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

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Words of Wisdom

*"Forgive your enemies, but don't forget their names"....*John F Kennedy.

The Death Horse Cometh.....Bronco's new helmet for 2013

A case we worked on this past December, analysis death blow

Email to agent from prospect:

Joe Agent

There's an infinite number of ways to analyze this. He's how I do it. The IRS says I will live to 85. If I defer for 10 years, until I am 73, I will collect $2,037. per month ($24,444. per year) for 12 years (85-73 = 12). That means I'll collect a total of $24,444 x 12 years = $293 k until the IRS thinks I will be dead. That a 17.2% return on my initial investment over 22 years

($293/$250 = 1.172). Taking inflation into account, that 's a significant negative return. I'd be much better off in T-bills, or TIPS, unless you can guarantee I'll live until 93. Sorry, this doesn't work for me. No need to continue with this. Thanks.

Regards,
John Prospect

Joe Agent, this sort of case will never get written because he is trying to win through analysis, when i run into these guys i usually say....

"Mr. Jones, I can tell you exactly how much you can make with this life policy, i just need you to answer one question, **when are you going to die?**

The point being...if he studies it all over the place he will still be studying it in another 10 years.

Tell him this....our products provide safety, security and freedom from risk, if that makes good sense for you and your situation then you should use them, if not then buy treasuries

The point I am making is simple, don't waste your time of people who study and analyze things to death, I have never been able to get this level of prospect closed, easier to find a new prospect who will benefit from our product's benefits.....BB

http://www.mediapost.com/publications/article/190283/annuitycom-targets-baby-boomers.html#axzz2HJAQcx13

Annuity.com Targets Baby Boomers

by Tanya Irwin, 11 hours ago

Annuity.com is launching a brand campaign **targeting baby boomers.**

The creative, which launches Jan. 7, showcases how safe an annuity is through the ongoing image of a **"Safe Man"** who follows consumers throughout their daily lives.

"Safe Man" is everywhere the baby boomers are (from a golf course to a grocery store) in order to demonstrate to the consumer that their money is safe and protected with an annuity.

The campaign will run on a variety of cable networks and syndicated TV, targeting the boomer generation who have retired or are about to retire -- and, according to the U.S. Census, control 67% of the country's wealth.

The company hired New York-based creative boutique Karlin+Pimsler based on their experience in creating results-driven advertising, said Kevin Dufficy, managing director, Annuity.com.

“Karlin+Pimsler is known for building brands that build a company’s value and they are a both a strategic and creative partner of Annuity.com,” Dufficy said in a release.

The agency’s strategy with the campaign was to share Annuity.com’s story and highlight the value of purchasing an annuity in a smart, fun and memorable manner, said Mal Karlin, president and chief creative officer of Karlin+Pimsler.

"Throughout this campaign, we get the chance to tell the stories of baby boomers' active lives while also shining a spotlight on the benefits of annuities,” Karlin says.

Most boomers don’t understand what an annuity is, or the value of it, Dufficy says.

“But Karlin+Pimsler’s ability to communicate the message in an easy-to-understand story is the key to our marketing strategy," he adds. “Their visual representation of the safety of annuities is unforgettable and right on target for our brand.”

Read more: http://www.mediapost.com/publications/article/190283/annuitycom-targets-baby-boomers.html#ixzz2HJAf7g7h

Press Release to the trade

"Safe Money" Television Ad Campaign Airs as

Annuity.com Springs into Lead Services

*One of the most trusted sources on information regarding **"annuity"** information is taking a leap into the television promotion world, featuring the web company's book "Safe Money"*

NEWYORK, NY, January 7, 2013 — Annuity.com, the go-to source since 1992, for accurate tips and valuable information on understanding and investing in **"annuities"** announces its new TV promotional.

Annuity.com's mission has always been focused on:

- Educating the consumer about the **"guaranteed income"** retirement options annuities provide
- Simplifying comprehensive concepts like **"fixed indexed annuities"** and **"annuity rates"** calculations
- Informing people about **"Safe and Secure"** investment and retirement options
- Alerting the general public to vital changes that can enhance their retirement planning

The authors of the book and website, David Townsend and Bill Broich, have taken it as a personal obligation to keep **"retirement income"** investors up to date with vital information and current rates, especially important in these volatile times.

"The purpose of presenting the television ads at this juncture", explained Mr. Broich, "is to inform as many people as possible to the benefits of annuities and how they can enhance their retirement accounts."

"*Safe Money*" is designed for the non-professional investor who needs to protect his or her future and current retirement income from exposure to the elements of risk. "*Safe Money*" provides simple and easy to understand concepts for protecting retirement funds. Mr. Broich

stated "The book, *Safe Money* will be available free on the company's website or through the contact number provided in the TV ads, beginning January 7th."

About Annuity.com

Annuity.com is the brainchild of David Townsend and Bill Broich who have spent their professional lives' involved in the financial world, primarily focusing and specializing on the annuity market. Explaining the benefits of annuities and providing current information allows a larger number of people to make informed choices and enjoy the benefits of **"fixed indexed annuity"** packages. For more information about this company, Bill Broich, David Townsend or the book "*Safe Money*", please use the contact information below:

Contact Person: David Townsend

Telephone Number: (877) 797-0893

(888) 294-8881 fax

Email Address: david@annuity.com

Website Address: www.annuity.com

To all contracted producers: Athene

Athene Annuity & Life Assurance Company requires that you complete an approved anti-money laundering (AML) training course annually in order to solicit our products. To meet this requirement you must have completed, within the last twelve months, AML training from one of the following sources:

- LIMRA's AML training or its "Refresher Training Course" - Producers may renew AML training by completing the most recent "refresher" course available through LIMRA. *Training credits for repeating the same course or completing an older course will not be accepted.* - https://aml.limra.com/LimraLogin.aspx
- AML training course required by a broker-dealer (for FINRA Registered Representatives).
- AML training course required by a broker-dealer (for FINRA Registered Representatives)
  - RegED - www.reged.com
  - Kaplan - www.kfeducation.com/insurance-ce
  - QuestCE or SuccessCE

Note: If you complete LIMRA's online training from their site Athene Annuity will pay your training fee!

Athene Annuity may accept other third party vendor training for AML credit, if a copy of the full course training material is provided. If you have completed AML training through a vendor not listed above, please fax your training certificate and the full course material to 1-888-232-1490 for review and approval.

If you haven't completed an approved course within the past twelve months, please do so today to avoid rejection of 2013 business.

Please contact us at 1-855-4ATHENE or producer@athene.com if you have any questions. You may also visit our website at https://portal.atheneannuity.com.

I support this **100%** and suggest you do also, it should be as important as completing a good fact finder, essential for you, your client and the industry...embrace it as good news....BB

http://www.lifehealthpro.com/2012/12/13/annuity-suitability-law-coming-to-your-state-soon?t=variable.....**Go to this link for the complete article.**

Here is a link to news and training about suitability:

http://imagisoft.com/datanet/datanet-training.html

Here is a link to help avoid E&O Claims

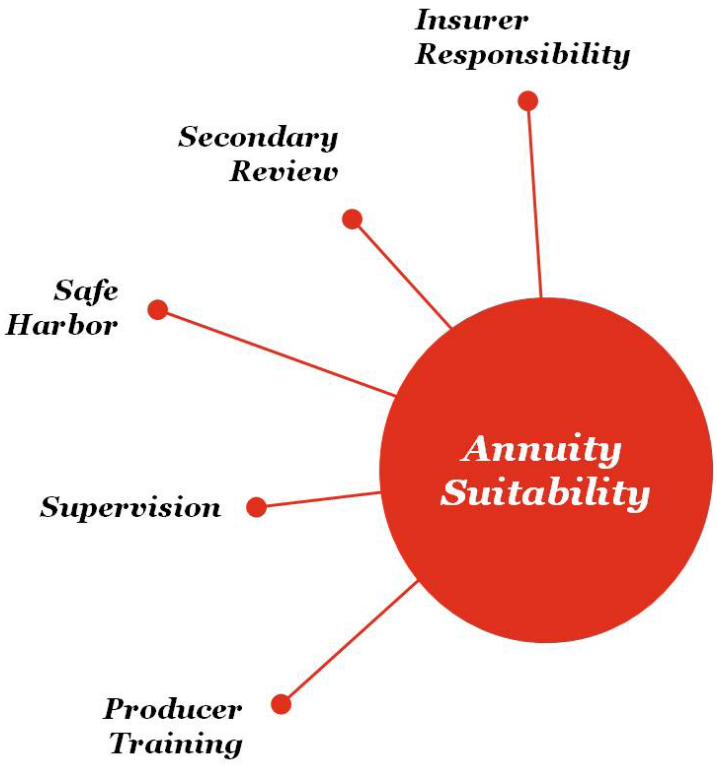
http://www.eoforless.com/eo-hq/top-ten-ways-to-prevent-an-eo-insurance-claim/

Annuity suitability law: Coming to your state soon

By Tom Sullivan, Melissa Card
DECEMBER 13, 2012 • REPRINTS

In 2010, the **NAIC** enacted the Suitability in Annuity Transaction Model Regulation to promote consumer understanding and help address complexities and improper sales practices in the annuity transaction process. The regulation requires insurers to establish a system to supervise recommendations and to set forth standards and procedures for recommendations to consumers that result in transactions involving annuity product so that the insurance needs and financial objectives of consumers at the time of the transaction are appropriately addressed.

States have until **June 16, 2013 to adopt the regulation** or a similar legislation that substantially meets or exceeds the minimum requirements set forth



by the NAIC in order to retain jurisdiction over annuity transactions. Since that time, approximately 25 states have either adopted or are in the process of adopting this regulation or a more stringent form of this regulation for their state. The duties of insurers and insurance producers may be grouped into five key concepts: insurer responsibility, secondary review, safe harbor, supervision and producer training.

Insurer Responsibility–According to the regulation, **insurers are ultimately deemed responsible** for the sale of a suitable product that meets the needs of a particular consumer. During the sale of an annuity, insurers must ensure the consumer has been reasonably informed of the features and benefits of the annuity, such as the surrender period, surrender charges, and potential tax penalties upon sale. Moreover, **insurers are wholly responsible for their annuity transaction review process** and are required to make the client whole in the case of unsuitable transactions.

In order to comply with these requirements set by this regulation, **insurers must establish a comprehensive program to ensure annuity sales are suitable** for the customer and corrective action is taken when they are not. Insurers will be wholly responsible for supervising the effectiveness of the program, regardless of whether all activities are performed in-house or by a third-party. Moreover, insurers will need to

determine if application of the model regulation requirements will be carried out across all states (highest common denominator) or if insurer will take a state by state view to comply. If an insurer is establishing requirements uniformly across all states, consideration must also be given for states that deviate from the NAIC regulation (e.g., Florida and California).

Secondary Review–**Insurers must conduct a secondary review** of all annuity recommendations and are responsible for confirming that there is a reasonable basis that each annuity transaction is suitable. Compliance with the regulation is contingent upon establishing processes and defining parameters for active monitoring of the annuity transactions. Insurers must identify resources (dedicated internal resources or a third-party reviewer), establish reasonable compliance thresholds and outline review, approval, documentation and escalation procedures. If reviews are conducted electronically, insurers may use a rules-based engine that establishes certain suitability thresholds to flag transactions that require additional review. As an exception to the secondary review process, safe harbor provisions (identified in the next section) will apply if annuities are sold by a broker-dealer and are already reviewed under existing suitability processes.

Safe Harbor–Safe Harbor refers to the provision that a review conducted under FINRA suitability and supervisory rules meets the requirements set forth within this Model Regulation. It applies to fixed annuity transactions in circumstances where the process is subject to FINRA's suitability and supervisory requirements. **Insurers who rely on the FINRA-required broker-dealer suitability review for variable annuities will qualify for the Safe Harbor provision** if fixed annuities are reviewed by broker-dealers under the same suitability process. However, transactions falling within the "safe harbor" may still be subject to further regulatory review by the states. Insurers are responsible for assessing their specific fixed annuity programs to determine if the Safe Harbor provision applies, and if such programs will require additional state review.

Supervision–Insurers are required to develop a supervisory system within their monitoring and oversight functions to review, identify issues, and take appropriate corrective action regarding annuity suitability transactions. At minimum, annual reports must be provided to senior management identifying the results of the monitoring and oversight performed to determine the effectiveness of the supervisory system. However, insurers should develop additional periodic reporting and analyze results to enhance operational procedures, producer training and the agent monitoring process.
If a third-party is utilized to perform suitability activities, the insurer must establish service level agreements and obtain annual certification from the third-party representing that the outsourced activities are properly performed. **The insurer must also monitor the and audit the contracted third-party,** which can be accomplished through the establishment of periodic standards meetings, the development of monitoring reports for periodic analysis and, where appropriate, the performance of planned and impromptu site visits.

Producer Training–The Model Regulation requires insurance producers to have **adequate knowledge and training regarding annuity products** in order to solicit its sale to consumers. New producers must at minimum complete a one-time, four-credit training course in order to be deemed knowledgeable enough to sell annuity products.. Existing producers are also required to complete adequate training, but have a six-month window from the effective date of the regulation in order to do so and can still sell annuity products in the meantime. Brokers and insurers with internal sales departments must determine training requirements for the annuity products they sell, including delivery methods, development or purchase training materials (ensuring compliance with the model regulation requirements) and training delivery. Additionally, insurers must have a system in place to track their producer's compliance with training requirements, and a control framework to ensure that no annuity sales occur prior to completion of training.

Key Indicators

–During regulatory examinations, regulators will focus on the following topics and questions to identify compliance with the Suitability in Annuity Transaction Model Regulation:

Controls Questions

Conclusion–Are you prepared?

June 2013 is rapidly approaching, and annuity providers need to be ready to adhere to this new regulation. It is important to remember that it will affect much more than the compliance function: sales and distribution also will be significantly impacted, new training programs will need to come into effect, and third-party relationships will be subject to new scrutiny. Last but not least, management ultimately will be responsible for company adherence to the new standards. All of this will require considerable preparation and at least some change in culture. However, the risks associated with non-compliance–notably, regulatory sanction and reputational damage–make readiness mandatory.

Suitability is the key to a long and successful business life....embrace it, make it part of your practice.....BB

Fiscal Cliff? For Annuities? ..... NOT!

Here is a summary of tax changes, your clients and prospects will ask....be prepared.....BB

http://www.naifa.org/advocacy/GovWatch/2013/20130102_fiscalcliff.cfm

15 minutes of study and you will be an expert, this information will help set you apart from other agents

More.....

Annuities lose tax deferral... no.....BB

http://www.lifehealthpro.com/2012/12/18/will-annuities-be-pushed-off-the-fiscal-cliff

Will annuities be pushed off the fiscal cliff?

By Maria Wood
DECEMBER 18, 2012 • REPRINTS

As negotiations in the nation's capital heat up over how to reform the tax code, lower the deficit and avert a plunge off the so-called fiscal cliff, might the tax-deferred status of annuities be rescinded?

Frightening!....If this doesn't reinforce the importance of our products, nothing does.

http://retirementincomejournal.com/

I subscribe to this newsletter, full of timely and valuable information, really recommend it, well worth the $**175 annual rate**....BB

<u>This article is copyrighted</u>

EBRI and ICI publish study of 401(k) participant investments for 2011

By Editorial Staff *Thu, Jan 03, 2013*

At year-end 2011, the average 401(k) participant account balance was **$58,991** and the median (mid-point) account balance was $16,649.

Sixty-one percent of 401(k) participants' assets were invested in equity securities and 34% in fixed-income securities in 2011, on average, according to the annual update of a joint study released today by the Employee Benefit Research Institute (EBRI) and the Investment Company Institute (ICI).

The study, *401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2011*, also finds that target-date funds play an increasingly important role in portfolio diversification, with 72% of 401(k) plans offering TDFs in their investment lineup at year-end 2011, up from 57% at year-end 2006.

FIGURE 13

401(k) Account Balances Increase with Participant Age and Tenure

Average 401(k) account balance by participant age and tenure, 2011

	Years of tenure					
Age group	**0 to 2**	**>2 to 5**	**>5 to 10**	**>10 to 20**	**>20 to 30**	**>30**
20s	$3,426	$10,024	$15,146			
30s	8,745	20,425	34,450	$52,583		
40s	14,582	29,162	48,899	84,757	$128,158	
50s	20,623	35,496	55,571	97,006	175,962	$200,908
60s	25,678	36,949	53,063	89,568	159,447	208,892

Note: The average account balance among all 24.0 million 401(k) plan participants was $58,991; the median account balance was $16,649. The tenure variable is generally years working at current employer, and thus may overstate years of participation in the 401(k) plan.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

At year-end 2011, 13% of the assets in the EBRI/ICI 401(k) database was invested in TDFs, up from 11% in 2010 and 5% in 2006. In addition, 39% of 401(k) participants held target-date funds at year-end 2011, compared with 36% in 2010 and 19% in 2006. The study finds that more new or recent hires invested their 401(k) assets in balanced funds, including TDFs. For example, 51% of the account balances of recently hired participants in their 20s was invested in balanced funds at year-end 2011, up from 44% in 2010 and 24% in 2006. At year-end 2011, 40% of the account balances of recently hired participants in their 20s was invested in TDFs compared with 35% in 2010 and 16% in 2006.

The study shows at year-end 2011 that 21% of all 401(k) participants who were eligible for loans had loans outstanding against their 401(k) accounts, unchanged from the prior two years. **Loans outstanding amounted to 14%** of the remaining 401(k) account balance, on average, at year-end 2011, unchanged from year-end 2010, though loan amounts outstanding increased slightly from those at year-end 2010.

The 2011 EBRI/ICI database includes statistical information on about 24 million 401(k) plan participants, in 64,141 plans, holding $1.415 trillion in assets, covering nearly half of the universe of 401(k) participants.

I really get tired of fear mongering , but I tend to agree with this topic, trouble is coming and safety and security will be the mantra....BB

An epic bear market is coming

Evidence is mounting that stocks could fall to 2011 lows -- or worse. Such a drop would be worth at least 21% from here.

Forget the New Year's celebration and optimism. Shake off the holiday cheer. Ignore the euphoria over the fiscal cliff deal. There is pain coming in 2013 for pretty much everyone, especially investors.

In fact, we could be on the cusp of a powerful new bear market in stocks. The more I review the data and examine the year-ahead research, the more worried I become. Over the past two weeks, I've sketched out why a new recession looms as well as why it could prove to be a great buying opportunity for the long in an effort to dull the pain of what's coming.

Here is the link:

(http://money.msn.com/investing/an-epic-bear-market-is-coming#scptid)

Rosy is our future....BB

http://www.insurancenetworking.com/news/deferred-income-annuities-record-year-2013-31539-1.html

Deferred Income Annuities Poised for Record Year in 2013

The **Insured Retirement Institute** forecasts a financially sound year for insurers as the industry continues to address changing demographics and consumer demand.

Insurance Networking News, December 17, 2012

Justin Stephani

Deferred income annuities will **continue their ascension** in the life sector, according to a 2013 forecast from the Insured Retirement Institute. The "State of the Industry" report also forecasts financially sound insurers, ongoing product innovation and demographic factors driving consumer demand for retirement income, which will balance economic forces such as low interest rates.

"Many of the same forces that were factors this year appear to be here to stay for some time, particularly regarding demographics, and this will continue to affect consumer behavior," IRI President and CEO Cathy Weatherford said. "With this emerging retirement paradigm taking hold, more and more consumers will confront the challenge of managing all the risks that come with this new reality. Market volatility and longevity risk, once not primary concerns to consumers, will influence behavior. We are seeing this now as consumers are demanding guarantees and certainty."

DIAs experienced their first year of significant sales in 2012, and the report singled out this product as representative of the new market.

"DIAs, sometimes referred to as **'longevity insurance,'** allow the owner to defer the start of the guaranteed income stream until a later date," the report stated, before predicting "that innovations and new offerings in this class will contribute to DIAs becoming the fastest growing product in 2013 on a percentage basis."

Within the variable annuity market, while living benefit elections during the past few years have reached about 90 percent, according to the report, many companies are aggressively developing new products without a living benefit to cater to consumers interested only in tax deferral or diversifying into different asset classes. This is expected to continue into 2013. IRI also found that, in terms of fixed-indexed and single premium

immediate annuities, both product classes are **expanding into non-traditional sales distribution channels.**

(does that mean stockbrokers?....BB)

Tough is a nice way of saying Yikes!....BB

Variable Annuity Outlook 2013: Tough Road Ahead

http://www.advisorone.com/2012/12/21/variable-annuity-outlook-2013-tough-road-ahead

The main culprit, experts say, is that many variable annuity products hedged their exposure incorrectly, something that wasn't revealed until the market crashed in 2008. As more and more annuity owners opted to initiate the guaranteed portion of the contract, something known as being "in the money," product distributors were unprepared, leading to solvency concerns for the industry as a whole.

Large and venerable insurance companies, some hundreds of years old, barely survived, and they aren't about to make the same mistake twice; **hence the rush for the exit.**

Many of us have prospects and clients who use Fox as their major source of news, here is a good way to connect with them....BB

Why You Should Purchase an Equity Indexed Annuity

Read more: http://www.foxbusiness.com/industries/2013/01/02/why-should-purchase-equity-indexed-annuity/#ixzz2HJO3ijNq

I feel there are 4 major benefits when it comes to Equity Indexed Annuities.

1. Protection against principal loss. Meaning: if the index goes down, you don't lose a penny.
2. The power of the annual reset feature. This allows you to lock in gains every year the index is positive!
3. Low or NO management fees.
4. Guaranteed income for life (with the guarantee income rider).

Meet Colleen Francis

Colleen is driven by a passion for sales - and results. A successful sales leader for over 20 years, she understands the challenges of selling in today's market and that business leaders can no longer rely on approaches to sales based on techniques from decades ago.

I have been a subscriber to Coleen Francis for 5 years, she helps sales people from numerous industries, here is some help on referrals

http://www.engageselling.com/articles/article-a-pragmatic-way-of-asking-for-referrals.php

A Pragmatic Way of Asking for Referrals

Avoid using language like, "Can I use you as a referral?" or, "Can I talk about business?" Instead, say, "Can I share your success with him?"

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http://www.investmentnews.com/article/20130106/REG/301069992?utm_source=issuealert-20130106&utm_medium=in-newsletter&utm_campaign=investmentnews&utm_term=text#

'Permanence' of estate taxes helps planners

By **Andrew Osterland**

January 6, 2013 12:01 am ET

Sometimes it pays to procrastinate.

Last year, estate planners and financial advisers were urging their wealthy clients to take advantage of the favorable and possibly fleeting opportunity to give money or assets to family and charities on a tax-free basis. They figured that the **$5.12 million estate tax exemption** was headed for the dustbin, reverting to the $1 million level of 2002.

Estates or gifts over that amount would also be taxed at a 55% rate, versus the **35% rate in place last year.**

It turns out that the mad rush at year end to take advantage of the opportunity was all for naught. Congress essentially extended all the existing tax rules for estates, gifts and generation-skipping wealth transfers, with the one notable change of **bumping the tax rate up to 40%.**

Those who either resisted the advice to set up expensive trusts to manage the gifts, or simply dawdled about doing it, can now take their time with the decision.

“[The outcome] probably annoyed a lot of people who were running around at year-end,” said Barry Picker, a partner with Picker & Auerbach, an accounting firm that does financial and estate planning. “I think a lot of people may be ripping up trust documents this year if they have any regrets.”

The estate and gift tax elements of the fiscal cliff deal essentially extend the very favorable rules in place over the past two years. The $5 million exemption (adjusted for inflation) was left untouched, as were the rules on portability of the exemption for

married couples. Surviving spouses can continue to claim the unused portion of their husband's or wife's exemption.

The gift and estate tax rules also remain unified — any combination of estate asset transfers and gifts made during a person's lifetime below the exemption threshold won't be taxed. Although the **tax rate increased to 40%,** that's still far lower than rates during most of the last decade.

“It's not perfect, but the permanency of it is a huge positive,” said Carol Kroch, head of wealth and financial planning for The Wilmington Trust Co.

Indeed, the best thing about the deal is the certainty of it. “It's going to allow us to do our planning with clients in a more measured, thoughtful manner,” said Ronnie Davidowitz, head of the New York trusts and estates practice at law firm Katten Muchin Rosenman.

Charles Aulino, director of financial planning for Glenmede, added: “There's been no solid basis for estate planning since 2000. [Congress] can always change things, but this looks like a long-term — if not permanent — set of rules.”

The immediate impact of the deal is likely to be that fewer people set up trusts. For those with assets around $5 million ($10 million for couples), the large exemption threshold — along with the portability rules — may be enough to allow them to transfer assets to descendants on a stepped-up cost basis at death.

Their beneficiaries wouldn't face large capital gains taxes on real estate and other assets that they would if they received them as a gift. The recipients of asset gifts assume the cost basis of the donor for tax purposes, whereas heirs can increase the cost basis of the assets to fair market value.

In the long run, however, the use of trusts to manage estates should continue to be popular, planners said, in part because people now are more aware of what they can do.

TRANSFERRING ASSETS

“Setting up a trust isn't just about dollars and cents. It's a planning device to better manage assets,” Ms. Kroch said.

Trusts also can be used to remove assets from the estate that are likely to appreciate in value and lead to higher estate taxes down the road.

Transferring assets during a person's lifetime also can save a lot on state estate taxes. Connecticut is the only state that levies a tax on gifts.

Mr. Aulino thinks the interest in trusts may diminish in the short term but not over the long term.

For one thing, the fiscal cliff fear of claw-backs by the government — making retroactive any reductions in the size of exemptions in 2013 — kept many clients from making large gifts last year. The deal out of Washington should put those fears to rest, Mr. Aulino said.

“I think we'll eventually see more use of these trusts,” he said. “With the estate tax rate up to 40%, it makes as much — if not more — sense now.”

Big Truck Questions

Questions for the Owen's Brothers from the Crew

Q. Let's try something new for the first Open MIC of 2013, let's take a question from the group. Here is your opportunity, what do you want to know from the Owen's boys?

Dave has some product updates…

Caution

Annuities have been used for several years to allow the well spouse to protect available assets in the event the ill spouse needs Medicaid assistance. Whether or not this si morally correct really depends on the financial well being of the well spouse. Medicaid planning is not done for the person needing nursing home care.....but for the well spouse to survive financially.

I have written many millions of annuities for Medicaid planning **BUT** I have never written an annuity without direct and written direction from the attorney managing the Medicaid case. I urge you to be informed but not to be the proactive participant in the marketing of annuities for this topic. Work with an attorney and be involved, but only as the product supplier.

Here is a good resource for state specific information on Medicaid: http://elderlawanswers.com/

Using Annuities in Medicaid Long-Term Care Planning

When one spouse has to go into a nursing home, couples can save assets from Medicaid by purchasing an immediate annuity.

Medicaid applicants **with too much money or assets are denied coverage** for long-term care and have to pay their own nursing home bills. For many, their savings would be depleted within months, leaving the Medicaid applicant's spouse destitute. Annuities can magically wipe away these excess resources that are preventing Medicaid eligibility and replace them with a monthly check, payable to the applicant's spouse (referred to as the "community spouse").

Sound too good to be true? It's not, and when done properly, this technique can preserve a large portion of a couple's resources to **provide for the community spouse**, who may live for many years, and possibly, the couple's heirs.

First, let's provide some background that's important in understanding how an annuity can be so valuable in Medicaid planning.

Medicaid Eligibility

In Nolo's article on when Medicaid pays for nursing homes, we discussed how income and resources are treated differently for purposes of Medicaid eligibility.

Resources

In most states, the maximum amount of resources that can be owned by the Medicaid applicant is $2,000. Resources owned by either spouse are combined when making the eligibility determination, but the community spouse is allowed to keep a specific amount of resources. This amount, called the community spouse resource allowance (CSRA), is half of all of the couple's countable resources, but not to exceed a certain limit. In 2012, the maximum amount of countable resources the community spouse can keep, according to federal law, is $113,640, but each state may set a lower limit.

When a couple is "over-resource" -- they have too many assets to qualify for Medicaid -- Medicaid requires that the money be depleted before the applicant will qualify for Medicaid. **This process is called "spending down."** Medicaid doesn't really care what that money is spent on, so long as nothing is given away for less than it is worth.

The couple can pay any legitimate expense, such as medical bills, taxes, credit cards, housing expenses, and so on.

Income

Income is counted only if it is payable to the Medicaid applicant. This treatment of income follows what is referred to as the **"name on the check"** rule. The income of the community spouse is specifically excluded; the community spouse is allowed to keep all income payable to the community spouse.

Using Annuities to Deplete Assets

Purchasing an annuity converts an asset into a stream of monthly income for the community spouse, and the community spouse's income is not counted toward Medicaid eligibility. When an asset is turned into community spouse income, the asset "disappears" and no longer interferes with Medicaid eligibility. Purchasing an annuity means the assets don't have to be "spent down" on other things.

To be acceptable to Medicaid, the annuity payments must be completed before the end of the community spouse's life expectancy. This rule prevents the annuity purchase from becoming a gift to heirs (since no money would be left for heirs at the anticipated end of the community spouse's life). If the money is all returned to the community spouse during her lifetime, she was not able to give the money away for less than what she invested.

The type of annuity used for Medicaid transfers is known as a single-premium immediate annuity **(SPIA),** because it is paid for in a lump-sum premium payment and immediately begins paying back the premium to the owner (called the "annuitant"). (This is different from an annuity that is used for investment purposes that accumulates over a period of time before it is paid back to the owner, similar to an IRA).

How Purchasing Annuities Works

Suppose a couple is $100,000 over resource and desires to keep this $100,000 to benefit the community spouse rather than spending it down. Here's how an annuity can help. The $100,000 is moved to the name of the community spouse. No problem so far, because the assets are still countable regardless of which spouse owns the assets. The spouse applying for Medicaid is allowed to transfer unlimited assets to the community spouse.

Next, the community spouse purchases a single-premium immediate annuity,referred to as a "SPIA," from a commercial insurance company. This annuity is owned by the community spouse. Since it is an immediate annuity, the insurance company is

contractually obligated to begin making a series of substantially equal monthly payments to the community spouse.

Why Annuities Don't Violate Medicaid Rules

After an asset (money) is turned into an income stream payable to the community spouse, the applicant qualifies financially for Medicaid. And since the money (in the above example, $100,000,) is spent on something of equal value, it's not a gift that affects the Medicaid applicant's eligibility (as the annuity pays back the purchase price over a period less than the life expectancy of the community spouse, eventually paying back the entire $100,000).

Even though the community spouse receives a monthly check that could accumulate into an asset if saved, this never jeopardizes the applicant's future eligibility, because once qualified, the Medicaid beneficiary must only show that he or she doesn't have over $2,000 in assets. The value of the assets in the name of the community spouse is no longer a concern of Medicaid.

Annuity Requirements to Avoid Medicaid Penalties

These requirements must be met to make a community spouse annuity work for a Medicaid applicant.

- The annuity must be purchased from a commercial insurance company.
- The annuity must be immediate.
- The annuity must be irrevocable (you can't cancel it)
- The annuity must be nonassignable and nontransferable (it can't be given to someone else).
- The annuity must pay out in a series of substantially equal monthly payments.
- The term of monthly payments must be less than the life expectancy of the community spouse, according to Social Security life expectancy tables.
- The Medicaid agency for the state that the Medicaid applicant lives in must be designated as the primary beneficiary of the annuity after the death of the community spouse. This allows the Medicaid agency to collect any unpaid funds should the community spouse die before his or her life expectancy.

by: Keith Lyman

Leads

Please listen up! Sign up for leads, all the scrubbed leads you can get, they will make you money....the lead flow is still slow (but increasing) but our crew is killing them....tons of sales!

Hello Partners,

When ordering the "Scrubbed Leads" you do not need to establish a second account. Log on to your existing account at

http://www.annuity-admin.com/agents/admin/index.php?

where you ordered your "Premium Leads" and:
Click on "My Account"
Click on "Edit Account"
Click on "Edit" next to Lead Type & Cost
From there you can chose to Premium Leads, Scrubbed Leads, or both.
Click "Continue"

Verify the leads you want are documented next to "Lead Type & Cost"
Click "Save & Continue"
If you were already ordering Premium Leads and wish to add Scrubbed Leads (in other words, buy both types) there is a bug that will not allow you to choose both. We are working on getting it fixed. Email me and I will manually get both leads ordered for you.
For those of you that were already ordering the Premium Leads at $88 per lead your price will stay the same ($98 otherwise with the discount due to $10 price increase). As a reminder, your discount code is "Agent911".

Thanks for the biz,

Anthony R. Owen
Annuity Agents Alliance, Co-Founder
Annuity Innovation Systems, LLC, Vice President
Annuity.com, Annuity Marketing Consultant
Eagle Shadow Financial, LLC, Vice President
Office: 303-284-3582

Cleaned, pre-qualified, scrubbed annuity leads.

pre-qualified, cleaned and scrubbed leads .....less than *"advisor world"*.....email kevin@annuity.com for details....$195 each, will definitely be interested in annuities....full national launch begins in late august.....testing is available now

Annuity.com
Planning. Safety. Retirement.

The Scrubbed Lead Program

The strongest brand in the business just gotten stronger!

- Leads are verified by phone
- Leads answer "qualifying questions"
- Leads are 100% exclusive
- Average age: 62 years old
- Average investment amount: $128,000
- No pre-payment & no contracts

Only $195 per lead!

How does it work?

1. A consumer fills out a form or calls our 800 number, requesting information or guidance on annuities. Our leads come from the Annuity.com website, Google & Yahoo Search, other financial websites, radio and television.

2. Every lead is then **called by one of our trained phone staff**. During the phone call, the following information / data points are collected:

   - The type of annuity they are interested in
   - The amount & location of their money to invest
   - Their time frame for a potential annuity investment
   - The best time they can be reached by phone
   - Any additional information / notes we are able to gather…

3. The lead is then delivered to you in real-time (by text & email). When you follow-up, the prospect will be expecting your call.

How do you get started?

Sign-up at Annuity.com (via the For Agents section), using our Self-Service Wizard. You can create your account, set-up your geographical area, set your weekly lead limits and set-up your lead notification. The process takes about 5 minutes…

Still have questions? Contact us at: support@annuity.com

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Frequently Asked Questions

What is the difference between a Premium and Scrubbed lead?
The primary difference is that a scrubbed lead has been contacted and asked a variety of questions pertaining to their interest in purchasing an annuity. These notes are passed on to the advisor with the understanding that the lead is anticipating a follow up call with customized rates and quotes.

Is a Premium lead a lower quality lead than a Scrubbed lead?
No, the origin of the lead is the same. We have very strict standards on how quickly we receive and call on a leads request for Annuity Rates and Quotes. If we did not have a caller available to speak with the prospect (and "scrub" them) within 5 minutes, we would then qualify this lead as Premium. The quality and origin of both types of leads are exactly the same. The difference is whether we do the initial legwork for you or not.

Do Scrubbed Leads agents get priority over Premium Lead agents?
Whenever possible we try prioritize the scrubbed lead agents first. This does not mean that if you are a Premium Lead agent you will not get leads, as we do not have agents covering every zip code taking unlimited numbers of leads, nor do we have call center agents standing by 24/7 to scrub leads.

Are leads truly exclusive?
Yes. Our leads are sold to one agent, and one agent only. Also, we do not re-sell the lead at a later date as many lead providers do. Once you pay for a lead, it is for you to follow-up and cultivate.

How many leads will I receive in my territory?
This is a very common question and the very simple answer is "it depends." It depends on the size of your territory, the lead volume in that territory, and whether there are other advisors who may overlap with you in your territory. As a company we monitor where our advisors are located and will increase our lead efforts in areas where we have multiple lead buyers. The good news is you only pay for a lead once you've received it.

How do you handle more than one advisor in a territory if the leads are exclusive?
The leads are distributed on a round-robin basis. For example, if there are 2 advisors purchasing Premium Leads and covering the same territory, they will be distributed on an alternating basis, taking into account their maximum weekly lead count

When will I get my first lead?
This is another common question and one that does not have a definitive answer. It will depend on the size and density of your territory as well other advisors who may also share your territory. Our goal is to get you quality leads over quantity.

What is your return policy?
You may submit your request to reject a lead via your online lead management system. We will accept your request if the lead turns out to be another advisor, a student, a disconnected or fax number. There will always be additional gray areas and we will handle these on a case-by-case basis.

Is there a lead minimum?
There are no lead minimums, no prepayments and no contracts.

Still have questions? Contact us at: support@annuity.com

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