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Our winter garden is coming up

Disaster

I live just 20 miles south of where this all happened. This article is slanted pro advisor. Other articles I have read are more con the advisor. Whatever the actual truth is, is not important. What is important is that this could happen to any of us. All you need is someone with a government position (or group support person---elder protection) and it is all over.

As an example: 30 or so years ago, I had a friend who was a Ph.D. and taught at a local college. He was very hard wired and at times could seem almost manic, but he was a very nice guy and a good friend.

At a wine event, I had a couple people ask me what was wrong with him, was he on cocaine? Of course he wasn't on drugs, he was just high energy. Later, I overheard at a group meeting that "Did you know Ron was on cocaine?" The damage had been done. Ron's reputation was shot and his career was jeopardized....all because of how people interpreted a situation.

The agent involved here is doomed, he will never regain his reputation and he will never have a successful career at anything. His life, his wife and their family is doomed.

Over what?

Over what someone perceived as abuse. Someone who wanted to make a name for themselves in their bureaucratic job. The safe guards that were in place to protect the 83 year old client were not there to protect the agent....and they never will be.

Why isn't the insurance commissioner protecting the agent? Why not the industry?

Because?????

Because the agent will always be wrong....and that is our exposure.

I hate to admit, but after reading this article I am rattled.

We as agents are flying with all nerves exposed. Just like a physician who is subject to lawsuits and criticism for a misjudgment in a diagnosis, we too are sitting ducks.

Sitting ducks for anyone who thinks we might have done anything wrong. We would always be guilty whether we did anything or not. Our position of defense is very weak....

What can we do?

- Always identify yourself as an insurance salesperson, never as anything else. (no silly stupid designations)
- Always complete a fact finder with all details.
- Offer to have their children attend any and all meetings
- Send a "discovery" letter to the prospect after the fact finder.
- Always deliver the annuity in person
- Shoe the client how to contact the insurance company
- Give the client the address and contact information or the Department of Insurance.
- Make sure the company has the correct address for the annual statements
- Remind the client that they have the "free look" time period, and put it in writing with your "thank you" letter
- Pray to the annuity gods you don't get in some "do gooders" cross hairs.

Don't get me wrong, I am 100% for elder abuse protection. Those who can't defend themselves need to be defended, but the pendulum swings both ways.

One last point, I am rethinking how I will handle relationships with my clients, referrals and prospects. I suggest you do the same.

Transparency is not enough; you have to be transparent and "lucky."

Advisor Faces 4 Years in Prison for 1 Annuity

February 28, 2012

By Steven A. Morelli
InsuranceNewsNet

Glenn A. Neasham was sure the state didn't have a strong case against him as he watched the jury file into the courtroom with his verdict. But, still, he awoke that October morning with a bad feeling.

So, when he heard the word **"guilty,"** he was not shocked like his family, friends, lawyer and many people in his community were. The 51-year-old Neasham was already numb from more than three years of an ever-deepening nightmare. His insurance business was in ruins; he was relying on private and public assistance; and now he was facing as many as four years in jail for his felony conviction of grand theft from an elder. All for selling one annuity.

"A day or two later, it hit me that they found me guilty," Neasham said. "At the beginning of all this, my attorney told me the only way there would be a conviction is fate."

Few would have predicted Neasham's current fate if they saw him before his arrest. He had a thriving insurance business for more than 20 years in his hometown of Lakeport, the county seat on the shore of Clear Lake in northern California. He was involved in the Mormon church and in the community as a board member of civic organizations. The married father of three young children (soon to be four) lived in a lovely home. His sales led him to qualify for the Million Dollar Round Table (MDRT) for seven years and he made more than $500,000 income in 2007, his best year.

By the time the verdict came down, Neasham had made $20,000 in all of 2011, was renting a house from his in-laws and his family was relying on food stamps.

His alleged victim not only still held the indexed annuity he sold her, she had earned more than $40,000 on it, despite the worst recession since World War II.

The Case That Led to The Case

Neasham's trouble started on Feb. 1, 2008, when Fran Schuber, then 83, and her boyfriend, Louis Jochim, made an unsolicited visit to Neasham Insurance Agency in Lakeport. Neasham had known Schuber since 1997 and Jochim had been a client since 1998. Jochim said Schuber had a CD maturing that month and thought she would get a better return from a product like the Allianz indexed annuity that he had bought through Neasham. The annuity had earned 10 percent the previous year.

Neasham had a preliminary discussion with the couple and started some of the paperwork. "On the health questionnaire, I asked about her health and she quoted 'good,' " Neasham recalled. "I did my due diligence. I gave them a brochure and they left for the weekend."

They were scheduled to return Feb. 5, but the couple came back a day early. Neasham spent an hour and a half on his presentation and the application. In addition to considering what to do with $239,000 from a maturing CD, they looked at Schuber's entire financial picture. They decided to leave $100,000 in CDs and bank accounts, allowing for a monthly income, and to purchase a $175,000 MasterDex 10 indexed annuity from Allianz, which was approved to sell to people up to 85 years old. The product had been introduced in 2004 and had been one of the most, if not the most, popular indexed annuity nationally since then.

Neasham said he made certain the annuity was suitable for Schuber and complied with California's senior protection law. The law is one of many passed nationally to protect seniors against con artists and aggressive salespeople. Annuities have a particularly bad reputation with some insurance departments and consumer organizations because of some unscrupulous salespeople and unflattering media coverage. Neasham said he is aware of the potential for abuse and said he is a member of the National Ethics Bureau, had an A+ rating with the Better Business Bureau and never had any charges filed by the Department of Insurance.

"The few questions she did ask were not financial—she said her boyfriend handled that," Neasham said. "I didn't notice that there was anything wrong with her. And my assistant, Deanna (Jones), who was in the room during most of the presentation, later testified that she seemed very competent and not at all confused about the transaction."

Neasham said no one mentioned dementia or Alzheimer's.

Main Concern

Schuber's mental condition did not raise a red flag for Neasham, but the choice of the beneficiary did—that was Jochim and his daughter was named as the contingent. When Neasham questioned that, Jochim later produced a bank statement showing that he had been a beneficiary on Schuber's CD since 2004.

Neasham said he called Schuber's son, Ted Schuber, on Feb. 5 and met with him the next day.

"If he had mentioned that she had Alzheimer's or dementia, I could have stopped it right there," Neasham said. "But he didn't. The only comment he said to me was he was concerned about his mom's overall health. And I thought, 'Hmm, I'm concerned about my mom's overall health, too.' He never said what the details were."

That was during the phone conversation. The next day, Neasham discussed the annuity's details with Ted Schuber. Years later in court, Ted Schuber would say he couldn't understand how his mother could make any investment decision because "she just can't concentrate." His relationship with his mother had deteriorated because her mood fluctuated and she was increasingly under Jochim's control, Ted Schuber testified, according to the Lake County Record-Bee.

Still, Ted Schuber didn't mention his concern about his mother's mental state during the phone call or meeting, according to Neasham.

"If there was a definite problem, I would have stopped it," Neasham said. "I'm a member of the Church of the Latter Day Saints. I'm 100 percent ethical. And I would rather live in a tent under an underpass next to a freeway than hurt someone financially."

Neasham had Fran Schuber and Jochim sign an addendum in reference to the beneficiary.

[In a phone conversation with InsuranceNewsNet, Ted Schuber said his mother had Alzheimer's since 2002 but hung up when he was asked why he didn't tell Neasham that. Louis Jochim could not be reached for comment.]

The Investigation Begins

Meanwhile, the manager of the Savings Bank of Mendocino, which held the CD, was raising her own red flags.

The manager spoke to Neasham, who began explaining the annuity to her. “But then she said, ‘we don’t have a problem with the annuity—we have a problem with Lou,’ ” Neasham recalled.

Because the bank manager was concerned that Schuber was under Jochim’s influence and she did not understand the annuity, Neasham later asked Schuber if she had any questions and if she understood the product she was buying.

“She said she did and gave me a check with a big smile on her face,” Neasham said. At that point, Schuber had 30 days to cancel the contract without penalty.

The bank manager reported Jochim to Adult Protective Services, which involved the Lake County District Attorney’s Office, according to court records.

An investigator interviewed Schuber in April 2008. “In a statement by the DA’s office, they said the client did it for tax purposes and did it of her own free will and choice and nobody pressured her to do it,” Neasham said. The report also showed the investigator thought Schuber displayed some signs of dementia.

The investigator recorded the interview, but according to court records, prosecutors denied the existence of the recording until three and a half years later—the day before closing arguments at Neasham’s trial.

After the interview, the DA’s office did not press charges but instead referred the case in May 2008 to the California Department of Insurance, where investigator Kristin Schriber got involved. She met with Schuber and Jochim that December for 30 minutes during which Schuber showed signs of dementia, according to Schriber’s testimony.

Neasham wouldn’t be charged with a crime until two years later in December 2010.

The Arrest

On Dec. 14, 2010, Neasham said he hurried home from an appointment with a client because Schriber had called him and said she was in the area to “close the case.”

“I was at my house still dressed in my suit,” Neasham said. “Two people came to my door. I knew something was up because one was standing on one side of the door and the other was on the other side. They asked me to come outside and she said you’re under arrest.”

Neasham found himself in the back of the car, heading to jail but not really worried. “I just had the feeling that everything was going to turn out all right because I didn’t do anything wrong.”

An insurance department press release trumpeted Neasham’s arrest with a statement from then-Commissioner Steve Poizner: “Insurance agents or brokers who steal from vulnerable seniors will not get away with their shameful tricks. CDI investigators will continue working to track down any unscrupulous agent who preys on California’s seniors.”

On the day Neasham was arrested, he had a good name in his community as a native son who served six years in the U.S. Navy, attended a couple of colleges and whose all-American good looks had gotten him minor acting gigs in movies and on TV. He had returned to the area more than 20 years earlier to start a family and a business. He at one time published two newspapers in the Sacramento area. His insurance practice was thriving despite the down economy, making about $200,000 that year. His family—a wife and four children—enjoyed their $735,000, 4,000-square-foot home. They also had a 14-

acre site on top of a mountain overlooking Clear Lake where they planned to build their dream home one day.

Neasham said his attorney, Mitchell Hauptman, assured him that there wouldn't be a trial—and if there were a trial, there wouldn't be a conviction. In less than a year, however, all Neasham would have left would be his family.

Trial by Trial

In March 2011, more than three years after the annuity was sold, Deputy District Attorney Rachel Abelson laid out the case during a three-day preliminary hearing. Abelson said she was submitting medical records showing that, in 2003, doctors had diagnosed Schuber with "Alzheimer's-type dementia," according to the Record-Bee. Hauptman cross-examined district attorney investigator Martina Santor and suggested that, in her April 2008 interview, she as an expert might have noticed signs of dementia—but that a layperson such as Neasham would not have.

In April, the newspaper reported that County Judge Richard C. Martin allowed the charges, but said the prosecution's case "has only passed that (strong suspicion) test by the thinnest of lines."

Neasham faced a felony charge of theft from an elder or dependant adult exceeding $950, and two special allegations, with one stipulating that the theft exceeded $100,000.

After months of delays and a failed dismissal motion, trial was set for Sept. 21. During the trial, two out-of-town defense witnesses were brought in early and testified out of turn during the prosecution's portion. One was Dick Duff, noted author on annuities, who said an Allianz MasterDex 10 is complicated but has "many more benefits than there are negatives," according to the Record-Bee. "Not everyone wants liquidity."

The MasterDex 10 had a five-year deferral and 10-year payout. After the five years, the owner can annuitize and get a guaranteed monthly income for 10 years. During the period, the owner can take out 10 percent annually or 20 percent if the owner is in a nursing home. The owner starts with 87.5 percent of value, is credited 1.5 percent annually and would be able to "break even" after seven years if the owner surrendered the product.

Duff said that he himself receives money from annuities and would, in fact, be happy to buy Schuber's annuity for at least $180,000—$5,000 more than she paid for it. Duff knows a good deal when he sees one because, at that moment, the annuity had $217,000 of annuitization value.

Another one of Neasham's witnesses, psychiatrist Dr. Douglas Rosoff, said he did not meet with Schuber, but reviewed medical records and viewed a video of an interview of Schuber from the summer of 2011. He said the dementia seemed quite advanced at that point but he could not say what her condition might have been three and a half years prior. He also said people with dementia have good and bad days and she could have had a meeting where she appeared lucid.

The trial was scheduled off and on for a month until the prosecution rested its case on Oct. 19 and the defense called two witnesses. One was a former Neasham assistant who said Schuber did not seem confused and to understand the annuity. The other was Jochim's daughter, who said Schuber understood her finances around the time she bought the annuity.

Several other defense witnesses were lined up to testify, but Neasham's attorney Hauptman pulled him aside and gave him some surprising news.

“He said, ‘I’m not going to call any of your witnesses because I don’t think the state has proven anything,’ ” Neasham recalled. “He said it would just muddy the water and he was just going to go to his close.”

Then the prosecutor revealed the existence of the audiotape of the interview with Schuber in April 2008. Hauptman decided against playing the tape but said it would be grounds for an appeal if he were convicted, Neasham said. “But he said that wasn’t going to happen—I wasn’t going to be convicted.”

The prosecution’s argument was that Neasham was motivated by the $14,000 commission and that Schuber was denied access to her money because of the annuity, which the prosecutor compared to moldy bread.

“It’s like if you sell bread to a blind person,” Abelson said, according to the Record-Bee. “It’s fine if it’s good bread, right price; the same as everybody else. But if you sell them a moldy piece of bread with them not being able to see it, then that’s where you’re looking at a criminal case.”

Hauptman argued that the prosecutor did not show any evidence of theft and that the alleged victim had, in fact, profited from the annuity. The whole case was the product of an “overzealous” government.

The jury deliberated into the next day, Oct. 21, when Neasham was found guilty on the felony theft but not the other two charges.

“My wife blew up,” Neasham said. “She was crying, ‘How could this possibly be happening to us?’ ”

New Trial Motion

Neasham’s sentencing has been postponed until Feb. 29. His lawyer filed for a new trial, but Neasham owes him about $40,000 and can’t pay him anymore, so he has qualified for a public defender.

In his new trial motion, Hauptman cited several significant points. Perhaps one of the most important was a statement from Robert K. O’Briant—Juror No.3.

O’Briant said a juror’s grandfather had Alzheimer’s and another juror’s father had dementia, neither of which was disclosed during jury selection. Two others said they made their minds up about the case before the trial because of newspaper accounts.

Other jurors said they should make an example of Neasham: “Some jurors made the statement that, in essence, meant we should send a message to insurance companies to be careful when selling annuities to 83-year-olds. The jurors also felt they should send a message to insurance agents that they should be careful who they sell to.”

The motion made several other arguments, including:

- Schuber did not suffer a loss, therefore there was no theft. She, in fact, gained the significant benefit of $43,000 in the process. She also had access to a 10 percent withdrawal without penalty and had not taken any money out. Also, Duff’s offer to purchase the annuity at a profit for Schuber still stood. If Neasham was guilty of theft for passing a check from Schuber to the insurance company to purchase an annuity, then the bank would have been just as guilty for taking Schuber’s money to purchase a new CD at the same time in a “virtually identical” transaction.

- The last-minute introduction of the audiotape from the interview the DA investigator conducted with Schuber and Jochim in April 2008 constituted prosecutorial misconduct. Hauptman was not able to cross-examine witnesses based on the information on the tape. The prosecution was allowed to show a video of the clearly incapacitated Schuber three and a half years after the annuity sale but the jury was not able to hear the far more lucid Schuber a month after the sale.
- Schuber was not legally determined to be incompetent or unable to enter into contracts until the middle of Neasham's trial, when her son took conservatorship— three and a half years after the annuity sale.

Hauptman concluded that the case has far more ramifications beyond Neasham.

"The verdict is shocking to the conscience and allowing the verdict to stand will diminish public confidence in the integrity of the judicial process. The only rational conclusion to be drawn by a citizen wishing to conform to the law is that they should never do any business with senior citizens for fear that some agent of the State will have a negative opinion about the quality of otherwise lawful merchandise."

Community Reacts

Many others in the community agreed with Hauptman's conclusion, including several letter writers to the Record-Bee, the overwhelming majority testifying to Neasham's solid character and honest dealings. Publisher Gary Dickson also wrote a column excoriating the verdict.

"I have not talked to one local person who wasn't absolutely shocked by the ruling of the jury," Dickson wrote. "Most people I have visited with about the case have indicated a strong opinion that it should never have gone to trial."

Dickson also made a larger point about the chilling effect the whole affair would have on service to seniors.

"Unless the guilty verdict is overturned on appeal I can envision it as a footstep toward American business becoming more standoffish in dealing with elderly customers," Dickson wrote. "More than one business person I have talked to during the last week has said the Neasham case will force them to think twice about doing business with the elderly. Who wants to sell someone a piece of property, a car or a remodel of their kitchen to later on be hauled into court because someone alleges the person was incompetent to enter into the contract at the time you sold them goods or services?"

The Effect on Annuity Sales

The chilling effect also concerns indexed annuity analyst Jack Marrion of Advantage Compendium.

"Essentially, he was convicted of selling an annuity," Marrion said. "It's saying a surrender charge amounts to fraud."

The conviction's effect will depend on whether it becomes a precedent, he said. If it is considered a precedent, it puts producers in a tough spot because, in Neasham's case, he sold an annuity approved by the state for sale to someone up to the age of 85 and the insurance company approved the sale. Marrion said he knew of many cases where producers have been convicted of pocketing premium or keeping

withdrawals on client contracts and keeping the money. This is the first time he's heard of someone being convicted or even charged with theft for selling an annuity.

"That's the whole thing. Is this just an isolated case?" Marrion asked. "Now, you have people saying, 'What do I do?' "

Neasham said he knows what he would do now.

"If they came in today under the same circumstances, I'd do the exact same thing," Neasham said. "She got a great deal out of it. That's the thing I don't get—how can they convict me of theft when she made $43,000?"

Work till you drop: The Baby Boomer's Swan Song (avoid the trap)

http://insurancenewsnet.com/article.aspx?id=330739&type=topnews

That is why we have **Income Riders**....clearly the most important development in last 20 years.

See Case Study this week..... end of notes

The Next Big Thing

http://www.lifehealthpro.com/2012/02/24/indexed-annuities-the-next-big-thing?t=annuity-sales-strategies

We have known for years, finally the world is waking up.

Social Security Information: Really worth knowing this info

Earning Caps

Remember, if you plan to keep working, you'll lose $1 in benefits for every $2 you earn over a certain limit, which for **2012 is a mere $14,640**.

There is a more generous earnings cap in place for the year you turn 66: You lose $1 for every $3 you earn over $3,240 per month in 2012 prior to the month you turn 66.

Once you reach your full retirement age, **there is no limit** on how much you can earn.

For those individuals who expect to live a long time, delaying benefits until 70 could mean a huge difference in lifetime benefits. Say you live to 95. If you were entitled to collect $2,000 per month at 66, you would receive $792,000 over your lifetime if you waited until 70 to collect benefits — nearly $100,000 more than you would have collected if you started benefits at 66 and nearly **$200,000** more than if you collected them early at 62.

If you are single **because of divorce**, you have more flexibility in your strategy for claiming Social Security.

As long as you were **married for at least 10 years**, have been divorced for at least two years and are not currently married, you can collect benefits on your **ex-spouse's earnings record** as early as 62 (subject to earnings limits). And your ex doesn't even have to collect benefits to trigger yours. He or she just needs to be old enough to be eligible to collect benefits.

But if you wait until at least 66 to begin collecting, you can get creative with your claiming strategy by restricting your claim to **spousal benefits only**. That means you can collect half of your ex's full benefit while your own benefits continue to accrue delayed-retirement credits. Then, at **70, you can switch to your retirement benefit**, assuming it's higher. And if your ex dies, you are eligible for survivor benefits, even if your ex remarried.

Here is the SS link:

http://www.ssa.gov/pressoffice/basicfact.htm

Questions from the crew for the Owens Brothers.

Email Bill at bbroich@msn.com and Chad will share his answers with the **Open MIC** crew.

Questions: What do you do when an appointment stands you up? Do you leave a note, call them, what is you plan of action?

I picked this up off a blog, but thought it had a really great point....see in red.

Why do variable annuities have such a bad reputation among most financial advisers?

(no clue who Hamlin is.....BB)

Mr. Hamlin: Because they're **not as profitable** for the brokerage firms as other products. When money goes into an annuity, it leaves the brokerage firm and goes to the insurance company. To the brokerage firm, that's **a black hole**.

If I'm doing managed money, the brokerage firm makes money a lot of different ways, not just from **clearing fees and administrative charges** but also off the management. So of course, the brokerage firms are not crazy about annuities.

My point....fees fees fees (and expenses) that is what Wall Street is all about....BB

I thought this article had several interesting points, so instead of a link, I reprinted it, see my notes in red....while I personally do not sell or promote VAs, many advisors do.

Darla Mercado is an excellent reporter

Advisers find slim pickings as VA market contracts

By Darla Mercado
February 26, 2012 6:01 am ET

Financial advisers, reeling from last year's **tumult in the variable annuity market**, are now rethinking the carriers they use and the strategies they put together for clients.

The herd of variable annuity providers has **thinned** in the past year, with **Genworth Financial Inc. and Sun Life Financial Inc. exiting the industry**, and John Hancock Life Insurance Co. restricting its annuity distribution to a handful of broker-dealers.

Meanwhile, Prudential Financial Inc. and MetLife Inc. have **tweaked their living benefits** to reflect the realities of market volatility, rock-bottom interest rates and the cost of hedging those risks.

Most recently, some carriers have been controlling their VA and living-benefits exposure by limiting fresh inflows into products that already have been purchased.

The moves allow carriers "to make sure they don't leave the door open for someone to access the prior generation of products," said Ken Mungan, a consulting actuary with Milliman Inc.

For example, Ameri-prise Financial Inc. re-cently filed with the Securities and Exchange Commission to limit additional purchase payments after today into -certain RiverSource VA -contracts that utilize the SecureSource Stages 2 guaranteed-lifetime-withdrawal benefit. That feature locked in market gains, credited 6% increases to clients' benefit base and allowed withdrawals of as high as 7%, depending on the client's age.

CONTRIBUTION RESTRICTIONS

Axa Equitable Life Insurance Co. and MetLife also put in place contribution restrictions for certain already purchased VAs with living benefits.

These days, slimmer pickings are forcing advisers to look at carriers they would have otherwise ignored and to reduce their own — and their clients' — expectations for the benefits these lower withdrawal and growth rates will have for clients' retirement outcomes. Some advisers are even weighing the use of alternatives to variable annuities, attempting to protect principal through structured notes and seeking growth through other investments.

For instance, Mark Cortazzo, senior partner at Macro Consulting Group LLC, has been using a portfolio of investments alongside longevity insurance or a deeply deferred annuity. The portfolio needs to last only until the client is a certain age, **when the longevity insurance kicks in.**

A MUST HAVE

Access to a broad array of investments is a must-have for some advisers, who feel the chief benefit of a VA is the opportunity **to lock in strong market gains** and give clients the highest income base achievable.

Lately, however, some insurers are limiting risk and return by imposing dynamic asset allocation programs that will move clients' funds to fixed-income investments during periods of high volatility.

Meanwhile, others are adding self-hedging portfolios as underlying investments. ValMark Advisers Inc. uses **exchange-traded funds, futures contracts** and put options as a way to hedge within the VA subaccount, thus dampening market volatility.

Such "protected" strategies are in place at Ohio National Life Insurance Co. and will be added to Lincoln National Corp.'s VAs this year for customers seeking higher levels of guaranteed income, Lincoln executives said during a fourth-quarter conference call.

In reaction to insurers' imposing dynamic asset allocation programs that move clients' funds to fixed-income investments, some advisers are using lower-profile VA providers that permit higher equity allocations.

A NEW REALITY

To some extent, the steady march toward lower benefits and stringent investment requirements has made financial advisers and clients confront the reality of what they can hope to achieve with variable annuities.

"[In the past], 5% was the benchmark for withdrawal benefits for 65-year-old clients, but we're seeing **some firms go below 5%,"** said John McCarthy, product manager of adviser software and annuity solutions at **Morningstar Inc.**

For advisers, giving clients a reality check about today's VAs versus the older products has become a regular part of the conversation.

"We get a lot of referrals where someone might say their friend has this great annuity, and ask whether they can get the same one," said Kevin Van Dyke, president of Bloomfield Hills Financial.

In many cases, those "great" annuities are no longer available.

Clients have to manage their expectations, Mr. Van Dyke said.

"Nowadays, your benefit may be 5%, but the funds are so conservative that you shouldn't expect to make 20% if the market goes up that much," he said.

The latest contribution changes also have thrown a monkey wrench into some financial plans.

“Contribution limits have changed the way we're looking at these VAs,” Mr. Cortazzo said. “Some of the clients we've set this up for would have an initial rollover [to fund the VA], but then a year or two out, they expected to add some more money.”

Nevertheless, many advisers agree that having some portfolio protection is better than none at all.

“We're not in Kansas anymore,” said Susan Moore, president and founder of Moore Wealth Management.

“To have that safety net around you, especially when you have this zero interest rate for a few more years, a 4.5% benefit is a lot better than 1% or 2%,” she said.

dmercado@investmentnews.com email Darla and thank her for good solid reporting

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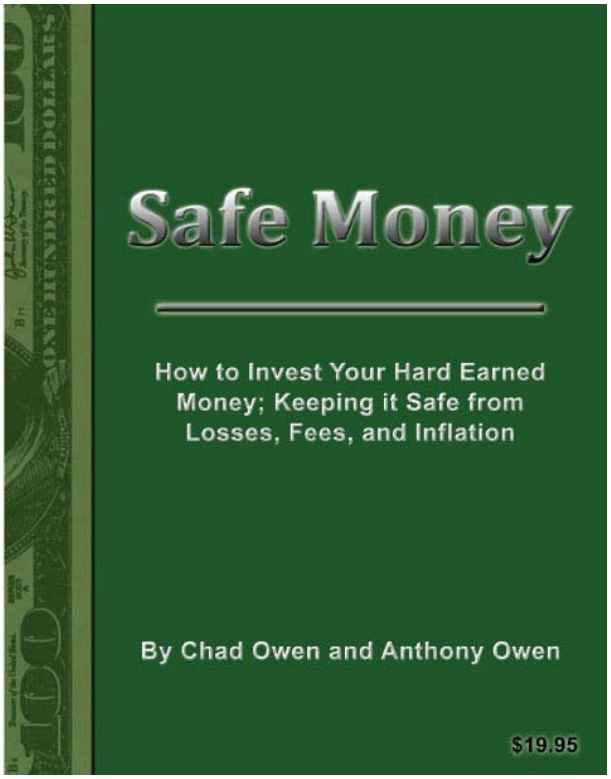
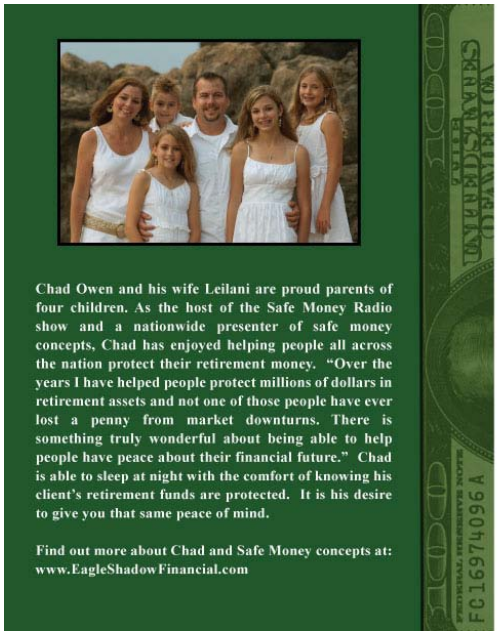
Seems like this is a topic several times a year, but I have had so many questions about it lately, so here it is!

The Safe Money Book

I know we have talked about this a lot...but read email below....just a refresher...We talk about it because it works!...BB





Chad Owen and his wife Leilani are proud parents of four children. As the host of the Safe Money Radio show and a nationwide presenter of safe money concepts, Chad has enjoyed helping people all across the nation protect their retirement money. "Over the years I have helped people protect millions of dollars in retirement assets and not one of those people have ever lost a penny from market downturns. There is something truly wonderful about being able to help people have peace about their financial future." Chad is able to sleep at night with the comfort of knowing his client's retirement funds are protected. It is his desire to give you that same peace of mind.

Find out more about Chad and Safe Money concepts at: www.EagleShadowFinancial.com

From Joe Edgeworth

To: bbroich@msn.com
Sent: Monday, February 20, 2012 4:45 AM

Hi Bill,

I'm ordering the safe money book and would like to learn how you use it. For example, do you mail the book once you've set the appointment or wait till you meet?

Thanks for sharing.

Joe Edgeworth
The Edgeworth Insurance Group
Retirement Planning Specialists

Hi Joe, hope things are going well. .... and thanks for your business...please email me with any question, happy to help

I use the book when I meet someone; I never mail it unless I have had a meeting with them and want to extend my relationship.

If I have had a good meeting and are planning to see them again, I mail it out with a not that sorry I forgot to give this to you, a copy of my book**...."I signed it for you"**

If I am gaining traction during a meeting and want to build a growing relationship, I ask them if they would like a copy of my book...if they say yes, **I sign it for them**...usually make a joke about it's now enhanced value...

I never mail or give to anyone I have not met. This is a relationship builder.

Contact any of use for more info about this book, easy to order and customize for you. Your bio, photo, and contact information all part of the book.

Bill

If you are not using this book along with Retire Village, you are making an error.

One more disclosure: This book is produced at cost, we make zero, nada, nothing on it when you buy it. (GVA)

More Book Info; Yes it is true, a new edition is coming, but a little slow.

Our Heroine is at it again

The Skinny on Fat Annuity Fees

By Sheryl J. Moore
FEBRUARY 15, 2012

One major complaint that naysayers have with annuities are the fees. They say annuities are "expensive."
Well, let's talk about those fees. We'll begin our discussion with the most fee-laden variety, the variable annuity (VA). The typical VA has average annual charges near 4.5 percent, all-in. Here's the breakdown of what's included:

Administrative Service Charge: A fee that is typically expressed as a percentage of the annuity's account value (AV), and covers the cost of transferring funds between sub-accounts, issuing policy statements and tracking the deposits in the contract.

- **Contract Maintenance Charge:** A yearly charge that is assessed against an annuity to cover the insurance company's administrative expenses associated with servicing the contract.
- **Mortality & Expense Risk Charge (M&E):** A fee that is typically expressed as a percentage of the annuity's AV, and compensates the insurance company for the risks it assumes under the contract.
- **Underlying Fund Expenses:** A fee that is expressed as a percentage of the annuity's AV; this charge is imposed by the mutual fund investment companies that offer the underlying mutual fund options on the contract.

Optional Rider Fees: A charge that is expressed as a percentage of the annuity's AV, which compensates the insurance company for the risks it assumes in offering one or more of several benefits that:

- ***Guaranteed Lifetime Withdrawal Benefits (GLWBs)***-permit the owner to take annual withdrawals for life, even if the annuity's AV declines to zero.
- ***Guaranteed Minimum Accumulation Benefits (GMABs)***-guarantee that the owner never receives less than a certain amount of AV at a stated point in the future.
- ***Guaranteed Minimum Death Benefits (GMDBs)***-guarantee that the owner's beneficiaries never receive less than a certain amount for the death benefit at a stated point in the future.
- ***Guaranteed Minimum Income Benefits (GMIBs)***-guarantee that the owner never receives less than a certain amount of income upon annuitization at a stated point in the future.

I guess I can understand why so many people perceive "annuities" to be expensive products given the aforementioned features. However, just because VAs are predominant in terms of sales, they shouldn't be used as a basis for judgment of all annuities. With that, it would be prudent to discuss some of the fees that are charged on indexed annuities (IAs).

Crickets chirping.

There is no such thing as a fee on an indexed annuity. Although some IAs offer optional GLWBs that have an annual fee based on the AV, you will never find a fee on an indexed annuity alone. Plus, these annuities never lose money as a result of market fluctuation and they still give you the ability to earn (limited) interest, based on the market's performance.

Expensive? I think not.

About the Author

Sheryl J. Moore

Sheryl Moore is president and CEO of AnnuitySpecs.com and LifeSpecs.com, indexed product resources in Des Moines, Iowa. She may be reached at sheryl.moore@annuityspecs.co

Email Sheryl and thank her for all she does for you!

Dave… product info!

Recent Case

This case is very similar to other we have talked about in the past, except I am going to show you some research you may not be aware of….

My client is named Heather. She is single, still in good health and still working as a counselor. She makes $69,000 a year, owns her own home (mortgage of $900 a month) and has invested assets. Her children are grown.

Her assets:

401 k with value of:	$ 95,000
IRA value of	$250,000
Portfolio value of	$ 50,000

She will qualify for SS in September with an income benefit fo $20,000 a year, she will go on Medicare also.

Her needs are income for retirement but she does still plan to work for a couple more years and then part-time until about 70. (she loves her job).

She has her IRA invested with a "large brokerage house." She was **unaware of the fees** she was paying, **2% on the full account value** plus fees for the actual investment.

What was she invested in?

That is the research I am going to explain and show to you.

Heather was paying 2% annually for her IRA with an account value of $250,000. **The annual assets under management fee was $5,000.** Her investments at her Financial Planners encouragement was conservative, She was invested in bonds, treasuries and similar asset classes.

The account had grown 2.39% in the past year. She had paid 2% advisor fees and earned 2.39% net.

Or had she?

Have any of you ever heard of ETFs? Electronically Traded Funds. These are hybrid mutual funds which follow a different rule.

What Are Exchange-Traded Funds? (From FINRA)

ETFs are typically registered investment companies whose shares represent an interest in a portfolio of securities that track an underlying benchmark

or index. (Some ETFs that invest in commodities, currencies, or commodity- or currency-based instruments are not registered as investment companies.) Unlike traditional mutual funds, shares of ETFs typically trade throughout the day on a securities exchange at prices established by the market.

ETFs have evolved over the years, becoming more complex. Investors considering ETFs should evaluate each investment closely and not assume all ETFs are alike. In the last few years, a number of leveraged and inverse ETFs have been introduced to the market that are very different from the traditional variety of ETFs.

http://www.finra.org/Investors/ProtectYourself/InvestorAlerts/MutualFunds/P119778

ETF's can be bought and sold anytime during the market, Mutual Funds can only sell their shares at the end of the business day.

How about fees?

Here are a few ETFs Heather owned, she was completely aware that these fees existed. Here is a good start for references and fees:

http://www.etfguide.com/images/ETF_TSG/etfrefguide/ETF%20Reference%20Guide%202008Q1.pdf

Tickers are 3 letters (in red)

- Ultra Short Financial ProShares SKF Exp. ratio .95%
- Power Shares 1-30 Laddered Treasuries PLW Exp. ratio .25%
- SPDR S/P International DWX Exp. ratio .45%
- Vanguard Long Term Bond BLV Exp. ratio .11%
- Ultra Short FTSE FXP Exp. ratio .95%

Simply go to MSN Money, type in the ETF ticker. **This example is PLW**

PowerShares 1-30 Laddered Treasury (AMEX: PLW) TRADE

32.22 ↑ +0.25 +0.78%

MORE ON PLW

SUMMARY
- Quote
- Options
- Historical Prices

CHARTS
- Interactive Chart

NEWS
- Headlines

FUND BASICS
- Performance
- Holdings
- Management

RELATED LINKS
- ETF Screener

DETAILS

Previous Close	31.97
Open	32.17
Day's High	32.22
Day's Low	32.12
Volume	6,161
Bid	32.18
Bid Size	100
Ask	32.23
Ask Size	7,700
52-Wk High	33.01
52-Wk Low	27.09
Beta	2.41
YTD NAV Return	-1.22
YTD Market Return	-1.37
Inception Date	10/11/2007
Shares Outstanding	5.00 Mil

Quotes delayed 15 min

Last trade 2/27/2012 2:16 PM ET

INVESTMENT OBJECTIVE

INTRADAY CHART Full-page chart

9:30 11:00 12:00 1:00 2:00 3:00 4:00

32.20 32.15 32.10 32.05 32.00 31.95

1D 5D 10D 1M 3M 1Y 3Y 10Y

TOP NEWS

Invesco PowerShares to Expand High Beta Family of ETFs
Market Wire | 2/22/2012

Treasury Bonds Uniformly Weaken in 2012
InvestorPlace | 2/9/2012

Fed's QE Crisis Programs: A Visual History
Wall Street Journal | 2/7/2012

The Inflation/Deflation Debate
Seeking Alpha | 1/10/2012

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RECENT QUOTES | WATCHLIST

SYMBOL	LAST	CHANGE	% CHANGE
PLW	32.22	+0.25	+0.78%

Update quotes | Clear this list

Quotes delayed at least 15 min (3:05 PM ET)

MARKET UPDATE

Select **management** on the left side menu and it will show you the fees on the lower right.

FEES AND EXPENSES

Expense Ratio	0.25%
Gross Expense Ratio	0.25%
Net Expense Ratio	0.25%
Management Fee	0.25%

See the expense ratio of .25%?

We will be seeing more and more of these in assets under management accounts. Once Heather fully understood her overall fees, she moved to **Great American** and used the income rider.

Here is my proposal to her; simple and to the point

Heather

I have reviewed your portfolio with (large brokerage house). Your advisor has you invested in a hybrid of mutual funds, known as Exchange Traded Funds and some closed end mutual funds. These funds are invested in a wide variety of asset classes, from bonds, to foreign stocks, utilities and other equities.

You Financial Planner is charging you **2%** of your account value annually. I have marked the fees for you in yellow.

Your invested assets are in ETFs (Exchange traded funds)

Exchange Traded Funds charge fees for their management. I looked up 10 of your ETF and the fees ranged from, **.95% to .11%** of your invested assets. An average of around **.40%** would be a reasonable guess. I have marked the fees for you.

In addition, your financial planner is charging another 2% on your overall account.

The combination of the Planner's fee and the money management fee is completely outrageous.

You are giving away almost **2.5%** of your complete asset value annually. Your current yield on your portfolio on their report was 2.50% and less. I have marked the fees for you.

I suggest since these funds are earmarked for income use in less than 2 years, you move your IRA to an indexed annuity with an income rider. I have enclosed a printout showing you your future income, all guaranteed.

www.gafriss.com Female age 65, $250,000 deposit, 2% bonus, income 2 years.

Year 2 income of: $15,708

Year 3 income of: $17,442

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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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