Volume 20 No 2 Spring 2019

the Register

IARFC
INTERNATIONAL ASSOCIATION OF REGISTERED FINANCIAL CONSULTANTS

Official IARFC Publication

Nashville

IN THIS ISSUE

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From the Chairman's Desk… H. Stephen Bailey

Once again, I can report on the in-person IARFC Annual Board Meeting that was held recently right before our Conference in Nashville. Eleven of us came together along with the IARFC Team to discuss the status of the Association. I enjoy these events. Networking eyeball-to-eyeball adds value to the communications and discussions. Of course there are the reports to review, old business to finalize and then new business to think about.

Speaking about new business, we were treated to before and after pictures of the new headquarters of the IARFC. By this time, the staff should be working through their move and operating out of the new address. This is our building, owned by the IARFC and will provide opportunities for growth.

I think one of the main issues looming for our Board is the proposed By-Laws (or soon to be voted on new By-Laws). Part of that discussion was understanding how the Board structure will be changed. Board members were given a copy and asked to take it home and review. These changes will propel the Association into the future with a detailed plan for expansion. It's a necessary change if we wish to move forward. Look for a full report in the upcoming months. Part of that expansion could include YOU!

An afternoon in depth report talked about expanding our accreditation to an international scope. Two staff members recently went to Washington DC for a workshop on ANSI/ISO 17024. Perhaps this is an option for our international chapters who are asking for something along the lines of our MRFC. More thought, research and international leaders dialogue has to happen before this is brought back again to the Board for consideration.

Now to the Annual Conference… Awesome venue, valuable conference and fun networking.

As we all know it takes time, energy and money to take part in Association meetings. I consider them high on the list of benefits for my practice. There were outstanding speakers that motivated you to make a change or try something new. This year, I really enjoyed our lineup and I salute our staff for all the hard work in getting our speakers and vendors together. This is a huge organizational task. I heard a lot of praise from our attendees.

It was fun to once again take part as a judge in the National Financial Plan Competition. There was a new twist on the format which was interesting. We had a Board member and his wife play the part of the "real-live, fictional" couple who asked questions at the end of the competition. Much more entertaining to watch the students react. What a great representation of the future generation of financial professionals.
Of course the networking part was priceless. I think it is positive for the members to meet and talk with the Association leaders – it gives them a chance to share possibilities for the future. People are constantly giving me suggestions and asking about the future of the IARFC. I found you have to balance the overload and the hype for the two days and then take action. I am sure the home office will love me when I start shooting out the emails upon my return.

Speaking of the staff, if you sit back and watch, you realize the amount of work that goes into the conference and how they have to pull together to make it a success. I am convinced they work from midnight to 6am to get it all done with only the six of them. Seriously, I enjoy their enthusiasm, their work ethic and I got their backs 100%.

Soon you will find me traveling to Middletown to check out the new facilities. I can't wait to walk in and smell the fresh paint, check out the remodeling, see the new carpet and enjoy the renewed spirit of the IARFC!

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.

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the Register

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Articles, comments and letters are welcomed by email to:
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Periodicals Postage Paid at Mansfield, Ohio.
POSTMASTER: Send address changes to:
P.O. Box 506, Middletown, Ohio 45042
ISSN 1556-4045 (print)
ISSN 2639-7374 (online)

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Events Calendar

2019

June

Board of Directors Phone Conference
June 11, 2019

September

Board of Directors Phone Conference
September 10, 2019

December

Board of Directors Phone Conference
December 10, 2019

2020

April

Board of Directors Meeting

Cincinnati, OH

April, 2020

IARFC Annual Meeting & National Financial Plan Competition

Cincinnati, OH

April, 2020

New MRFCs, RFCs, RFAs, and General Members

MRFC

John Castelot, MRFC, MA
Stefan A. Chrzanowski, MRFC, FL
Gary B. Dannar, MRFC, TX
Tony S. Keena, MRFC, FL
Moses LaCour, MRFC, TX
Ira Starr, MRFC, NC
Keenan Scott Zehner, MRFC, FL

RFC®, RFA®, General Members

Joshua T. Abrahamson, RFA®, FL
Daniel J. Agemy, RFC®, CT
Ara Bahadrian, RFC®, CA
Donald G. Boyd, RFC®, IA
Brian L. Brode, RFC®, TX
Madeline Brown, RFA®, KY
Nina R. Deschene, RFC®, NH
Joshua A. Funk, RFC®, NJ
Ronald J. Greenberg, RFC®, NJ
Judy A. Hawley, RFC®, WI
Lonnie W. Hood, RFC®, CA
Jennifer W. Ibarguen, RFC®, TX
Richard S. Jones, RFC®, MN
Ronnie L. Kaymore, RFC®, NJ
Neal M. Litton, RFC®, TX
Mark E. MacDonald, RFC®, NJ
Victor P. Navarroli, RFC®, NC
Patrick T. O'Leary, RFC®, MN
Erik D. Olson, RFC®, MN
Nadine M. Perez, RFC®, FL
Todd C. Pierce, RFC®, NC
Krista K. Postema-Burroughs, RFC®, OH
Anthony M. Soriano, RFC®, SC
Mark H. Stevens, RFC®, MN
Sarah R. Strong, RFC®, IN
Samuel L. Sutterfield, RFC®, AZ
Peter A. Szklarz, RFC®, OH
Jeremy T. Torgerson, General, CO
Roxanne M. Turner, RFC®, TX
Stephanie M. Wagers, RFC®, IN
Arthur R. Washer, RFC®, VA
Thomas P. Wilson, RFC®, OH

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Members Who Recommended Members

Craig A. Bane, RFC®
Brian Cronin, RFC®
Jim Harris, MRFC
Stephen Hull, RFC®
Jay H. Millard, RFC®
Derek K. Moore, RFC®
P. Christopher Music, RFC®
Jeremy Nason, RFC®
Raymond Noel, MRFC
Thomas C. Rapp, MRFC
Roy Strong, RFC®
Andrew Toccaceli, MRFC
Dominique Vercaemert, RFC®

Member Referrer Recognition


Craig A. Bane, RFC®

In Memoriam

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

Michael M. McGoldrick, RFC®, Fruitland, FL

Frank B. Burns, RFC®, Walnut Creek, CA

From the **EDITOR**

We are so proud. Our IARFC Annual Conference was a great success. We had a line-up of speakers that brought our conference to the next level including Frank Maselli's presentation "The Lifeguard In the Storm - A Bolder Why for a Better World." The attendee survey indicated Frank was our highest rated featured speaker. As well as presenter rating results, the conference survey indicated we are on the right track to bring you, the IARFC members, a conference you won't want to miss.

The National Financial Plan Competition was phenominal. We are drawing in more educational institutions and young students learning about the IARFC and the importance of developing a financial plan. One of the most important aspects of holding the Competition is to draw young consultants to our industry. Your continued support of this Annual Competition is greatly appreciated and will show by keeping the industry alive with young, educated, and experienced financial consultants for the future. We congratulate all the teams participating in the Competition and our First Place Winner, Rebecca Boyle, from the University of North Texas in Denton, TX.

Now I must mention our Awards Banquet. H. Stephen Bailey, IARFC Chairman has put the emphasis on members. This year was our second event that celebrated you the member for helping your IARFC grow. Our number one Member Award Winner was Jeremy Nason of Dallas, GA, member since 2005 who over the years has referred numerous consultants. We will continue to recognize our members and grow on the recognition you all deserve.

Our Annual Meeting Committee, including, IARFC Directors Nick Royer, Rick Stanzoine, and Mayo Woodward, are working to get the end result that will make our event the "don't miss" on your annual conference schedule. Please reach out to us with your thoughts and ideas to bring your IARFC 2020 to the top of your list.

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

the Register

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POSTMASTER: Send address changes to:
P.O. Box 506, Middletown, Ohio 45042
ISSN 1556-4045

IARFC Declares Focus on Expansion

"We are excited to be settling into space that will be our own for at least the next decade," relates Chairman Bailey. "Being settled means more focused. More focused means more productive, and I am determined we will be expanding the reach of the IARFC with a vengeance in the months to come."

The IARFC Board of Directors convened the day before the IARFC Annual Conference in Nashville, TN, March 20 for a comprehensive Board Meeting at the Gaylord Opryland Resort and Conference Center. Discussions included Association current status and the future plans for building membership and forming relationships in the financial service sector.

IARFC Board of Directors in attendance:

H. Stephen Bailey, MRFC
Chairman and CEO

Nicholas Royer, MRFC
Vice Chairman

Pete D'Arruda, MRFC
President

Michelle Blair, RFC®
Secretary

Michael Markey, Jr., MRFC
Treasurer

Jim Moss, RFC®

Rick Stanzione, RFC®

Mayo Woodward, RFC®

Bradley Maples, Sr., MRFC

Fred Ostermeyer, MRFC

Charlotte Isbell, COO

Specific highlights from the Board Meeting covered the purchase and remodeling of a building for the IARFC Headquarters. In the near future, the Association will be moving into a more accommodating area, with an emphasis put on expansion.

"We are excited to be settling into space that will be our own for at least the next decade," relates Chairman Bailey. "Being settled means more focused. More focused means more productive, and I am determined we will be expanding the reach of the IARFC with a vengeance in the months to come."

To fuel that expansion, the IARFC is revamping their By-Laws – completely. This is a necessary visit of the Association's structure to fit into the future," explained Bailey. "It allows for membership growth and establishes more defined relationships between the different chapter locations of the IARFC. My hope is to start by filling the appropriate regional support areas for the U.S. Chapter with qualified directors soon. This gives opportunities for individuals who wish to recruit members and manage IARFC sanctioned educational programs."

A key factor in the future plans is the exploration of accreditation on an international scope. By gaining NCCA (National Commission of Certifying Agencies) approval last year for the U.S. Master Registered Financial Consultant (MRFC) credential, our international communities are requesting "official" third party approval for designations offered in their respective countries.

"This is a major undertaking for our home office," admits Bailey. "We will be in communication with our international leaders to determine feasibility."

The Board of Directors have their goals in front of them. "These wide ranging objectives elicit the cooperation and attention of all our Directors," added Vice Chairman Royer. "I have been a Board Member for many years and the tasks in front of us are challenging but… very exciting. Our Board will be doing their best to advance a platform of growth and industry recognition for our membership in the coming year."

Pete D'Arruda, MRFC, Fred Ostermeyer, MRFC, Rick Stanzione, RFC®, Mayo Woodward, RFC®, Jim Moss, RFC®, Michael Markey, Jr., MRFC, Michelle Blair, RFC®, H. Stephen Bailey, MRFC, Nicholas Royer, MRFC, Bradley Maples, Sr., MRFC, Charlotte Isbell, COO

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2019 IARFC ANNUAL CONFERENCE & NATIONAL FINANCIAL PLAN COMPETITION

MARCH 20-22, 2019, NASHVILLE, TN

BE THE CHANGE

GUIDE | COUNSEL | CONSULT

It was hard to believe you were entirely indoors during the 2019 IARFC Annual Conference. The Gaylord Opryland Resort and Conference Center in Nashville featured acres of lush vegetation, restaurants, shops, waterfalls – including conference space under glass. This impressive setting housed all the planned activities throughout the 3 day event of BE THE CHANGE.

There seems to be a reoccurring debate about "conference value" and the "takeaway factor". With so many options for learning, a consultant could basically sit in his office in front of computer and not leave – thus saving money and time. But is that always the best option?

A major success point for Nashville was the networking or redefined as "Effective Association Synergy". Consultants can meet new people, old friends, and get a feel for what others are doing in their practice. We talk a lot about the value of client face-to-face time, why wouldn't it be the same for consultants during an annual conference. You can't duplicate the buzz and excitement that permeates a conference by watching a recorded webinar.

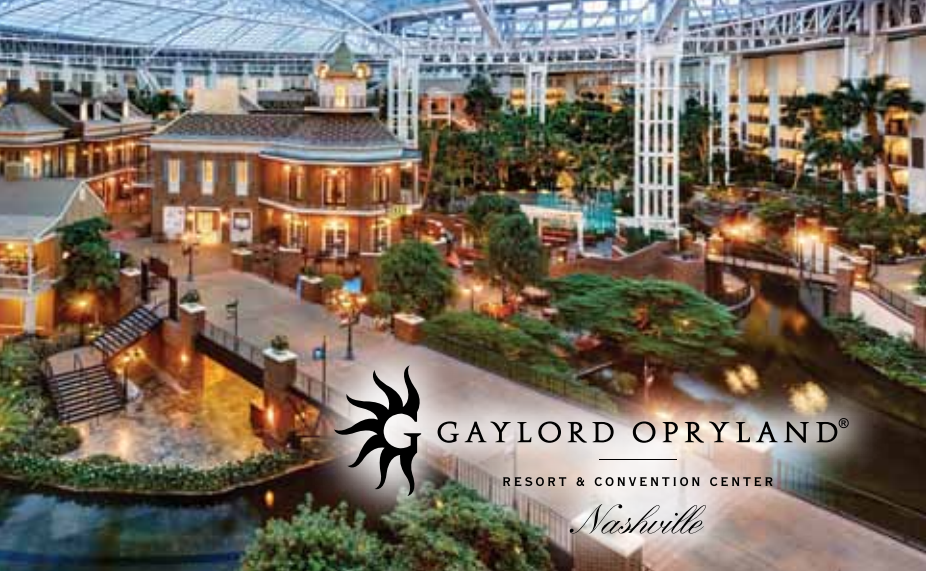
For example, engaging in person with Mr. Zianni, feeling the texture and seeing the selection of his fabrics for his Italian-designed suits, is a more effective option than connecting with him online. Someone could even get measured right then and there. For all our vendors it was an opportunity to visually represent themselves and dialogue more personally, thus profitably.

With the speakers, their enthusiasm is much more appreciated when they are front and center. You could feel the personal experiences of Barry Dayley as he spoke about his mountain climbing adventures and laugh with Frank Maselli as he tried to train you as a "Lifeguard". All the speakers were approachable after the session, or at dinner, or a chance meeting in the exhibit area.

Talk to the students who competed in the National Financial Plan Competition and they will tell you working across from a live person is much more relatable than doing a webinar. For them, networking with experienced consultants was a fun bonus. They get the career advice and the professionals can give back to the younger generation. A general consensus – these students have a bright future ahead of them.

For IARFC members, there was an opportunity to meet the Board Members and have more in depth conversations. You should know what is going on in the Association and how it works for you. What better way than to get to the people who can make the changes happen.
Finally for all, talking a break and doing something for yourself such as attending the Association's Annual Conference should be on your list. Even if you left with just one nugget of information, that is value. Great for those who can take information and enthusiasm back to their own practice and make improvements.

The IARFC continues to give you opportunities to be part of these events. Plan to join us in Cincinnati for the 2020 Annual Conference.



FEATURED SPEAKERS

Clint Arthur
Celebrity Entrepreneur

Dan Cuprill
Creator, Advisor Architect

Frank Maselli
The Maselli Group

Jorge Villar
Founder & President, RME360

Dean Zayed
CEO, Brookstone Capital Management

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2019 IARFC NATIONAL FINANCIAL PLAN COMPETITION

The National Financial Plan Competition is organized through the IARFC for undergraduate students in a curriculum related to Financial Services. The three semi-final teams presented their plans at the Annual Conference.

Once again our student presented well. Behind the scenes nerves were common but each team brought to the fictional couple, George and Emily Hathaway (AKA… Board Member Michael Markey and his wife Vanessa), a well thought out financial plan.

The audience scored the participants and the winner was announced at the IARFC Awards Banquet. When it was all said and done, here are the results:

- First Place: Rebecca Boyle from the University of North Texas in Denton, TX – David Ragan Professor
- Second Place: Nick Urban and Drake Uplinger from Central Michigan University in Mount Pleasant, MI – Mark VanVoorhees Professor
- Third Place: Kylee Nelson and Bailey Misbach from Utah Valley University in Orem, UT – Dr. Luke Dean Professor.

Students and professors participated in an after conference roundtable discussion to help improve the competition for the future. Look for the winning plan to be featured in the next *Journal of Personal Finance*, co-authored by Dr. Benjamin Cummings, JPF editor and winner Rebecca Boyle.

Susan Cappa

Susan Cappa is an editor and public relations coordinator for the IARFC. She is a graduate of the University of Cincinnati. Her background includes writing, editing, event coordination, and leadership.

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First Place: Rebecca Boyle from the University of North Texas in Denton, TX

A Process that Nourishes Life-Long Client Relationships

My relationships with clients continuously evolve through a series of ongoing educational-based conversations. This process begins the moment I first meet them. I've discovered that helping people become clear about how money flows in and out of their lives enables them to evaluate and employ strategies that provide them more financial certainty in our uncertain world and facilitates decisions of choice rather than of chance.

Most people have been deeply entrenched in the barrage of messages about money and finances that are broadcast daily by financial institutions, media pundits, family and friends and even by water-fountain chatter at work. Because of this, it's important that our initial conversation, those first moments with a prospective client when we share what we do for a living, be very distinctive, and provoke reflective thoughts in the person listening. It is crucial to choose a message that uniquely distinguishes us from the herds of status quo, traditionally minded financial consultants whose message they have heard so many times before. My goal is to enlighten people to think layers deeper and yearn to know more.

A Look at the Process.
In the beginning, questioning and intently listening are primary keys to a successful and fluid process. To help understand a person's world, we need to ask questions and listen closely, noting the answers. Through conversation, we can begin to learn more about a person's (family's) "financial DNA," their past experiences with money, current lifestyle, and desired goals and dreams. Truly being interested in others' well-being from the very beginning yields the potential for fulfilling long-term client relationships.

Once prospective clients express a sincere interest in learning more about how I can help them, I schedule our next conversations. I start with a series of educational modules designed to illustrate the distinctions between financial facts and myths and how money works in our lives. I share the information I've learned and continue to learn during my 34-year career in financial services. I use materials and tools from Leap, Circle of Wealth®, Wealth & Wisdom, Truth Concepts™ and other professional education as well as insights I have developed along my journey. I also

use an evaluation tool at the onset of our conversations that enables both my prospective clients and me to discover how they process information and make decisions so we can gain insights on how best to communicate and share information.

During our ongoing talks, I remind people that the word "money" doesn't mean anything and is really a neutral concept that only generates direction (positive or negative) from the thoughts and energy we each apply to it. I also advise them that money can disappear unnecessarily and forever, without us even being aware of it. I emphasize that having a sustainable cash flow throughout life is akin to blood flowing in our bodies. If the flow of money or blood is interrupted, even for a short time, long-term damage can occur. I've found that by providing prospective clients with information they can relate to and stories about people like themselves who I've helped, they begin asking questions, gaining interest, getting involved in our discussions and becoming more willing to proceed with a healthy assessment of their financial circumstances.

I also spend time discussing their extended family relationships as well as inquiring about their overall health and personal avocations and interests. This information gives me a clearer idea if they will qualify for life insurance and the potential advantages it can offer their family. During the process we discuss the solid foundational and structural benefits that a properly constructed life insurance program can provide a family. I share, through examples, how every dollar we find and apply to life insurance will work overtime to benefit both them and their loved ones.

The next integral step in the process of communicating, educating, and showing potential clients how money works within their personal economic lives is to empower them to apply what they've learned. This is where true wisdom emerges, nurturing and strengthening their resolve to move forward and begin a healthy assessment of their current financial position. We continue our work through further conversations, and I assist them in identifying areas where they may be leaking money away unknowingly and unnecessarily, bridging other blindspot gaps and integrating/coordinating resources for maximum efficiency.

I continue to emphasize the value of maintaining a supportive cash position, strong enough to withstand a variety of contingencies in life and plentiful enough to access when opportunities arise. We explore the idea that it's not solely the rate of return that matters most, but the rate of retention and access to funds that supports a healthy financial lifestyle. I emphasize how a properly constructed whole life policy— the heartbeat of the plan—will not only protect their loved ones, but provide the liquidity, flexibility and control of their money they'll need throughout life. Whole life provides the permission to enjoy life while you're living and the resources so your loved ones can carry on that joy when you pass.

Haphazardly constructing plans, rushing through and/or skipping steps along the conversation process can threaten the outcome for your potential clients, resulting in helping fewer people than you may be truly capable of assisting. Not taking the time to thoroughly explore each step in the process with people is like building a house on an inadequately supported foundation or only using one bolt per wheel on a car and then driving quickly down a bumpy road. Either of these scenarios is subject to failure with potentially disastrous results.

A Case for Whole Life—Bridging the "Income Certainty" Gap

As more and more baby boomers retire and financial institutions clamor to provide solutions to their need for income during retirement, I've found that most traditional planning models are inadequately structured to solve these problems. For example, many retirement plans use the target output of an annuity lifetime income rider, built on a single-life-only payout assumption, without considering the needs of a surviving spouse, especially when there is an age disparity between them.

As many of you know, this type of rider is not a "cash" account. It pays down similarly to a SPIA (single premium immediate annuity). Over time, the payout account becomes exhausted and when the primary annuitant passes away, the surviving spouse's income from the annuity can abruptly stop. In addition, at this time, there's also an immediate reduction in Social Security income due to the death of the spouse. In some cases, the deceased may have been a living income beneficiary of a Generation Skipping Trust and/or a single or reduced joint and survivor defined benefit plan, too, and this will further exasperate the survivor's immediate loss of income. The certainty of a known retirement income flow while the primary provider is alive becomes a grave uncertainty should the primary spouse, whom the income is based upon, predecease the surviving spouse.

A possible remedy for this couple? Establishing a plan that includes a participating whole life insurance policy with a paid up option that has a sufficient, guaranteed death benefit to indemnify against this lost income. In addition, because the policy provides both guaranteed growth of cash value and non-guaranteed dividends, this strategy could enhance the couple's joint income during their lives. They will have ongoing access to the cash value in the policy through policy loans, and they can withdraw dividend values, creating an income stream, if needed. The policy also has the potential to provide a remainder legacy for the next generation.

Taking the time to understand people's specific situations and desires, teaching them new ways of thinking, and empowering them to make well-informed decisions can improve your chances of helping more people. And when you help more people, everyone wins.…

Ira Starr, MRFC

Ira Starr, MRFC, LUTCF is an independent registered financial consultant, providing financial guidance to individuals, families and entrepreneurs since 1985. He graduated from the University of Maryland, College Park, where he studied economics, finance and psychology. Ira is a member of the IARFC and designated as a Certified Member of the National Ethics Association. He completed a fellowship with the Life Underwriting Training Council and is an alumnus of MoneyTrax/ Circle of Wealth® and a member of Wealth & Wisdom Institute's Presidential Council Advisory Board. Ira founded and owns both Myth Free Financial® LLC and Wise Money Strategies® LLC as well as Ira Starr & Associates.

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Why Retirement Can Cost More Than Clients Think

Do your clients intend to die working at their desk? Probably not. Many people might enter semi-retirement, consulting on the side or holding down a part time job. To clients, retirement means tossing away the yoke of work, waking up every day and wondering: "What would I like to do today?"

This idealized lifestyle can be more expensive than they think.

Fixed Income

Let's start with equating retirement with fixed income. They are collecting Social Security. They might have a pension from work. They have retirement assets like their 401(k) and IRAs. They own annuities and life insurance. They have investment assets and savings. All this comes together to provide a monthly income along with emergency funds. Not everyone is this fortunate, but let's assume this describes your client. What could possibly go wrong?

Expenses That Creep Up

Money talks. It says "Goodbye." Let's talk about where the money goes:

1. **Taxes.** Tax deferred retirement savings is an example of "Pay me now or pay me later" logic. The federal government lets you save and compound interest tax free, because they will get their piece someday. They even require you to start taking mandatory distributions starting at age 70 ½. Some of your fixed annual income will likely go to the Federal and State government.

2. **More taxes.** If you live outside a big city and own your home, you get property and school tax bills. You may not be sending any children to school, but you still pay your share. Unlike your fixed income, these bills usually rise annually. If the school district is required to hold a referendum to raise taxes beyond a certain threshold, it's a safe bet they will raise taxes every year to a point fractionally below that level. These taxes are going up.

3. **They're not taxes, but**… You have fixed expenses like trash collection, water, sewer, power, phone and cable bills. They are "fixed" because they never go away. They must be paid. They aren't actually fixed. They go up over time. Some might be regulated by a public service commission, others charge what they can, based on the market and competition. Compare these bills year over year. See for yourself.

4. **Medical care.** You are a good consultant. Your client listens. Let's assume you have addressed Long Term Care insurance previously or your client is in perfect health. They may be covered by Medicare, but they will still need supplemental medical insurance along with a prescription drug plan. These expenses will likely grow over time.

Expenses They Create

Here's our story so far. Your client's income might be fixed, but expenses are creeping up. It's early days yet. They still don't get

why retirement is going to cost them more than they thought.

5. **When I retire, I'm going to…travel!** It makes sense to travel while you are healthy and mobile. The airline industry is incredibly competitive. You can fly to Europe at fares as low as they were in the 1980's! But you aren't working anymore. It's not two weeks' vacation and that's it. You have 52 weeks of potential vacation time with another 52 weeks coming next year! Travel costs more than you think. With the stock market, no one can call the top or the bottom. With airfares, they might be low, but not that low when you want to travel. It's hard to get that rock bottom price. Even when you get a good hotel/airfare package, there are lots of extra expenses. This includes parking at the airport for a week or two, hiring a pet sitter and buying vacation health insurance because you just discovered your current policy doesn't cover you outside the US. If you travel three or four times a year, that adds up.

6. **Fun costs money.** Sitting at home gets boring very quickly. You want to "Get out and do something!" Our US culture has convinced us that we aren't having fun if we aren't spending money. You've heard the expression: "When the going gets tough, the tough go shopping." But you can resist that temptation. You'll go to the movies instead. How often? Will you be buying popcorn? You didn't have these expenses when you were working 9:00–5:00. Work not only filled your day, they paid you to do it! Now you pay others to fill your day.

7. **What do you want to eat?** I don't know, what do you want to eat? Cooking for one or two takes time. Often, if it's easy, it's boring. If not, it might be pre-prepared food, which is expensive. The alternative is going out far more often than you did while you were working. Your job might have had a company cafeteria. It might even have been subsidized. Now you are going out with friends to casual dining restaurants several times a week for lunches and dinners. They may have good meal deals, but if you order wine or cocktails, the bills go up a lot. After all, booze is where many restaurants make their money.

8. **Repairs around the house.** It's been said you should assume 1% of your property's purchase price as the amount to spend on annual upkeep. [1] The problem is that these expenses are unexpected. The roof needs replacing. The refrigerator died. Yes, these things happened while you were working too. You were bringing in an earned income, possibly a bonus too. Now you are on fixed income.

9. **Projects around the house.** You have all this time on your hands. You might decide to re-landscape the garden or renovate the basement. You suddenly discover these projects are beyond your skill level. You call in the professionals. This costs money. You might decide this is a good time to renovate the kitchen. That really costs money!

The Big, Scary Expenses

OK, so your client isn't fazed. They don't want to travel. They don't drink or eat out. The house can fall down around them. What else could get expenses out of control?

10. **Boomerang kids.** Wait! I'm 70+ years old! My children graduated from college decades ago! Unfortunately, some people lose their jobs in their fifties. They haven't hunted for a job since they got that one. They need to cut their expenses dramatically. They move back home with their (aging) parents. Feeding an extra mouth or two isn't tough. Helping them pay their health insurance or your grandchildren's college costs can be tough.

11. **Serious medical problems.** They happen. As their agent, you anticipated this with long term, care insurance. However, there might be lifetime caps on benefits paid. One spouse might need skilled nursing care, while the other is able to live a normal life. This can get expensive.

What Positive Advice Can You Give?

Wow! Your client didn't realize retirement could get so expensive! Except for the two last issues, it's the little things that get you, like water dripping on a stone for years. Your income is fixed, your expenses are not.

You can help with financial planning that addresses the impact of inflation over time. You can run different scenarios showing how their investment assets might perform in good or bad times. You can develop a relationship showing you are committed to helping them over the long term.

Here are some suggestions you can make:

1. **Know what you are spending.** Keep track of your monthly bills. Review your credit card statements, looking for unauthorized spending. They have the time now.

2. **Reprice services annually.** If you are licensed in this area, help them reprice their homeowner's and automobile insurance with other carriers. They should do the same with their wireless plan, trash collection and other service providers where there is local competition.

3. **Join a gym.** It will help keep you healthy. It will provide an activity that doesn't have a high cost. Silver Sneakers is an example of a program offered through many health plans. You get exercise and social interaction in one place. [2]

4. **Join some clubs.** You want activities with little or no cost. Does your area have a book club? Hiking club? Cooking club? You get to pursue your interests with like-minded individuals.

5. **Get more involved with your religious organization**. They are often the hub of the community. They often have plenty of activities in addition to services.

6. **Volunteer.** You've worked all your life, here's your chance to give back. Find a cause. Visit their website. Look under the volunteer activities tab. Most organizations need them.

Your client's retirement can be the best years of their life. It can also be boring or expensive if they go about it the wrong way. Help your client enjoy their golden years.

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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www.perceptivebusiness.com

(1)https://www.thebalance.com/home-maintenance-budget-453820

(2)https://www.silversneakers.com/

IARFC Membership

Our Consultant Levels

Separate yourself from the crowd with the IARFC. Show your commitment to excellence and a continuing desire to provide your clients with the highest level of expertise.

General Membership

General Membership is for those participating in and sharing the goals and benefits of the Association, agreeing to abide by IARFC Code of Ethics.

RFA® — Registered Financial Associate

The Registered Financial Associate, RFA® is for those new to the financial profession such as graduates of an approved academic curriculum in financial services or those who do not have the three years of experience to be awarded the RFC®.

RFC® — Registered Financial Consultant

The Registered Financial Consultant, RFC® is a professional designation awarded by the IARFC to financial professionals who meet high standards of education, experience and integrity.

MRFC — Master Registered Financial Consultant

The MRFC credential is accredited by the NCCA. Candidates are required to complete an in-depth application requiring a strict level of education and experience — and to pass an exam. This comprehensive vetting process supports our mission of giving consumers a way to qualify their potential consultant. The NCCA accreditation sets the MRFC apart as a highly qualified professional. In a competitive industry, it will elevate a consultant's status in the eyes of their peers and the consumer.

Continuing Education

The IARFC recognizes that the delivery of financial analysis and service to consumers also encompasses ethical and effective marketing; the use of tools and procedures; and the efficient administration of a financial practice. Regardless of which professional consultant level fits, each must complete the professional Continuing Education (CE) required for the certification or designation applicable. Annual renewal requires an assertion by members that these units have been successfully completed with retained records.

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 these areas: **Education, Professional Designations or Licensing**.

Education 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 _____

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.

MRFC Fee Schedule *Choose one*

Nonrefundable Application Fee:	$100
Examination/Certification Fee:	$300
❑ IARFC Membership (elect to join IARFC)	$75
❑ Current Member (elect to continue)	$0
Total payment:	_____

Annual Recertification Fee

Commence on anniversary of passing MRFC Exam

MRFC (Certification Only)	$300
MRFC (with IARFC membership)	$275

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#

Exp. Date Security Code

Signature

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.

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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W: iarfc.org

International News

Event and Educational Programs

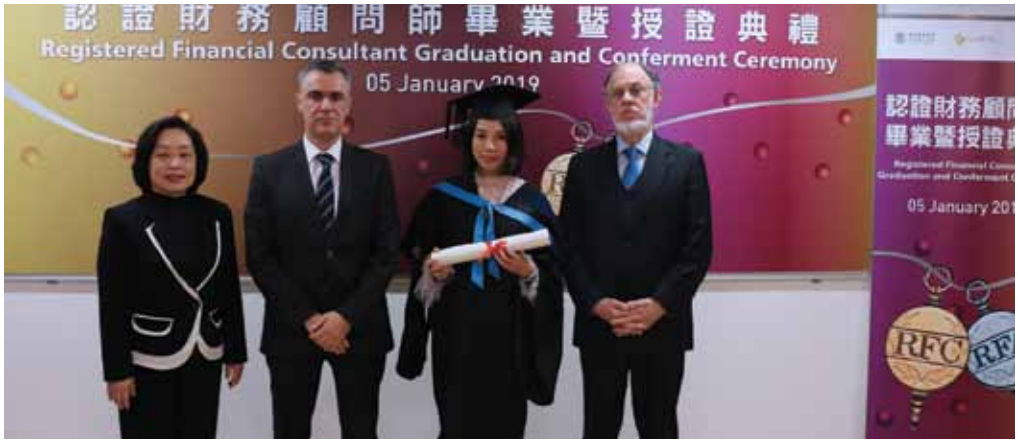
Highlights

IARFC Hong Kong, Macau

January 5, 2019
RFC® Graduation cum Conferment Ceremony

An RFC® Graduation cum Conferment Ceremony was held at City University of Macau on Saturday, 5 January 2019. Dr. Teresa So, Chairman, Hong Kong and Macau, IARFC; Mr. António José Félix Pontes, Chairman, Executive Board, Macau Institute of Financial Services and Professor José Alves, Dean, Faculty of Business, City University of Macau officiated at the ceremony. On this occasion, Mr. David Lo, the head of Training and Development of a multinational insurance group, was conferred "Honorary RFC" for his support to the development of the RFC professional designation and related education programs in Macau. Dr. Gavin Wu, Associate Professor, City University of Macau delivered his keynote speech on "CEO Financial Analysis and Strategic Decision".

IARFC Hong Kong Macau – RFC® Graduation cum Conferment Ceremony



Dr. Teresa So, IARFC Chairman, Hong Kong and Macau, Professor José Alves, Dean, Faculty of Business, City University of Macau, RFC® conferee, Mr. António José Félix Pontes, Chairman, Executive Board, Macau Institute of Financial Services

Upcoming Events

IARFC Philippines

May 20-23, 2019

RFC® Course

IARFC China

August 10-13, 2019
Worldwide China Life Congress

Toronto, Canada

March 14-18, 2020
IARFC Greater China Conference, Singapore

Dr. Teresa So presented the "Honorary RFC" certificate to Mr. David Lo

Dr. Gavin Wu, Associate Professor, City University of Macau delivered his keynote speech on "CEO Financial Analysis and Strategic Decision".

Enjoy a Stress-Free Retirement

The confidence levels of Baby Boomers at retirement are becoming increasingly polarized. Boomers are either struggling to sleep at night, uncertain about having done enough to retire, or overconfident, thinking pure wealth can overcome health concerns, taxes, and market volatility during retirement. The three biggest concerns of the first and most common type are having a reliable income stream throughout retirement, safely guarding the nest egg, and having funds remaining to transfer to future generations. For the second group, there are tremendous opportunities to protect them from themselves.

We all know the industry clichés and buzzwords. We all expect our clients to have different "buckets" of money. Our clients are typically well-versed on the risks and costs involved with growing older and declining health. Our clients know that dementia is on the rise and other things may require little blue pills to do the same. As our industry continues to evolve with the changing needs of our clients, we finally have a solid tool to handle all three of the client's primary concerns in one transaction—Asset-Based Long-Term Care.

Asset-Based Long-Term Care protection is essential to any financial plan. This should be an easy sale for clients with means and for clients in their prime income-earning years. Although we all know that we are never going to end up in needing professional assistance, (longtermcare.gov) tells us that 70% of Americans age 65 and older will need some form of LTC in their lifetimes. Sixty-five percent of these will need some type of home health care and 37% will need some form of nursing home care. Statistically, we are either going to need assistance or we are going to attempt to provide care for someone else. One of my mentors,

Wesley Sykes, RFC®, likes to ask the question, "Who are you going to depend on to change your Depends?"

Extended care is an income issue, not an asset issue. How can clients prepare for a devastating health event that may cause income needs to grow by 50% or more? Many of our clients think cash flowing an event like this is reasonable, but as consultants, we should do everything in our power to prevent this from occurring. Tremendous opportunities are available to prevent clients from spending down assets and for those unable to pay for care out of pocket, to protect against the pitfalls of Medicaid.

Asset-based LTC policies are primarily built into hybrid life insurance policies and annuities. Unlike the traditional plans of the past, it is no longer "use it or lose it." If a policy-holder is blessed to make it through life without needing to file a claim, the cash value will be passed on to beneficiaries in the form of a tax-free death benefit. If an event occurs, the cash value will be used to pay for care first and then a lifetime income rider will pay for remaining care up to the benefit limit, long after the cash value is depleted. Without preparation, this money and much more would be spent on an event or there would be longer suffering at home, causing undue stress to loved ones.

As we look for ways to help clients protect assets and save taxes, the lifetime income rider has another tremendous feature. Health Savings Accounts can be used to pay for the rider on LTC plans! As the tax laws in our country constantly change, there is not a client or prospect that will not be listening when you explain how to pay for part of the policy with pre-tax money.

How do you sell a policy to a family that knows it will never be needed? Personal stories are a tremendous sales tool to have in these situations. We all know people who have been forced to care for a spouse, a parent, a sibling, a child, or other loved ones. How did this impact lives? Were the caregivers trained? Did the primary caregiver have to change or end employment? Were tough choices made between providing care or being at home with families? Were loved ones forced to choose between providing financially for parents or for children? How did this impact the caregiver's health? How did this affect relationships with other family members who weren't contributing a fair share? Maybe these situations have hurt you and your family.

Knowing there is a protection plan available, how many of these people would have chosen to put loved ones in jeopardy? When speaking with clients, we are not selling a paid-for room in a nursing home, we are protecting loved ones from being forced to make tough choices and sacrifices. We are protecting a healthy spouse from declining rapidly while caring for the love of his/her life. We are protecting the oldest daughter from having to quit her dream job or close her business to provide care, because statistically, the oldest daughter is the most likely to step up and make sacrifices.

More than enough features have been outlined already to make a sale, but the key aspect of this solution has yet to be revealed. As it becomes necessary for a client to seek assisted care, many insurance providers are offering access to care coordination agencies with all policies to navigate the entire process and to explain the major benefits of using the complimentary service. The dedicated personal care manager assigned to each policy owner knows exactly which benefits are available in every situation.

Many people struggling to perform two or more ADLs continue to live at home with assistance from an untrained loved one. One of the early benefits of LTC allows loved ones and personal caregivers to get professional training to learn the safest and best ways to move, clothe, and bathe a loved one who is not yet ready for assisted living. The account manager can get the personal residence fitted with ramps and durable medical equipment to help claimants live at home longer and more safely. For families unable to drop everything and stop working to care for an ailing loved one, adult daycare centers are viable alternatives. For those caregivers able to sacrifice everything, respite care will pay a trained individual to stay with a loved one for up to 21 days per year and allow the caregiver time to relax and recuperate with reduced stress and less guilt.

When transitioning to an assisted living facility or nursing home becomes necessary, the account manager will provide area-specific recommendations to save families time and energy. If an assisted living center resident requires a hospital stay, the account manager will hold a bed in the same facility for up to 21 days. Without this service, there is no guarantee the preferred center will still have availability when the patient is released from the hospital. Also, the account manager handles all finances in the account up to the benefit amount, so families never have to see a bill or stress about managing the care process. These services allow family members do their one main job: love their family members well!

Individuals and married couples are not the only ones benefiting from these opportunities. Policies have been written for any two people with an insurable interest providing they are less than 25 years apart in age. This is perfect for widowed and single parents with adult children. The adult child cannot stop working to care for mom or dad and the parent is likely not healthy enough and strong enough to adequately care for a grown child. Policies are also written for siblings who would be forced to care for each other and countless other unique circumstances to mitigate costs and provide protection.

There is not another product on the market that provides an additional income stream for life in a time of crisis, protects the client's portfolio from depletion due to healthcare costs, and may produce a tax-free death benefit to the next generation. Asset-based LTC policies are the most essential tool we have to protect clients from a health-related disaster. As fiduciaries, we have an obligation to protect families by discussing this opportunity with everyone. When family members discover you recommended this policy to their loved ones, they will thank you. They will want to work with you too. They will advocate for you. Isn't this the goal?

James A. Hopper, RFC®

James A. Hopper, RFC® is an Associate with WES Financial Planning & Advisory in Indianapolis, IN and graduated from the Kelley School of Business at Indiana University in Bloomington. He was named the Crossroads Region of Money Concepts Newcomer of the Year for 2018.

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The Dirty Little Secret About IRAs

When using the term IRA, I am actually including all tax advantaged retirement plans such as Simple IRAs, 401(k)s, Keoghs, SEPS and various other plans for government and nonprofits. The common denominator to all of these plans is that they are essentially an IRA of one form or another and are almost always a Traditional IRA. Therefore, if you participate in any of these plans, you must understand the secret of them.

Before I discuss the secrets of IRAs, I first would like to discuss the value, or worth, of a Traditional IRA or T-IRA. I am of the opinion that T-IRAs are relatively poor investment vehicles and therefore should comprise only a small portion of a total portfolio. Having said that, I also believe that they have significant value in a retirement savings plan. The main reason is that the T-IRA encourages us to contribute regularly to retirement savings. This is especially true when the IRA is funded as part of an employer's 401K plan where the employer matches a portion of the employees' contribution. Individuals who do not contribute to such a plan, at least up the maximum of the employer's match, are just throwing away free money. Therefore, although I believe a T-IRA is a less than ideal investment vehicle, I do believe it is an essential part of a retirement savings plan. In recent years there has been an increase in employer sponsored retirement plans that allow the option of saving in a ROTH IRA rather than a T-IRA and for reasons discussed below it is an excellent option. Now on to the dirty little secrets.

We all know that traditional IRAs are a tax advantaged savings plan which allows your clients to invest before tax dollars and to have those dollars appreciate, without tax, in the retirement account. Compounding is accelerated because no taxes are paid as the account appreciates each year. The dirty little secret is that taxes are only deferred; they are not avoided. Furthermore, they are deferred to ordinary income at the time of redemption whereas they most likely would have been taxed as dividend income and/or capital gains if invested outside of the IRA. One might even say that for the privilege of deferring tax on the income placed in an IRA, the IRS converts low tax rate dividends and capital gains into higher tax rate ordinary income to be paid at a future date, and at the future tax rate. This guarantees that your clients pay the highest possible tax on all gains realized throughout the life of the investment. And finally, at age 70½, they must take a Minimum Required Distribution, MRD, (and pay income taxes at your highest incremental rate) for the rest of their life, even if they do not need or do not want the additional income.

They are denied the option of saving tax free income for their heirs thus complicating estate planning. So why do we do traditional IRAs? When clients are just starting out in their retirement investing, it may be a real advantage to invest before tax income dollars as that is more affordable, and as mentioned above, it is an excellent vehicle for disciplined retirement savings plans. The theory behind the tax-deferred IRA is that they will be in a lower tax bracket in retirement and thus pay fewer taxes in retirement than they would at the time of investment. There are three problems with this theory:

1. Often retirement income after deductions is not much less than their working income; at least that is the goal I set for my clients. Also, the income bracket they are in when they are in their 20s and 30s is almost always lower than the bracket they are in as they approach retirement. Therefore, when they withdraw funds, they may be in the same or higher tax bracket (most certainly at higher real tax rates) than when they invested, and have no real savings.

2. All gains achieved throughout the life of the investment will be taxed as ordinary income at the time of withdrawal.

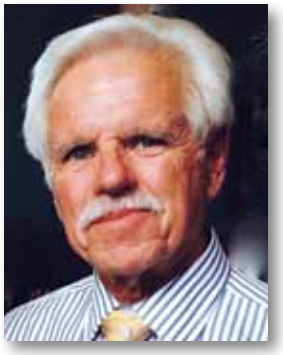
3. Taxes today are at an historic low and I am certain that taxes will be higher in the future. Therefore, they will defer taxes at a very low rate today, until retirement, when they will pay taxes at a higher rate. That is not what we intend to do. Why is this such an important topic now?

For years your clients have been allowed to convert traditional IRA to Roth IRAs but there has been a relatively low-income cap that prohibited most of us from making the conversion. In 2010, that cap was removed and everyone at any income level is permitted to make the conversion. If they are ten years or more away from planning to withdraw funds, or being forced to make an MRD, one of the most important financial moves they can make may be to convert traditional IRAs to Roth IRAs. You will need to pay income tax on the funds you convert, but they will pay them at the current rate which I am confident will be the lowest rates they will see in their lifetime. It is my opinion that they must pay those taxes from sources outside of the IRA, not by law but for maximum leverage, resulting in a new Roth IRA of the exact value of the old traditional IRA. The difference is the Roth will now be tax free forever with the following benefits:

1. Principle, interest, dividends and capital gains are tax free for them and their heirs.
2. Gains on the Roth are tax-exempt, not tax-deferred.
3. Taxes were paid at lowest rate they will ever see.
4. No MRD required ever; they can leave 100% to your heirs' tax free.
5. If needed, they can withdraw part of, or all of the contributed principal at any age

without penalty (10% penalty withdrawals from traditional IRAs under 59½).

When converting a large IRA, there are tax considerations to be made to avoid creeping into the highest tax brackets and you should discuss these strategies with your CPA or tax consultant. There are many Roth conversion calculators available on the internet; try them out. Use a calculator that allows them to input future tax rates and be realistic in assuming much higher rates in the future. I guarantee that all of them will show a major benefit if they are ten or more years from needing the funds, or being forced into an MRD, even at constant tax rates and the tax due at conversion was paid with non-IRA funds. Remember to grow and preserve wealth, we do not want to defer low taxes today to higher taxes in the future. We do not want to pay ordinary income tax rates on dividends and capital gains; we prefer tax-exempt to tax-deferred. And finally, if we are successful in creating and growing wealth, we would like the option of passing that on to our children and grandchildren without the burden of taxes. Give it some thought.



Larry Hollatz, RFC®

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Seriously Ramsey

For over two years I wrote a column called "Seriously Dave?" which highlighted the financial, investment, insurance, and tax inaccuracies promulgated by the massive Dave Ramsey marketing squad. And then, in a moment, it was abruptly done. I'm excited to be back. To be writing this piece again for you, for us. Dave Ramsey does not hold a single investment or insurance license. From what we were able to find, he hasn't had any for nearly three decades. That's a bit of a gap. He's well intentioned, maybe, but the biggest heart is not a substitute for factual ineptness.

The Good, The Bad, The Ugly

Have you ever said something, that after saying it, you realized you would've said it differently if you had been given time to reflect? Haven't we all? Therefore, maybe I should be more lenient, or less critical of Dave Ramsey's off-the-cuff advice he gives live, daily on the radio. I mean, maybe, since that is his job, and he's been doing it for decades, but fair enough, unlike Al Gore, I can concede.

Here's a question… is written advice different than live, on the spot advice? For example, when writing a weekly column, don't you have the opportunity to think through your answer? Before publishing, don't you have time to read your answer and confirm it expresses what you intended? Would a well-seasoned, professional author, with decades of experience, like Ramsey, publish a column without taking these steps? Answer honestly.

So, in concession to those who lament I'm too "nitpicky," this month I'll be nice and use Dave Ramsey's print column, "Dave Says," titled *Worried About Mom.* And I agree with one emailer, I should acknowledge the things Dave does right. Let's try Clint Eastwood's, *The Good, The Bad, and The Ugly*.

Oh, one more thing, if you found out someone doesn't follow their own advice, then would you consider questioning its validity, at least to some extent?

The Outline
An adult kid writes Dave and says, Dave "my mom is 75, and I'm the executor of her estate. She has $500,000 in retirement accounts, and the only debt she has is around $70,000 on her mortgage." Skip ahead, blah blah and blah, and we find out Mom has $20,000 in a money market, she lives "well within her means," but the adult kid is worried Mom still has a mortgage and has money in the stock market.

The Tangent
This adult kid is the executor of Mom's estate, not the executor of Mom. The estate, not the person. Mom's done just fine for herself. She didn't ASK for your advice. If she did, the question would be formatted differently. You are NOT in control now. This is NOT your money. You didn't EARN this money. Why do kids act like it's their money? Ugh. Sorry. Anyway, let's move on.

The Outline Cont.'
Dave writes, "I would recommend she go ahead [and] pay off the mortgage. If she can do that at age 75, and still have $430,000 left, that's the way to go." He goes on to say, since mom won't need the money, especially since the house is paid for, that money in the market is fine if she's in "good mutual funds and not single stocks." He finished with "I'm 58, and I'm 100 percent in stocks through mutual funds." That last statement, is big. Unintentionally big, and remember, this is written not verbal.

The Good
Ramsey warns that a "typical financial planner," will "tell you to get super conservative." Now I question, if Mom can achieve her goals while taking less risk,

then what does she truly gain by being more risky? I've been kept awake many nights by this thought regarding other clients.

Maybe Ramsey is saying this, "hey most of the industry will just automatically go less risky because of age, but Mom should have a planner that looks at her specific situation." Telling them to seek qualified, tailored planning, is good advice. Further, getting out of debt, is good advice, unless the interest savings is dwarfed by an increase in taxes.

The Bad

Dave's advice either ignores the taxable consequence of the $70,000 withdrawal, or intentionally omits it. What if this withdrawal caused Social Security benefits to be taxable? What if this withdrawal bumped her into a higher federal tax bracket? Is it okay to ignore these questions, if a similar strategy could accomplish the same goal, while avoiding the additional taxable liabilities?

Let's say Mom has a Social Security benefit of $1,500 per month. Can most people live "well within their means" on only $18,000 per year? No. In fact, the annual Medicare Part B premiums would erase one full month of benefits, not to mention, property taxes, insurance, utilities, etc… to be more accurate, we need to assume Mom has at least one additional income source. It sounds like Mom wasn't withdrawing from her investments, so let's assume it's a pension, say $1,000 per month. Fair?

Given this, currently, none of Mom's Social Security is taxable and she would have no, or very little, federal tax liability (to make it easier, we'll ignore state).

Now what happens when Mom withdraws the $70,000? Suddenly, 85% of her Social Security benefits become taxable, and her taxable income shoots to over $80,000, creating a federal tax bill in excess of $14,000.

I wonder if Mom will still be happy with adult kid after she gets her tax bill…next year. Withdrawing funds to pay for last year's tax, will again cause Social Security benefits to be taxable, and will tack on another 2-3k in federal taxes.

Oops, I guess that wasn't important enough to discuss.

One More Good

Mom will pay about $16,000-$17,000 in additional federal taxes which will help minimize the current federal deficit. Every little bit helps!

The Ugly

1. How long would the interest on mom's mortgage take to equal the $14,000 tax liability?

2. What if mom accelerated the payment of the loan and paid it off over several years, rather than at once?

Number one, I'm assuming there's 10 years remaining at 5% interest. It takes about 4 years for the mortgage interest paid to equal the additional taxes from Dave's plan (almost 6 if you include the additional taxes from paying the taxes). But is that a fair, thorough comparison? Nope.

$70,000 deposited into a CD earning a bottom dwelling 2%, would earn, before tax, about $5,700 over the same 4 year time frame…oh wait…due to her income level, this interest wouldn't cause her social security benefits to be taxable. She would have less than $1,000 of taxable income, or in-other-words, at most, a $100 annual federal tax liability. Fair is fair, let's reduce the interest earned to $5,300. Therefore, the taxation, adjusted for lost interest (utilizing a guaranteed rate of return), would be greater than the mortgage interest paid.

In fact, fast forward 10 years, the total mortgage interest would be a shade over $19,000, while the tax liability created would be around $16,000–$17,000 (not including state) and the lost interest would be nearly $14,000. Do the math, and paying off the mortgage, Dave's way, cost Mom about $11,000.

Is the peace of mind from having the house paid off worth $11,000? Maybe, but if this was your client, would you disclose these costs upfront, or would you let them find out a year later at tax time? As the person giving the advice, is it your money, is it your choice? Did Ramsey disclose this? No, he said Mom would have $430,000, which completely omits taxes. Right?

Number two, what if Mom paid the loan off over several years, to avoid going from the 0% bracket to the 22% bracket. Mom can have taxable income of nearly $40,000 before hitting the 22% bracket. Thus, she could've split the withdrawal over 2 years, saved over $9,000 in taxes, paid around $3,000 in interest, and netted about $6,000. If I factor interest earned on the second year's lump sum mortgage payment, then Mom would need to earn about 4.5%, risk free, on her $70,000 to match the $6,000 savings.

One last thing. Remember when Ramsey said he's 58 and owns 100% stock through mutual funds? Ramsey's investment philosophy, which he says he follows, states the portfolio should have 1/4th in growth and income funds. Are growth and income funds 100% stock? Doesn't the "income" typically mean bonds? Since this is a written statement, can we assume, it was accurate and intentional? If so, then doesn't this mean Ramsey doesn't follow his own advice? Would you accept this contradiction if it were life insurance?

Over the years, I've gotten many complaints. I'm told I overlook all the good Dave does and only focus on the few things he gets wrong. Today I didn't. I gave you both. But frankly, isn't that the nature of our business? No one cares about the one thousand times you acted with integrity, they care about the one time you didn't. Clients don't care about the hundred times you gave them sound advice, they care about the one time you didn't. Your family doesn't care about the three billion times your heart takes a beat, they care about the one time it doesn't.

Michael Jay Markey, Jr., MRFC

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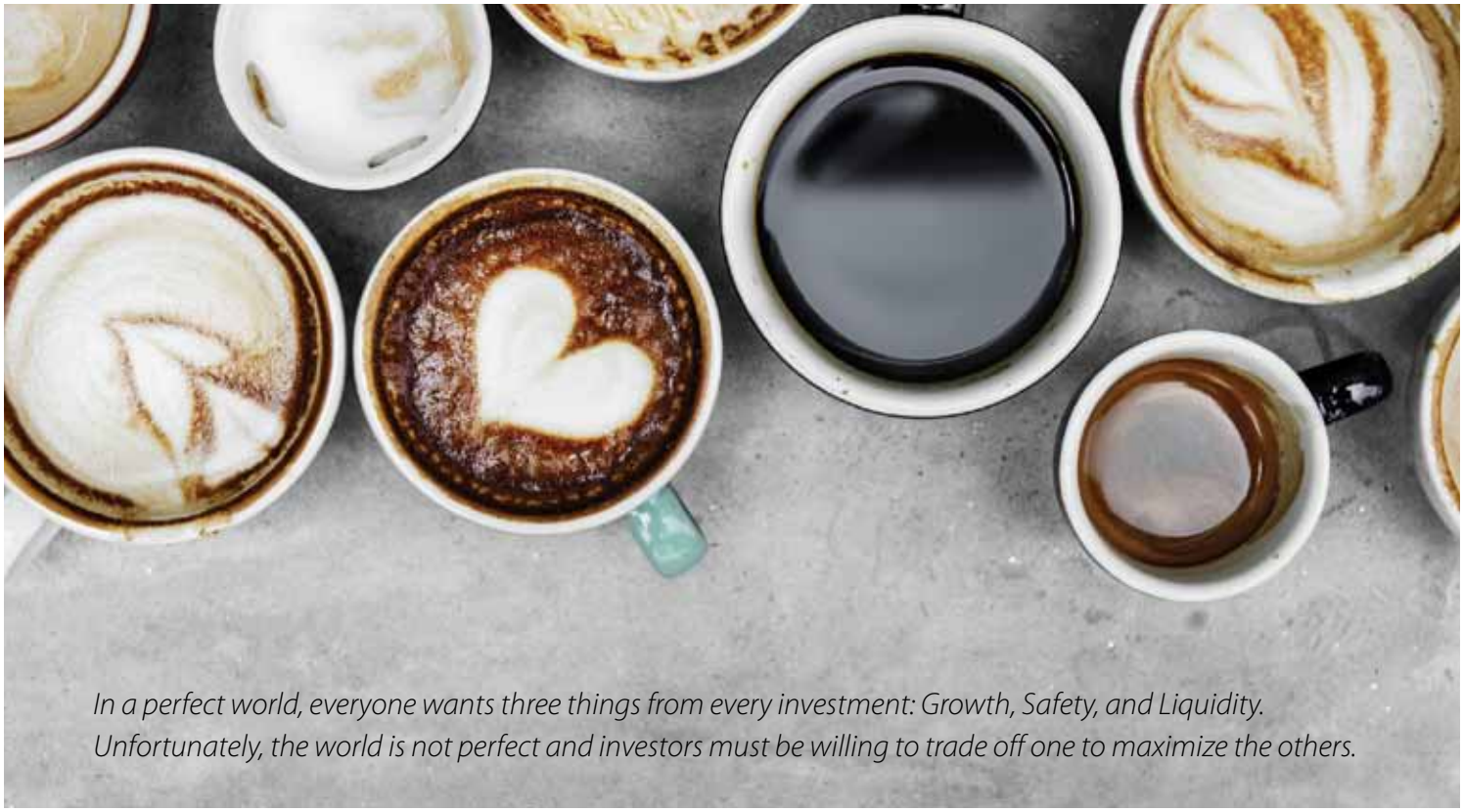
A Different View of Diversification



In a perfect world, everyone wants three things from every investment: Growth, Safety, and Liquidity. Unfortunately, the world is not perfect and investors must be willing to trade off one to maximize the others.

Consultants commonly employ computer-generated diversification models to reduce portfolio risk. Classically, this involves pairing different investments that have low correlation; in other words, when one is falling, another is rising. The result is to reduce the aggregate portfolio volatility. Unfortunately, this is a lot more easily said than done. Over the past half-century, economists have devised mathematical models designed to calculate correlation and risk. In theory, their purpose is to benefit investors by projecting better results than a single investment or grouping of similar investments can provide. However, these models all suffer from a common liability: they're based on past performance (which cannot future results).

There are multiple competing hypotheses about how markets behave. One, the Efficient-Markets Hypothesis (Fama 1970) holds that markets respond to real world conditions rapidly and efficiently, making it impossible for investors to out-perform the markets by seeking under-valued stocks. In other words, markets "know everything" so an investor can't "beat them." By implication, the only way to increase return is increase risk. Unfortunately, there is little actual direct correlation between risk and return.

A second hypothesis proposed by Shiller (1992), assumes markets are not efficient responding to random future events. Because markets do not "know everything," there is opportunity — at least long-term — to best markets by value investing. Campbell and Shiller (1988) proposed that 10-year earnings data offered a more reliable means of judging equity valuation. The function of a CAPE (Cyclically-Adjusted Price to Earnings) Index is to measure not market price but value, and seeking under-valued investments offers a means to improve investment results (see also Shiller 2000). Efficient-Markets Hypothesis rejects this idea. Ironically, in 2013, both Shiller and Fama (and Hansen, Fama's colleague), shared the Nobel Prize in Economic Science for providing insight into ways investment markets operate.

More recently, many traditional assumptions about how markets behave have been disrupted. Following the Dot-Com bubble explosion (2000-2002) and then Mortgage Security Crisis (2007-2009), market volatility has exploded, creating market bubbles (Shiller 2000) which make predictability far more difficult than previously. Benson and King (2015) observed that global and US market movements were more closely correlated (doing the same thing at the same time) when they declined rather than rose. This observation of systematic asymmetry means that the value of diversification across different broad markets as a strategy to de-risk a portfolio is skewed in the negative. In other words, when markets fall, everything falls and there is no good safe harbor but when markets rise, picking is a crap shoot. One conclusion is that classical portfolio diversification by asset class may no longer offer the level of risk reduction it did previously.

Portfolios are also de-risked by pairing equities with bonds. In theory, bonds move in opposition to equities and while bonds have lower returns, that trade-off is justified by the reduced risk. This concept comes from the Efficient Frontier Model

(Markowitz, 1952) which sought to describe how the risk and return ratios of different portfolios shifted based on different equity to bond mixes. The idea is that bonds, with less volatility, stabilize the total portfolio as well as providing an inverse correlation. This strategy is common advice for older investors who have lower risk tolerance than younger people. However, it ignores the notion that reducing return to achieve reduced risk may provide no net improvement, particularly when inflation is factored.

Sharpe (1966) proposed a way to calculate the relationship between risk and return: the Risk-adjusted Return (Sharpe Ratio). Subsequently, numerous variations have been derived. The concept is that investors need to consider expected return in conjunction with anticipated risk. In other words, the expected result (return) and probability of achieving it (risk) produces a Risk-adjusted Return which factors both without presuming a linear correlation between the two. The lesson is that when low return and low risk investments, such as bonds, are selected, there may be no net realized benefit (Risk-adjusted Return). The financial crisis of 2008 diminished the success of this classic approach because unlike previously, during the Great Recession, both equity and bond prices fell. Traditionally they move in opposition.

Another casualty of the 21st Century's extreme volatility is an income strategy known as the 4% Rule (Bengen, 1994). This rule proposes that a portfolio composed of a 50/50 mix of equities and bonds can sustain a permanent lifetime income by withdrawing 4% of the portfolio value annually, increasing 3% per year for inflation. Subsequently, the validity of this proposal has been questioned (Scott et al., 2008; Voegtlin and Pfau, 2014). Bengen's data analysis in the early 1990's neither foresaw the extreme market volatility of the 21st Century nor the loss of diversifying movement of bonds relative to equities. There are many theories that seek to explain this disconnect, but a simple one is that times changed. Prior to the mid-1990s, the broad stock markets were relatively steady and predictable but beginning around 1995, an unprecedented degree of volatility arrived and appears to be here for the foreseeable future. In part, this may simply be due to the digital age, where increasingly, investors rely on instant information to make investment choices, causing the world to "shrink." Far more now than in Bengen's day, an economic event in one part of the world can convey an instantaneous impact on US markets. The consequence is that more than ever before, global markets move in unison, if not lock-step with each other and the opportunity to diversify by traditional methods is diminished

DALBAR, an independent financial research firm that has analyzed investor returns since 1994, recently reported that during 2018, the average investor earned much less than benchmark market indices (see Longo 2019). Similarly, Morningstar (Kinnel 2014) reported that from 2003-2013, where the average Mutual Fund returned 7.3%, the average Mutual Fund investor gained just 4.8%, fully 2.5% less than expected. These failures are broadly attributed to imperfect timing by investors who sought to "beat" the market.

However, all these theories of portfolio de-risking may well be a case of missing the forest for the trees. Returning to the fundamental assumption that investors all want Growth, Safety and Liquidity, it's instructive to think in terms of diversifying by pairings of those variables rather than different financial products. Recognizing that to maximize two variables, a third must be traded off provides three pairings:

- Growth plus Liquidity
- Safety plus Growth
- Liquidity plus Safety

When portfolios are diversified by these three pairings, the results can be better and more predictable because collectively, all three components are more fully represented without relying on past performance to forecast future results. Fundamentally, the financial services world consists of three industries: Securities, Insurance, and Banking. Each broadly represents one pairing so diversification by pairings also infers diversification by industries.

Pairing 1: Growth plus Liquidity describes the **Securities Industry**. Market investments offer upside potential and, in most cases, short-term access to funds but without guarantees of principal protection: Growth plus Liquidity, less Safety. Thus, one can infer, for example, that a portfolio of different stocks and mutual funds, regardless of how "diverse," falls entirely within the Growth and Liquidity basket and is therefore not truly diversified. But this concept is not new. Standard portfolio theory recognizes two categories of market risk: systematic and unsystematic. Unsystematic Risk is that associated with individual investment risk; what portfolio diversification is intended to mitigate. Systematic Risk is the risk associated with the markets themselves and cannot be reduced by equity portfolio diversification. In other words, diversification within securities can only reduce unsystematic risk. Given the 21st Century's heightened volatility and disproportionally higher correlation with falling markets, systematic risk has increased disproportionally to unsystematic.

Pairing 2: Growth plus Safety is from the Insurance Industry (Fixed Index Annuities, Cash Value Life Insurance, etc.). These products offer the potential of Growth with complete down-side Safety but at the expense of short-term unrestricted Liquidity. An argument for bonds in this pairing category might be made although increasingly less so. To this point, Ibbotson (2018) endorsed the concept that Fixed Indexed Annuities, specifically those without caps, do a better job of de-risking a portfolio than bonds. Not only do they provide complete down-market protection but also can offer, on average, greater return (see also DeMasters 2018). However, in recognition of limits on unrestricted Liquidity, one does not use these products to achieve short-term financial goals. And, of course, having a portfolio entirely composed of annuities would not be well diversified.

Pairing 3: Safety plus Liquidity predominantly comes from the **Banking Industry** (banks and credit unions). Un-timed deposits (money market, share or passbook savings accounts) in these institutions are fully insured (to stated limits) and offer unrestricted access but at the expense of high Growth. However, time deposits (CDs), especially those with longer maturities, may not fit this pairing because they impose strict limits on Liquidity in exchange for relatively minor increases in return.

Ultimately, these Growth, Safety, Liquidity associations are broad generalizations, and within each industry there is a wide array of choices that tend to blur the lines of distinction. Yet, the concept of diversification by objective pairing across multiple industries rather than seeking to diversify entirely within one industry may offer a more objective way to diversify without having to rely on past performance to attempt to predict the future. Therefore, rather than seeking to construct an entire portfolio within, for example, securities (a single pairing), a truly independent advisor would identify different pairings for different objectives then "shop" within each pairing industry for a product that best conforms to that specific planning objective. This, of course, requires a thorough needs analysis before offering any recommendation about industry, company or product.

Some relevant variables might include:

- Short-term access: When and how much Liquidity a client may need.
- Income: How much and when; in conjunction with other sources (pensions, Social Security, etc.).
- Tax implications.
- Inheritance desires.

After these variables (and more) are determined and compared with available assets, then a Growth, Safety, Liquidity pairing is assigned which highlights one of the three industries. At that point, company and product recommendations can be made. By starting with the premise that the pairing identifies the industry and products are selected from there, a broader diversification can be made, thereby increasing the probability of total portfolio success. It's what a true fiduciary advisor looks like. Conversely, whenever a product is recommended in advance of a broad objective analysis, the result becomes little more than product-peddling. Finally, lest anyone gets the wrong impression, there is no such thing as one industry that is all good or all bad. No one financial industry is universally right for everyone and no one industry is right for anyone's every dollar.

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OMG — Did this just happen to ME???

We have all heard stories on the news about the terrible, but yet quiet, crime of **Identity Theft.** These blameless individuals are describing to TV reporters all the problems that have been caused because someone has used their name and information for fraudulent purposes. This personally violating crime has triggered incredibly massive and invasive inconveniences to their credit scores, caused major financial loss and produced hardships and personal struggles. I, like others, listened to these news reports and pitied the poor, innocent person crying to these reporters. Well **OMG—Did this just happen to ME??**

I arrived home from work one evening and casually looked at the mail. I sorted out the junk and then put the rest into a pile that I would open later. One letter looked like it might possibly go into the junk mail pile, but then again maybe not. Something told me to open it at that moment. What I saw was a letter from a **very** large national chain store. As I read through it, I began to realize this piece of mail could go either way — junk mail or not. It went on to say that I should call a certain number, as they were unable to continue with my credit card application, since it required further information. **An application that I never submitted!!** My husband and I both said —"don't call that number, it could be a scam — call the store headquarters, directly, and ask them". I immediately called the chain store, explained that I received this letter and was transferred to their Fraud Division. This was the bank that backs their card and it **WAS** the one on the letter. That made us even more concerned. After I explained the contents of the letter, I was told that someone had applied for a store credit card with my information and that the letter was real and a fraud attempt had been made. I asked a million questions concerning what the impersonator possibly knew about me. While the bank could not tell me what was on the application, t**hey could confirm what I told them**. I asked if this person had my name, address, last 4 of my social security number or my birthday. **They DID!!! HOW??** I do not, and never have had, a Facebook account. I am on LinkedIn, but do not list my birthday or home address. How did someone put it all together?? I decided to handle the immediate situation and then afterwards delve deeper into HOW it happened.

I was told by the store's bank that they would decline the application based on fraud and was given a file number. They explained that the application request caused them to pull a credit report from one of the 3 bureaus and told me to contact that bureau (they told me which of the 3 they used) with the situation and see

about getting the "hard inquiry" removed. Each hard inquiry results in lowering your credit score and stays on there for 2 years. The bank also told me that they would send me a letter explaining why the application was denied and that I should forward it to the credit bureau. This would prove that it was a fraudulent inquiry and start the process of removing it. I was writing with one hand and holding the phone with the other but in absolute disbelief that this happened to me. I then proceeded to contact all 3 of the credit bureaus and put a freeze on my credit. I was given either a pin number and/or a password to unfreeze it when needed, should I want to apply for credit. Each of the bureaus did it a little differently, but the end result is the same. If I want to buy a car, for example, I can unfreeze it for either a particular company's inquiry or for a certain about of time, like 24 hours etc.

It was suggested to me that I contact the local police department and file a report of attempted fraud/identity theft. After I finished with the store's bank, the 3 credit bureaus and then typing up the notes of who to send letters to, what is my pin/ password to each bureau and all the other facts while they were fresh in my mind, I then called the non-emergency police number. I was told that they would send a car over. Can you imagine this was something that required the police to come to my home? As it happened, it was a very busy night for the patrol cars and we had to cancel the call. I thought it was best, timewise, not to wait for a car and just go to the precinct the following day. After work, I went directly there. While the desk person wasn't really very helpful, I did get a case number and filed the report. The policeman told me that unless the card was approved and the person had something with my identity, then it was just an **Attempt** and not a completely **Stolen Identity**. Truthfully, I really didn't care what it was called, but it happened to **ME** and I didn't like it one bit. The next day I decided to go deeper in to HOW this happened to me. While I still maintain my insurance license, I handle administration and operations, so I do not need to promote myself on a social media platform. Truthfully, the social media thing scares me, so I shy away from it, when possible. I have a very small social media presence, no Twitter, no Instagram, no Facebook, no Snapchat….Then how?? We have all heard how scary it is to put your own name in one of the "major search engines". What comes up is mind boggling. It seems like every day I receive notices via email to say "Happy Birthday" to one of the 500+ people that I am connected to on a "business professional" website. I don't have my birthday listed, but if someone did, then boom — a stalker knows their date of birth and begins to assemble a pile to coordinate an identity theft. Now go to a "free people search engine" — there are several — and put in your name — boom more information for the pile. I have innocently used a certain site for years, without realizing how intrusive it really is. An example would be, if you want to send a business associate a get well gift and don't know their home address, you go to the popular "people search engine" and there it is. All you do is type in a name and a state and everything pops up — including their age, address, their phone number, many of the companies they worked for, the people that they are related to and more information than you could imagine. Some of it is right and some of it is wrong, but enough is there to continue putting it on the pile to work towards that stolen identity. Now add up all you have gathered from all the searches and you almost have a complete profile. If someone does a people search and sees that a person is, for example, 45 years old and then also from a personal/professional site search sees that their birthday is June 1st, well now they can put together a date and year for their identity theft pile. This is why I received the letter from the store. Some of my information on these sites is right and lots is wrong, but there was enough information so that this fraudulent identity pursuer was able to begin a credit application in my name. Each of the bureaus confirmed to me that there were no other inquiries made under my name. I also called my bank, my financial consultant, several of my major credit cards and more places than I can remember. I changed passwords, log in IDs, got relationship pins in case I need to speak to a bank person via phone, and did many more updates. This was time that I didn't need to spend, since no other inquiries were made, but I felt better knowing that I did it.

We all want to promote ourselves for professional reasons, but there is a fine line between marketing your services and having your information stolen by identity thieves. As I said in the beginning, being victimized by fraud seekers is an extremely quiet and personally invasive crime.

Information flowing to the Internet from all the sites, can be used for good and for bad. Everyone should recommend that their clients think about putting a freeze on their credit bureau accounts. It is free and a major emotional relief. If this could happen to me, it could happen to any one of you or your clients.

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Retirement Comes Faster than Expected

Retirement comes faster than expected by most. But what is retirement in actuality? To me, how you retire is a lot more important than when you retire. While everyone is different, understanding common themes before retiring could help take the worry out of living in retirement. A successful retirement is one in which one is able to maintain their current lifestyle all the way through without the worry of running out of money. There are methods and strategies available to enhance the probability of a successful retirement for the day when one decides to pop the retirement cork. Let's examine a few important ones.

Maintaining Your Lifestyle
In order to properly construct a retirement plan that has great probability of success in the future, one of the most important and often overlooked strategies is to understand fully what it costs to fully fund your lifestyle today. Once this is accomplished, it is much easier to design a future plan to insure that goals and dreams today can be realities in the future. The plan must account for future taxation, market fluctuations, healthcare needs, and inflation. Income must be consistent, persistent, and reliable throughout ones retirement. Many have found the best way to protect their lifestyle needs all the way through retirement is by carving off a percentage of assets currently tied to the market and instead using some of the market-based assets to purchase a future income annuity.

Many of the fixed indexed annuities these days have income options as options. Some promise to grow your money by a certain percentage each year while at the same time keeping your money safe from market fluctuations. Then, in the future when income is needed, these annuities can give you a lifetime income stream that you and, if set up properly, your spouse can never outlive. I call this strategy a financial fill-up because each year you get a check equal to the year before.

To maintain inflation protection, it is always optimal to fund two to three of these annuities in what is called a "bucketing strategy". This will enable money in the annuities that haven't been "activated" to continue to grow until needed. This way, there is a potential to add additional streams of income in the future, in effect, stacking income streams on top of each other which will maximize buying power and combat inflationary hurdles as well. By having an income plan that allows for increasing income during retirement, one can be confident about their ability to maintain their current lifestyle all the way through retirement.

ROTH IRA
The truth about retirement and retirement planning is if you are saving for it, you

probably realize that you've got more than one option for investing. If you are investing with minimal or no taxes in mind for the future, than there really is no better place that the ROTH IRA.

It is still amazing to me just how underutilized the ROTH IRA is versus traditional IRAs. The beauty of the ROTH is that as long as one follows some very simple rules put forth by the government, the monies in the ROTH will be distributed tax-free during retirement. Having a tax-free income in retirement definitely takes some of the worry out of living in retirement. Only about 35% of all Americans have taken advantage of the ROTH. The main reason given for not contributing is the lack of a tax write-off. This is an alarmingly stubborn and short-term vision by those who don't take advantage of the ROTH.

Consider that the beauty of the ROTH is that you pay the taxes on the contribution on the way in. You know exactly what today's tax rates are and what it costs in taxes to put this money aside. You also know with certainty that you'll be able to take this money out tax-free in retirement. It sure makes it easy to plan for and execute a worry-free retirement when we know the growth and original deposit will all be available tax-free at a later date.

Traditional IRA

On the opposite side, the traditional (regular) IRA gives folks an immediate tax write-off for the tax year in which when the money is put away. This gives one an immediate feeling of satisfaction and lowers their tax bill for that year. The problem here is every penny deposited and all the growth on this money will be 100% taxable in the future. The trade-off for a small write-off today is a huge tax bill all the way through retirement.

Before ever putting money into a traditional IRA when the main reason is "to save on taxes", make sure to examine what saving taxes on dimes today could mean to your dollars tomorrow. Remember however, it is better to save somewhere than not at all.

Life Insurance

Special news bulletin… We all are going to die. But are we going to leave our family in a better place or at least leave them with the ability to maintain? Life Insurance can do this. Having a properly designed Life Insurance strategy is the key. Many overlook Life Insurance but the way that some of the policies are designed today encourages a second look. A properly designed Life Insurance strategy can solve three riddles at once.

Of course, the main reason to get a Life Insurance policy is to leave your family in a situation where they don't see their standard of living decrease upon death, but many overlook the fact that newer life policies enable the owner of the policy to take some of the death benefit out tax-free and use to pay long-term care expenses. Finally, many have found a benefit in building up a life policies cash value and then borrowing these funds out during retirement tax-free. It is very important to deal with a competent consultant before ever enacting this strategy as there are many potential tax potholes if not enacted the correct way. There is no greater equity than your health. Delaying a search for the proper policy that makes sense could put into serious jeopardy if your health situation charges. Don't delay.

Planning for the future is not something that should be taken lightly. Having a proper strategy that enables consistent, persistent, and reliable income is the key. Making sure you are on the right path is the most important part. After all, retirement planning is all about looking at the planning route you are currently on and making sure that the path you are on now will get you to the destination you intend.

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

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

We are covering our IARFC and MRFC Board Member's philosophy of change, historically meaningful personal changes and current changes trending in today's economy as it relates to the client and to you as a consultant.

Preparing for Change

I've had many clients and prospective clients who've expressed concern about retirement. They express their concerns with comments like "We've been saving, but now that it's getting close, we're not sure what to do", or "We don't know if we have enough", or "What happens if the market drops". These and many others are examples of how change in one's life can be daunting. As our client's reach a moment of change, we need to be prepared to give them the guidance, assurance, help, direction, and support they need.

About the only thing constant in this world is change. We grow older. We change homes, jobs, and schools. Sometimes we marry, have children, separate, divorce, lose a job, or loved ones. Some changes are planned. Others are not. Whether it's sharing the joy and anticipation of a welcome and anticipated change, or consoling, counseling, and helping clients who are undergoing change that is difficult or painful, we can be of great value and aide. We need to be the financial consultants who lift up the aspirations and attitudes of our charges.

Some change is planned and some changes are thrust upon us. Some change is gradual and some is abrupt. Most of the time aging is a gradual process with intermittent periods of more drastic change. The loss of a job, change in familial bonds and other occurrences are a more radical change often accompanied by concern, worry, and apprehension. Our tastes and goals vary to some degree or another over time. As our clients approach retirement, it takes on a much greater priority in their lives, as it well should.

Knowing what we know about the financial planning process and the amount of time and effort that it takes, we need to prepare and lead our clients to make the decisions that will help with the changes that we know are coming. We do this by listening, asking the right questions and doing what we have been trained to do. Keeping up on technology, laws, products, and other best practices will allow us to be the support and strength that our clients need. We know that what we do is of great value to our clients and should not be reticent about sharing what we do. Failing to plan is just planning to fail. Our clients need to help us create a plan for them and then implement and follow the plan. Wayne Gretzky said "You miss 100% of the shots you never take".

Being the catalyst for proper change is very important to us as financial consultants, advisors and planners. Tony Robbins opined "By changing nothing, nothing changes". Being the go to person when unexpected change happens is equally as important because with all of our best efforts, we can't anticipate the timing or magnitude of the changes that will occur in our client's life. Some we can. Some we can't.

I remember working with my father on his financial plan in the early nineties and he all but wanted to put his assets in a mattress. I spent a large amount of time discussing different strategies and plans. He was afraid of stocks because of past experience. He had unintentionally embraced the buy high and sell low strategy. When stocks were performing well, he would eventually invest. Then, when they would go down, he would eventually sell. By working on a buy and hold strategy, and getting him to not believe everything he heard on MSNBC, he did well for the rest of his life. When the market was performing poorly, I would get a call, asking if we should sell. I told him unless he needed the money he should hold tight. After a few ups and downs in the market, he instead would say "the market dropped, but we're just staying firm, right?" That's when I knew that he finally understood.

By doing our best and being the caring fiduciaries that we should be, we can enhance the good, soften the bad and provide comfort and peace of mind in a world that is always changing, whether we want it to or not. Be the change that clients need and want. Be the best you.

Bradley K. Maples, Sr., MRFC

Bradley K. Maples, Sr., is IARFC Board Member. Brad is an Investment Adviser Representative®, and holds the FINRA series 7, 63, and 65 licenses as well as insurance licenses for Life, Property and Casualty, Life Consultant and Variable. He has earned the MRFC, RICP®, and CFP® designations. Brad graduated from Brigham Young University and lives in Weber County with his wife Maureen. They have 12 children and currently 13 grandchildren.

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Impact Your Image

IARFC Partner Programs

Partnering with others strengthens the IARFC community of consultants. The Association continually seeks and forms alliances with other organizations and businesses to provide members with discounts for services and products necessary to their practice. For a complete list and details visit: www.iarfc.org/members/general/member-benefits

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