.....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

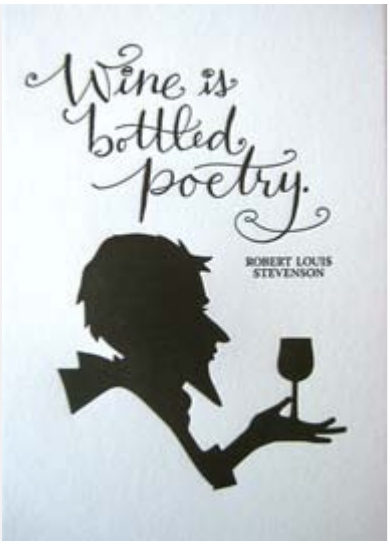
Annuity | Agent's Alliance
Real Help From Real Agents.

Annie at Golden Gate

Words of Wisdom

FINRA does not believe that an SRO (self regulating) bill has sufficient support on Capitol Hill." .....sort of like letting the folks at the bank keep track of the fees they charge without telling you....BB

“Wine is constant proof that God loves us and wants to see us happy”. – Benjamin Franklin



Robert Louis Stevenson lived in Calistoga for a year, where he wrote Calistoga Squatters.

This quote was in the book. "And the wine is bottled poetry"

According to DMA (direct marketing association) for every **$1** invested in direct email marketing, **$40** in sales revenue is earned.....anyone say Retire Village?

Unsolicited from a crew member:

The Drip System Works!

I use it in between the regular scheduled drips and it has been a direct result of additional business.

Thanks to all involved!

Here is Joe with more...

1) Drips are all set up

2) IP addresses are being warmed up

3) What is "warming up an IP address (long term deliverability)

4) Daily lead reports are working

5) Agent results are good

Spots are running.....leads....sign up!

Kevin has an update....phone scrubbed and phone verified....do you know the difference?
Have you ever bought a lead somewhere and the phone number would not work? Maddening, then you have to go through the trouble of returning it.....

Dave and Shaun

Product updates...and life info

Navy Shipyard

I have a great friend, his name is Dan (Not his real name). Dan works at a Naval Ship Yard as a welding supervisor, blue collar all the way. He asked me to attend a retirement planning seminar being held by a private firm in the lunchroom of the shipyard, I went with Dan to help and support him, plus I was curious.

What was presented was so disgusting, that I for once had wished **FINRA** had been in attendance.

How often do meeting like this go one across the United States? How many careful and yet unsuspecting people fall to this pitch, a pitch wrapped in the American Flag.

(How do I get on the list to make presentations on US Government property to gather new clients).....

I had my cell phone with me but from the back I couldn't get a good recording, but I did write a lot of notes.

Here is the story.

Dan retires

"I am going to retire," said Dan," I have been waiting a long time and finally I am ready."

Dan has worked his life at several jobs, mostly blue collar union jobs, he has saved and now the time has come for him to retire. No more work, no more clock to punch, no more "other" people schedule.

There is one important issue in retiring, when you retire other things DON'T, such as food, medical care, utilities, rents....etc. We would all like t retire some day and live the Golden Years as we envisioned them, but to do so we will need to be able to afford a retirement lifestyle.

Many people think when you retire that the costs go down, maybe a few will such as commuting, dry cleaning, commuting etc. The realistic news is at retirement time the need for income could increase! And generally does.

There is a whole industry designed to get those retiring to rollover their pension plans (401k) into an IRA. Jumping from one level of investment to another. To me there is nothing wrong with rolling over assets, as long as the new plan fits those readying for retirement.

Company seminar in the lunch room

The meeting was held at 4 pm, just after the day shift change, surprisingly, many spouses had also come to listen. One couple even brought their adult children to listen. Refreshments were served by the speaker, coffee and apple juice (Costco).

At the meeting for retirement candidates listening to an investment counselor offering the option of rolling over a 401 k to an IRA **three** questions were are from the audience.

1. Can you roll over a 401k to an IRA without paying taxes? The advisor powerfully announced that yes you can, there is no tax liability to a rollover. (smiles and authority).

2. How soon can you begin an income from the 401k rollover to the IRA?

The advisor with power and convicting said "Immediately, there are no rules about how soon you can begin your long planned retirement."

3. The recommendations you are making for our retirement funds, are they guaranteed?

His answer: "We are facing a new generation of retirement challenges, the challenges require us to take some small risks in order to have the needed retirement income we desire. These risks are funds invested in our **American Economy of Growth** (stocks) and our **American System of Finance** (bonds). If you don't believe in America you are betting against the system, America will prevail and you can have the retirement you all dream of.....(might as well stand and sing the National Anthem)

This all happened because I was there, my friend Dan had invited me to go listen to the retirement meeting with him.....

The broker had wrapped himself in the colors of the American Flag and had built it to a **crescendo of Americanism.**

He went on to say that 47% of those who retire will run out of money. In order not to run out of money one of two things must happen:

1. You need a lot of money

2. You need to take some **risk**

(Risk: the exposure to loss....BB)

He continued, there is nothing to be fearful of, we can plan for it, that is why I am here, to help you plan and enjoy retirement. (he really said it....BB)

Finally a member of the audience asked question number 4:

4: What exactly is your recommendation for what we should invest our rollover IRAs in?

The answer: (this is an exact quote as I wrote it down....BB) There are only two words you need to know about your retirement accounts.

Variable Annuity.

I am quoting:

"They are sold to baby boomers to guarantee income, protect savings and to have your accounts in one easy to manage wrapper. These products will perform very well but they are complicated, that is why you need to work with an adviser, an advisor who knows and understands them so you can have the best possible retirement."

I bet he didn't run that little ditty---- verbal pitch past **FINRA!**

My guess is 80% of those who attended ending up becoming his client.

Dan doesn't have a lot of money saved, about $300,000. This money is vitally important to him and if something happens to it, George's life will be affected.

Drastically

Question 5:

5. Dan asked the broker from the audience about how much monthly income would conservatively be expected form a retirement account of $300,000. The broker correctly warned the audience that this was an example only and that a complete fact gathering was necessary before any real suggestion could be made, but he estimated $1,500 to $1,600 a month for life.

(I know this broker very well and over the years we have tangled numerous times, he hadn't recognized me and I just let him go)

Dan's reality

Dan has $300,000 in his IRA rollover and to remove $18,000 to $20,000 a year would mean that George will run out of money. $18,000 after taxes would be about $13,000 and a net $18,000 (Dan's reality) would be a gross $24,000 or so).

How many people misjudge the income value of their retirement accounts? Mostly I fear do so.

Using www.gafriss.com as an easy resource I showed Dan what the more likely income would be should risk be completely removed.

Dan is 66 and I used a growth rate of 3%, but included the income rider estimate.

Under complete guarantees the best Dan could expect (this illustration) is a gross income of $15,606. The painful reality of the difference between guarantees and hopeful returns is tough, it was very tough on George.

Dan is not alone, most retirees and hopeful ones have to deal with this awesome reality of how much such still must be taken just to make retirement a reality.

GREAT AMERICAN FINANCIAL RESOURCES

IncomeSecure Calculator

Initial Premium $ 300000
If ages 40-79, enter a value between $10,000-$750,000.
If ages 80-85, enter a value between $10,000-$500,000.

Purchase Payment Bonus Enter a value from 0.0%-2.0%. 2 %

Annual Assumed Interest Enter a value from 0.0%-5.0%. 3.0 %

Lifetime Benefit Single ◉ Joint ○
If Joint Lifetime Benefit is chosen, assumes spouse is sole beneficiary.

Owner Age Enter age 40-85. 66

Calculate

Benefit Detail Calculations

Contract Year	Age	Income Benefit				Additional Death Benefit
		Income Percentage	Income Base	Income Amount	Account Value	
1	66	5.1%	$306,000	$15,606	$306,000	$0
2	67	5.2%	$336,600	$17,503	$312,579	$2,601
3	68	5.3%	$367,200	$19,462	$319,095	$5,462
4	69	5.4%	$397,800	$21,481	$325,547	$8,583
5	70	5.5%	$428,400	$23,562	$331,932	$11,965
6	71	5.6%	$459,000	$25,704	$338,249	$15,606
7	72	5.7%	$489,600	$27,907	$344,495	$19,508
8	73	5.8%	$520,200	$30,172	$350,668	$23,669
9	74	5.9%	$520,200	$30,692	$356,766	$28,091
10	75	6.0%	$520,200	$31,212	$363,047	$32,513

The additional death benefit represents a return of rider charges if death occurs before income payments are made.
Note that the income amount will remain level based on the year that income is taken.

For Distribution Partner Use Only. Not for Use in Sales Solicitation.

Happy ending

Dan did buy the annuity (FIA), we shopped the market and found the perfect product for his age and his goals, the income was almost $17,200 (gross), close to the estimate without guarantees. His is fully guaranteed.

Doomsayer?

I am not a doomsayer, but what would Dan have done if this had happened to his retirement account, just when he needed it. We are on the cusp of another huge downturn (my opinion) with interest rates so low, what would happen to any portfolio invested in bonds?....BB

http://www.mailtribune.com/apps/pbcs.dll/article?AID=/20120614/BIZ/206140306/-1/rss05

SURVEY FINDS PLUNGE IN U.S. FAMILY INCOME

*Net worth fell **38.9% from 2007-10**, taking it back to levels of 1992*

June 14, 2012

By Kevin G. Hall

McClatchy Newspapers

WASHINGTON — A new survey of U.S. family finances released by the Federal Reserve on Monday documents in painful detail just how deeply the Great Recession and its aftermath has been felt in family budgets across America.

The Survey of Consumer Finances, conducted every three years and covering a span from 2007 to 2010, documents steep declines in family income that correspond to what many Americans already know about their own declining net worth.

It also shows how the U.S. South and West have felt more pain than the rest of the country because of the severity of the housing sector's downturn there, and provides evidence that the self-employed and business owners have taken it on the chin in recent years.

The survey findings provide fodder for both the re-election efforts of President Barack Obama and the campaign of presumptive GOP presidential nominee Mitt Romney. Obama can use the data to show what a terrible economy he inherited, while Romney can use the data to show how bad things remain.

The Fed survey found that the median value of family income, when adjusted for inflation and before taxes, fell by 7.7 percent — from $49,600 in 2007 to $45,800 in 2010. The median is the midpoint of all family income, and while it fell in all four corners, it fell most in the South and West.

"The decline in median income was widespread across demographic groups, with only a few groups experiencing stable or rising incomes," the Fed survey said. "Most noticeably, median incomes moved higher for retirees and other nonworking families. The decline in median income was most pronounced among more highly educated families "... and families living in the South and West regions."

The Fed found that median net worth fell 38.9 percent — from $126,400 in 2007 to $77,300 in 2010. That essentially took net worth back to levels recorded in 1992, and reflects the steep erosion of housing

Go to link above for more info.....

Remember **Executive Life** and the grief they caused the industry? I was a NML agent and NML's share of bailing them out was well over $100 million (from state guarantee fund)....anyone can say anything, but how do you live up to those promises is the question....BB

Blast from the past

Executive Life lives on - For more than two decades, attorneys have tried to collect on structured settlements purchased from the now-defunct Executive Life Insurance Co. of New York. Former settlement holders received letters recently telling them that benefits were being cut by as much as two-thirds. Executive Life was established in the 1980s by Fred Carr, a California financier who funded his life insurance firm with the **purchase of junk bonds**. In 1991, the company went bankrupt. California Insurance Commission sold Executive Life to a consortium of French firms, but a whistleblower later revealed that the buyers were a front for one of the banks involved.

Great lesson to be learned here....'I can return 15% guaranteed!"

Executive Life Insurance Company (ELIC) was once the largest life insurance company in California. Its financial problems and subsequent insolvency in April 1991 [1] shocked its policyholders and the financial world.

At the time, First Executive was the biggest insurer ever to fail, which resulted primarily from money-losing investments in junk bonds. First Executive through Fred Carr had a strong association with Mike MIlken (later sent to prison) and the brokerage firm Drexel Burnham Lambert, whereby at the end of 1990 the company owned high yield debt **(remember....BB)** , much of it issued through Drexel, with a carrying value of $9 billion. According, First Executive was involved in 90% of Drexel's underwritings, which accounted for about $40 billion in bonds from 1982 to 1987.

Just think about how many people suffered with retirement losses because of these creeps.....make sure guarantees are guarantees!....BB

Our 401k is just sitting there, we could borrow and pay back couldn't we? This is a far bigger problem with our target market than you might think....BB

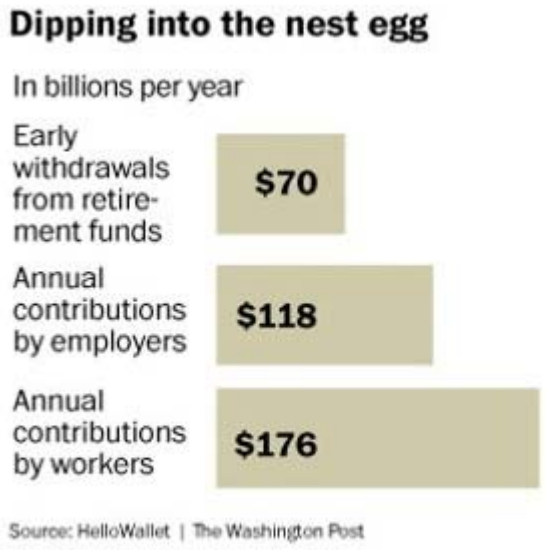
The Washington Post

http://www.washingtonpost.com/business/economy/401k-breaches-undermining-retirement-security-for-millions/2013/01/14/f54a0e90-5e70-11e2-8acb-ab5cb77e95c8_story.html

401(k) breaches undermining retirement security for millions

A large and growing share of American workers are tapping their retirement savings accounts for non-retirement needs, raising broad questions about the effectiveness of one of the most important savings vehicles for old age.

More than one in four American workers with 401(k) and other retirement savings accounts use them to pay current expenses, new data show. The withdrawals, cash-outs and loans drain nearly a quarter of the $293 billion that workers and employers deposit into the accounts each year, undermining already shaky retirement security for millions of Americans.



Recently I ran into a prospect who had been borrowing against her 401k, she had very few options other than to declare it as income....BB

A recent return enjoyed by a client of mince who had purchased Fore Thought 7% on $300,000 IRA account....nice to be a hero....BB (here is more....see link)

http://www.businessweek.com/magazine/content/11_10/b4218045699286.htm

Indexed Annuities Can Yield Surprises

By Margaret Collins and Zeke Faux on February 24, 2011

When Helen Siswein, a retired teacher, heard about an investment that might earn as much as 8 percent a year and never lose money, she was sold. "I thought, 'Boy, if the market surges, I could make a lot,'" says Siswein, 82. In the summer of 2003, she put about $1 million into four annuities linked to stock market indexes on the advice of an insurance agent who visited the widow at her former home in Bucks County, Pa.

Siswein says the agent didn't tell her she would be locking up most of her money until her 87th birthday. Or that there were caps on how much the investments could earn. Siswein was charged fees as high as 15 percent of her account balances to cash out early, in 2008, the contracts show. She says one annuity earned an average of about 3 percent a year after the penalties. The index it tracked, the Standard & Poor's 500-stock index, returned 6.3 percent including dividends in the same period.

Equity-indexed annuities have been around since 1995, and their popularity has spiked in the wake of the market rout of 2008. Insurers led by Allianz Life (AZ) and Aviva sold

a record $32.1 billion of indexed annuities last year, up 7 percent from 2009, according to trade group Limra, in Windsor, Conn.

This is a guarantee to happen!

This will be common in the future, especially with the move to Private Equity company's joining the party, it gives them a house edge....BB

http://www.moneymarketing.co.uk/pensions/aviva-all-annuities-should-be-underwritten-automatically/1066209.article

Aviva: All annuities should be underwritten automatically

18 February 2013 10:15 am | By Tom Selby

Aviva has increased the protection it offers to annuity customers as the provider calls on the industry to automatically underwrite all annuities.

Aviva has today announced improvements to the standard guarantees it offers on its annuity products.

First, it is introducing an “annuity value protection” promise which means if a person dies within 90 days of buying an annuity, the provider will return their original pension fund to their estate.

Aviva is also implementing a “default one year guarantee” so if a customer dies after 90 days of taking an annuity, but within a year of the policy beginning, the provider will continue to make annuity payments to their estate for the remainder of the first year.

In addition, Aviva wants the industry to incorporate personal underwriting of annuities into the shopping around code of conduct launched by the Association of British Insurers in December 2011.

(sounds like a smoke screen....what really will happen, those with better health history will get lower income rates, my guess....BB

They say being copied is the greatest form of flattery, remember when **"The Perfect Storm"** was presented by Annuity.com as a white paper two years ago?

http://www.lifehealthpro.com/2013/02/13/perfect-storm-drives-fixed-indexed-annuity-sales?t=fixed-indexed

‘Perfect storm’ drives fixed indexed annuity sales

Annuity Viewpoints

By Maria Wood

The recent severe weather in the Northeast notwithstanding, sometimes a “storm” can be a positive force. Take, for instance, the forces that have converged to propel fixed indexed annuities (FIAs) to the top of the annuity world. While sales of variable annuities and fixed-rate annuities have slumped in recent quarters, FIAs have increased in sales volume.

etc. etc. etc.....

Over 1,000 ETF now and growing, many copy cats....good info if you are competing....BB

"An Oxymoron"....is a figure of speech that combines contradictory terms

http://www.investmentnews.com/article/20130217/REG/302179995?utm_source=issuealert-20130217&utm_medium=in-newsletter&utm_campaign=investmentnews&utm_term=text

Three things that worry Vanguard's Jack Brennan

Exchange-traded funds have made financial advisers' jobs a lot easier, but the **explosive growth of the products doesn't come without risk**, according to Jack Brennan, The **Vanguard Group** Inc.'s chairman emeritus.

Click the link above for all Mr. Brennan's remarks and complete article

---

Do you think social media really works?....BB

http://annuityoutlookmagazine.com/2013/01/25-interesting-social-media-stats-for-financial-professionals/

25 Interesting Social Media Stats for Financial Professionals

by Amy McIlwain 0

Let's face it: Who doesn't love a helping of solid statistical data every once in a while? In 2012, financial professionals made significant strides in embracing and harnessing social media—but how effective are their efforts?

Better yet, are they reaching the right audiences when using social media? The following compilation of data is reflective of the current state of social media in the financial world. Read it and weep!

Affluence

- Five million affluent investors use social media to research final decisions. (Business Insider)
- 26% of ultra-high-net-worth investors use the professional-focused social networking site. (Northern Trust)

4%

We talked about the 4% solution a few weeks back on Open MIC.....BB

Here is more on the topic....good article, see link below.

http://www.advisorone.com/2013/02/12/are-annuities-the-solution-to-the-old-4-retirement?utm_source=retirementreport021213&utm_medium=enewsletter&utm_campaign=retirementreport&t=income-planning

From last week.....

Are Annuities the Solution to the Old 4% Retirement Rule?

BY WILLIAM H. BYRNES, ESQ., ROBERT BLOINK, ESQ., LL.M.
February 12, 2013 •

For years, the so-called 4% rule provided the baseline from which advisors launched strategies for retirement account withdrawals. The rule is simple, well-trusted, and relatively unlikely to fail—or at least it used to be. In today's low-interest rate environment, the strategies that worked for the past 20 years are simply not cutting it, meaning that advisors and clients must readjust their expectations to uncover alternative solutions for providing sustainable retirement income.
While the word "annuity" may be a dirty one for clients who have traditionally sought aggressive investment returns (or worried about their high costs), the evidence cannot be ignored: new studies suggest that annuities are a competitive alternative to the newly old-fashioned 4% rule. For those clients unwilling to modify their retirement income planning strategy so dramatically, many advisors have discovered a new method for determining retirement withdrawal rates, inspired by the system used by the IRS itself.

The Problem With 4%
As the name suggests, the 4% rule suggests that if your client withdraws 4% of the balance from a retirement account each year, he will be able to create a sustainable retirement income stream with virtually no risk of exhausting the account assets. This strategy has worked for years, more or less, but there have always been problems, such as the failure to account for actual investment performance in any given year. It has generally been a safe bet, however, that the client will not run out of money, which is the greatest fear for many retirees.

Today's low interest rate environment has, unfortunately, eliminated the primary benefit of the 4% strategy—namely, the 4% rule is no longer a safe bet. A new study (by Texas Tech professor and Research magazine contributor Michael Finke) has produced evidence that, because interest rates are about 4% lower than their historical average, the anticipated failure rate for the 4% rule has jumped from 6% to a whopping 57%. These numbers cannot be ignored. The study found that the failure rate would remain at 18% even if interest rates increase in five years' time, though there is no evidence to suggest that we will return to 20th century interest rates anytime soon, if ever. The bottom line: it is time for clients to oust the 4% withdrawal strategy.
The Annuity Solution
Even if your clients are tired of hearing about the benefits of annuitizing their assets, it is becoming a simple fact that retirement accounts are not yielding the returns that they have in the past, and the potential of a 57% failure rate by following the 4% rule should get clients' attention. When the 4% rule's failure rate was a modest 6%, there may have been reason for clients to reject annuity products as noncompetitive, but today's reality has changed the picture. Annuities should be seen as more attractive than ever.

An annuity product is not perfect, however. It ties up your clients' funds in an investment that is difficult to liquidate, meaning that the client cannot easily access the funds to provide for unexpectedly high health-related or other costs during retirement. This will provide some clients with incentive to purchase long-term care insurance that will protect them against unforeseen costs that aren't usually reimbursed by Medicare.

Other clients will continue to insist that long-term care insurance is prohibitively expensive. This may be true for many, but luckily annuity products have also changed with the times, and many insurance companies now offer annuity products with critical care riders to provide long-term care benefits in addition to the traditional annuity income stream. The products also address the "use it or lose it" problem posed by long-term care insurance because most contracts offer a cash surrender value if the long-term care feature is never tapped.

The Beneficial IRS RMD Method

Studies have also identified the IRS's RMD method as a better alternative for determining retirement account withdrawal rates than the 4% rule. Not only is the RMD approach almost as simple as the 4% rule—rather than withdrawing 4% each year, the client consults IRS tables to determine the applicable annual percentage—it offers much more flexibility.

The RMD rule is, in many ways, much more realistic than the 4% rule because it bases withdrawals on the current value of the client's retirement assets. While this requires determining what that value is each year, it also allows clients to modify their consumption levels based on actual account performance. Because the withdrawal percentages are based on life expectancy and vary with age, it is unlikely that the client will outlive his assets using this method because the account's rate of return is factored into the equation.

Conclusion

Many of your clients may be reluctant to abandon what they think of as a tried-and-true method for determining withdrawal rates, but recent studies provide a powerful argument in favor of seeking alternatives. Simply put, if the interest rate environment has changed, causing old strategies to fail, why shouldn't your clients' perceptions change along with it?

It sort of makes me wonder about the thinking behind these expense increases....I think it is two things: If Prudential is going to be in the VA business, they are going to make enough money to make it worth it....or...they don't want to be in the VA business and are intentionally pricing themselves out of it. What do you think?....BB

Darla is a very good reporter, see link for more info....

http://www.investmentnews.com/article/20130217/REG/302179981

Pru fee hike another nail in VA coffin

Advisers now questioning value proposition for products

By Darla Mercado

February 17, 2013

Rising fees for variable annuities at Prudential Financial Inc. are making some financial advisers and broker-dealers question whether the value proposition for VAs is shrinking.

The insurer has filed with the Securities and Exchange Commission to raise the cost of its Premier Retirement variable annuity, increasing the mortality-and-expense fee for its B share by 15 basis points. The changes are expected to go into effect Feb. 25.

That will bring the M&E fees to 145 basis points and, counting the cost of a living-benefit rider, peg the product's single-life version at about 245 basis points.

Some advisers are asking: When does an annuity become too expensive to offer?

“You have to take a look at whether the cost is going to be prohibitive,” said Marc Silverman, an adviser at Silverman Financial Inc. “It's getting to that point where fees are outweighing the benefits and where you have to look elsewhere.”

A longtime fan of Prudential, Mr. Silverman said that he also likes Protective Life Insurance Co. but that fees are rising there, as well.

“You're almost over 4%, and in my opinion, that's pretty high,” he said.

Prudential's cost increase was too much for Raymond James Financial Inc., which places a 235-basis-point limit on the combined cost of a variable annuity and its rider.

“With this product change, Prudential is going over the limits,” said Scott Stolz, president of Raymond James Insurance Group. “They will raise the M&E to the point where [the chassis] is the most expensive variable annuity on the street.”

The firm has decided not to offer Premier Retirement B and C shares, and instead will consider adding Prudential's O share, he said.

That class has no upfront charges and assesses M&E expenses through the surrender period; those costs decline over time. Clients can take advantage of break point discounts, leading to lower fees for those who deposit more money.

“As the universe of selections is narrowing, it's going to challenge us to meet client needs,” said Mitchell Kauffman, a managing director at Kauffman Wealth Services Inc., which is affiliated with Raymond James' independent broker-dealer.

Wells Fargo & Co. also is mulling Prudential's product revision.

“Those are meaningful changes that they're making to this product, based on what's going on in the industry,” said Bernie Gacona, director of annuities.

However, even those who have decided to continue doing business with Prudential said that the trend is downhill for variable annuities.

“We're taking a look at indexed annuities with roll-ups and living benefits, and a different cost structure,” said Kraig Lange, manager of the insurance department at Stifel Nicolaus & Co. Inc.

Higher fees for fewer benefits in the VA business are “a continuation of an industry trend line, and nobody is happy to see it go down that way,” he said.

“Whenever a benefit changes, we need to evaluate the relative value versus the other products, and that's under way now,” said Merry Mosbacher, a principal in the insurance marketing unit of Edward Jones.

There is no plan to remove the insurer from the platform, she said.

Rather than look at a particular component of a variable annuity's cost, distributors should weigh expenses against what clients get in exchange, said Bruce Ferris, vice president of sales and distribution at Prudential Annuities.

“What matters are the all-in fees you pay for the benefits,” he said.

Attempts to stem VA volume at the Big Three — Jackson National Life Insurance Co., MetLife Inc. and Prudential — have continued for well over a year as the insurers fret about taking on long-dated liabilities amid lengthy periods of low interest rates. However, advisers already are gravitating toward insurers that they find more attractive.

Raymond James advisers had muted reaction to the Prudential development.

from last week.....

Not only this product but many VAs are way too high in fees, what is the only source of income with VAs? Fees!....BB

http://www.investmentnews.com/article/20130211/FREE/130219989

Pru's VA price hike too much for Raymond James

With cost reaching **245** basis points, VA hits a most expensive stratum

Prudential Financial Inc.'s decision to raise the fees on its Premier Retirement variable annuity is causing some broker-dealers to think twice about offering it.

The insurer has filed with the Securities and Exchange Commission updates for Premier Retirement, including a 15-basis-point increase in the mortality-and-expenses fee for the B-share version of the product. That brings the **M&E fees to 145** basis points and, counting the cost of a living-benefit rider, pegs the single-life version of the product at about **245 basis points.**

The changes are expected to go into effect Feb. 25.

At Raymond James Financial Inc., the 245-basis-point price tag makes the VA too expensive. The firm has a 235-basis-point limit on the combined cost of the VA chassis and the rider.

“With this product change, Prudential is going over the limits,” said Scott Stolz, president of Raymond James Insurance Group. “They will raise the M&E to the point where [the chassis] is the most expensive variable annuity on the street.”

Big Truck Partners

Q: What do you say to a prospect who calls after the sale and puts things on hold?

(I have had this happen to me numerous times, it is painful and awkward….BB)

http://www.investmentnews.com/article/20130214/FREE/130219947?utm_source=indaily-20130214&utm_medium=in-newsletter&utm_campaign=investmentnews&utm_term=text

Great ammo for any of you running into investors that have bonds. This is as obvious as the tech bubble and housing crash except for this time it seems like more people are paying attention.

About 4 months ago a member of this crew began using the off week drip from his RV account to discuss local and regional issues. Because of that effort, he has written an extra **$600,000** of annuity premium and a **$20,000** life case all due to prospects calling him and allowing a closer relationship....his comments are at the top of Open MIC notes.....BB

There are several ways to give value, the article below could be titled:

"Don't make a beneficiary mistake, you can save taxes by making the right choice"

Something like that which will attract attention.....use your imagination....and be sure and add a photo, **DO NOT** snag it off the internet! (we had an agent snag a photo for an email to prospects and was sued, he lost and it was very expensive)

Buy the use of the photo, we use istockphoto.com....do not cheat, they will catch you! It is not worth it, stock photos are effective and cheap.

Here is a solid piece for "off" week drip for your Retire Village database....BB

Give Value!

Should You Make a Child Your IRA Beneficiary?

If you do, there are some "minor concerns" to keep in mind.

Should you make a minor child the primary beneficiary of your IRA? Are there any caveats to that choice?

IRA owners frequently name young children as contingent beneficiaries of their accounts, but designating someone younger than 18 as the primary beneficiary of IRA assets invites a number of questions.

Will you exploit the stretch IRA strategy? Some parents name a child or grandchild as an IRA beneficiary because it just seems like a good thing to do ... without realizing that it could be one of the *greatest* things they could do to promote lifetime wealth for that person.

If you have plenty of retirement funds apart from your IRA, you may want to consider making your IRA a vehicle to provide for your heirs. The stretch IRA strategy could be a gateway to decades of tax-deferred growth for those IRA assets.

When owners of traditional or Roth IRAs die, their beneficiaries have three choices. They can either a) withdraw the money as a taxable lump sum, b) create their own inherited IRA that must be emptied within five years of the original IRA owner's death, or c) leave the IRA in the name of the deceased owner, and then begin taking Required Minimum Distributions based upon the beneficiary's age. In this way, RMDs may be stretched over an heir's lifetime, and the remaining invested assets retain their potential for tax-deferred growth.[1,2]

This last option is the core of the stretch IRA strategy. If the IRA custodian allows, the IRA beneficiary can designate a second-generation beneficiary, the second-generation beneficiary can designate a third-generation beneficiary, and so forth. As long as RMDs

are properly made by the beneficiaries, the IRA assets can keep growing, perhaps for generations.

The stretch IRA strategy is relatively flexible. In most instances, a non-spousal IRA beneficiary can elect to quit stretching the assets at any time by taking the whole remaining balance of the inherited IRA as a distribution. (Some IRA inheritors do run into situations where they need to withdraw more than their RMD.)[3]

What if multiple children are named as primary IRA beneficiaries? This is entirely permissible. If that is the case, then all of their RMDs will be calculated based on the age of the oldest child. Alternately, if the inherited IRA is split into separate inherited IRAs by December 31st of the year after your death, then each of your children may use their own life expectancy to calculate RMDs.[4,5]

What if a minor child inherits an IRA? If the IRA has more than a few thousand dollars in it, then one of two responses may be necessary. If one or both parents are still alive, then they will need to petition a probate court to be appointed guardians of the money. If the child's parents are deceased, then the probate court may appoint a guardian. If you don't want to risk any of this happening, you have the authority to appoint a custodian for the IRA per the federal Uniform Transfers to Minors Act (UTMA), which 48 of 50 states recognize. This adult custodian can be named as the IRA beneficiary and will gain the authority to manage the IRA assets.[1,5]
Keep in mind that the child is free to control and potentially liquidate that IRA at age 18 or 21 (it varies per state and whether or not a custodian has been appointed as an IRA beneficiary).[1,6]

Should you set up a family IRA trust? If you want more control, instead of naming a child as the primary beneficiary of your IRA, you could a) name a qualified see-through trust as the primary IRA beneficiary and b) name the child as the primary beneficiary of that trust.

When you pass away, a) the balance in your IRA is then transferred to an inherited IRA, b) RMDs are paid from the IRA into the trust, and then c) payments are made to the trust beneficiary. This way, you can see that the IRA account balance is paid out over an extended number of years, lessening the risk of the child spending the money all at once. If a trust is designated as a primary IRA beneficiary, the resulting RMDs will be based on the life expectancy of the oldest trust beneficiary minus one year.[1,2,4]

There is a definite downside to this. The trust beneficiary (your child) can't subsequently roll over the trust assets into an IRA and name his or her own beneficiaries. So this is basically "the end of the trail" for a stretch IRA strategy. The payments out of the trust to the trust beneficiary are fully taxable, presuming they are simply passed through the trust to the beneficiary.[2]

Who would oversee such a trust if the child's parents die? A family IRA trust should name a successor trustee. Assuming a parent is named as trustee, the successor trustee (commonly a younger, financially literate relative) can become the trustee. If a bank, trust company or attorney is the named trustee, they will name a successor trustee. There is nothing preventing a custodian appointed as a trust beneficiary per UTMA from being named as a successor trustee.[1,7]

How will the RMDs be handled? Again, the named primary beneficiary has three options: a lump sum payout (fully taxable), RMDs based on life expectancy (the stretch IRA option), or creating their own inherited IRA that must be emptied within five years of the original IRA owner's death (an option available if the original IRA owner passes away prior to age 70½).[7]

Assuming the stretch IRA strategy is chosen by the beneficiary, the younger the primary beneficiary is, the smaller the RMDs will be (per the relevant IRS life expectancy tables).

If you have not created a family IRA trust, then the primary beneficiary of your IRA will have full control of the IRA assets after your death. It is entirely up to the primary beneficiary to choose or reject a stretch IRA option.[7]

What if you are unsure about naming a minor child as a contingent IRA beneficiary? You could opt to incorporate a disclaimer provision into your beneficiary designations. This will allow the primary beneficiary of the IRA (presumably, your spouse) the option to disclaim his or her interest in the assets, so that they may be claimed by one or more contingent beneficiaries. In this way, you give your spouse (or whoever is the primary beneficiary) a chance to reconsider the initial vision for the inheritance of the IRA assets.[8]

Lastly, if you name a minor child as your primary IRA beneficiary, you should strive to see that he or she gets professional guidance for the invested assets and that the IRA is administered properly over the years.

Citations.

1 – www.nolo.com/legal-encyclopedia/naming-non-spouse-beneficiary-retirement-accounts.html [2/6/13]

2 – www.forbes.com/sites/advisor/2011/06/28/7-mistakes-with-stretch-iras/ [6/28/11]

3 – www.investopedia.com/articles/retirement/04/070704.asp#axzz2KALy628B [6/22/10]

4 – www.theslottreport.com/2012/04/minor-beneficiaries-q-and.html [4/11/12]

5 – fa.smithbarney.com/public/projectfiles/9ecae891-2c7b-4eef-985f-b65412c55589.pdf [9/10]

6 – smith-condeni.com/index.php?option=com_content&view=article&id=74&Itemid=5 [1/31/13]

7 – www.tomboumanlaw.com/IRA_Protection_Trusts_-_FAQ.pdf [2/7/13]

8 – www.investopedia.com/articles/retirement/03/041603.asp#axzz2KALy628B [7/20/11]

We Recommend:

Recently I have had a few calls about appointment setting and who I would recommend. There are many variable to consider, but Kris has always been very professional and in tune to agent needs. Here website is below.

Appointment setting

www.callingleads.com

The best number is 865-354-9722

Kriss@callingleads.com and website www.callingleads.com

Disclaimer:

My opinion or numerous sources complied by me

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.

Much of the content on Open MIC is written by me and is my personal opinion. You should never consider that I am the world's greatest authority or expert on anything. Always consult professionals who are licensed to give correct advice regarding taxes and securities and other topics of great importance.

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.

Open MIC is and was created for the entertainment of our agents, family, friends, guests, industry spies and myself. Be careful with the information contained in Open MIC and always get advice from licensed professionals. You never know, sometimes I might make something up....so always verify!

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 this newsletter does NOT constitute a recommendation of the products or services mentioned or advertised within those articles.

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...