.....15 Years and still rolling.....

Open MIC is open for anyone.

9:00: AM Pacific Thursday 800 504-8071 Code is 5556463

IF YOU WOULD LIKE TO FIND OUT MORE ABOUT US

CALL OR EMAIL

ANTHONY OWEN

888-74AGENT (24368)

tony@annuityagentsalliance.com

OR VISIT OUR WEBSITE

Annuity | Agent's Alliance
Real Help From Real Agents.

"Our brand can be your brand"

Think Community was our theme for 2014, this year it is **ABM** (Always Be Marketing)

The 3 are Robbie Crabb, Annie Broich and Reid Murphy, taken 7 years ago (top) when they were in high school. This Christmas they reunited for the same photo. All have gradulated from college, Robbis is a winemaker in Napa Valley, Annie on her way to Ecuador to teach English and Reid is in the movie business in Hollywood. What a success story.

Welcome to Open MIC!

Welcome to our Community!

Thank you for joining us on Open MIC

9:00: AM Pacific Thursday 800 504-8071 Code is 2554567#.

A retired insurance agent, now in his mid-70's and about to receive anesthesia, is on the operating table awaiting surgery. He insisted that his son, a renowned surgeon, should perform the operation.

The old man signaled to speak to his son.

"Yes, Dad, what is it?" asked the son. "Don't be jittery son, perform your best, and never forget that if it fails, if something should happen to me, your mother will live with you and your wife the rest of her days."

Editorial: 2015, Can You Dig It?

First of all thank you very much for the wonderful year, not only in paid annuity business but especially in the "sharing."

2014 was a year of sharing, sharing ideas, sharing sales tips and most important sharing our agent lives. If you were listening to **Open MIC** in 2014 you will know how many wonderful friends shared their experiences, their successes and their failures with us. For that we are all grateful and much obliged.

When it comes to **marketing**, decisions should be based on your goals, your target market and your available budget.

Last year in October a good friend of mine informed me she was leaving the business, not because she didn't love it but because her sales were down and she was low on marketing funds. Her ROI was nearly 50% and she was afraid of running out of money. She was going to get a job.

I shared with her a story that I have based my concept of marketing. A story based on an old Chinese story of wisdom. Years ago I was told this story and once when my funds for marketing ran short, I remembered it and as I pondered the story, I was inspired to keep trying and to forge on. That story helped birth our famous marketing system, **"Survival in the 21st Century"** which is the basis of our marketing.

It seems a man was very deep in a hole and even though he tried climbing out he failed. The more he tried the more he fell back in the hole, he tried digging sideways but alas there was no escape. He called up to his friend and asked. What should he do?

His friend was very wise and looked at the world from a broad point of view. The friend pondered and finally leaned over the hole and said:

"Sometimes when you are in a hole and you cannot climb up nor can you dig sideways to escape, you must go deeper"

I am not sure who was the original author of that quote but it has been on my bathroom mirror for over 20 years. Sometimes you have to go deeper….

I am not suggesting that you foolishly spend your marketing dollars and short yourself family expenses, I am suggesting you do this:

Be committed.

The moral of the Chinese story is not about budgets and spending but about commitment, commitment of belief in yourself, commitment towards your belief in our industry, commitment to the ideals of your life and commitment to your clients.

The truth is this, our business isn't for everyone, and that does not mean failure, it means just what it says, there are lots of ways to make a living in this world and selling annuities may not be your cup of tea, and that is perfectly ok.

But, if you go through life without being committed to something, someone, some ideal, you are merely background music.

The oddest thing happened, yesterday my old friend called to say she was staying in the business and planned on reinvigorating her marketing with a new and focused marketing effort.

I wish her luck and I wish you luck.

So to "kick-off" 2015, our motto this year is **ABM**.

Always be marketing, that is the key to success.

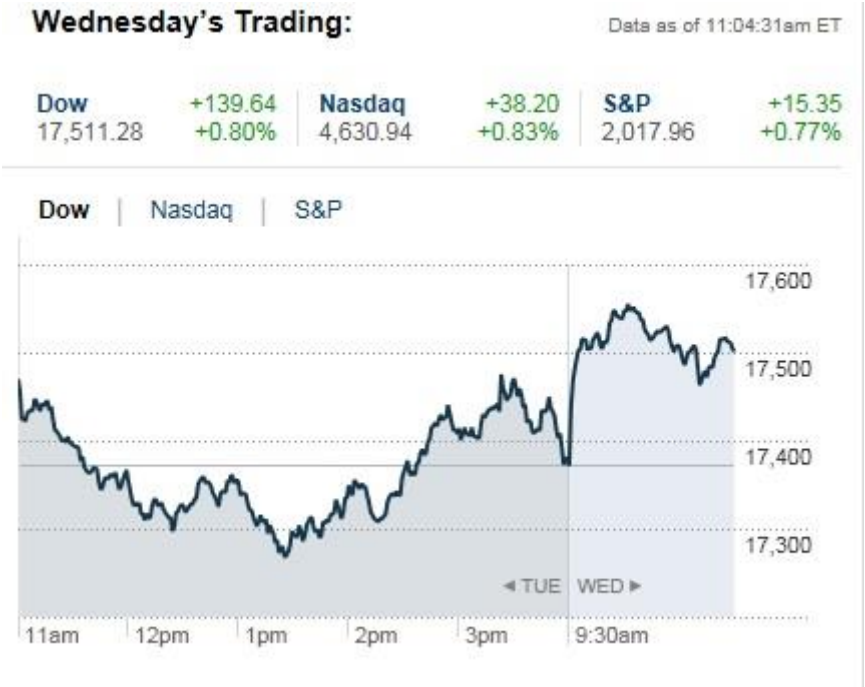
Bill

I can help:

Need help on case prep? Have questions about mutual funds, stocks, bonds? Need help fact finding? I can help you put you case together.

Call or email me. 360 701-6209.....bbroich@msn.com

As many of you know, the stock market has been volatile this past couple days, look at the volatility of the Dow Jones Tuesday:



A very good friend of mine and I were seated together at a dinner party over Christmas. He asked me how in the heck I could sell a product like annuities when the stock market was raging so much.

Why would anyone buy an annuity?

I asked him what was his basis for determining the upside of the stock market and of course it was the *Nightly News on NBC* and the tracking of the Dow Jones. He was unaware that the Dow only contained 30 large stocks, but he was aware the S&P 500 was a broader index.

I defended us by saying what if……

Here is research on the S&P 500 you might not have known, information you can use to help explain the power of our products and their **LACK** of downside.

The nightly news shows us every night about how the market was doing, but in reality the S&P 500 only made significant gains in the last couple of months of 2014. Look at the comparison and see what the yields might have been should the funds have been needed. The chart below (and link) allow you to go to any date this past year and see what the value would have been.

The S&P 500, Growth and Volatility.

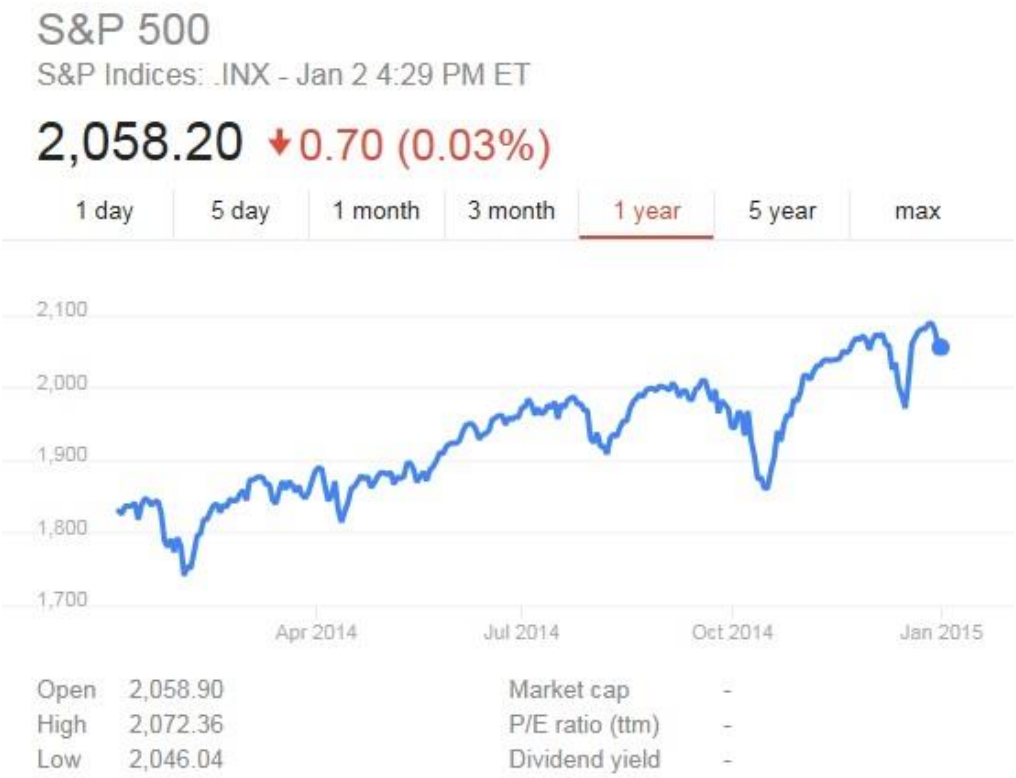
January 3rd, 2014 the S&P 500 Stock Index was 1831; January 2, 2015 the value was 2058.

A one year change of 12.35%.

But, look at down turns such as February 3 (1,741), or April 11 (1,815…a YTD loss), or August 7 (1,909, or October 15 (1,862)….By then the yield YTD would have only been **1.5%**.

Ever wonder how the S&P really works, how does it reflect the American Economy? I

The graph below is meant just as illustration showing 2014. You can select any possible time period and show a completely different yield.



https://www.google.com/?gws_rd=ssl#q=s%26p+500

Business Insider recently published an article headlined "Since 1980, The S&P 500 Has Dumped 320 Stocks Because They Stunk." It noted that since 1980, according to a JP Morgan Asset Management study:

> 320 companies were deleted from the S&P 500…[as] a consequence of stocks that failed outright, were removed due to substantial declines in their market value, or were acquired after suffering such a decline.

There were **782 additions and 769 deletions** to the S&P 500 between January 1973 and December 2006. This means that the turnover rate over the 33 years was 155%, or 4.7%/year.

- From 1962 to 2003, on average, 22 stocks were added to the index and 22 deleted each year(2). This created a turnover rate of 180%, or **4.4%/**year, for those 41 years.
- There is a *lot* of turnover in the S&P 500 index.

- The additions and deletions to the index generated a **significant increase** in the index's—and, by extension, "the market's"—performance.

  Throw out the losers and add the winners

  Did you know the S&P 500 is one of 1,200 indices worldwide?

- The nine people who compose the S&P 500's Index Committee wield astonishing power on Wall Street.

  If you are indexing to the S&P 500, then, you are not indexing to **a passive portfolio** but to a surprisingly **actively managed** one

  Like all things.....the S&P 500 is manipulated, but it is what we have and it is very visible to our clients.

Every night on *NBC Nightly News*.

Of Interest:

Income Quest

http://www.fa-mag.com/news/income-quest-20264.html

"Annuities are designed as two-stage investments. Accumulation is stage one; distribution is stage two," says John Graves, a chartered financial consultant in Ventura, Calif., and author of The 7% Solution: You CAN Afford a Comfortable Retirement.

Our future in now

http://www.investmentnews.com/article/20141229/FREE/141229948/longevity-in-annuities-could-be-the-big-2015-focus

2014 appears to be the year of the indexed annuity, a fixed income product that credits a minimum guaranteed interest rate and a rate that is tied to the performance of an index. Indeed, product gatekeepers at Stifel Nicolaus & Co. and Raymond James Financial Inc. suspect that **indexed annuity sales are eating into sales of variable annuities**.

BTW, have you been wondering why Ken Fisher Hates Annuities? It is simple marketing, with so many people buying an loving annuities, opposite marketing means a large target, It is all about him grapping attention and obtaining leads....BB

Why Ken Fisher Loves to Hate Annuities

We all know that Ken Fisher hates annuities and believes everyone else should too. Fisher's ads have been everywhere, although they have abated a bit lately. But anyone who has been on the Internet or has read a national consumer magazine has seen the ads where Fisher proclaims his hate for annuities and wants everyone [...] The post Why Ken Fisher Loves to Hate Annuities (http://www.looktowink.com/2014/12/ken-fisher-loves-hate-annuities/) appeared first on Wink (http://www.looktowink.com) .

Transparency: Welcome to the future, the future is now

Everywhere you look in our industry you see changes, changes designed to be more transparent. For me transparency is the key to a long and successful career especially if you have chosen an older target market. It seems odd to me when I speak to someone I sold an annuity to 20 years ago now and their memory of exactly how they can use the benefits seems fuzzy, but 20 years ago is a long time especially when they were then 60 and now 80, time has a way of adding confusion and cluttering our memories.

Transparency isn't just for our clients and prospect, it is for us as agents also, being completely honest and transparent makes up better agents and it allows us to make recommendation that make sense and will stand up against a future family or legal challenge.

Transparency can have no limits but I think there should be some line drawn, for example I oppose the sharing of compensation I earn when I sell an annuity. Not that I care if the prospect knows but because it conflicts with the process, any sale focused on a solid fact finder and based on the benefits that the prospect can enjoy should be sufficient. But my view will be in the minor because sooner or later compensation transparencies will be part of our business, in reality it is ok with me, I just see no real value for it.

Whether it starts in 2015 or a few years later, it will happen. Maybe compensation will pour over into other financial arenas also, an example is the mortgage business. I have a family member who runs a large mortgage business and he has shown me how compensation really works and it is quite staggering. I wonder if disclosure in their field would stop folks from applying for a mortgage.

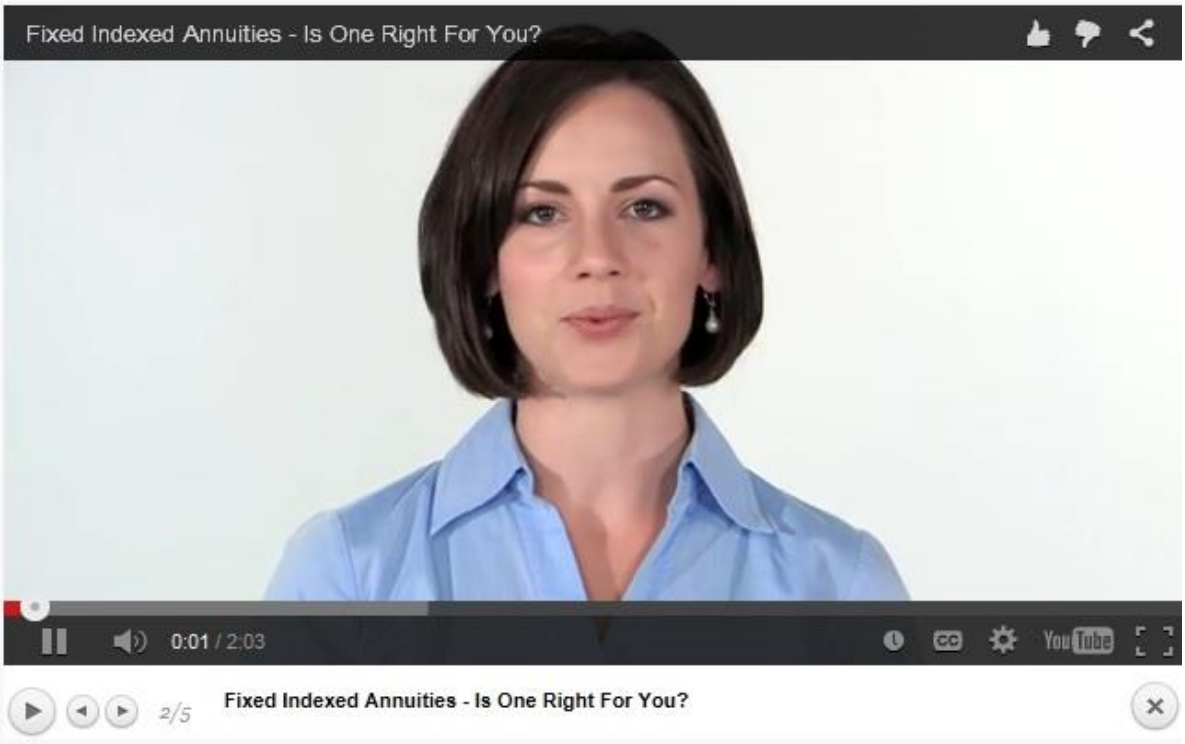
Annuity surrender charges: If an annuity you are suggesting carries a surrender charge, that contractual section needs to be fully disclosed and in lots of different ways. But disclosing it also allows you to explain the options to avoid surrender penalties, such as how a prospect can assess their funds and under what rules. Being transparent here is essential.

Remember the rule: If you want to enjoy the benefits this annuity provides, you must allow the insurance company to hold your funds.

Bonus money for choosing an annuity: A bonus does add to your account value but only under certain rules, be very transparent about how a bonus works and how if held long term, the bonus can add to the benefits they can enjoy. Bonuses are not free; they are earned via vesting, years the contract is kept in force. Explain exactly how the vesting works and make sure your prospect signs a form stating they fully understand it. Hopefully as new products come to market insurance companies will simplify this very complicated system of earning the bonus. Transparent by both the insurance company and the agent are once again essential.

Yield calculation: Probably nothing is quite as confusing as how the yield is calculated on a Fixed Indexed Annuity (FIA). But things are getting better and insurance companies are streamlining the actual information process. But we as agents must make sure our prospects and clients understand caps, participation rates and the "fine" print.

We have gone to great lengths to attempt to explain how these products work by producing this video. http://www.annuity.com/videos/#prettyPhoto[gallery]/1/



Please feel free to view it and grasp an understanding how these products work. It is an excellent way of understanding the overall benefits and contractual limits of a Fixed Indexed Annuity.

Transparency is vitally important and it should be embraced by agents, insurance companies and our consuming public should remand it. Transparency will make us better agents; insurance companies' better product providers. Transparency will strengthen the bond with those who will enjoy the benefits these marvelous products provide.

BB

Sales and Marketing Topic:

I know it might seem like total repetition about **Retire Village** each week….but there is a reason for it. It works.

Last year we received 40 thanks you for **RV** making a difference in an agents business model….here are a few, you'll get the idea.

- The site itself hums like a Rolls Royce - beautiful. **Dan Barnard**
- Joe, set up my Retire Village website that I believe is one of the best marketing tools I have seen. **Joe Marullo**
- I will tell you this - I did get one response from last week's blast, and I just about fell out of my chair... since the blast was about life insurance, I didn't pay it much attention, but I did get a request from one of my Safe Money "suspects" to submit quotes for $500K no-lapse UL, so that was amazing... **Rick Dennis**

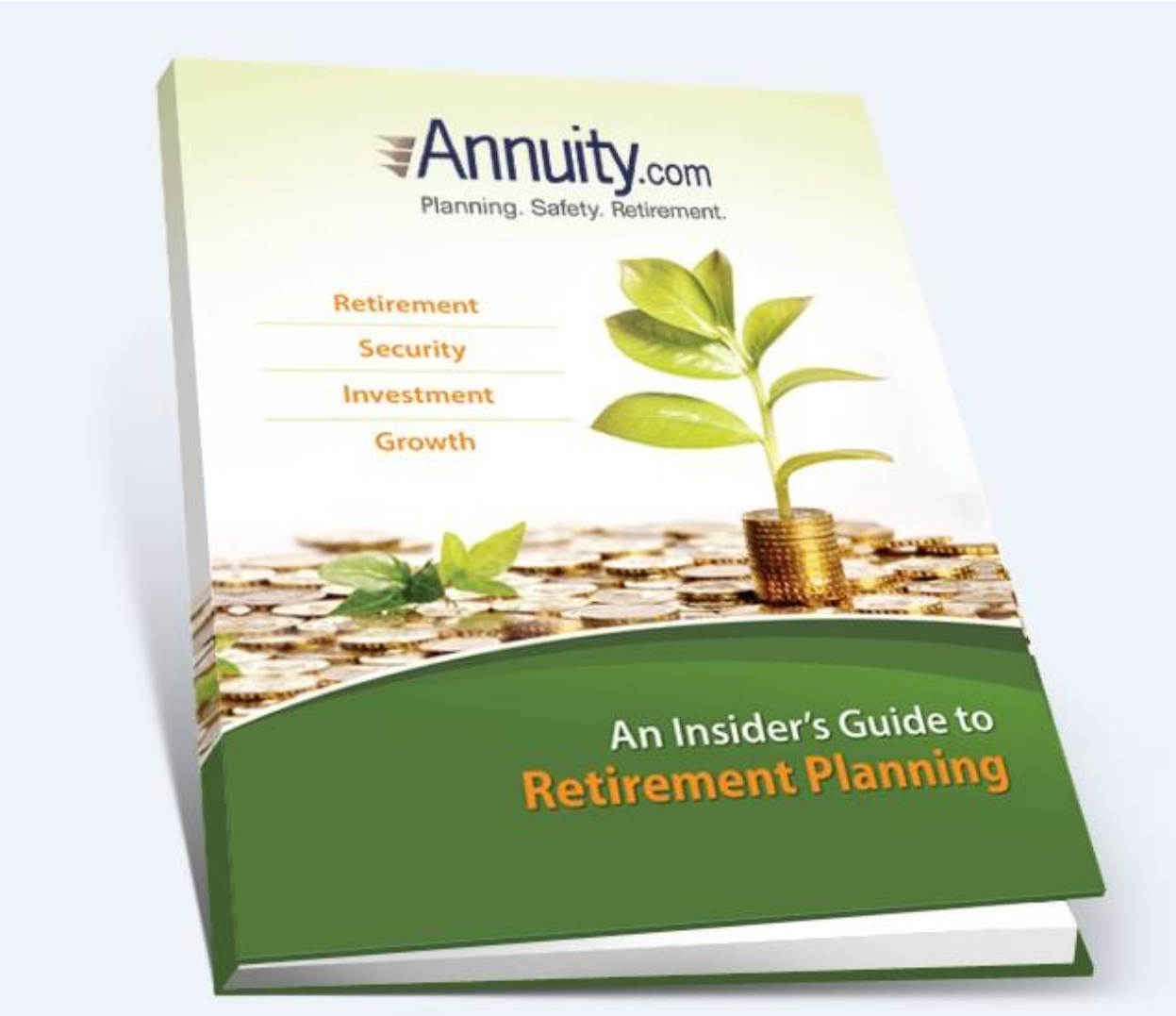
Want Proof It Works?

From: David Winer
Sent: Monday, November 17, 2014 3:24 AM
To: Joe Rych
Subject: RV

Just thought I'd let you know I did a **$1M** deal that probably would not have happened without **Retire Village**. Person I first contacted 2 years ago that gets the drips and also I send a special blast on the off week drip. He responded saying he had funds getting zip in the bank and he really liked the RV site and the drip articles. Thank you!

David Winer
Elders Financial LLC
Toll Free: 888-993-9890
Cell: 214-450-5589

If you are using our booklet (free for the crew) we have an update on the packaging.



Marketing, it is what we do….BB

I was recently in a grocery store doing last minute shopping for Christmas. I observed a very confused elderly gentleman enter the store with his umbrella. I watch as he moved through the store picking up several items. When he approached the checkout stand he still had his umbrella opened.

It occurred to me how important it was to be so careful in how we deal with our clients and prospects. As we age, confusion can grow and as in this situation, this gentleman drove himself to the store which would make you think he was functioning. The truth was he was so confused he forgot the open umbrella.

If you have any situation where mental understanding of your recommendations are not fully understood, **STOP!** Get a family member to help or just back away. Being older should not mean being taken advantage of, be there to help and always error on the side of your prospects. It is our responsibility to be their advocate and not their victimizer.

Rule 2111 is for security salespeople but BEWARE it is coming to our industry via the NAIC. Get ahead of this rule by doing complete fact finders and answering one simple question: **Is you prospect benefiting from your recommendations?**

FINRA Rule 2111

FINRA Rule 2111 is both a **"know your customer"** and suitability rule. Announced in regulatory notice 11–02, and effective on October 7, 2011, it requires that registered representatives and the firms for which they work have a **reasonable basis to believe that a recommended transaction or investment strategy involving a security is suitable for the customer,** based upon "the information obtained through the reasonable diligence of the [FINRA] member or associated person to ascertain the customer's investment profile." It is significant that this rule, unlike previous rulings, applies both to recommendations of product and of investment strategy.

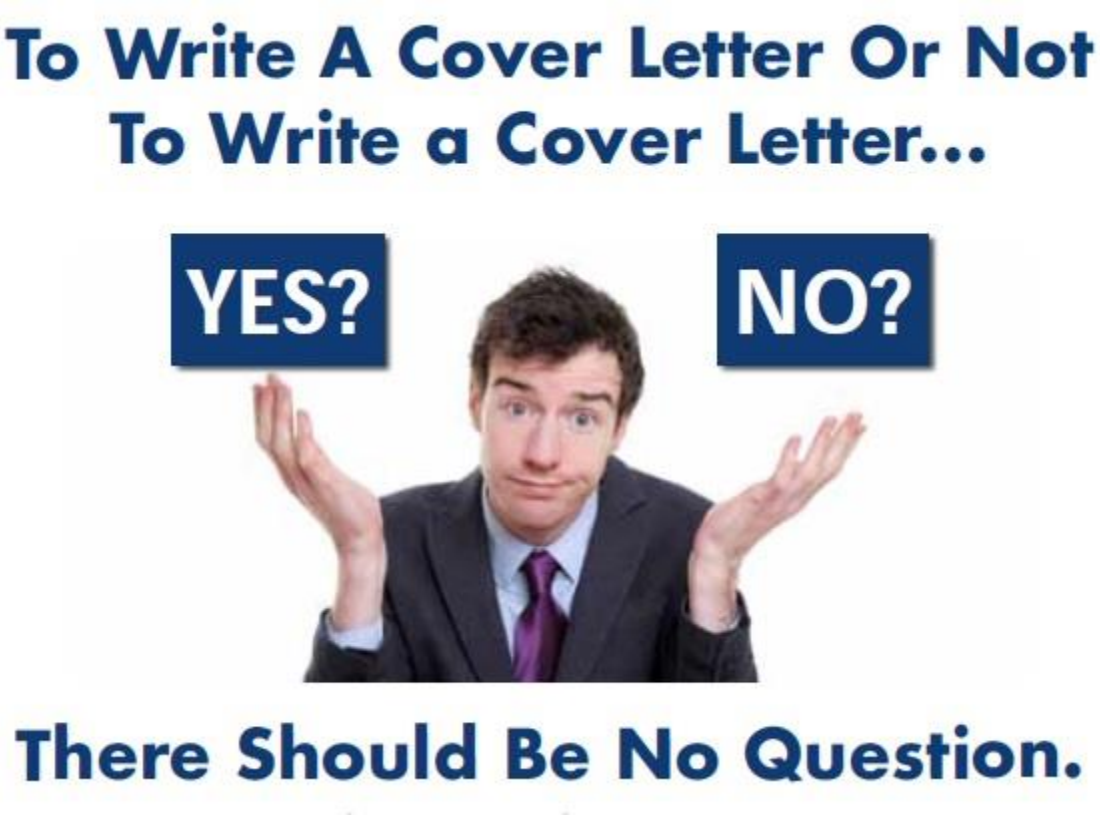
Often, the authors of an **NAIC** rule will adopt the language of rules previously issued by other regulatory authorities such as FINRA.

Remember the 12 points:

1. Age
2. Income
3. Needs
4. Financial experience
5. Goals
6. Use of annuity
7. Time horizon
8. Assets
9. Liquidity
10. Net worth
11. Risk tolerance
12. Taxes

Agent Share:

Crew! Send me your shares and we will put them on Open MIC notes, that way we help each other in our **Agent Community!**



Q. Bill, how important is it to write a cover letter when submitting an annuity application.

I received this email before Christmas from an agent wondering about cover letters. The answer is **YES**; always submit a cover letter explaining why you chose the annuity and any information about the prospect such as overall assets, suitability issues and what you think will be the intended use of the annuity. If you are replacing a product, always state your reasons to the new business department. This will be of great help to them and help you get your case issued, plus it tells New Business you are a professional and are trying to help them get your annuity issued.

HELP NEW BUSINESS HELP YOU

Good communication is essential.

Also, one way to build a strong relationship with your prospect and WITH new business is a hand written note.

Write Thank You Notes: The art of a hand-written thank you note has been forgotten. Invest in personal note cards and real stamps, not metered mail. (use seasonal **"large"** stamps. You write them, don't delegate them away. When your client or prospect receives a thoughtful note, you are remembered.

PLUS, send a handwritten note to the New Business department when you get a new policy issued, no one does it and they appreciate it….plus they put them on their bulletin board, now you have **elevated** yourself.

If you get organized, this only takes a minute.

Big Truck Partners

Hello Partners,

A SPIA paying into a life insurance policy is the absolute best way to take qualified (or NQ) money and pass it on to heirs. By spreading out the taxes during the insured's lifetime and moving the money to life insurance taxes are removed from the inheritance process for the money transferred and multiplied in value due to a higher death benefit.

EquiTrust has a combo product of SPIA and life that can make that process easier although this can be done with any SPIA life combination for the most part.

Let me know if you have any cases that could benefit from this type of planning.

Thanks for the biz!

Anthony R. Owen

Office: 303-284-3582

Cell: 720-989-9564

Question for the Big Truck Boys from the crew

Q. When you replace business how do you prepare the client for a conservation call from their broker.

Over Christmas I had a call from an agent trying to sell against a broker peddling mutual funds. During our two conversations he asked me such basic questions that I wondered how effective my training about mutual funds had been. I decided to start 2015 with an overview of mutual funds, how they work, their strong points and their weaknesses. For me selling against mutual funds is like shooting fish in a barrel, very easy to do. Easy as long as you understand how they work.

Selling against mutual funds begins very simply, **a solid and complete fact finder.** Once you understand your prospects situation, goals and assets (and only if our product is a benefit) selling against mutual funds is very simple.

With the expansion of the internet, most all information you need is readily available to you.

For those on the call who have heard all this before, I do have a little more information for you and for those who are new to Open MIC, feel free to use any and all of this information. **Share and Share alike.**

Because of the amount of information to review about Mutual Funds, I am breaking it into **2 parts**, one for this week and one for next week.

Part One: Mutual Funds

My Target Market for Annuity Revenue

Disclosure: I was security licensed for about 10 years during my career with Northwestern Mutual, I am no longer security licensed nor do I have any plans to ever be security licensed.

I have randomly selected mutual funds for illustration purposes only. These funds are from very good suppliers and I mean no disrespect about their products. I never move funds from a mutual fund to an annuity without a solid and suitable reason. Always conduct a complete and thorough **fact finder** and make sure the home office of the product you recommend knows all the facts about your case. (see cover letter at top of notes)

I have had great success selling against mutual funds. I will caution you that in some states, unless you are licensed, making investment decisions may not be legal in the eyes of your DOI. So for informational purposes and educational purposes, here are basics of mutual funds and how I use available information.

What is a mutual fund? And how do they work?

A mutual fund is an investment security type that enables investors to pool their money together into one professionally managed investment. Mutual funds can invest in stocks, bonds, cash and/or other assets. Mutual funds can be considered baskets of investments. Each basket holds dozens or hundreds of security types, such as stocks or bonds. Therefore, when an investor buys a mutual fund, they are buying a basket of investment securities. However, it is also important to understand that the investor does not actually *own* the underlying securities--the holdings--but rather a representation of those securities; investors own shares of the mutual fund, not shares of the holdings.

There are two types of mutual funds:

Open and Closed.

Open end mutual funds means the shares of the fund are sold back directly to the mutual based on their share value. The values are redeemed at the end of the trading day and there is no delay in the sale.

Closed end mutual funds must be redeemed on the open market, meaning a buyer for the shares must be found. In MOST cases closed end funds are sold via a commission paid to the brokerage house (broker).

The fact closed end funds when liquidated are exposed to a commission is a sales advantage for us.

Tax Disadvantage:

When a mutual fund receives dividends or buys and sells assets within the fund, the shareholders can be exposed to tax liability. Also, when the fund has capital gains from selling investments in its portfolio at a profit, it passes on those after-expense profits to shareholders as **capital gains** distributions. You generally have the option of receiving

these distributions in cash or having them automatically reinvested in the fund to increase the number of shares you own. Reinvesting still **exposes** you to tax liability.

Of course, you have to **pay taxes** on the fund's income distributions, and usually on its capital gains, if you own the fund in a taxable account. When you invest in a mutual fund you may have short-term capital gains, which are taxed at the same rate as your ordinary income—something you may try to avoid when you sell your individual securities. You may also owe capital gains taxes if the fund sells some investments for more than it paid to buy them, even if the overall return on the fund is down for the year or if you became an investor of the fund after the fund bought those investments in question.

This is a sales advantage to us

So how often does the mutual fund manager buy and sell assets in the fund?

It really depends, but that information is available to anyone. It is called the turnover rate. The fund must disclose to its shareholders what percentage of the assets of the fund are bought and sold each year. Many mutual funds have a very low turnover but many have a large turnover. In most cases a higher turnover could be an indication of a tax inefficient fund.

This knowledge can be important to us because most people have no clue about their funds tax efficiently until 1099s are sent.

Here is Morningstar's definition of turnover ratio

Turnover Ratio

This is a measure of the fund's trading activity, which is computed by taking the lesser of purchases or sales (excluding all securities with maturities of less than one year) and dividing by average monthly net assets.

A turnover ratio of 100% or more does not necessarily suggest that all securities in the portfolio have been traded. In practical terms, the resulting percentage loosely

represents the **percentage of the portfolio's holdings that have changed** over the past year.

A low turnover figure (20% to 30%) would indicate a buy-and-hold strategy. High turnover (more than 100%) would indicate an investment strategy involving considerable buying and selling of securities.

Google the name of the fund to get the symbol code. As an example, I used T. Rowe Price New Horizons, code is PRNHX. Here is where the turnover ratio is shown. I then entered in Google *Morningstar PRNHX turnover ratio*

Mutual Fund Quote: T. Rowe Price New Horizons PRNHX | ★★★★★ | Bronze

FF Fund Family Data | Add to Portfolio | Get E-mail Alerts | Print This Page | PDF Report | Data Definition | ? Data Question

Quote | Chart | Fund Analysis | Performance | Ratings & Risk | Management | Stewardship | Portfolio | Expense | Tax | Purchase | Filings

NAV	NAV Day Change	TTM Yield	Load	Total Assets	Expenses	Fee Level	Turnover
$43.63	↓-0.15 | -0.34%	0.00%	None	$ 15.4 bil	0.80%	Low	35%

See the turnover rate on right is **35%**....Indicating this is mostly a buy and hold. What would it mean if it was 80% or 200%? Would it possibly mean exposure to tax liability?

Mutual Fund Objectives:

The particular investments a fund makes are determined by its objectives and, in the case of an actively managed fund, by the investment style and skill of the fund's professional manager or managers. The holdings of the mutual fund are known as its underlying investments, and the performance of those investments, minus fund fees, determine the fund's investment return

There are literally thousands of individual mutual funds, there are only a handful of major fund categories:

- Stock funds invest in stocks
- Bond funds invest in bonds
- Balanced funds invest in a combination of stocks and bonds
- Money market funds invest in very short-term investments and are sometimes described as cash equivalents

Why is this important? In each fund category are sub categories. In stock funds there are small cap (small companies) mid cap (medium size companies) and large cap (large companies). Generally speaking, the larger the company the lessor the volatility. Small cap companies would normally be more volatile than larger companies. What if your prospect is 65 and holds small cap mutual funds? Would it make sense? It all depends on the fact finder, the goals of the prospect and the overall assets. But….generally as we age, moving away from volatility makes more sense. This is an advantage to us when you find a high percentage of assets in small cap funds, ask the prospect why? **Why be exposed to possible volatility?**

Here is more information about sub categories of Stock Mutual Funds via FINRA (www.finra.org)

Stock funds:

- **Growth funds** invest in stocks that the fund's portfolio manager believes have potential for significant price appreciation.
- **Value funds** invest in stocks that the fund's portfolio manager believes are underpriced in the secondary market.
- **Equity income funds** invest in stocks that regularly pay dividends.
- **Stock index funds** are passively managed funds, which attempt to replicate the performance of a specific stock market index by investing in the stocks held by that index.
- **Small-cap, mid-cap, or large-cap stock funds** stick to companies within a certain size range. Economic cycles tend to favor different sized companies at different times, so, for example, a small-cap fund may be doing very well at a time when large-cap funds are stagnant, and vice versa.
- **Socially responsible funds** invest according to political, social, religious, or ethical guidelines, which you'll find described in the fund's prospectus. Many socially responsible funds also take an activist role in the companies where they invest by representing their shareholders' ethical concerns at meetings with company management.

- **Sector funds** specialize in stocks of particular segments of the economy. For example, you may find funds that specialize solely in technology stocks, in healthcare stocks, and so on. Sector funds tend to be less diversified than funds that invest across sectors, but they do provide a way to participate in a profitable segment of the economy without having to identify specific companies.

- **International, global, regional, country-specific, or emerging markets funds** extend their reach beyond the United States. International funds invest exclusively in non-U.S. companies. Global funds may invest in stocks of companies all over the world, including U.S. companies with global businesses. Regional funds focus on stocks of companies in a particular region, such as Europe, Asia, or Latin America, while country-specific funds narrow their range to stocks from a single country. Funds that invest in emerging markets look for stocks in developing countries.

Bond funds are the same as stock funds, if the purpose of the bond fund is to invest in a bond portfolio, it will be designated.

Bond funds:

- **Corporate, agency, or municipal bond funds** focus on bonds from a single type of issuer, across a range of different maturities.

- **Short-term or intermediate-term bond funds focus** on short- or intermediate-term bonds from a wide variety of issuers.

- **Treasury bond funds** invest in Treasury issues.

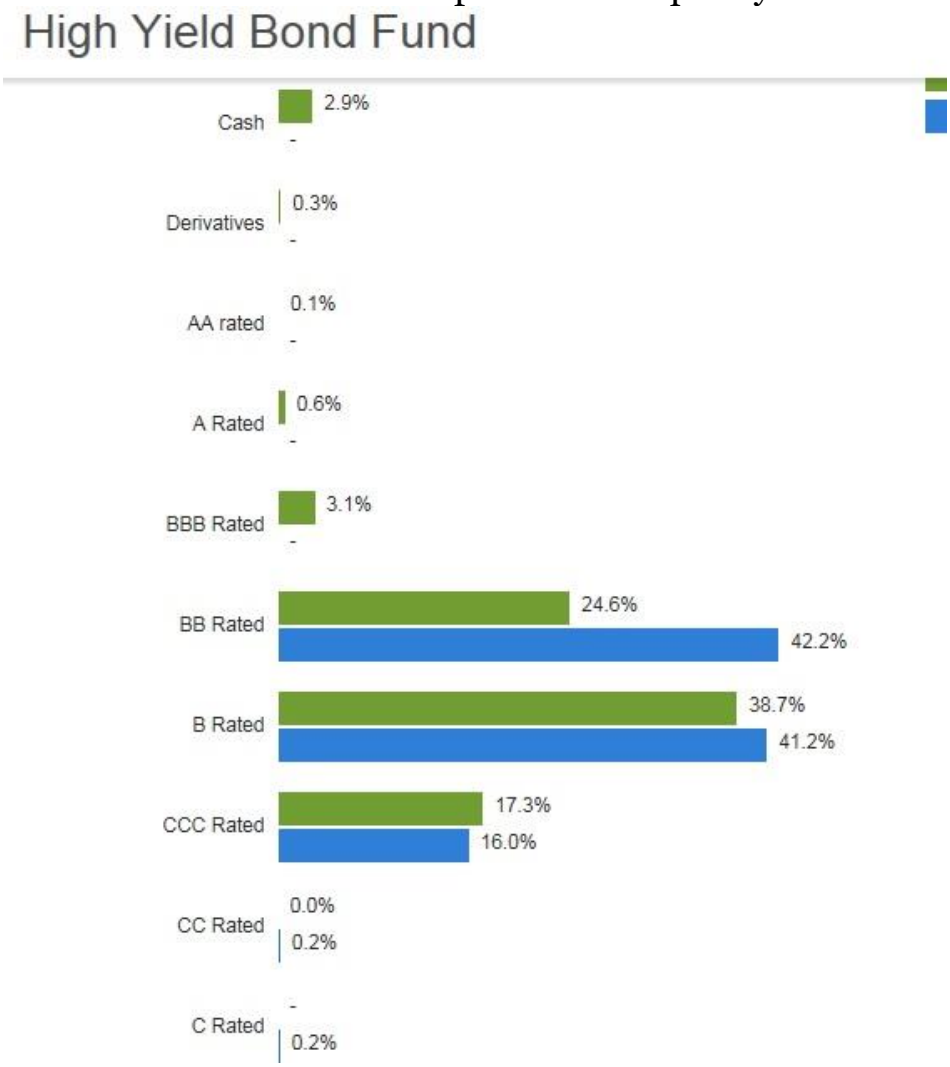
- **High-yield bond funds** invest in lower-rated bonds with higher coupon rates.

Many times I have seen seniors who are invested in high yield bond funds, sold to them as a possible higher return than available at banks etc. Let's examine a high yield bond fund.

What exactly does high yield mean? In most cases a bond issuer would have to offer higher interest to compensate an exposure to risk. Many high yield bonds have been renamed; their original name ***was junk bonds***. High yield is much easier to market.

Most high-yield bonds have a maturity of 10 years, but are callable in five. A company will call a bond—pay the debt in full—if it can issue new bonds with a lower coupon; perhaps its credit profile has improved, or interest rates have dropped.

The quality of the credit held in the bond affects two things, **yield and risk**. Here is an example of credit quality.



Green line is fund assets and blue is industry benchmark.

Obviously the lower the credit of the bonds the greater the risk and generally the greater yield.

As an example, a bond fund holding US Treasuries would have extremely high credit but a much lower yield.

Other funds:

- **Balanced funds** invest in a mixture of stocks and bonds to build a portfolio diversified across both asset classes. The target percentages for each type of investment are stated in the prospectus. Because stocks and bonds tend to do well during different phases of an economic cycle, balanced funds may be less volatile than pure stock or bond funds.

- **Funds of funds** are mutual funds that invest in other mutual funds. While these funds can achieve much greater diversification than any single fund, their returns are affected by the fees of both the fund itself and the underlying funds. There may also be redundancy, which can cut down on diversification, since several of the underlying funds may hold the same investments.

- **Target-date funds**, sometimes called lifecycle funds, are funds of funds that change their investments over time to meet goals you plan to reach at a specific time, such as retirement. Typically, target-date funds are sold by date, such as a 2025 fund. The farther away the date is, the greater the risks the fund usually takes. As the target date approaches, the fund changes its balance of investments to emphasize conserving the value it has built up and to shift toward income-producing investments.

- **Money market funds** invest in short-term debt, such as Treasury bills and the very short-term corporate debt known as commercial paper. These investments are considered cash equivalents. Money market funds invest with the goal of maintaining a share price of $1. They are sometimes considered an alternative to a bank savings account although they aren't insured by the FDIC. Some funds have private insurance.

Money market funds in low interest environments can lose value because of fees associated with the fund. In today's low interest environment, most money market funds struggle to break even. Many funds have stopped charging fees temporarily to avoid fund losses. Here is an example of a money market fund and yields. All money market funds have the same value $1.00. Interest converts to shares automatically.

Average Annual Total Returns	Month End 12/31/2014	Quarter End 12/31/2014
1 Year	0.01%	0.01%
3 Years	0.01%	0.01%
5 Years	0.01%	0.01%
10 Years	1.54%	1.54%
Since Inception	2.82%	2.82%

Let's talk fees

All mutual funds charge fees. Because small percentage differences can add up to a **big dollar difference** in the returns on your mutual funds, it's important to be aware of all the **fees associated** with any fund you invest in. Some fees are charged at specific times, based on actions you take, and some are charged on an ongoing basis. Fees are described in detail in each fund's prospectus, which you should be sure to read before investing in any fund.

Here are types of fees that may be charged on an ongoing basis:

- **Management fees (expense ratio).** These fees pay the fund's portfolio manager. This is referred to as the expense ratio, the cost annually of owning your fund. Here is an example of expense ratio fees. I used Aberdeen Diversified Alternatives Class A (GASAX). **Google Morningstar GASAX** to gather basic information.

Aberdeen Diversified Alternatives A GASAX | ★★★★

Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if ap
Morningstar Analyst Rating is a subjective evaluation performed by mutual fund analysts of Morningstar, Inc. and based on five pillars and Price.

For more information about this report, see Data Definitions and Disclosure links: Data Definitions | Disclosure | Pri

Snapshot | Chart | Performance | Ratings & Risk | Portfolio | Tax | Operations | Filings

NAV	NAV Day Change	TTM Yield	Load	Total Assets	Expenses	Fee Level
$13.17	↑0.02 | 0.15%	2.08%	5.75	$ 119.1 mil	1.95%	Average

Here you can see the expense ratio, 1.98% which is considered average**. 1.98%** subtracted annually before any return is calculated for the share owner. Expense ratios can be as low as .25% and as high as 5% (or higher)

According to Morningstar: The average fund charges 1.25%, down from 1.28% in 2012 and off from a peak of 1.47% in 2003. Here is more:
http://corporate.morningstar.com/US/documents/researchpapers/Fee_Trend.pdf

Also you will see the **stars** next to the fund name (4 stars). This is the Morningstar rating system. 1 means poor, 5 is highest. If you find lower rated funds with your prospect, ask them why their broker would not have **selected a 4 or 5 star fund** for you?
Here is more information about Morningstar's rating system:
http://corporate.morningstar.com/US/documents/MethodologyDocuments/FactSheets/MorningstarRatingForFunds_FactSheet.pdf

- **12b-1 fees.** These fees, capped at **1 percent** of your assets in the fund, are taken out of the fund's assets to pay for the cost of marketing and selling the fund, for some shareholder services, and sometimes to pay employee bonuses. FYI.....12 b-1 fees **ARE** included in the Expense Ratio.

- **Asset-Based Sales Charges**

These are fees you would not pay directly, but which are taken out of a mutual fund's assets to pay to market and distribute its shares. For example, asset-based sales charges can be used to compensate a broker for the sale of mutual fund shares, for advertisements and to print copies of the prospectus. Asset-based sales charges include Rule 12b-1 fees, which are dedicated to these types of distribution costs.

Many critics have challenged the industry to discontinue 12 b-1 fees. They are merely a system to increase compensation for the broker and the brokerage. Just think how much more money your prospect would have if they hadn't paid the 1% annually in 12 b-1 fees and a better question, did they even know they were paying it?

- **Other expenses.** This miscellaneous category includes the costs of providing services to shareholders outside of the expenses covered by 12b-1 fees or portfolio management fees. You also pay transaction fees for the trades the fund makes, though this amount is not reported separately as the other fees are.

The following fees are based on actions you may take, so may or may not be amounts you pay:

- **Account fees.** Funds may charge you a separate fee to maintain your account, especially if your investment falls below a set dollar amount.

- **Redemption fees.** To discourage very short-term trading, funds often charge a redemption fee to investors who sell shares shortly after buying them. Redemption fees may be charged anywhere from a few days to over a year. So it's important to understand if and how your fund assesses redemption fees before you buy, especially if you think you might need to sell your shares shortly after purchasing them.

- **Exchange fees.** Some funds also charge exchange fees for moving your money from one fund to another fund offered by the same investment company.

- **Purchase fees.** Whether or not a fund charges a front-end sales charge, it may assess a purchase fee at the time you buy shares of the fund.

Numerous services exist to provide you full disclosure on mutual fund fees and expenses. **Morningstar Principia Pro** is the industry standard, I have used it for years.

FINRA allows you to look at individual mutual fund fees; they require a disclosure agreement before accessing. I would urge you to subscribe to Morningstar and if you need a quick peek then the link below allows you an overview.

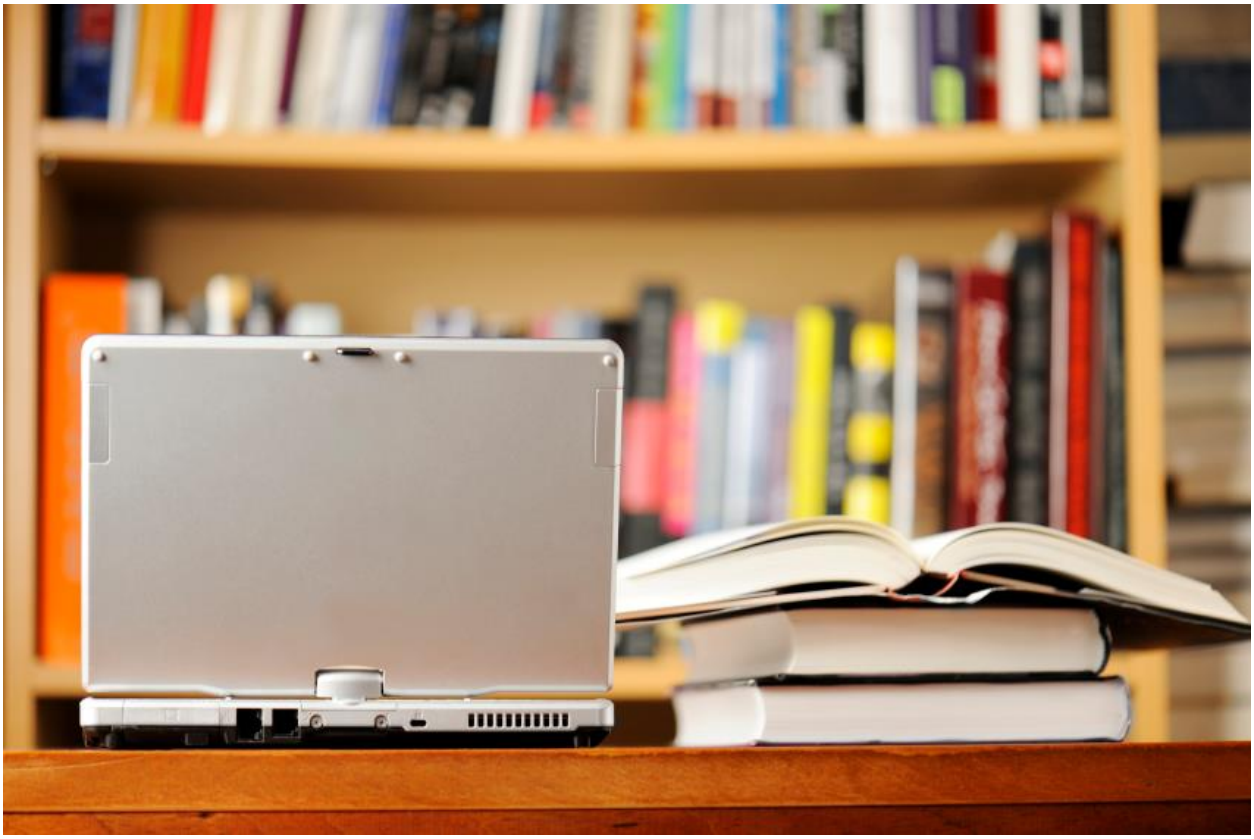
http://apps.finra.org/fundanalyzer/1/fa.aspx

If I do not have access to **Principia Pro**, I merely **Google Morningstar** and the symbol and I can access most of the information. I like Principia Pro because it provides much more detail in a complete printed report. Here is more information about Principia Pro:
http://corporate.morningstar.com/us/documents/MarketingOneSheets/Principia/PrincipiaPricing_NoDisc.pdf

That is how I learned. Here is the Amazon direct link:
http://www.amazon.com/Bogle-Mutual-Funds-Perspectives-Intelligent/dp/0440506824

And if you select the charity **Doctors Without Borders**, Amazon will contribute to them. No cost to you.

Part Two: Mutual Funds next week on Open MIC



Product Information:

12/29/14

Below you'll find a summary of the marketing news released by the major life insurance carriers over the last week, prepared and provided by your **Annuity.com team**. Enjoy!

Accordia Life

Cash Accumulation Comparison

What could your clients experience over the life of their policies? Do you know how Lifetime Builder stacks up? Review the flyer at the link below to see how Lifetime Builder compares against key competitors.

Flyer 1

Flyer 2

Flyer 3

Legal & General America

InTouch Underwriting Dialogue

Click below for the latest InTouch Underwriting Dialogue. Authored by Legal & General America's medical and underwriting specialists and published for like-minded agency professionals, this issue examines underwriting Hepatitis C. Learn more.

Protective

Clients Overwhelmed? Try a Simpler Approach

When trying to meet protection and growth needs, clients can be overwhelmed by various strategy and index options. But this Choice Series solution can provide a simpler approach. Learn more.

Mutual of Omaha

An Alternative to ROP Term

Return of premium term products are popular with clients for an obvious reason. Your clients get life insurance coverage for a set period of time and if they make it to the end of the term, they can get back what they paid in premiums. As an alternative, Mutual of Omaha's GUL product offers a permanent insurance solution as well as the option for your client to receive their paid premiums back with the Guaranteed Refund Option rider. Learn more.

AIG

Help Your Clients with "Retirement Insurance"

With the decline of defined benefit plans in the workplace over the last two decades, the responsibility for funding retirement plans has shifted from employer to employee. Once clients have their plan in place, the need to protect it is greater than ever before. Learn more.

John Hancock

Charitable Planning Success Strategy

As 2014 comes to a close, click below for a client-approved piece that covers how life insurance can be used in charitable giving. This is a great planning solution for those clients who are charitably inclined and have a history of giving. **Learn more.**

This is really worth a look

Charitable Planning with Life Insurance

Using Life Insurance in Charitable Planning

Planning Concerns

You are a high-net-worth individual with an established pattern of support and involvement with specific charities. As such, you are looking for a way to provide the greatest benefit to your favorite charities.

Solution

Life insurance can help you make a gift to charity or replace a charitable gift made for the benefit of your family.

How It Works

You can transfer an asset directly to a charitable organization during your lifetime or at death, and at the same time, reduce your taxable estate. You can also make an indirect gift by using a charitable trust or charitable life estate that provides benefits to both you and the charity. Moreover, assets you transfer to charity can be replaced at a discount for your family through the use of life insurance. What's more, the savings from a charitable income tax deduction can even be used to fund a much needed life insurance policy.

Ways to Use Life Insurance in Charitable Giving

- **Naming a Charity As Policy Beneficiary.** A charity can be named as beneficiary of a new or existing life insurance policy. No current charitable income tax deduction is allowed since you will still have full ownership rights, primarily the right to change the beneficiary designation. However, a charitable estate tax deduction is available for the full value of the proceeds transferring to charity at death. The appropriate amount of death benefit in this scenario must reflect the risk of loss to the charity (insurable loss) upon the your passing, measured by prior gifts, services or other support provided to the charity.
- **Charity-Owned Life Insurance.**[2] You can also make cash gifts equivalent to the premium amount on a new life insurance policy on your life, owned by a charity.[3] Like any cash gift, an income tax deduction is available for the amount of the cash given directly to charity. Similar to naming a charity as a beneficiary (above), there must be a measurable insurable loss to the charity when naming the charity the owner and beneficiary of a policy.

Benefits

When making charitable gifts, you and the charity may benefit in a number of different ways. Talk to your financial professional to learn more.

Nationwide

Redefining Retirement Income

Learn how you can help provide your clients with more clarity in developing a retirement income strategy. Learn more.

AXA

AXA's Comprehensive Long-Term Care Rider Now Available in California

Did you know that a semi-private room in a nursing home in California could cost $83,950 a year? And that's the median cost, so half of Californians could pay more than that. As long-term care costs continue to rise, it's more important than ever for your clients to be protected. AXA can help. Learn more.

Transamerica

2015 Tax Facts At-a-Glance

Planning ahead for next year? The 2015 Tax Facts At-a-Glance from Transamerica provides you with the details you will need to add value to your planning discussions with clients by keeping the latest information at your fingertips. Learn more.

Lincoln Financial Group

5 Opportunities with Lincoln Treasury Indexed UL

If you have clients ages 35-65 who want affordable guaranteed protection and would like to capture the potential of rising 10-year Treasury yields, recommend Lincoln Treasury Indexed UL. Click the link to see 5 examples of how to apply Lincoln Treasury Indexed UL with your clients. Learn more.

MetLife

A Better Life Policy Offer, Faster

There's soon going to be one more reason to consider MetLife Promise Whole Life Select 10. Launching January 5, 2015, the new MetLife Enhanced Rate Plus underwriting program will offer qualifying MetLife Promise Whole Life Select 10 applicants the opportunity o move from a Standard to best possible rating class and receive the underwriting decision within one week, with now paramedical exams or lab work required. Learn more.

Symetra

New Online Source for Advanced Sales

Wealth transfer often requires more advanced planning than typical life insurance sales. Symetra's advanced sales concepts library can help you discuss legacy strategies using trusts, private financing and more. Learn more.

Allianz

Social Security

Most individuals who contribute to Social Security while working depend on it to be the foundation for their retirement income. But not everyone takes the time to understand how Social Security works or what the possibilities are to enhance their benefits, which is why Allianz is happy to announce the Social Security conversation starter video. Learn more.

Minnesota Life

A New Paradigm in Estate Planning

Because of recent tax law changes, your clients' estate plans may be outdated. More and ore clients are keeping assets in their estates due to the permanent $5.34 million estate tax exemption. EPIC, or Estate Planning - Individually Centered, is a new turnkey approach to estate planning. Learn more.

SBLI

Satisfy Your Clients' Many Needs with SBLI Whole Life

Are you looking for a life insurance product with the flexibility to add as many as seven riders for whatever coverage needs may come your client's way? Do your clients want a savings tool which will allow them to access cash for supplemental retirement income, the kids' tuitions, and more? As you will see in SBLI's newest sales flyer, your clients can have all of these benefits with SBLI Whole Life. Learn more.

The Short List:

(Some links may require cut and paste) or simply **"Click"** on title of article.

Outlook 2015: Annuity trends

The annuity market continues to roll along. According to the LIMRA Secure Retirement Institute, total U.S. annuity sales were $177.7 billion for the first nine months of 2014, a 6 percent increase from the same period in 2013. Indexed annuity sales were particularly strong and were up 36 percent to $36 billion. Click HERE to [...] The post Outlook 2015: Annuity trends (http://www.looktowink.com/2014/12/outlook-2015-annuity-trends/) appeared first on Wink (http://www.looktowink.com) .

How Women Can Generate Income For Life

Many women have a “quiet fear” that they won’t have enough money for retirement, but they can take several steps to make sure that doesn’t happen. “The key is to continue earning throughout retirement and to find ways to create income for life,” says Donna Phelan, 62, who has worked with thousands of women nationwide [...] The post How Women Can Generate Income For Life (http://www.looktowink.com/2014/12/women-can-generate-income-life/) appeared first on Wink (http://www.looktowink.com) .

Insurance Industry Adds 10,100 Jobs in November

Atlanta, Georgia (PRWEB)December 30, 2014 The insurance industry saw an increase in employment with the addition of 10,100 jobs for the month of November, according to the latest employment numbers from the U.S Bureau of Labor Statistics released earlier this month. The insurance industry grew by 0.41% last month and now sits roughly at 2.46 [...] The post Insurance Industry Adds 10,100 Jobs in November (http://www.looktowink.com/2014/12/insurance-industry-adds-10100-jobs-november/) appeared first on Wink (http://www.looktowink.com) .

LIMRA’s 2015 life insurance forecast

If you had to summarize the 2015 life insurance market in a few words they would be “more of the same.” As of the fourth quarter of 2014 LIMRA is predicting another flat year for life insurance sales. As with 2013, this year’s story has been a tale of two products: indexed universal life and [...] The post LIMRA’s 2015 life insurance forecast (http://www.looktowink.com/2014/12/limras-2015-life-insurance-forecast/) appeared first on Wink (http://www.looktowink.com) .

Life Insurance Valuation

Often, the value of a life insurance policy becomes an issue when there’s a contemplated or actual transfer of a policy. The transfer may involve an estate or gift matter or moving a policy to an irrevocable life insurance trust (ILIT). When an estate or gift matter is involved, theInternal Revenue Service requires that a [...] The post Life Insurance

Valuation (http://www.looktowink.com/2014/12/life-insurance-valuation/) appeared first on Wink (http://www.looktowink.com) .

The actuaries: Longer client life spans require big shift from advisors

Advisors who write financial plans for clients, and those who work with clients on their financial plans, take an individual's life expectancy into account. But how seriously are you factoring clients' extended life spans into your retirement planning? According to actuaries like Ron Gebhardtsbauer, clinical associate professor of actuarial science at Penn State University's Smeal [...] The post The actuaries: Longer client life spans require big shift from advisors (http://www.looktowink.com/2014/12/actuaries-longer-client-life-spans-require-big-shift-advisors/) appeared first on Wink (http://www.looktowink.com) .

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4 experts make 11 predictions on stocks, economy for 2015

Wary optimism, not great expectations, pinpoints the outlook for stocks in 2015, top equity strategists told our sister site, ThinkAdvisor, in interviews last week. Next year — the third in the U.S. Presidential Election-Year Cycle and historically a strong one for stocks — is pegged as a continuation of the long bull market, though a [...] The post 4 experts make 11 predictions on stocks, economy for 2015 (http://www.looktowink.com/2014/12/4-experts-make-11-predictions-stocks-economy-2015/) appeared first on Wink (http://www.looktowink.com) .

'Longevity' in annuities could be the big 2015 focus

New Treasury Dept. guidance pushes insurers to innovate while indexed annuities expected to continue to shine Where the retirement market will go next year is anybody's guess, but insurance industry experts foresee a ramp-up in product development for certain types of annuities. For broker-dealers, 2014 appears to be the year of the indexed annuity, [...] The post 'Longevity' in annuities could be the big 2015 focus (http://www.looktowink.com/2014/12/annuityfocus2015/) appeared first on Wink (http://www.looktowink.com) .

Annuities, IRAs and other retirement game-changers

Just climb out from under a rock? No worries, we got you covered, so to speak. Here's a look back at some of the major retirement-related news that occurred in 2014. myRA In January, the federal government announced plans to create a new kind of retirement account called the "my Retirement Account" or myRA for [...] The post Annuities, IRAs and other retirement game-changers (http://www.looktowink.com/2014/12/annuities-iras-retirement-game-changers/) appeared first on Wink (http://www.looktowink.com)

Affluent Prefer Cash Over Annuities

A "somewhat surprising" trend in annuity ownership among affluent investors declined in 2014 to 33 percent from 36 percent last year, according to Julia Johnston-Ketterer. Meanwhile, ownership of cash rose to 83 percent in 2014 from 78 percent. The trends suggest that affluent investors are "scaling back from interest-rate sensitive products," said the senior director [...] The post Affluent Prefer Cash Over Annuities (http://www.looktowink.com/2014/12/affluent-prefer-cash-annuities-2/) appeared first on Wink (http://www.looktowink.com) .

Third-Party Exams Under Consideration

Investment advisor examinations conducted in the 2014 fiscal year rose 20 percent to 1,126 over the previous year. Meanwhile, the Securities and Exchange Commission (SEC) is evaluating whether to allow third-party reviews of investment advisors, SEC Chair Mary Jo White said. In a letter to U.S. Rep. Jeb Hensarling, R-Texas, chairman of the House Committee [...] The post Third-Party Exams Under Consideration (http://www.looktowink.com/2014/12/third-party-exams-consideration/) appeared first on Wink (http://www.looktowink.com) .

Woman arrested in $16.6M annuity fraud in Arizona

PHOENIX (AP) – Arizona authorities say a woman has been arrested in connection with a nearly $17 million annuity fraud scheme. Officials with the state Department of Insurance say 33-year-old Jimmica Guess is being held on suspicion of fraudulent

schemes, theft obtained by misrepresentation, theft of controlled property, forgery and aggravated identity theft. They say [...] The post Woman arrested in $16.6M annuity fraud in Arizona (http://www.looktowink.com/2014/12/woman-arrested-16-6m-annuity-fraud-arizona-2/) appeared first on Wink (http://www.looktowink.com) .

STOP Doing These Four Things...If You Want to Continue Selling Life Insurance

You cannot continue selling life insurance in the same manner you've relied on for so long. Our client and prospect base is changing rapidly. Social media, three-second attention spans and two generations growing up in an exclusively digital world have put an end to business as usual. Our industry might be reluctant to change, but [...] The post STOP Doing These Four Things...If You Want to Continue Selling Life Insurance (http://www.looktowink.com/2014/12/stop-four-thingsif-want-continue-selling-life-insurance/) appeared first on Wink (http://www.looktowink.com) .

Preconceived prejudices and the problem with 'profitable' clients

"Putting the client first"—do you consider it a central business philosophy or a tired cliché? If you fail to offer a product or service solely because you can't make money at it, you're squarely with the latter, no matter how much lip service you pay. Social Security is a prime example. Click here to read... The post Preconceived prejudices and the problem with 'profitable' clients (http://www.looktowink.com/2014/12/preconceived-prejudices-problem-profitable-clients/) appeared first on Wink (http://www.looktowink.com) .

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Insurers Take Aim At IUL Illustrations

WASHINGTON – A coalition of three large insurance companies is urging the National Association of Insurance Commissioners (NAIC) to act promptly to adopt a realistic regulation governing the illustrations insurers and agents can use in marketing indexed universal life insurance (IUL). The coalition is composed of MetLife, Northwestern Mutual and New York Life. In a [...] The post Insurers Take Aim At IUL Illustrations (http://www.looktowink.com/2014/12/insurers-take-aim-iul-illustrations/) appeared first on Wink (http://www.looktowink.com) .

From December but a terrific article

Accumulation or Income?

Guaranteed Lifetime Withdrawal Benefit **(GLWB)** elections increased nearly **10%** from the prior quarter. It is surprising to see such a big increase in GLWB elections when there has been such a focus on the accumulation story with 'uncapped strategies.' Makes one wonder if the focus of third quarter sales was really on accumulation or not! ~sjm The post Accumulation or Income? (http://www.looktowink.com/2014/12/accumulation-not/) appeared first on Wink (http://www.looktowink.com) .

We Recommend:
www.annuity.com/agenttools
If you are not using this "Free" resource you are missing out....did I mention it is free?

There is a ton of info here, it requires no password and it is up to date information.

Disclaimer:

My opinion and/or numerous sources complied by me are used in preparing Open MIC.

I obtain information from many sources, print, internet, agent gossip and other media. I always try and provide the original source or the link but my note taking habitually is lacking.

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I am an authority in lead generation and marketing annuities and am fully licensed as an insurance salesman. I sell state approved annuity products provided by licensed insurance companies.

I am also NOT an economist by license, only by hobby. If you decide to make decisions based on my particular view of the world, you should get it verified by licensed professionals or get your head examined.

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Also, the information used in Open MIC is free; I assert no copyright or literary rights. Copy away.

Our competitors will copy Open MIC anyway so I might just as well give it away, saves so much mental anguish and sleepless nights.

More Legal Stuff...

Be responsible... we cannot know your individual situation, always do your own due diligence before responding to any offer or investing any money.

I can't accept responsibility for the profitability or legality of any published articles or opinions published in Open MIC. Nothing in these Open MIC notes should be considered personalized advice. Although I may answer your general questions, I am not licensed under securities laws to address your particular situation. No communication by me to you should be deemed as personalized advice.

And, although all of the articles have been selected for their content, however in the interests of balanced reporting we often publish articles we may not agree with, the publishing of such articles within Open MIC notes does NOT constitute a recommendation of the products or services mentioned or advertised within those articles. Boise State did play in the Fiesta Bowl and end 12-2...another fabulous year.

Did you know that since 1932 Boise State is 405 wins and 210 losses....what a record!

Did you know that since 2000, Boise State is 91-4 at home?

We make no compensation for the publishing (or hosting) of Open MIC Notes.....in fact it costs us for the phone "call in" system...oh well...