Volume 19 No 5 September-October 2018

the Register

Enrique J. Alvarez, MRFC

The MRFC Evolution of Accreditation

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IARFC INTERNATIONAL ASSOCIATION OF REGISTERED FINANCIAL CONSULTANTS

Member-Refer-A-Member

Win a Trip to Nashville

GAYLORD OPRYLAND® RESORT & CONVENTION CENTER Nashville

Enhance the Designation

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

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 RFAs, RFCs, and MRFCs. 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. *This program is not available in conjunction with any other referral campaign and applies to US members only. The qualifying first place winner will receive a trip to the 2019 IARFC Annual Conference details available on www.iarfc.org*

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:

Phone

Email

International Association of
Registered Financial Consultants — IARFC
Attn: Membership Services
P.O. Box 506
Middletown, OH 45042

E: info@iarfc.org
P: 800.532.9060
W: iarfc.org
Fax to: 513.345.9479

MRFC

Master Registered Financial Consultant

MRFC Certification Application

Applicant Information *(please print or type)*

Please provide your name only on the line above as you want it to appear on your Certificate.

Business Information

Prefix First Name Middle Initial Last Name Suffix

Business Name Preferred Salutation

Street Address Ste#/Apt City State Zip

Business Phone Fax Cell Phone

Business Email Address Primary ☐ Yes ☐ No Website

Home Information

Street Address Ste#/Apt City State Zip

Home Phone Cell Phone

Home Email Address Birthdate MM/DD/YY

Please send all mail to my ☐ Business Address ☐ Home Address

Experience

Must have a minimum of four years of experience as a full-time practitioner in the field of financial planning or financial services: ☐ Full-time_____ ☐ Part time _____

Education (Education criteria requires an applicant to assert and document achievement in any one of the areas)

Education, Professional Designations or Licensing

Educational Background

School, City, State (Since High School)	Graduated		Major	Degree
	Yes	No		

(Evidence of license, diploma or documents may be requested. You need not submit evidence with the application.)

Professional Designations: ☐ AAMS ☐ CFA ☐ CFP ☐ ChFC ☐ CLU ☐ CPA ☐ EA ☐ LUTCF ☐ RFC ☐ Other _____

Licensing

Broker/Dealer _____ (Personal) FINRA CRD No._____

Securities Licenses: ☐ Series 6 and 63 ☐ Series 7 and 63 ☐ Series 6 and 66 ☐ Series 7 and 66 ☐ Series 65 ☐ Other _____

Insurance Licenses: ☐ Life ☐ Health ☐ Variable Contracts ☐ Prop. & Casualty ☐ Other _____

Primary Insurance Company (if any) _____

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

Name of RIA _____

Code of Ethics (Applicants must subscribe and adhere to the IARFC Code of Ethics)

I will at all times put my client's interest above my own. I will maintain proficiency in my work through continuing education. When fee-based services are involved, I will charge a fair and reasonable fee based on the amount of time and skill required. I will abide by both the spirit and the letter of the laws and regulations applicable to financial planning services. I will give my clients the same service I would give myself in the same circumstances.

Exam

The Certification staff will review all candidate applications submitted to determine if the candidate is eligible to sit for the MRFC credential and for completeness and payment of fees.

Candidates will be notified of their eligibility to sit for the MRFC Exam. The candidate will have 90 days, after notice of application approval.

Fee Schedule *Choose one*

Non IARFC Member option

Nonrefundable Application Fee:	$100
Examination/Certification Fee:	$300
Total payment	_____
Commence on anniversary of passing MRFC Exam	
MRFC Annual Recertification Fee	$300

IARFC Member option

☐ IARFC Membership (join today optional)	$75
☐ Current IARFC Member	$0
Nonrefundable Application Fee:	$100
Examination/Certification Fee:	$300
Total payment	_____
Commence on anniversary of passing MRFC Exam	
MRFC Annual Recertification Fee	$200
IARFC Annual Membership Fee	$75

Payment Options

1. **Mail** Application with payment to:
   IARFC
   P.O. Box 506, Middletown, OH 45042
2. **Fax** Application to:
   513.345.9479 (credit card only)
3. **Email** Application to: info@iarfc.org

Check payable to: IARFC

Credit Card: Visa, MC, Amex, or Discover

Credit Card#

Ex. Date. Security Code

Signature

Questions relating to business and ethical conduct

(If you check "Yes" to any of the following questions please attach a written explanation)

	Yes	No
Have you ever been refused a surety bond or other form of employment security?	☐	☐
Have you ever been denied or enjoined from selling or dealing in securities or from functioning as an Investment Advisor?	☐	☐
Have you ever been arrested, indicted, or convicted for any felony or misdemeanor, except for minor traffic offenses?	☐	☐
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?	☐	☐
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.	☐	☐
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?	☐	☐
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?	☐	☐

Attestations (Applicants please read carefully)

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 the MRFC credential and in consideration of my application, I submit myself to the jurisdiction of the Association and hereby verify that I agree to abide by all the provisions of the By-Laws and regulations of the Association as they are and may be amended. I agree to comply with all such requirements, subject to right of appeal as provided by law. I agree that any decision as to the result of any exam(s) that I may be required to pass or annual Continuing Education (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 regulations.
4. 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.
5. 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 the MRFC credential and all its privileges, without refund of any dues or fees paid.
6. I understand that failure to disclose any regulatory event, including suspensions or revocations, may disqualify me from initially obtaining the MRFC credential or could result in revocation of the credential.
7. As an applicant for registration, I understand and agree that my MRFC credential will not become effective until I have met all the eligibility requirements and had have successfully passed the MRFC exam.
8. I understand that the MRFC credential remains the property of the Master Certification Board, (MCB) and must be destroyed or returned to the MCB should my right to display the credential be suspended or terminated.
9. I understand that the continuation of the MRFC credential requires the successful awarding of forty (40) hours of financial services focused CE credits — of which four (4) hours every two years must be related to Professional Ethics commencing the January of the year following initial acceptance.
10. I understand this application is valid for sixty (60) days from the date of receipt by MCB's home office and I have ninety (90) days upon application approval to schedule the MRFC exam.
11. 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.
12. I further agree that my contact information contained in this application be divulged to interested parties as part of the member profile on the IARFC website for the benefit of members and the public.
13. I understand that except for my certification status, written authorization by me is required to release my information.

I attest that I have read and understand the above, that the information I have provided complete and accurate to the best of my knowledge and belief, and I further understand that my MRFC certification may be revoked if I provided any false or incomplete information.

Signature of Applicant (required) **Date**

Recommend a colleague for the MRFC

Full Name

Address

City

State, Zip

Phone

Email

How did you learn about the MRFC?

☐ Advertisement ☐ Article ☐ Association
☐ Broker/Dealer _____
☐ Direct Mail ☐ Email ☐ Exhibit
☐ IARFC Website ☐ Insurance Co. ☐ Referral
☐ Other _____

Referred by (if applicable)

Full Name

City, State

International Association of
Registered Financial Consultants

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P: 800.532.9060
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E: mrfc@iarfc.org
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the Register

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Articles, comments and letters are welcomed by email to:
Wendy M. Kennedy
editor@iarfc.org

Periodicals Postage Paid at Mansfield, Ohio.
POSTMASTER: Send address changes to:
P.O. Box 506, Middletown, Ohio 45042
ISSN 1556-4045

IARFC
INTERNATIONAL ASSOCIATION OF REGISTERED FINANCIAL CONSULTANTS

2019 March 20-22 Conference

Nashville

Events Calendar

2018

September

Board of Directors Phone Conference
September 18, 2018

Insurance NewsNet Super Conference
September 26-28, 2018

December

Board of Directors Phone Conference
December 11, 2018

2019

March

Board of Directors Meeting
March 19, 2019
Gaylord Opryland Resort & Convention Center, Nashville, TN

IARFC Annual Meeting & National Financail Plan Competition
March 20-22, 2019
Gaylord Opryland Resort & Convention Center, Nashville, TN

New MRFCs, RFCs, RFA, and General Members

MRFC

Enrique J. Alvarez, MRFC, CT
Jeffrey J. Baker, MRFC, TX
Tom Chaney, MRFC, NM

RFC®, RFA®, General Members

Kurt M. Arseneau, RFC®, GA
Ryan E. Biniak, RFC®, IA
Neil Cohen, RFC®, IL
Greg Diamond, RFC®, IL
Brian F. Donnelly, RFC®, NJ
Trent Dransfield, RFC®, UT
Carol J. Engelsman, RFC®, MI
Thomas A. Francis, RFC®, MI
Charles M. Fryling, RFC®, DE
Kale W. Gentry, RFC®, MO
Amber K. Gill, RFC®, CA
Emmelis Keaney, RFC®, FL
Attique John Khokhar, RFC®, TX
Greg C. Kopp, RFC®, FL
Raymond J. Kozicki, RFC®, IL
Gabriel Lewit, General, IL
Thomas G. Magyar, RFC®, MD
Patrick M. Mueller, RFC®, GA
Nicholas D. Nardulli, RFC®, IL
Kevin P. Nix, RFC®, IL
Nicole L. Ockenden, RFC®, TX
Anthony R. Stowman, RFC®, PA
Terry L. Tyler, RFC®, CO
Joseph R. Winter, RFC®, FL

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Members Who Recommended Members

John Amatulli, RFC®
Jeff Concepcion, RFC®
David Hardin, RFC®
Ernesto Keaney, RFC®
Steven Lewit, MRFC
Michael J. Markey, Jr., MRFC
Michael Miller, RFC®
Jim Moss, RFC®
Lew Nason, RFC®
Jeremy Nason, RFC®
William Peterman, RFC®
Peter Silvis, RFC®
William Watson, RFC®

Member Referrer Recognition


Ernesto Keaney, RFC®


Michael Jay Markey, Jr., MRFC


Lew Nason, RFC®

In This ISSUE Volume 19 No. 5

Cover Story

Features

Columns

Journal of Personal Finance

Access the full online version by visiting journalofpersonalfinance.com or by joining the IARFC. Hard and Adobe PDF copies are available to Members and Non-Members: Order today. https://store.iarfc.org

Departments

From the **EDITOR**

Back in 2014 the IARFC had the support of the IARFC membership to proceed with an accredited designation. With the IARFC Board and the establishment of the MRFC Board the path to accreditation began. Susan Cappa, IARFC Public Relations, brings this intensive research and undertaking together with her cover story *The MRFC Evolution of Accreditation*. Follow the path and if you do not hold the NCCA accredited MRFC credential consider applying. (P. 10)

With the guidance of our Editorial Advisory Committee, IARFC President, Peter J. D'Arruda, MRFC and Secretary, Michelle Blair, RFC® we have put together the *Register* Editorial Calendar for 2019 issues. We look for greater readership and your participation with article submission. (P. 7)

With our 2019 Editorial Calendar in place, the *Register* will be phasing to a quarterly magazine. We hope to enhance your IARFC benefits with an eNewsletter and a focus on supporting the IARFC members practice.

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

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Advertise in the *Register*, published by the IARFC since 1999 and circulated in print and electronically around the world.

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the Register

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Special Advertising Opportunities

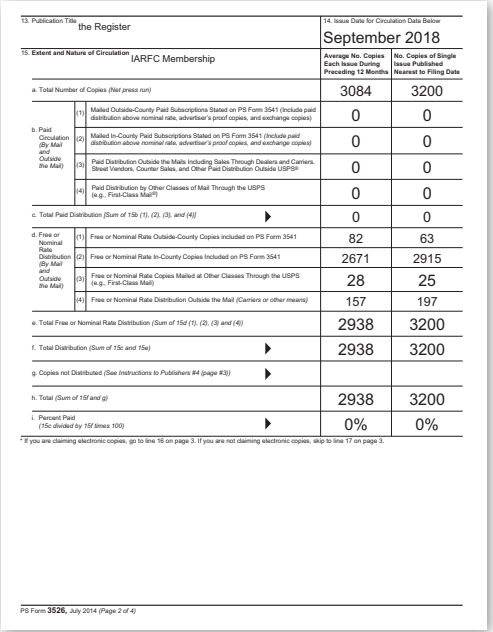
The November/December, theme is the Business Consulting – Succession Planning, Unique Financial Planning Techniques, Business Protection, Business Exit Planning, Business Valuation, Loan Cancellation.

The back, inside front, and inside back covers are available on a first-come, first-served basis. Other positions are also available. Practitioners, academicians and policy makers in financial services rely on the *Register* as a key source of information to grow and serve their client base.

The back cover is $750 and insertion prices decrease from there based on position, size and schedule frequency.

Please contact us with questions, for a media kit, or for assistance in developing your customized advertising, exhibit and sponsorship packages. We look forward to hearing from you.

Register Statement of Circulation



13. Publication Title: the Register			14. Issue Date for Circulation Data Below: September 2018	
15. Extent and Nature of Circulation: IARFC Membership			Average No. Copies Each Issue During Preceding 12 Months	No. Copies of Single Issue Published Nearest to Filing Date
a. Total Number of Copies (Net press run)			3084	3200
b. Paid Circulation (By Mail and Outside the Mail)	(1)	Mailed Outside-County Paid Subscriptions Stated on PS Form 3541 (Include paid distribution above nominal rate, advertiser's proof copies, and exchange copies)	0	0
	(2)	Mailed In-County Paid Subscriptions Stated on PS Form 3541 (Include paid distribution above nominal rate, advertiser's proof copies, and exchange copies)	0	0
	(3)	Paid Distribution Outside the Mails Including Sales Through Dealers and Carriers, Street Vendors, Counter Sales, and Other Paid Distribution Outside USPS®	0	0
	(4)	Paid Distribution by Other Classes of Mail Through the USPS (e.g., First-Class Mail®)	0	0
c. Total Paid Distribution (Sum of 15b (1), (2), (3), and (4))			0	0
d. Free or Nominal Rate Distribution (By Mail and Outside the Mail)	(1)	Free or Nominal Rate Outside-County Copies included on PS Form 3541	82	63
	(2)	Free or Nominal Rate In-County Copies Included on PS Form 3541	2671	2915
	(3)	Free or Nominal Rate Copies Mailed at Other Classes Through the USPS (e.g., First-Class Mail)	28	25
	(4)	Free or Nominal Rate Distribution Outside the Mail (Carriers or other means)	157	197
e. Total Free or Nominal Rate Distribution (Sum of 15d (1), (2), (3) and (4))			2938	3200
f. Total Distribution (Sum of 15c and 15e)			2938	3200
g. Copies not Distributed (See Instructions to Publishers #4 (page #3))				
h. Total (Sum of 15f and g)			2938	3200
i. Percent Paid (15c divided by 15f times 100)			0%	0%

* If you are claiming electronic copies, go to line 16 on page 3. If you are not claiming electronic copies, skip to line 17 on page 3.

PS Form 3526, July 2014 (Page 2 of 4)

the Register

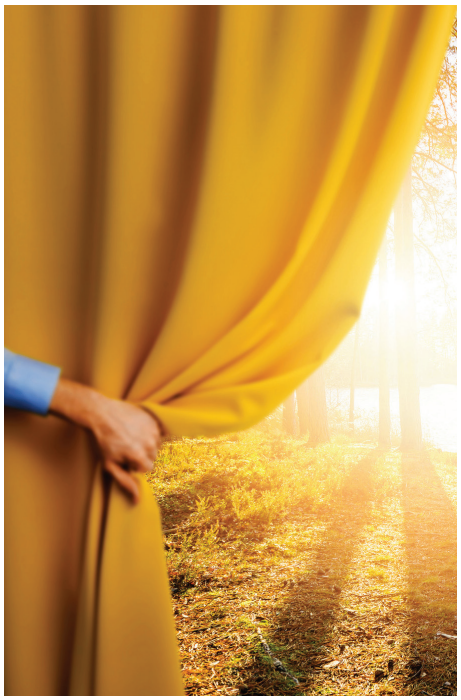
2019 Editorial Calendar

Issue	Theme	Possible Topics to be Covered
Volume 20, No 1 Februray	Office Operations Optimization	Should I hire a coach? Interviewing tactics Marketing your firm and yourself Building a practice from the start up Should I take over an existing practice or start my own? Best ways to acquire new clients and keep the old Back office management
Volume 20, No 2 May	Life in Retirement	Roth vs Traditional IRA Taxes in retirement Social Security and the future Maintaining the same lifestyle in retirement Planning for the unexpected Cash flow, both in and out
Volume 20, No 3 August	Women and Finance	Balancing work and home How women relate to their clients differently than men Women take control of the office Bringing more woman into the financial consulting arena How female leaders excel The gender gap Social Media Marketing
Volume 20, No 4 November	Networking Designing	Putting Together the Dream Team Interns Referrals, Referrals, Referrals Updating your image Showing value added Hire slow/fire fast Portfolio musts and must nots Marketing to your niche Social Media

Issue	Copy Deadline
Volume 20, No 1, Februray	December 1
Volume 20, No 2, May	January 1
Volume 20, No 3, August	April 1
Volume 20, No 4, November	June 1

From the Chairman's Desk… H. Stephen Bailey

What We Do Changes Lives



In the last Chairman's Desk, I acknowledged Consultants work with figures. They project the facts — sometimes good, sometime bad. The result of these figures can change lives. You can't argue with the numbers. But that isn't all there is to our business…is it?

How many of us realize the impact we make on clients lives in an emotional sense? Maybe you just do your job and do not get the warm fuzzies from life changing results. From my years in financial consulting, I am here to tell you that impact is what keeps me going.

Maybe you don't understand what you do out there. When a spouse dies leaving ample coverage in life insurance to the one left behind — that is a life changer. When funds are set up for kids to go to college, that can be a life changer impacting both the parents and the kids. If you help someone set up philanthropic endowments – that too is a life changer.

Those kinds of transformations mean more to me than the money. The feeling I get in helping people goes back to the fact that we are in the people business. Two of the most influential men in my life were ministers, so I have first hand observation of the power of listening and affecting lives.

We all have those feel good stories. Being the North Carolinian raconteur type, I want to share one of my emotionally impacting AHA moments.

I was making a call to a potential clients' home. It was the night that Neil Armstrong walked on the moon. While going over solutions to this couples' financial situation, I heard the daughter, who was sitting on the floor watching the event, remark that when she grew up she wanted to be an astronaut, but… she was a girl. I remember saying to her that she could be anything she wanted to be. Evidently those words really hit home. This couple became clients. Years later, their daughter graduated from high school and she decided to apply for the Air Force Academy. The father reminded me that I had told her she could be anything she wanted to be. I was in the position to help her with her entrance application so I contacted some people and ultimately she received a phone call from their Senator confirming her application acceptance. Years later, she called and wished me a Merry Christmas. Today she is retired from the Air Force as a lieutenant colonel…the positive end of a dream of a little girl.

Through stories we connect with our clients. We laugh, we share and we listen. If you listen carefully, you can feel what a client is going through and how they are struggling. You empathize with their problems and find solutions: concern for their spouses, worry about their children, staying in their house, and putting their children through college, etc.

I like to have my client look inside their house and tell me what they see. I can then say, "What if we put this type of money management inside your house? Let's sit down and really do some planning. What if we put in this piece? Does our house look happy?"

Be the Change

All that I have related above fits comfortably into the theme of our 2019 Annual Conference in Nashville, TN… Be the Change.

Between now and the conference in March, I want all of us to think how we are conducting our consulting business and our personal lives to make a difference in someone else's life. How have we succeeded? How have we come up short? And then maybe, we can spend some time together sharing our life changing stories.

H. Stephen Bailey, CEBA, CEP®, MRFC

H. Stephen "Steve" Bailey, CEBA, CEP®, MRFC started HB Financial almost 30 years ago after already having a life insurance career. Steve is the Chair and CEO of the IARFC Board. He is also the 2010 recipient of the prestigious Loren Dunton Memorial Award. When not working with his clients, Steve is on a golf course, spending time with his grandson or traveling with his wife, Bobbi.

Contact: 704.563.6844
chairman@iarfc.org
www.iarfc.org

Relationships and the Generations

How many of us find it difficult to completely relate to another generation? It could be a generation older or younger than we are. Sometimes when it is an older generation, we try to imagine--if they were our parents, how would we advise them? The same goes for the younger generation--maybe they are our children. Either way, if it is not a client from your own generation, it may not always be easy to fully understand their wants, needs and desires. Expanding our relationships to include other generations gives us exposure to how they tick. Surrounding ourselves with people of varied backgrounds also helps widen our understanding of others.

Trying to see things through the eyes of another generation is sometimes a stressful task. Most people categorize prospects or clients by their generation such as, Baby Boomer, Gen X, Millennial, Gen Y, etc. But each person has their own identity and needs special and personalized attention. What is right for someone in one generation may not be right for someone else of the same generation. What is their timeline for investments or insurance? Do they want growth, income or both? This all depends on their generation and their personal situation. Relating to their mindset and taking it a step further to relate to the individual is how people begin to feel comfortable enough with you or your firm to continue the relationship. That is where they begin to trust your advice. Speaking in the language of the generation is also important. A person that is from the Baby Boomer generation may not understand the lingo that a Millennial may use and visa versa. The opportunity to relate to someone of another generation begins with the first time that you meet them. Speaking to them with the same care and concern that you would give any other relationship are ways of showing them that you have a respect for them.

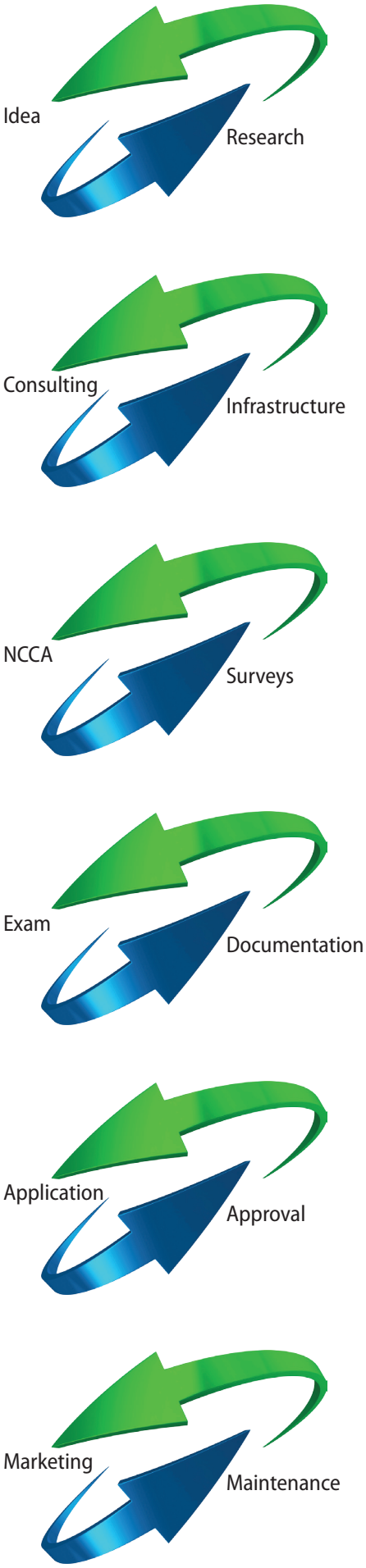
After attending the 2018 IARFC Conference and National Financial Plan Competition in Asheville, NC recently, I am more aware of the need for younger consultants to become part of the IARFC. As the industry ages, so does the consultants. It is critical to the longevity of every financial planning firm and our Association, to educate and train the next group of young professionals. The Plan Competition has some of the brightest young stars out there. By them attending the conference sessions, before and after the Financial Plan Competition presentations, they had a chance to network with their soon to be peers. They presented their practical and analytical training and were front and center in speaking to the judging committee and the other attendees. This experience and opportunity is priceless. As a judge for both the semi-finals and finals for many years, I was very impressed by the level of professionalism and education coming from this next generation of consultants.

Let's all try to bridge the generation gap by taking a person of another generation under our wing to help guide and grow their professionalism, networking ability, and business acumen. They are the future of the industry.

Michelle Blair, RFC®

Michelle K. Blair, RFC® is an office administrator specializing in management and relationship building. She is a Board member of the IARFC as well as the Secretary of the Financial Planning Association, Long Island Chapter. Michelle devotes quite a bit of time to promoting professional and personal growth in the industry.

Contact: 516.639.5078
michelleblairrfc@gmail.com



MRFC

The Evolution of Accreditation

Let's get accredited! This seemingly innocuous idea, coming from members who were looking for compliance-acceptable designations, would consume our working lives for years to come. Thus began intensive research into undertaking accreditation approval. To make sense of the volumes of instructions on how to follow an accreditation path, we hired a consultant.

The consulting phase yielded a detailed report of what we had in place to start the process and what we needed to do in order to reach our goal. It exposed the inner workings of the IARFC and what was required to get compliant-ready in our daily administration. At the onset, an infrastructure to head the accreditation project was needed, thus the MRFC Board of Directors.

Creating this governing body and admin staff meant composing a structure of rules, policies and procedures. A new program starts from scratch developing such details. We looked to the NCCA for its manual on how and what we needed to comply.

The heart of exam creation phase was to survey the members for an outline of the main duties of a practitioner — otherwise known as the Job Task Analysis. From this, a Blueprint of the Core Essentials evolved from which the exam was created. Item writing, based on the Blueprint necessitated meetings with writers, subject matter experts and bringing together the opinions of experienced professionals. A psychometrician was with us weighing the importance of the items and supervising the establishment of a credible, defensible exam.

Concurrently, the MRFC Staff documented every aspect of the prospective Certification Program and how it was administered; example, candidate application to security procedures for sensitive information. These detailed notes resulted in a Policies and Procedures Manual, Quality Assurance Manual and Candidate Handbook.

In the meantime, seeking out testing companies to administer the exam was underway regarding testing centers, pricing, and training staff on basic exam sign up procedures.

When it came time to fill out the online application to the NCCA, again a consultant was hired to guide us through the process. Hours and hours of entering data, making sure we had the proper documentation to send to the NCCA was tedious, stressful work.

Success! We obtained the approval last April only after applying, getting turned down with a critique of inadequate data, reapplying with additional information they required and waiting. As you can imagine it was a collective sigh of relief when we received the news of acceptance.

Approval was issued with a caveat—a compliance plan was still needed. It had to be defined, then put into action with reports due in 6 month. No time to relax.

Even though the accreditation came through, consuming our time now are marketing meetings and strategy planning of what to do next. Most important is to get consultants on board with the value of the MRFC. Without that, the program means nothing.

Certification Program maintenance involves continual item writing, Board meetings, a 3 year check of the basic Blueprint for relevancy and a 6 year task of redoing everything. Hopefully it will be easier the second time around.

Our goal of accreditation was an expensive, time and energy consuming mission. We consider it a meaningful contribution to the future of the Association and to the consultants it serves.

Contact: 800.532.9060
mrfc@iarfc.org
www.iarfc.org/professionals/mrfc

Accreditation

What it means to the actual MRFC is that they are now sanctioned by an impartial third party agency. This award of legitimacy elevates the MRFC to a higher level of ethical and practical appeal to the general stakeholder when they choose a financial professional. It is an honor and achievement for consultants to achieve the MRFC credential.

Practice Smart vs. Book Smart
Rather than looking at the MRFC as "just another designation", view it as evidence of your experience, your knowledge, your licensing, and your ethics. It validates what you have been doing all these years in your financial consultant career. Rather than mastering facts, it addresses how you practice — in a sense testing your "real world" experience.

With that in mind, we encourage you to step up to the next level and apply to take the exam. It's a logical career move. With the full support of the NCCA behind the credential, your peers, your regulatory broker and your clients will recognize your efforts to set yourself apart.

Apply now and schedule your exam.

MRFC Certification Board (MCB)

The mission of the MCB is to provide an ongoing benefit to the general public by granting and recertifying the MRFC credential and upholding the credential as a standard of excellence for ethical, valued, competent, and client-focused financial consultants.


Barry L. Dayley, MRFC


Louise Fallica RFC®


Julie Friend


Mickey Jordan, MRFC


Craig Lemoine, Ph.D.

The MCB is a separate entity established to oversee the MRFC Certification Program. The MCB, consisting of educators, financial consultants and marketing experts, operates independently from the International Association of Registered Financial Consultants (IARFC) to establish and uphold high standards of competence for the MRFC and its credential holders.

At the onset of the path to accreditation, the MCB has been directing the progress thus achieving the ultimate goal of the "official" certification last April. This has involved many hours of meetings and discussions.

Their main responsibilities are to establish, evaluate, and publish Policies and Procedures for the development, maintenance, administration, marketing planning and scoring of the MRFC Certification Program, consistent with NCCA accreditation standards.

Through their enthusiastic and tireless volunteer efforts, the MRFC credential is now backed by the NCCA and ready for distribution to those who qualify.

"I am deeply appreciative to my colleagues whom I have worked with on the MRFC Certification Board. Our task now is to inspire our financial professionals to become MRFCs. I invite all of you to send in your applications and sit for the exam."
Barry Dayley, MRFC, MCB Chairman

How to Increase Your Business 80% in 8 Weeks

Volatile Markets. Scared Investors. Massive Competition. It looks like the bull market may be winding down. During the 2008 recession, you were looking for a new career. But is there a way to survive and thrive in any market? Can you build your business in a sustained, process driven way?

Volatile Markets. Scared Investors. Massive Competition. It looks like the bull market may be winding down. During the 2008 recession, you were looking for a new career. But is there a way to survive and thrive in any market? Can you build your business in a sustained, process-driven way?

Building a Process Driven Business
There are 3 parts to making $300K per year no matter what the market conditions are:

1. Product Knowledge. Do you know the products well enough that you can present solutions?
2. People Skills. Can you listen and probe for needs?
3. Activity. Are you prepared to work? Do you have enough self-discipline to make money when the phone isn't ringing?

The investment advisor representative (IAR) business is like riding a bicycle. It doesn't matter where you steer the handle bar if you aren't pedaling. Below you will find out how to pedal the bike so that it never stops.

What Are Your Goals?
If you don't have goals, you are helping someone else achieve theirs. I have never met a $1 Million+ income producer in my 40 years of coaching who didn't work daily toward hitting their goals. Do you have Goals? Do you even know how to set them?

1. Where you want to be in 3 years?
2. Where do you want to be in 2 years?
3. What is your income goal by this time next year?

When I consulted in the late 1970's with a large RIA company, I asked one IAR for a goal that would motivate him. He said to be happy. I asked him how he would know when he achieved it. He just shrugged his shoulders. Varying degrees of happiness fade in and out daily. Nebulous goals like happiness only serve to frustrate us.

I told him to write down three specific achievements that would make a contribution to his sense of happiness.

He said a 560 SEL Mercedes, $300,000 in income, and to be home at 5:00 p.m. daily so he could play with his kids. Now we're cooking. He got specific. I then asked him to set dates when he would like to acquire these objectives. When he set deadlines, the goals became real.

I played tennis on a basketball court once when I was a kid. The court had lines but no net. I couldn't tell if my strokes were winners or dogs. People who fail to be specific and set dates are playing tennis without a net and possibly without balls.

H.L. Hunt, the late great Texas oil tycoon once said, "If you set goals, you first must decide what you'll sacrifice to get them." This is a strong statement coming from a tycoon who won his first Oklahoma oil well in a poker game of five-card stud. But it is profoundly accurate. You can't set a goal without a change in some part of your business and personal life in an effort to get it.

When you set goals you can achieve, first make them long term and big. A long term objective is 3 years out. For example, adding 10 new offices, or expanding your business to numerous states or cities.

Next, work backwards and set a medium term goal that can be achieved in 2 years. This might be doubling your AUM. This mid-term goal objective should really be a stepping stone to hitting the long term dream.

Next, work backwards again from your medium term goal, and set short term objectives. Short term means setting goals you want to accomplish this year. Lastly break that 1 year goal down to what you have to do this month, this week and today to hit it.

The bottom line is, those who are best at setting objectives work to achieve their goals by the day and often by the hour. They are committed and focused to achieving the goals by the date they want them. The bigger the goal, the better. J.C. Penney once passionately said, "Give me a stock clerk with a goal and I will give you a man who will make history. Give me a man without a goal and I will give you a stock clerk."

How to Build a Business Plan

Let's say your 3 year goal is to hit $500K in income. Your 2 year goal is $350K and your 1 year goal is $250K. Let's also assume that your average income per case is $5000. Let's also assume you want 2 weeks off per year and want to work 50 weeks.

That breaks down to $5000 per week in income based on 50 weeks. Since your average case is $5000, you need to close 1 sale per week.

There are only 4 stages in a client sale:

1. Prospecting (measured in Revenue Producing Contacts by phone or face to face).
2. Opening probing appointment (asking questions).
3. Closing presentation appointment (presenting solutions in which you expect a yes or no answer).
4. Sale

If you can focus on these 4 stages and measure your averages, you can build a business plan that will also build your income and hit your goals.

You should know your closing averages for these metrics:

1. What % of people say yes after your closing presentation?
2. What % of people move from the probing stage to the closing presentation stage?
3. What % of contacts face to face (Networking) or by phone start in the sales pipeline?

Here is a business plan from one of my current coaching clients:

1. 1 Sale per week =
2. 2 Closing presentations (80% average) =
3. 3 Opening probing appointments (60% average) =
4. 10 RPC (Revenue Producing Contacts, 38% average)

The revenue producing contacts are both past prospects and current clients who can refer future business. This means 2 RPC contacts to clients and prospects per day earns $250K per year in income.

We know that you really don't have all of your clients' business no matter what you think. We also know that referrals are 35% more likely to do business with you and will give you 25% more assets. If you want to make more money this year, you will call them every 3 months. My clients use a script for this called "Catch Up, Update, and Referral". This produces new business or referrals 38% of the time.

If you set a 3, 2 and 1 year goal, and break those goals into what your activity has to be this week, you will hit your objectives every time. I have never had a client in 40 years who had a business plan and stayed disciplined to their weekly activity goals who didn't double their income within 6 months. It always works: no exceptions. Your challenge is to be disciplined enough to stay on your business plan.

In St. Moritz, Switzerland, I played Guillermo Vilas, the Argentine top player in the world. I was rated in the 90's for two weeks jokingly until the ranking system on the ATP computer was fixed when I dropped down to 10,037! Vilas had one match strategy, clean my clock. After the match, we chatted about his meteoric rise through the rankings. He told me he would win Wimbledon, the US Open and the French Open. But it didn't stop there. He even kept photos of the tournaments in his tennis bag and the dates he would win them. He also showed me on paper, his tournament schedule for the next few months as well as his weekly practice schedule. He had it all mapped out. He won Wimbledon the following year and the French Open and the US Open quickly after. He won Wimbledon, not in 3 years, but in 2. But it was all planned out. He only had to work his weekly activity plan to get there.

Kerry Johnson, MBA, Ph.D.

Kerry Johnson, MBA, Ph.D. is a best-selling author and frequent speaker at financial planning and insurance conferences around the world. *Peak Performance Coaching* (his one on one coaching program) promises to increase your business by 80% in 8 weeks. To see if you are a candidate for this fast track system, visit www.KerryJohnson.com/coaching and take a free evaluation test. You will learn about your strengths and what is holding you back.

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The Elephant in the Room

Different generations of clients face different problems. An unexpected problem occurs, the problem consumes their attention, but they don't see you as part of the solution. Because they think of your role narrowly, they are unaware you might be able to help. Also, they won't focus on the other issues you raise because this big, unspoken problem is keeping them awake at night. It's the classic "Elephant in the Room" syndrome. What are these problems, anyway?

Before We Start
As consultant we prefer the following scenario: Identify the problem. Find a solution. Make money. In several of these cases, addressing the issue follows that logic. In some other cases, it follows a different sequence: Identify the problem. Point them in the right direction. Be a good person. Don't get paid. Although that doesn't sound like a profitable route, you benefit in other ways: You become their "Go to" person for financial issues. You earn their gratitude. They can now focus on other issues you raise because you removed a burden from their shoulders. They send referrals. Being nice can pay off in the long term.

What Keeps Seniors Awake at Night?
Let's define seniors as the people who preceded Baby Boomers. Typically they were born in the 1924-1945 bracket and are in their 70's to 90's today. Thankfully, many have defined benefit pension plans. They grew up in a time when gender roles were often strictly defined. This raises their first concern.

1. **Financial security for their surviving spouse.** Traditionally families had one breadwinner and one homemaker. The breadwinner usually managed the family finances and paid bills. The homemaker made sure the household ran smoothly and the children were raised properly. If the breadwinner dies first, who will help the surviving spouse manage their finances? Will someone step in and take advantage of the grieving spouse?

Can you help? Develop an advisory relationship with the spouse when everyone is healthy. Can they put a strategy in place that will provide a monthly paycheck for the survivor?

2. **Passing wealth to future generations.** The government at the state and local level is a silent partner in your success. Most people want to maximize the amount of their wealth that flows to their heirs. Often this requires advance planning, but they don't know where to start.

Can you help? Would you describe yourself as an estate planning specialist? Probably yes.

3. **Catastrophic medical expenses.** Insurance is a complicated product. Most

people don't know about gaps in their coverage and lifetime limits on policies. Medical expenses have been rising much faster than inflation.

Can you help? Review those insurance policies now. Can they buy supplemental insurance? Long term care insurance?

4. **Supplementing a fixed income.** How many times have you heard someone say: "On TV they say inflation is low, but I know differently? Prices are rising in the supermarket and my favorite restaurants." Meanwhile, interest rates have been low for many years. Interest on their financial assets aren't contributing much to their overall income.

Can you help? Revisit their financial plan. How much income do they need? Is total return investing a suitable strategy for part of their assets?

What Keeps Baby Boomers Awake at Night?
Boomers were born between 1946 and 1965, putting them in their 50's to 70's. Many things keep them awake at night, but here's a top five list:

1. **Transferring their wealth to irresponsible children.** It's been said the first generation makes the money, the second struggles to keep it while the third generation loses it. Their Gen X and Gen Y children might be thinking of their inheritance as their early retirement plan. You've seen the sofa pillow "If you don't fly First Class, your heirs will."

Can you help? Their children might have matured. Find out. Consider a donor advised fund for charitable contributions. Give the children a role in selecting recipients.

2. **Getting long term care.** They see life as a cruel joke. You spend your working life building your savings then watch it disappear on unexpected medical expenses or expensive care in a nursing home. Is there a solution to this problem?

Can you help? Review their current health care coverage. Plan for Long Term Care while they are healthy. Look at portfolio liquidity for possible future emergencies.

3. **Caring for aging parents.** They see themselves as the sandwich generation, paying out for private school, college and weddings as their children make their way in the world, then transitioning into the role of caregivers as their parents are no longer able to live on their own.

Can you help? Should they downsize? If so, consider removing the house from the equation. Would an over 55 community make sense? Higher levels of care are usually available if or when necessary.

4. **Providing for their own retirement.** Years ago, three sets of statistics showed the scope of the problem: 70% of Baby Boomers think they need to delay retirement or never stop working, 60% of workers 55+ have under $ 100,000 in retirement savings and only 46% of workers over 55 have a retirement plan.[1] They are scared they will need to accept a drastically reduced standard of living or will run out of money in retirement.

Can you help? This can be a difficult conversation. It's a financial planning situation. Consider deferring retirement, saving today to make up any shortfall or accepting a lower level of retirement income.

5. **Providing for a special needs child.** Boomers are starting to feel their own mortality. They know they can provide for their child while they are alive, but don't know what will happen when they are no longer in the picture. They don't want their child to become an anonymous number in the public healthcare system, unable to speak up for themselves.

Can you help? They need to learn about special needs trusts. Introduce them to a specialist in the field.

What Does Generation X Worry About?
Gen Xers followed Baby Boomers and were born between 1966 and 1985. They are in their 30's to 50's today. They have lots to worry about too.

1. **Providing for their children's education.** Years ago, a four year college degree was the single, major educational expense parents faced. Today, tuition might begin in elementary school, if they opt for the private school route. They could be paying 12 years of tuition before their child sets foot on a college campus.

Can you help? Accounts for college savings plan are a good strategy. They are also a focus point for grandparents and other relatives who want to contribute towards your children's education.

2. **Wedding expenses.** The TV and movie industry teach weddings are the most important day of a person's life and everything must be perfect on the day. Different TV series focus on finding the right dress or the perfect venue. Your children have expectations and both sets of parents have responsibilities.

Can you help? It's a financial planning issue. Estimate the scope. Setup a separate account for saving.

3. **Boomerang children return home.** Parents traditionally have a vision of their Gen Y child graduating from college, packing their belongings into their car and driving off to their new apartment close to their high paying job. Statistics show 39% of Gen Y has returned home sometime after graduation.[2]

Can you help? Your client is distracted. It's a job hunting scenario. Parents should be supportive while establishing a timeframe at the outset.

4. **Advanced college degrees.** Years ago, a four year degree was all you needed to land a good job and start a successful career. Today, many fields require an advanced degree just to get onto the first rung of the ladder. This is an additional unplanned expense.

Can you help? It's a financial planning scenario. You can help put price tags on different options. Grants and loans might be available.

Different generations face different problems. In many cases you are able to help. But they don't know that.

Bryce M. Sanders

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

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(1) https://www.huffingtonpost.com/martha-ts-laham-/delaying-retirement_b_7504128.html

(2) http://www.pewsocialtrends.org/2012/03/15/who-are-the-boomerang-kids/

Your Lifestyle. Your Coverage.

Aflac can help protect your vacations, your yoga lessons and even your date nights. Basically, everything you love in life.

Help protect your lifestyle with these products IARFC is offering:

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Accidents happen. When a covered accident happens to you, our accident insurance policy pays you cash benefits to help with the unexpected medical and everyday expenses that begin to add up almost immediately.

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Melissa Brinker (513) 248-9441
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Loren Dunton Memorial Award

Honoring the Recipient

The Loren Dunton Memorial Award is made, in honor of the founder of the financial planning profession, Loren Dunton, to a person who has made a substantial contribution to the financial services profession and/or the financial interests of the public.

Father of Financial Planning

Loren Dunton, generally regarded as the "Father of Financial Planning", organized financial professionals in the late sixties.

In 1969 he convened a group of financial professionals in Chicago and founded an industry of outstanding service and commitment. From this event and from Dunton's leadership and interactivity with many persons now in the IARFC would come an educational institution, the College for Financial Planning and the personal financial planning curricula now taught on over one hundred campuses.

As the first editor of *Financial Planning* magazine, Dunton helped to publicize an emerging profession, bringing various practitioners together for a common cause, sharing practice and marketing techniques and promoting ethical conduct. That respected magazine has continued contributing to the profession for thirty years.
Two associations came initially from this effort, the International Association for Financial Planning and after the first class of Certified Financial Planners graduated in 1973, the Institute of Certified Financial Planners. These organizations have since merged to become the Financial Planning Association. Using Dunton's model, more than forty countries have formed similar organizations.

Dunton continued to promote the value of the financial consultant as a professional whose quest for knowledge should never cease. He authored seven books that have helped to shape the careers and services of financial consultants. Dunton's commitment to these principles was evidenced in the Institute for Consumer Financial Education that he nurtured for many years, and which earned a Presidential Citation for public service.

What Dunton Recognized… Having been a successful businessman, although never a financial consultant, his comments were from the heart. He used his experiences to frankly explain back then, what we recognize now, that…

> Planning is not separate from the "sale" of insurance and investment products, but are different roots of the common tree.
>
> Products are necessary elements in the implementation of the financial plan.
>
> Salesmanship should be taught by the managers and trainers of the financial services industry.
>
> The ethical sale of financial products and the delivery of competent advice is a very noble calling.

Criteria for the Dunton Award

The Loren Dunton Memorial Award was established by the IARFC in 2000 and is awarded to the person who has made substantial contribution to the financial services profession and who embodies Loren's mission to "help persons wisely save, spend, invest, insure and plan for the future." A complete list of criteria can be found at: www.iarfc.org/events/awards

2019 Nomination Committee

H. Stephen Bailey, LUTCF, CEBA, CEP, CSA, MRFC — (2010 Recipient)

Lester W. Anderson, MBA, RFC® — (2014 Recipient)

Bill Carter, CFP®, ChFC, CLU, RFC® — (2006 Recipient)

Ric Edelman, RFC® — (2017 Recipient)

William Gustafson, Ph.D. — (2018 Recipient)

Jerry Mason, Ph.D. — (2016 Recipient)

Jon M. Rogers, Ph.D., CLU, ChFC, MRFC — (2015 Recipient)

Nominees for the

2019 Loren Dunton Memorial Award

Use this form to nominate a recipient for the Loren Dunton Memorial Award, presented annually to a person who has made significant contributions to the financial services profession and to the public. This form may be supplemented with additional information of your choosing. Nominations close on November 30, 2019.

Nominee

Name: _____ Nickname: _____

Address/City/State/Zip _____

Phone and email: _____

Professional designations: _____

Current position/title: _____

Firm/organization/institution: _____

Positions of responsibility in associations, etc: _____

_____

How has this person benefited the general public? _____

_____

How has this person benefited the profession? _____

_____

Publishing credentials: _____

_____

Speaking and/or teaching credentials: _____

_____

Nominator

Name: _____ Nickname: _____

Address: _____

Phone and email: _____

Email: wendy@iarfc.org or;
Mail this form to:
IARFC Loren Dunton Award Committee
c/o staff liaison, Wendy Kennedy
International Association of Registered Financial Consultants
P.O. Box 506
Middletown, OH 45042

Enrique J. Alvarez, MRFC
Founder and CEO
Retirement Doctor™, LLC

Obstacles to Retirement

Enrique Alvarez, CASL, MSFS, CLU, ChFC, CIC, RHU, REBC, CFP®, MRFC, CEO of the Retirement Doctor, LLC™ has been in financial services since 1973. In February, 2008 he founded the Retirement Doctor™, LLC to help individuals and small businesses achieve their financial and investment goals. Rick has a Master's Degree in Financial Services from The American College at Bryn Mawr, Pennsylvania. Rick currently holds Series 7, Series 24, Series 63, and Series 66 Securities licenses and is a Registered Representative with Cambridge Investment Research, Inc. With a commitment to excellence in his chosen profession, he volunteered to meet the requirements of Pace. He has served on an advisory committee to The American College. Mr. Alvarez designs retirement plans for the general public for pre- and post-retirement planning as well as retirement seminars to help CPAs understand which plans are best suited for their clients. Rick has been an IARFC member and an RFC ®since 2007. He passed the MRFC exam and was awarded the MRFC certification June, 2018.

When I started my career in the financial services field in 1973 most of my clients were covered by pensions and Social Security; retirement was not a major concern. In 1978 401(k) plans were established and the responsibility of saving for retirement was transferred from the employer to the individual. Today very few private companies offer pensions; however, most public employees are covered by pensions.

The focus of my thesis for my Master's degree in 1992 was "Obstacles to Retirement Planning". They were then and are now:

Not Paying Yourself First. With the loss of a pension a huge shortfall in retirement income was created and had to be made up by the individual.

Lack of Adequate Liability Insurance. The purpose of insurance is to insure what you cannot afford to lose. We ask the client: If you were killed by an irresponsible driver, how much should your family sue for? Typically the answer we get is "as much as possible". The average judgment for wrongful death is in the millions of dollars.

On the other hand, what happens if you cause an accident? If you are not properly insured, when your insurance runs out, the injured party or their family will go after your personal assets. Without adequate liability insurance many of your assets could be transferred to the injured party, their family and their attorney.

What if an underinsured driver hits you and you get a large judgment; if the defendant has no assets your judgment may be worthless. We recommend that the client purchase as much underinsured motorist coverage as possible.

Disability Insurance. We ask our clients what their sources of income are in the event that they became disabled and how many of those sources would stop once they became disabled. If we recommend disability insurance and the client chooses not to purchase it, they are asked to sign a disclaimer saying that they were informed of the insurance but chose not to purchase. Disability can eliminate or defer your retirement if you have to liquidate your assets to pay your ongoing expenses. Many individuals will not be able to recover financially.

Premature Death. Although this does not affect the client that died, it would affect their spouse or significant other's retirement. We recommend life insurance to cover this liability. We then explain that there are two types of life insurance: the first is the one that expires before you do; and, the second is the one that matures when you expire. The latter is the one that is preferred by beneficiaries. Prior to retirement the death benefit can continue to be used to provide lost income of the deceased before and after retirement. After retirement, life insurance can be used for paying long-term care expenses, replacing the guaranteed loss of Social Security income or pension income for the surviving spouse and paying taxes on retirement accounts. In addition, if you want to leave a legacy, by having a life insurance policy you could spend everything you have and your family would still inherit the life insurance proceeds.

Taxes. Taxes may take away as much as 50% of your nest egg. We recommend that any dividends, capital gains and interest be used to purchase a traditional IRA and then have it immediately re-characterized as a Roth IRA. Another option is to maximize your 401(k)/403(b)/457 Plan or HSA. This way you will defer taxes. Another option is to use these funds to fund a life insurance policy or annuity.

Paying Down Mortgage. We recommend not to pay down your mortgage based on the interest rates today; but instead, put those extra payments into your retirement accounts. This would allow you to put a much larger contribution into your retirement account, as you would be reducing your federal and state taxes. The retirement account could be used to make mortgage payments when you retire.

Healthcare. Most healthcare is used in the last years of life. We suggest that a client should consider a health insurance policy with a high deductible and is HSA compatible and then fully fund their HSA account. We show them this example: If you put $3000 into your HSA, it is tax deductible. Use this same $3,000 to pay medical bills. Your out of pocket cost would be substantially lower than if you paid the $3,000 with after-tax dollars.

Thou Shall Not Enable. I have seen many clients spend hundreds of thousands of dollars that could have been used for retirement but instead it is going to support other family members' inappropriate behavior. When I am asked what to do about this I can only offer my experience based on my observations. People's behavior is based on seeking pleasure or avoiding pain. When that behavior becomes painful enough, they may change. If they can create the problem they can find the solution. Stop enabling financially is a way for you to help your loved one's behavior to change and preserve your retirement.

No Budget. When we ask clients to create a budget they generally can't account for a substantial amount of their income. We give them forms to keep track of their spending so they understand where their money is going.

Sources of Income. Some incomes may end at death. Most trust funds go to the children and not to the spouse. Pension benefits may be reduced or eliminated. Social Security may be reduced or eliminated.

Inflation. We explain that to stay ahead of inflation your assets need to have a return that is greater than inflation; always keeping in mind that after taxes are deducted from the returns.

Uncertainty of Returns on Assets. We show clients different models based on different rates of returns as well as different tax scenarios.

Not having a Plan for Retirement. Most failed retirement plans are not because of planning to fail, it is failing to plan.

Enrique Alvarez
CASL, MSFS, CLU, ChFC, CIC, RHU, REBC, CFP®, MRFC

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Reality of Market Changes

What is the current state of collectible rare coins?

Since 1976, I have dealt with among other tangible assets, rare U.S. coins, as an investment asset. I have advised clients on art, rare stamps, rare books, antique firearms, edged weapons, sculptures, comic books, sports cards and collectible automobiles. Some have continued to be viable assets…others such as rare stamps have disappointed many investors. Now, rare coins seem to be headed down the path of obscurity as an investment. Is it dead yet…or as in the Monty Python sketch of the "Dead Parrot"…it's just resting and pining for the fjords. Here are my concerns.

The rare coin market has come full circle back to the pricing confusion of the1985 period during which no one could verify the value of a coin. ANACS divulged their grading was just an "opinion" without financial merit. There were a multitude of firms jumping into the ensuing fray stating they would solve the "grading" issue (which determined pricing) once and for all. PCGS and NGC were two of the firms; and fast forward 20+ years, have been the survivors and recognized arbiters of coin grading. The market seemed to have order for a time… investors were plentiful, collectors were many and there were several major firms vying for the business. Wall Street became a player and the prices seemed to escalate weekly. Then things began to get weird. Some dealers added a "premium quality" designation to coins they sold in the belief the grading was too conservative and the coin was much more valuable than others in the same grade. This created a bit of validity when the grading services themselves had "re-graded" coins higher when they had more experience and graded more coins. When they graded just 100 coins of the same type and date in the initial stages of their existence, it became apparent when they graded thousands more of the same coin of the same type and date, some of the earlier coins graded were actually superior to the grades they were awarding to the same type and date they were currently grading.

The "+" designation for PCGS coins came about the same time NGC added a "star" designation to their coins. This was the answer to the old premium quality "PQ" designations that was being added by dealers. In 2008, another designation from the Collectors Acceptance Corporation was added. It was a sticker that displayed "CAC". Interesting point, CAC was started by the same individuals who started NGC. I wrote a large piece about this that was published in the industry magazine "Coin World". In short, it examined the proliferation of PQ's, plus designations and star designations and the effect on the pricing confusion in the industry. CAC was now "grading the graders"…which was essentially grading themselves. The main reason I concluded was the need for revenue since with a finite amount of coins, there was a need for a new stream of income to these services once a vast majority of coins were already graded. You paid extra to see if the coin would "upgrade" to a "plus" or a "star" and now you paid to see if the coin would be worthy of a "CAC" sticker. The problem is now there are more price points that are making valuation more difficult rather than the simplicity that was touted when the grading system was changed with the advent of PCGS and NGC. One would argue that the pricing system has simply evolved to a more exacting standard but now with the large spreads between the grades with the various modifiers, the only true determination of the value of a coin is what it actually realizes at auction. Dealers are very reluctant to pay the retail price for an expensive rarity since their existence is based on sales and turnover, not collecting. This is one of the reasons the auction fees have escalated to 35% (split 17.5% for buyer and seller and in some cases 20% for the buyer). There are less collectors,

fewer investors and the material available is picked over in a buyer's market.

A benefit for older coin clients is the coins I submit to auction on their behalf are reviewed for CAC, plus or star designations, as well as "crossover" to PCGS or NGC depending on which coin is reviewed. I have clients who have received CAC designations on coins in their portfolios that I selected which provided as much as a 20% 30% increase in the price realized at auction. This is just what I feel is "working the system".

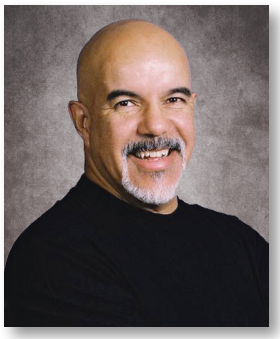
I have been able to arrange for auction clients to receive MS63-65 common date St. Gaudens for payment at wholesale buy prices instead of cash. The premium between the common date Saints and gold bullion is low and in the advent of the return of inflation...these Saint Gaudens coins would have that spread increase and become more valuable than the value of the unlying bullion. The auction firms are flush with these coins and are willing to sell them in this deep discount manner for cash. It is a strategy of which some of my clients have taken advantage.

When is the bottom for the rare coin market? Frankly, I have been active in advising clients that the market is undergoing a massive change. The Young Numismatists Club, or as I call it the "Boy Scouts introduction to rare coin collecting model" has been formed and failed twice in the past five years. The new coin collectors are far and few in between. As a hobby for millennials and Gen Z…it doesn't hold interest. It is suffering from the same fate as philately ("stamp collecting"). Stamp collecting began its demise with the advent of technology which allowed payment of bills online, emails instead of letters, and social media. Even traditional events like Mother's Day, birthdays, Easter and Thanksgiving have been relegated to electronic media like Facebook, Instagram, Twitter, et al. Think of the last time you received a personal card or letter. Let alone it being handwritten instead of just signed. It seems the decorum for a stamped written card only remains for sympathy cards and Christmas cards (from very close family and friends).

The use of currency is going through the same trials with very few people carrying cash (or coins) and paying with Apple pay, swiping their phone with a bank app and transferring funds with their smart phone. Younger people actually think a Bitcoin is a physical item. In any event, at some time in the future, with higher inflation there may be an increase in the value of coins. My granddaughter now age one will someday wonder how older people my age used to conduct business with paper in a "wallet" and round metal things called "coins". The counterperson at McDonalds doesn't even have to know how to add…he just hits the picture of what you want on the computer and it provides the total. If you are a troglodyte that is paying with cash instead of swiping your card, it will give him the amount of change you will receive.

Is this my repudiation of rare coins as a financial asset? No. It is the realization that the purpose of the vehicle has changed. It is viable as a generational wealth transfer asset. But its performance is the same as a stock that was once the darling of Wall Street that has fallen out of favor, such as Sears, Penn Central, GM, and Honeywell. However, there is a major difference; rare coins will never go bankrupt.

With the exception of the ultra-expensive rarities, most coins will languish and have less than stellar movement in price. The grading fluctuations previously discussed will further create confusion. Hence, my recommendation to take advantage of the current market to reposition rare coin assets into less complicated precious metals such as gold and silver bullion. The time is now.



Burnett Marus, RFC®

Burnett Marus, RFC® is a past IARFC Board Member, and he had one of the longest tenures as a director. He specializes in providing customized marketing services and products for financial advisors, attorneys, realtors and small businesses. He has been involved with bullion, rare coin and tangible asset investments since 1975 and currently has a private firm that specializes in working with RIAs and their affluent clients. His experience with precious metal, various securities has enabled him to guide clients into a balanced approach.

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IARFC

International News

IARFC Hong Kong and Macau

May, 2018 — IARFC Hong Kong and Macau

An IARFC Continuing Education (CE) Workshop was conducted on Friday, 25 May 2018 at the City University of Hong Kong Admiralty Learning Centre featuring Ms. Susan Li and Dr. Peter Kwan, both popular professional trainers. The event was organized by IARFC Hong Kong and Macau Centre with General Agents and Managers Association of Hong Kong (GAMAHK) as the Supporting Organization.

Ms. Susan Li is the Principal Consultant of Macro Learning Company Limited, a proven training provider in Insurance, Financial Planning and Banking. She spoke on "One Belt One Road: a global perspective". Dr. Peter Kwan is the Chief Operating Officer of Big Data Architect Limited, an established provider of Big Data analytic consultancy and training. He spoke on "Enchanting high-end clients with wine in Mainland China".

Mr. Alex Shum, Chairman, IARFC Member Development Committee, Hong Kong and Macau kicked-off the workshop by his welcoming words. Mr. Alan Leung, President of GAMAHK, delivered his opening speech on behalf of GAMAHK.

Dr. Teresa So, Chairman, Hong Kong and Macau, IARFC presented to both speakers souvenirs as tokens of appreciation.

Other VIP Guests from GAMAHK attended the event included Mr. Colan Yiu, Immediate Past President; Mr. Ian Tan, Honorary Treasurer and Mr. Tommy Lam, Director.

The workshop was concluded with satisfaction to IARFC members and guests. IARFC members are awarded 2.5 RFC CE hours by full attendance.

June, 2018 — IARFC Hong Kong and Macau

After rounds of discussions and negotiations, the IARFC Hong Kong and Macau Centre signed a cooperation agreement with Lingnan Institute of Further Education for the delivery of the Certificate in Financial Consulting (Executive Programme) ("CFC(EP)"), the IARFC-accredited RFC® education programme offered in Hong Kong. Upon completion of the CFC(EP), students who also meet the admission requirements for the RFC® professional designation will be eligible for the conferment of the RFC®.

Mr. Alex Shum, Chairman, IARFC Member Development Committee, Hong Kong and Macau kicked-off the workshop by his welcoming words.

Dr. Teresa So, Chairman, Hong Kong and Macau, IARFC (center left) presented a souvenir to Ms. Susan Li (center right), Mr. Alex Shum, (left most) Mr. Alan Leung (right most)

Dr. Teresa So (center left) presented a souvenir to Dr. Peter Kwan, (center right), Mr. Alex Shum (left most) Mr. Alan Leung (right most)

From left to right: Mr. Ian Tan, Honorary Treasurer, GAMAHK, Mr. Alex Shum, Chairman, IARFC Member Development Committee, Hong Kong and Macau, Mr. Alan Leung, President, GAMAHK, Dr. Peter Kwan, Ms. Susan Li, Dr. Teresa So, Chairman, Hong Kong and Macau, IARFC, Mr. Allan Wan, Executive Director, IARFC Hong Kong and Macau Centre, Mr. Colan Yiu, Immediate Past President, GAMAHK

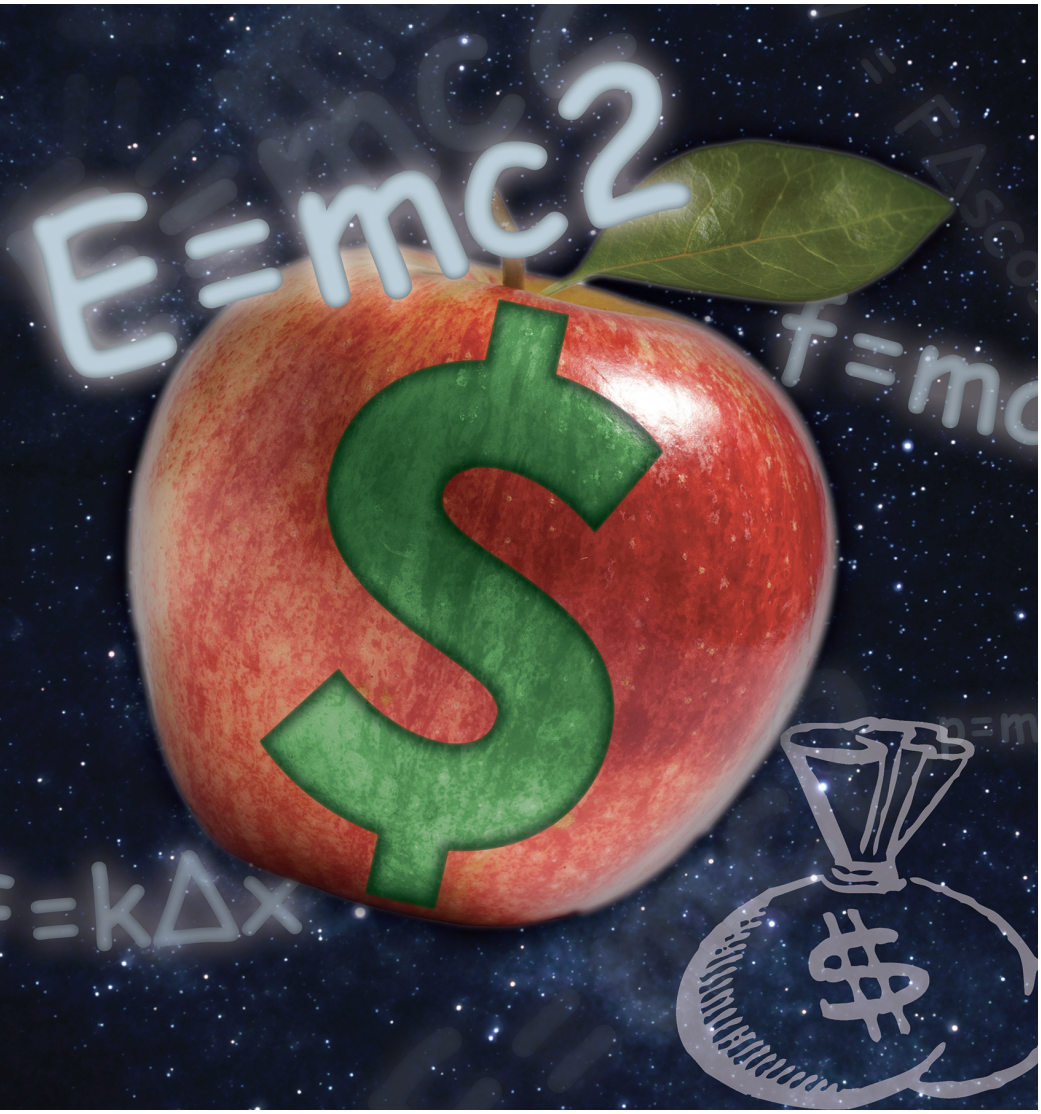
Dr. Peter Kwan spoke on "Enchanting high-end clients with wine in Mainland China"

Ms. Susan Li spoke on "One Belt One Road: a global perspective"

Mr. Alan Leung, President of GAMAHK, delivered his opening speech on behalf of GAMAHK.

Consumer Focus

Financial Physics



Eight years ago, when my daughter Carrie was five, we were eating breakfast together as a family at her favorite breakfast place (at the time), the Waffle House when she started pointing out the different prices on the menu. She proudly told my wife and I how much she was going to eat. I explained to her the significance of the prices on the menu and how all those numbers on the menu next to the items we were ordering would be added up and we would have to pay before we could leave. I then told her it was fine because, mommy and daddy made more than what those numbers would add up to be and that was why it was important to study in school because, in effect, math is money! Eight years later, when asked what math is, she proudly exclaims "math is money!!" When she gets older, I'll have to break the news to her that while math is indeed money or a way to measure money, science could be the ultimate judge and jury on what happens to your money after you accumulate it.

This year, after teaching college physics for 44 years in the University of North Carolina system, my father retired. In honor of that I will attempt to prove the ties between the physics he has taught for 44 years and understood in detail at least another decade (on top of that while getting his PhD) and the financial world. As with many things I attempt on my radio show The Financial Safari, this is purely a spur of the moment-type attempt and I'll either be very proud of this article or be laughed off the pages of this wonderful magazine.

Physics has been studied for over 2,500 years and I only get 1,000 words here, so I'll spare you the details. It can be argued the most famous physicist (besides my dad) was Albert Einstein. There are even books written on the popularity of physics before and after him. I've been studying the fifteen most important laws of physics and have picked a few to test against the financial world.

Let's start with Albert Einstein's most famous observation and one of the most impactful scientific theories of the 20th century, relativity.

Formulated by Albert Einstein in 1905, the theory of relativity is the notion that the laws of physics are the same everywhere. The theory explains the behavior of objects in space and time, and it can be used to predict everything from the existence of black holes, to light bending due to gravity, to the behavior of the planet Mercury in its orbit.

The theory is deceptively simple. First, there is no "absolute" frame of reference. Every time you measure an object's velocity, or its momentum, or how it experiences time, it's always in relation to something else. Second, the speed of light is the same no matter who measures it or how fast the person measuring it is going. Third, nothing can go faster than light.

The implications of Einstein's most famous theory are profound. If the speed of light is always the same, it means that an astronaut

going very fast relative to the earth will measure the seconds ticking by slower than an earthbound observer will — time essentially slows down for the astronaut, a phenomenon called time dilation.

In the money world, I look at Financial Relativity being an explanation to why a customized financial and retirement plan is so important to everyone. Each person and family has their own unique financial situations and time does seem to "speed up" for those close to the financial red zone (5 -7 years out from retirement). Simply put, they just can't afford a financial fumble. Risk tolerance and risk capacity become important topics to those who are close to hanging up the work boots. Instead of huge gains being important, it is more appetizing many times to enact an advance and protect strategy for money needed to live on in retirement. In the advance and protect strategy, gains are locked in each year, as is principle, so if the market goes down in the future this money would have downside protection to keep the person on track for their planned retirement age.

Whereas the person in their 20's, 30's and 40's seemingly has all the time in the world, they can afford to take more extreme risks with their money as they have time on their side if the market goes south. More risk is acceptable because of the time one would have to recover losses.

A mirage is an optical phenomenon that creates the illusion of water and is caused by the refraction of light through a non-uniform medium. Mirages are most commonly observed on sunny days when driving down a roadway. You notice what appears to be a body of water just ahead but each time you get "just ahead", the body of water appears to be another one hundred yards away. An optical illusion. I have noticed mutual fund mirages when examining prospectuses of mutual fund companies shortly after they have undergone what is known as "window dressing". This is when the companies add high flying stocks from the previous year to their fund. Doing this could fool the average investor into thinking that the mutual fund managers have been ahead of the curve when they have, in fact, chased high flyers just like many individual investors do.

Another popular mirage or illusion happens when companies issue coupons. A coupon from a popular framing company said the following: "50% off plus an extra 30% off". Looking at that, the human mind quickly adds the 50% and 30% together. The assumption is 80% off. That would be incorrect. Actually, the total discount is only 65% off. Let's examine further by assuming the full retail price of $100. Take the 50% off to start with and now we have $50. Then take 30% off that $50 which is another $15 off. $50-15= $35. So, the total price after the coupon is $35. Someone with a flat 70% off would have done better and only paid $30. Hey, not a bad deal either way but sure not 80% off. These retail tricks can cause many to overspend if they don't think the process through completely. Pay special attention to "deals" that cause too many mental calisthenics.

Sir Isaac Newton was an English mathematician and physicist who lived from 1642-1727. The legend is that he discovered gravity when he saw an apple fall from a tree while he was thinking of the forces of nature.

In the financial world, financial gravity can be described as anything that keeps your money from reaching its true potential. Risk, fees, and client paid commissions are all causes of financial gravity. Without gravity here on earth, we would all just float away, so gravity is a good thing for us. Financial Gravity, however, could keep portfolios from performing up to their ultimate potential.

Newton also had three laws together which are known as "Newton's Laws". For time sake I am going to skip to his 3rd Law: Equal and Opposite — To every action there is an equal and opposite reaction. An example of this is the recoil felt when pulling the trigger of a gun.

A money world example of this is in the stock market "for every stock buy there is a sell". Nothing is bought without being sold and nothing sold without being bought. The money world is a free market. It explains why some stocks run to the moon. Either the float in the stock is small or the demand for the stock is so great that the supply and demand curve is in the favor of the person holding the stock. The opposite is true if a stock is a stinker or if there are too many shares available in the open market. Either the market is on your side, or it isn't.

One doesn't have to be a rocket scientist to see that having a good grasp on the rules of physics can tilt the money world in their favor. Math and physics are close cousins and math is money.

Peter J. "Coach Pete" D'Arruda, RICP, MRFC

Peter J. "Coach Pete" D'Arruda, RICEP, MRFC 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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IARFC Viewpoint

The Register taps into the experience and viewpoints of the IARFC Board. They come together from different backgrounds, with different goals and expressing different opinions. The constant is the respect and dedication given to their commitment to the IARFC.

Recently, I had a gypsy-looking-pan-handling-fake-psychic offer to tell me my fortune. I learned a lesson, it's apparently not funny, at least to her, to say, "If you were a real psychic, then you would have already known I was going to say no." The incomprehensible foul language (and breath if we're being honest) she threw my way, made it clear this wasn't a popular opinion. Oddly to some maybe, but my ADD brain went from this, to the Fifth Circuit Court vacating the fiduciary rule, and then to an unpopular opinion I've shared before:

Account Minimums Violate the Fiduciary Standard

What's the true purpose of account minimums? If we're being honest, it's this "My time is valuable, and your accounts will not generate enough revenue to compensate me for my time." While this is the truth (I'll logically prove this next), no consultant will preposition it this way. They should, but they won't. Instead, they'll say something like, "My experiences and training aren't focused on someone in your situation, and therefore it's important for you to work with someone whose focus would be more parallel to your needs." Yuck.

Interestingly, nearly every consultant website I've seen shares how the consultant got into this wonderful business, this craft, because they "love" helping people. They love seeing the impact they can make in their clients' lives. I hope it's clear how the last statement is at odds with account minimums, if in fact, the only purpose for them is to generate more revenue per hour of a consultants' time.

I promised I'd prove it, so here's the pudding. If account minimums don't violate the fiduciary standard, then account minimums must be in a client's best interest. The only way for this to be true, is to conclude, consultants' who regularly work with clients within a specific range of assets or income will provide better advice to clients who fall within this range than clients who do not. Agree? Makes sense, right? Clients should work with a consultant who regularly works with others with similar assets or income. Thus, if account minimums are in the clients' best interest, then account maximums are also.

Shockingly, this client first mentality only seems to apply to clients with investable assets under consultants' typical range but not to clients with investable assets over the consultant's typical range.

Maybe I'm out of whack here. I suppose a consultant could study, train, or learn the necessary skills to work with a client whose income or asset level is in-excess of the consultant's normal dealings. If true, then this would negate the need for account maximums…but this would mean a consultant could do the same for a client whose income or asset level is below the consultant's normal dealings.

The point here is simple. Account minimums are in direct contraction to the fiduciary standard. They're not bad, but they're not in clients' best interest, unless account maximums are in clients' best interest too. Surprisingly, I don't see many consultants' instituting account maximums anytime soon. So, I encourage you, if you're in this to help people, then help them regardless of income or asset level. If you're not in it to help (as your primary motivator), then be honest. Be transparent. Don't use account minimums as a scapegoat to avoid smaller clients. Stand tall. Be proud. Say unless you have this 'x' amount, I'm not working with you because the revenue your account will generate isn't enough for me to help you."

Michael J. Markey, Jr., MRFC

Michael Markey, Jr., MRFC, serves on the IARFC Board of Directors. He has a BA from Eastern Michigan University, and is the owner of Legacy Financial Network located in Kentwood, MI. He established the company on the belief that the client should come first and everything else will fall in line. Fueled by a narrow focus on only those in retirement and near retirement, he has carried on this belief through education, not only to their agents and staff, but also to their clients.

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