Knowing what to do does not produce results. The results come from doing.

Experiential. What can you do to improve the experience of working with you and every human and non-human element of your process?

It's not your clients' responsibility to tell you how you can exceed their expectations and move them from one side of the relationship bridge to the other. It's your job to figure that out. They don't really know why they are still on the side of the relationship bridge where they think it makes sense to have three consultants or why they are reluctant to refer you. It's just a feeling they have that none of their current consultants, including you, have done what it takes for them to trust you and your process enough to consolidate everything with you and refer you to everyone they know.

When asked about doing market research before he committed everything he had to making the automobile accessible to every person in America, Henry Ford replied, "If I asked people what they wanted they would have said faster horses."

"People don't know what they want until you show it to them. That's why I never rely on market research. Our task is to read things that are not yet on the page." — Steve Jobs.

During a recent stay at the Ritz Carlton hotel in Laguna Beach, California, the waiter asked me a unique question when I ordered hot tea at breakfast, "What kind of dairy would you like with your tea?" Really? What kind of dairy for my tea? What an awesome question! Honestly, I would have poured whatever dairy he brought to the table into my tea. But, I had to ask, "What are my choices?" To which he replied, "Soy milk, almond milk, cream, half-and-half, whole milk, 2%, 1%, or skim." As it turned out, I did have a preference that I didn't know I had until he asked: 2%. Guess what question I have not heard since? I now have a new standard of service that only one company meets. What kind of dairy is offered to your clients with their tea or coffee? How many times will a client come to your office for a meeting before your staff remembers that they prefer their water room temperature and without ice? They may not tell you that it matters to them on the client satisfaction survey, but they'd be impressed if your staff did things like this to make their life easier without asking. Wouldn't you?

Another way to elevate client value in a way that might move some of your clients across the relationship bridges is to do everything. Actually, you don't have to do everything yourself, just make sure *everything* gets done. What is everything? It's everything a person, couple, or family needs to do to get their entire financial house in perfect order and keep it that way forever. Consider everything related to tax, investments, financial planning, insurance, and legal. Organize a half-day meeting with the smartest accountants, investment professionals, financial planners, insurance experts, and lawyers you know and ask the question, "if we wanted to help our clients do everything required to get their entire financial house in perfect order what would those things be?" One of the reasons that many financially successfully people have more than one consultant is because none of their consultants really take care of everything so they feel a need to have multiple consultants to cover all the bases. Why do they feel that having multiple consultants is diversification? There lives would be simpler with one consultant and simplification might be the improvement that moves them across the bridge.

Too many consultants view people through "asset glasses." They think of gathering the assets and then taking care of the money. You will be more effective at moving your clients across the two relationship bridges when you think about acquiring a new client and taking care of the people. Relationships are about people, not money.

Another way to cross the bridges is to make deeper personal connections with your clients. Most consultants know a lot about their clients… horizontally, but have not gone very deep. Horizontal means that you know many different things about your clients, but not much detail. For example, you may know that they play golf, tennis, and snow ski, however, you may not be aware that they are most passionate about skiing because their now disabled sister, Susan, taught them how to ski and that some of their best memories from childhood were skiing with Susan.

Six foundational areas for going deep are family, friends, fun, finances (career), and philanthropy. Ask who, what, where, why, when, and how questions about each subject. Here's an example of a conversation that goes deep instead of wide.

Consultant: What do you do for fun?
Client: As a family, we love to snow ski.
Consultant: Where is your favorite place to ski?
Client: Lake Tahoe.
Consultant: What is it about Tahoe that makes it your favorite?
Consultant: I suppose it goes back to my childhood and my sister teaching me to ski there. I want to help my kids create great memories.
Consultant: Tell me about your sister.
Consultant: Her name is Susan and she was the only one of my older siblings who was patient enough to teach me how to ski.
Consultant: She sounds like a great person. What else is unique about Susan?
Consultant: She is a very special person. Unfortunately, she was in an accident and can't ski anymore.
Consultant: That's too bad. It sounds like she was very influential in your life. What are some of the best lessons you learned from Susan?
Client: Wow, there were so many. Two that stand out were how she was always willing to put my fun ahead of hers on the ski slope and how she never complains about what she can't do any more. Her motto is, "don't whine about what you can no longer

do, instead be happy about the memories you have from when you could."
Consultant: And how has that impacted your life?
Client: In just about every way I can think of! It's made me a better parent because I'm more patient and optimistic with my kids. It's made me more successful in my business because I'm more effective with my clients and my employees. And I'm generally a happier person because I'm more grateful about all of the good things I have in my life.

Get it? Did you notice how the consultant asked the deeper questions instead of the easier, shallower questions? For example, instead of asking about the cause of Susan's accident you will go deeper by asking about the influence Susan had on the client's life.

Instead of going too wide, learn to go deep. It's another way to move people across the relationship bridges.

Don't settle for clients who just do some business with you when you can bring them across the relationship bridges where they trust you enough to do all of their financial services business with you AND they introduce you to their friends, family, and colleagues. It's a more valuable relationship for them and a more profitable and enjoyable relationship for you.

Bill Bachrach, CSP, CPAE

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

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Expect the Best!

Expect to do those things that look like they can't be done. Set your expectations high. They will be the limit to which you rise. And when those expectations are set high, begin to do the little things required to reach those goals. Doing little things well is a necessary step toward doing big things with excellence.

Romana Banuelos had little reason to expect great things for her life. When she was just 18 years old, living in Mexico, her husband deserted her and her two children. She was poverty-stricken and uneducated.

Romana borrowed enough money to buy bus tickets for herself and her two children to Los Angeles, California. She spoke no English. She had no skills or training.

She arrived in Los Angeles with only seven dollars in her pocket. When she gave the address of a distant relative to a cab driver, it took her last dime to pay the cab fare. Safe with her relatives, Romana began her search for a life of meaning. Though beaten down, disappointed, and rejected, she held on to her great expectations for a better life.

She got a job washing dishes in a cafe. After the evening shift was over, she stayed on from midnight to six o'clock in the morning to make tacos. Romana was able to save $400, which she invested in a taco machine. She expected great things of herself!

During the next 20 years she developed the largest wholesale Mexican food business in the world, Romana's Mexican Food Products. But that is not the end of the great expectations of Romana Banuelos. Because of her outstanding accomplishments, she was frequently cited by the business community. Ultimately, the President of the United States appointed her Secretary of the Treasury, the first Mexican-American and the sixth woman to hold the position.

Romana Banuelos had a dream. She expected great things of herself. She expected the little things she did to be done very well. And those little things done well paved the way for big things done with excellence.

What about you? Do you expect great things of yourself? Do you expect to do the little things very well? Do you expect those little things done well to pave the way to big things done with excellence?

Expect great things of yourself!

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

Bill Moore, CLU, ChFC, RFC® of Kinder Brothers International has more than 37 years of experience in the Financial Services Industry and an immense knowledge of sales and marketing, management development, and agency building. Based on his practice and understanding of the industry, Bill is a natural at providing companies the assistance needed to build strong management talent and solid producing advisors.

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IARFC
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E-mail: info@IARFC.org

Application for RFC Membership

Annual Membership Dues:	$200
Nonrefundable Application Fee (one time):	$50
Total First Year:	$250

Please Print

Your Name _____

(Exactly as you want it to appear on your Membership Certificate, excluding degrees or other designations)

☐ Mr. ☐ Mrs. ☐ Ms. ☐ Other_____ Your Preferred Salutation/Nickname (i.e., "Bill") _____

First Name_____ Middle_____ Last _____

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Business Website URL _____

Residence Address_____ City_____ State_____ Zip _____

Phone_____ Birthdate_____ IARFC Sponsor, if any_____

Your Educational Background (Since High School)

Name and Address of Institution	Location	From Mo/Yr	To Mo/Yr	Course or Major	Graduate?	Degree

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Securities Licenses: ☐ Series 7 ☐ Series 6, 22 or 62 ☐ Series 24 ☐ Series 27 ☐ Series 65 ☐ Other _____

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Affiliated with an SEC Registered Investment Advisor (RIA)? ☐ Yes ☐ No Name of RIA _____

Designations: ☐ AAMS ☐ AEP ☐ CFA ☐ CFP ☐ ChFC ☐ CIMA ☐ CLU ☐ CPA ☐ CPA/PFS ☐ CRSA ☐ EA ☐ FSS ☐ JD/LLB ☐ LLM ☐ LUTCF ☐ MBA ☐ MS ☐ MSFS ☐ MSFM ☐ Ph.D. ☐ RFP ☐ Other _____

Financial Services Education course(s): _____

_____

Financial Services Experience: Number of years as a practitioner in the field of financial planning: ☐ Full time_____ ☐ Part time _____

Current Practice Mode (check those which apply): ☐ Charge Plan Fees ☐ Hourly or Modular Plan Fees ☐ Portfolio Management Fees ☐ Insurance Products ☐ Securities ☐ Mutual Funds ☐ Trust Services ☐ Other_____

Other Qualifications _____

Please see the questions and signature requirements on the reverse side.

Questions relating to business and ethical conduct

Have you ever been refused a surety bond or other form of employment security? ☐ Yes ☐ No
Have you ever been denied or enjoined from selling or dealing in securities or from functioning as an Investment Advisor? ☐ Yes ☐ No
Have you ever been arrested, indicted, or convicted for any felony or misdemeanor, except for minor traffic offenses? ☐ Yes ☐ No
Have you ever been known personally by any other name, or have you ever conducted financial activities, conducted business or carried brokerage or bank accounts in any other name? ☐ Yes ☐ No
Have you ever become insolvent, failed in business or compromised with creditors? If "Yes" – please provide the date name and location of court, disposition, liabilities, and assets. ☐ Yes ☐ No
Have you ever had a license, permit, certificate, registration or membership denied, suspended, revoked or restricted, or have you had an application of such type ever withdrawn for cause? ☐ Yes ☐ No
Have you ever been the subject of any order, judgement, decree or other sanction of a foreign court, foreign exchange, or have you ever been the subject of any action by a foreign or domestic governmental or regulatory agency? ☐ Yes ☐ No

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "YES" PLEASE ATTACH A WRITTEN EXPLANATION

The following should be read carefully by the applicant:

1. I hereby certify that I have read and understand the foregoing statements and that my responses are true and complete to the best of my knowledge.
2. I hereby apply for IARFC registration and, in consideration of my application, I submit myself to the jurisdiction of the organization and hereby verify that I agree to abide by all the provisions of the bylaws and regulations of the organization as they are and may be amended; and I agree to comply with all such requirements, subject to right of appeal as provided by law, and I agree that any decision as to the result of any examination(s) that I may be required to pass or annual CE requirements will be accepted by me as final.
3. I further agree that neither the association nor its officers or employees shall be liable to me for action taken or omitted in official capacity or in the scope of employment, except as otherwise provided in the statutes, bylaws, or the association's rules and regulations.
4. I authorize the organization to make available to any federal, state or municipal agency, or any securities or commodities industry self-regulatory organization, any information they may have concerning me or to request confirmation of my status, and I release those organizations, employees and agents, from any and all liability of whatever nature by reason of furnishing such information.
5. I further agree that any part of the information contained in this application and any subsequent documents in my IARFC registration file may be divulged to interested parties as part of the referral system for the benefit of members and the public.
6. I hereby certify that I have a sound record of business integrity with no suspension or revocation of any professional licenses, and I hereby subscribe to the IARFC Code of Ethics, a copy of which I have read and understand.
7. It is agreed and understood that any material misrepresentation of facts or information given in this or subsequent application or renewal may be cause for immediate revocation of membership and all its privileges, without refund of any dues or fees paid.
8. I understand that failure to disclose any regulatory event, including suspensions or revocations, may disqualify me.
9. I agree to maintain proficiency in my work by completing continuing education in the field of financial planning and counseling — which can include subjects relating to practice management, delivery of professional services, portfolio management or financial product application and service.
10. As an applicant for registration, I understand and agree that my RFC designation with the IARFC will not become effective until submission of all required documentation in proper order and upon written acceptance by the IARFC.
11. I understand that all IARFC Certificates of Registration remain the property of the Association and must be destroyed or returned to the Association should my membership or the right to display the designation certificate be suspended or terminated.
12. I understand that continuation of the RFC designation requires 40 hours of CE per year, which commences January of the year following acceptance.
13. I understand that if I do not meet the required professional experience of 4 years, the IARFC will qualify and award me the RFA designation.

_____ _____ _____

SIGNATURE OF THE APPLICANT (required) DATE SIGNATURE OF A WITNESS (required)

How did you learn about the RFC? ☐ Advertisement ☐ Article ☐ Association_____ ☐ Broker/Dealer _____
☐ Direct Mail ☐ E-mail ☐ Exhibit ☐ Insurance Co._____ ☐ Partnership
☐ Presentation by_____ ☐ Referral by _____ ☐ IARFC website ☐ RFC class
☐ Other _____

Please recommend an associate or colleague for IARFC Membership.

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City/State/Zip _____ Phone_____ Email _____

IMPORTANT: Evidence of license, diploma or similar documents may be requested. **However, you need not submit evidence with the application.** The Association is compensation neutral regarding plan or portfolio fees, insurance, securities or real estate commissions, salary or bonus. The application fee is nonrefundable.

Please Mail this Application — or Fax to: 513 424 5752

Consumer Focus

When to take the Adult Kids off the Payroll

When the reporters asked famous actor Jackie Chan why he has chosen to give all his wealth to charity instead of passing it on to his only son, they were expecting a great news story — a juicy family controversy, family secrets revealed, etc. Instead, Jackie simply said, "If he is capable, he can make his own money, if he's not, then he will just be wasting my money."

A recent study by *Forbes* concluded that 59% of parents provide financial support to their adult children who are no longer in school — sometimes continuing well into their 40s. What are we doing wrong? The levels of support vary from simply allowing the young adult to live in their house (or a house that they own) rent free, to paying their insurance, cell phone bill, and buying their cars and even their groceries. We all want the best for our children and we want them to have a "better life than we did". Most of all, we hate to see them struggle or suffer, so we swoop in to help however we can. The result of keeping these adult kids on the payroll is that they never learn what life actually costs. They think that they can easily survive on a part-time barista salary and stop striving to be better. Think about it — if you don't have to pay rent, utilities, phone bills, car payments, groceries, or gas, what do you pay for? Beer? Entertainment? Designer sunglasses?

In my opinion, a little bit of "suffering" is a good thing. College kids should live on Ramen noodles and mac and cheese — it's a rite of passage and something that they will appreciate and joke about later in life. If your child makes $30,000 a year, then they need to experience the life of someone who makes $30,000 per year. They will continue to work hard to grow their income and learn the value of a dollar. If you never have to work hard to get what you want, then why would you work at all? Think of the pride you have when you finally purchased something that you have wanted for a long time, or when you've finally saved enough for that vacation you want to take. It is very satisfying to reach a financial goal — don't steal that experience from your kids.

If you are currently supporting your adult children, I am not recommending that you stop cold turkey. Work out a plan with them and stick to it. Ease into it by making them go to the grocery store with you and pay for a 3rd of the bill with their own money. If they don't have enough, refuse to buy their protein shakes, expensive shampoo or their favorite organic cereal. Once this has been established, kick them off the cell phone family plan. Start slowly and make a plan to get them completely off the payroll in a set amount of time. If you own the car that they drive and have them on your auto insurance plan, you may be subjecting yourself to undue risk. If Junior gets in an expensive accident, the lawyers will come after YOUR assets, not theirs. Chances are, your children have no clue how much you pay for these items, so making them aware is the first step.

Do your kids a favor and help them learn how to appreciate what things costs and to live within their means. Being financially prudent is a skill that will benefit them for a lifetime. When they ask for financial assistance, instead of reaching for the checkbook, take advantage of a learning opportunity. If you really want to help them out financially, buy them a session with a financial consultant instead of giving them the money outright.

Jamie Bosse, CFP®, RFC®

Jamie Bosse, CFP®, RFC® is a Financial Planner at KHC Wealth Management in Overland Park, Kansas. She strives to help clients live the life they want by helping them identify their goals, create a plan, and take action. Jamie loves to write, travel, BBQ, and cheer on the Kansas State Wildcats. She stays very busy outside of work keeping up with her husband, two sons, and pet corgi.

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To Comment or Not To Comment…

Interview for the IARFC

As the Register continues delving into the discussion about what to say and when, we turn to Board Member Jim Moss from Money Concepts, Indianapolis IN. Of course, to Jim the ice-breaker in this NFL centric sports town is a no brainer – ask about the Indianapolis Colts. It is the go to topic — making the client feel more comfortable…

How About Those Colts?

I feel that the comfortability factor is paramount. It drives the philosophy of making friends with the client — the basis where open ended questions elicit information and details. It is the vehicle of making friends thus gaining trust. Of course, this is based on the fact that the consultant knows when to "shut up and listen". Perhaps the biggest error we make as financial consultants is that we are so excited about what we do, that we love to talk about what we do. That is when I stop myself and go back to open ended questions.

I like to approach the interview as if I am talking to a new neighbor who just moved in. We are chatting over the fence, becoming acquainted. Again the comfortability factor equates to trust. If I am getting positive results from my clients, I can move on to the fact finding queries with a more closed ended answer. If that bogs down, it is back to the open ended type.

We all get clients that are unwilling to give us information or we have a sense they are withholding details. I bypass the questions temporarily and return to them later. I utilize a marvelous financial planning system but it has to be based on the facts. I am pretty firm on getting the information that I need.

When I was first starting out, I used to tiptoe around certain topics. I found out along the way that compromised information sabotages a plan — and ultimately both myself and the client loses. Now I drive the conversation candidly. I guess I had bad results often enough for me to figure it out. Years later and now in a mentoring role, I make it a point to help advisors not to make the same mistakes.

My Recommendations:

- Save the more controversial topics outside the business environment – maybe a cup of coffee afterwards.
- If a client ignores your recommendations – document it. We are in a lawsuit world and have to protect ourselves. I want to be able to answer to a client's children or grandchildren why a course of action was ignored.
- Don't ask WHY, ask WHAT. WHY elicits a defensive response. WHAT is asking for positive feedback.
- Believe in yourself and your own story. Once you are confident, don't compromise your values or ethics for anyone.

Be Sensitive to the Non Verbal Checklist
I believe that every client is looking for the following qualities in their Financial Consultant:
Are you Trustworthy?
Are you Reliable?
Will you be there when I need you?
Do you understand my needs?
Will you put me first?
Are you a knowledgeable person?
Do you have the resources?

James B. Moss, CEP®, RFC®

James B. Moss, CEP®, RFC®, is the Regional Director for the Cross Roads of America Region of Money Concept International. The Region has always ranked in the Nation based on gross income to associates. Today they have 32 Advisors operating in Indiana, Michigan, and Texas. Jim has retired from his position of Director of Continued Education for Money Concepts where he traveled throughout the U.S. conducting training sessions for Money Concepts advisors.

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