Open MIC is open for anyone.

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

Questions

Anthony Owen at Tony@annuity.com

Enjoy this ride called life!

The Silent Generation are people born before 1946.

The Baby Boomers are people born between 1946 and 1959.

Generation X are people born between 1960 and 1989.

Generation Y are people born between 1990 and now.

With sadness, I notify you of the passing of our friend and longtime member of this crew, Jonell French, after a long battle with cancer. Jonell was a wonderful agent who always kept the best interests of her clients first and foremost. Your good thoughts and prayers are appreciated by her family.

Editorial

10/10 Rule is coming as an industry standard (thank goodness)

The growth of 10-year product sales reflects the continuing impact of the 10/10 rule.

This "desk-drawer" rule, initially adopted by a few state insurance divisions, is now in effect in more than **25 percent** of the states, she says. Though state variations do exist, the rule generally limits annuity surrender charges to 10 years and to 10 percent during the first year of the annuity (and declining thereafter).

Regulators use the rule in evaluating product approvals. That is spurring annuity companies to **cut back on offering index annuities with surrender charges longer than 10 years**.

Another spur has come from the broker-dealer community. **B/Ds require that annuities sold through their firms be "10/10 friendly.**"

I am completely in favor of the 10/10 rule...as a matter of my opinion....I think in a few years it will be the 7/7 or 5/5 rule which would be even better.

The future of annuities is growing and getting **brighter** all the time. The shorter surrender penalty we can make these products gives us a competitive advantage over financial products with risk.

Moving to a shorter surrender period put our products in play with mutual funds, makes them far better than "brokered" CDs and on a par with bank CDs. **I am sure this will happen and I embrace it.**

What is the downside? **Lower compensation** is about it? Why don't insurance companies shorten their surrender period now? Another simple answer, because they don't have to. As more and more DOI begin to assert more pressure on the annuity companies they will move them to shorter surrender period.

Will it cost the agents loss of compensation? **No.**

It will in fact make the better agents a ton more money and the poorer agents will become bank employees. The demand for marketing (leads) will increase and we as agents will need to make sure we are **correctly invested**.

As agents we need to focus on **marketing, marketing and marketing**. There is no other more important thing for us to do....we need leads and we need them on an ongoing stable basis.

Bill

PS. Lead tips....

1. A sense of urgency: Leads get cold fast, especially in today's world of instant and fast communication. A simple point, the sooner a lead is reached the higher the quality, you snooze you lose.

2. Drip and nurture!: The timing of the actual annuity buying cycle can be lengthy and complicated. It may take a long time for a prospect to become an actual client. Nurture the prospect by offering numerous opportunities to become a client. Give value.

Crew Share

Email me... (bbroich@msn.com) your sales success and experiences and share with the Crew....will always be anonymous.

A Few Comments From Emails This Week About Leads and Selling Experiences....

(from 14 emails)

- XXXXX just called one of his Safe Money Radio leads and the wife answered. XXXX asked for the husband who had called his radio show. The wife turning away from the phone and yelled out to her husband that someone was calling for him. He asked who it was and she said, "**I think it's your plumber".**

When Bud answered XXXX said, " Bud, I am not your plumber but I can get you out of a lot of deep crap".

He booked the appointment.

Don't forget to have fun in this business my friends,

- How much income should I expect from scrubbed leads.....Hard to say except....I would wait until I had about 100 leads...see how many were sales soon and how many would come off a timing issue....my

guess is you would have invested $15,000 and earned about $175,000**...ROI that any company in America would lust for**

- From an agent who got this email....Thanks again for coming out to visit Danni and myself the other day. We look forward to moving forward. When we return we can move forward with a plan. (scrubbed lead)

- From an agent we have known for a long time.....I've decided to throw in my agency with Joe Rich and his gang. .....Need to tell you Tom that you are part of the reason I've made this difficult decision. I'm breaking a 25 years business relationship with an FMO I've worked with since I finished law school.

  Tough choice to make but Joe and folks like you make it difficult to argue against making an important business decision.

  Good luck to all of is in the years ahead.

- On another note, I just wanted to report that in the past week I have written almost 1 million $ in business with the Advisor World leads. One of them was from last November that cooked all this time until I finally got him to decide. It was a spia for 400k. Plus 2 other leads that will total just under 1 million. Thanks so much for all you do to help us out here to succeed!

- Annuity.com lead.....I like these leads because these people **communicate with me**. I am keeping in touch weekly with people who have not stepped up to take an action and do that by phone and e mail.

Hot News and Other Helpful Info

- **Old worn out bucket plan(from brokers) is back:** **http://www.investmentnews.com/article/20110327/REG/303279992/-1/INIssueAlert01**
- **SEC Broker Fraud Article:** **http://www.investmentnews.com/article/20110327/REG/303279973/-1/INIssueAlert01**
- **Bank and Lobbyist Crap Article:** **http://www.nytimes.com/2011/03/27/business/27gret.html**
- **Morgan Stanley Eats Their Own:** http://www.advisorone.com/article/morgan-stanley-fire-200-300-fas-considering-new-name-unit
- **FINRA Enforcement Actions:** http://www.advisorone.com/article/five-top-finra-enforcement-actions-2010?page=0,1&utm_
- **Hedge Funds Get Screwed in Ponzi Deal:** **http://finance.yahoo.com/banking-budgeting/article/112440/ponzi-scheme-hits-mystery-hedge-funds?mod=bb-budgeting**

I really like Porter and his views, I may not always agree but they certainly are interesting.....here is an oil observation....BB

From Porter Stansberry: All across the Middle East and North Africa, people are "asking" their political leaders to hit the road...

Tunisia and Egypt have both seen political leaders depart. U.S. and allied bombers are pounding Libya's Muammar Gaddafi and his supporters. So maybe he'll hit the road soon, too. Now, Yemen is joining the party. According to the ***Wall Street Journal***, Yemen's leader of 32 years, Ali Abdullah Saleh, is "negotiating an exit" with opposition forces, some of whom have been photographed waving AK-47s in the air (a popular negotiation technique).

Is there a retirement home for all these ousted dictators? Maybe they will find themselves at the **Home for Ousted Dictators**, which I would imagine is located in Switzerland, Argentina, or Holland.

No wonder oil is solidly over $100 a barrel now.

Epic Sales Tip

Use this sales tool to interest prospects in our wonderful products…BB

What if you said this to your prospect?

Your Own Retirement Annuity Planning Now Guarantees An 8% Return on Investment*

Or

How Would You Like to Avoid Risk and Earn 8% Guaranteed*

Equity Linked Indexed Annuities (EIA) provides a wide range of benefits which includes numerous income options. In addition an EIA can provide guarantees against loss of principal, interest and retirement funds.

See how an Equity Linked Indexed Annuity can help Betty Jones reach her retirement goals.

Betty Jones

Betty Jones is 55 and plans to retire at age 65.

In her planning for retirement Betty needs to guarantee her IRA will provide the needed income. In addition to Social Security, Betty needs to also receive $23,000 from her IRA as lifetime income.

To guarantee her annual income, Betty purchased an Equity Linked Indexed Annuity with an income ride, Income Pay with her IRA.

Her EIA also offers a premium bonus of **10%** of her initial deposit. Betty's initial IRA deposit of **$200,000** was immediately increased to **$220,000**. Betty leaves her IRA on deposit until her planned retirement age of 65.

Each year, the IRA is automatically credited with an automatic 8% Bonus Credit. At age 65, Betty's IRA value had grown to **$ 474,963**. She is ready to retire and elects to begin receiving lifetime income payments of **$23,748.**

(Based on a 5% Lifetime Payment Percentage multiplied by her annuity Value.)

She can continue to receive these payments for the rest of her life of$23,751.

*8% is based on using the funds as income, 10% premium bonus and 5% income rider used at age 65.

The Income Pay is an optional rider issued on from AE513A or appropriate state variation by North American Company for Life and Health Insurance, West Des Moines, Iowa. This rider may not be available in all states. The Income Pay rider is available at issue on all fixed index annuities except NA Classic and NA Classic Plus (forms LC/LS145A and LC/LS144A) and the NA Freedom Choice® (form LC/LS160A), if the 5% penalty-free withdrawal option is selected. The Income Pay rider is available on the North American Director and the North American Flex Series (form LC/LS160A) traditional fixed annuities. Please note the Income Pay rider and/or premium bonus referenced in the payment calculator may not be available in your state.

Want to buy my used car? I paid $50,000 for this car new and I want to sell it for $50,000!

Would you buy this car? Would anyone....yes! Everything is for sale for the right price....right?

How about selling your pension? Your annuity? Your structured settlement?

Can you also sell these? Yes and if you can sell yours then you can also be a buyer.

The market in selling and buying structured settlements is big and has been around for a long time. The major player for years was JG Wentworth, but there are others. With the growth of the internet, many other options for marketing things like structured settlements are becoming more and more available.

Here is an **example of a structured settlement** as the result of a person being hurt in an industrial accident.

Male age 40 injured and unable to work

- Initial payment $100,000
- Monthly income of $1,000 a month for 5 years.
- A second lump sum payment of $250,000 in 5 years.
- A third lump sum payment of $500,000 in 20 years.

Time moves on and in 4 years the injured person decides he wants his money! So he offers to sell the future payments of $750,000 for a cash settlement today.

He offers it to those who invest, and it is entirety based on two factors, the financial strength of the company y promising to pay the future lump sums and the general interest rate now.

Let's assume the company is AAA and there is no concern over getting paid so then it is all about interest.

Pricing the $250,ooo future payments in 1 year and $500,000 in 16 years....the current value of these payments would be $285,000. The firm doing the paperwork and getting the court documents in order will charge about 20% for their services. So the net to the injured person will be about $240,000 to $260,000. (Estimate based on preliminary quote).

The injured person sells, **gets the lump sum** and the buyer waits for the two lump sums to mature. There is a tremendous amount of people who will buy structured settlements because the yield can be calculated and there is no risk

Now let's take it further....How about buying someone else's pension. The internet is flooded with these offers....here is an example.

These are currently for sale via an internet offering to agents. The payer is important because the scheme depends on the funds being paid.

Here you have a **US Army pension** being sold with an 8% yield. It does get a little complicated because these are pensions and pre-tax money. Most pensions will not allow you to NOT withhold on taxes however some will.

The funds you pay for this **$115,891** are after tax dollars so there is a tax issue which will need to be worked out with the IRS through their tax preparer.

Since a pension is pre-tax....the **lump sum** paid for the pension is **taxable** to the recipient.

US Army Pension
120 monthly payments of $1,383
Starting: 4/10/2011
8.00% Effective Yield
Purchase Price: **$115,891.....Total $ Received as monthly benefit $165,960**

The actual amount received by the person selling the pension would be substantially less...probably around $85,000 to $95,000 (taxable)

US Navy Pension
120 monthly payments of $1,540
Starting: 4/10/2011
8.00% Effective Yield
Purchase Price: **$129,039**

Defense Finance & Accounting Services / DFAS Pension
179 monthly payments of $800
Starting: 4/7/2011
8.00% Effective Yield
Purchase Price**: $85,309**

Is this a big market (pension 2nd market)? No...and to me it has a sort of odd smell to it, like taking advantage of a worker....you?

However, you will see a lot of these deals coming via the internet and occasionally the seller will pay you a commission.....

But here is the catch...selling these could fall into the category of a **securities sale**.....so before you start marketing ask your local DOI or state Office of Financial Regulations.

Want more? The company selling these pensions does not actually own them....they are trolling for buyers and hooking the two together at a mutual closing. Closing is done with a trustee much like a Title Company for a home purchase.

Want more? In many cases permission must be granted from the organization paying the pension benefit. This generally isn't an issue but in community property state the permission form both spouses may need to be obtained.

Should we get on the band wagon and offer these deals to our clients?

No for me.....you?

Here is how the mechanics of the deal works.

- A **sheet** is created (specifics of the deal)
- The seller gives their terms for negotiation (discounts)
- The buy makes an offer "subject to"
- The middle man works the spread (amount between the buyer and seller which they keep). The comp is also known as the **"spiff"** which is always negotiated to get the deal done.

- Offers are negotiated, if too low the middleman reduces his percentage)
- Once deal is agreed a letter of commitment is signed
- If a court issue attorney gets documents signed.
- The final verification is made with the pension payer
- Transfer documents are placed in escrow (a bank usually) Fully executed Irrevocable Assignment of Cash Flow
- Funds and documents are exchanged. Durable Special Power of Attorney granting Security Title right to transfer payments to buyer
- Verification letter from pension plan stating income stream has been diverted to Security Title

One other thing....have you noticed the level of available pension to purchase? See anything similar? Blue collar!

Where do you think they get their product?

Military and government newspapers and post boards...now how do you really feel about this segment?

Stick to annuities and people who will benefit from their wonderful features....BB

Tony and Chad have a very specific way of doing business….they don't screw around…see the string below….BB

Hello Partners,

You have heard me say this again and again. If you are tired of it too bad. I will be saying this until my tombstone reads,

"**May he rest in peace; which he does because he sold annuities.**"

Here is my response to a question from one of our partners. The question is at the bottom and my response is below.

We don't send them anything. We are not in the business of giving quotes or mailing out books. It may seem like a hard line to draw in the sand but once you step over the line you finder yourself on the wrong side of the line over and over again. Make rules for how you work with people and stick with them. Clients don't know what they want. They don't know the options. I have never met with a client and had them explain to me how a bonus FIA with and income rider works. **They are as clueless as I was the first time I opened an FIA brochure.**

If in the end, you show them the options and if they choose to go with a SPIA there is nothing wrong with that. Clients are allowed to make choices but only once they have given us the chance to explain their options. We only explain their options once we have done a **fact finder**.

We don't do fact finders and present options over the phone or through email. Remember what Chad said, **"Mr. Jones, if you wanted to learn how to fly a plane would it be better for me to mail you the manual or come and meet you and show you how to do it?"**

Keep in mind that if you take this hard line approach you will lose some business. There is always the client that if given time and tons of information by phone and email would eventually decide to meet with you and buy. On the other hand, you will gain much more business than you lose. That is because **the fear of loss is stronger than the desire to**

gain. More people are afraid not to meet with you than being afraid of meeting with you. All they are waiting for is for someone to take away their choice. If not meeting with you is not an option then they have no option other than to meet with you.

For this guy you have possibly already headed down the road that is easier to travel and once you go that way there is no u-turn. Next time, take away the options and let the client know from the start of the conversation how you do business. **Confidence and control are very powerful. It's kind of like the Jedi mind trick.**

Just make sure and use your power for good, not evil.

Anthony and Chad Owen

A call this this week about how to calculate the yield on a client's bonds.....BB

How to Calculate Bond Yields

The key piece of information to know about a bond in order to compare it with other potential investments is the yield. You can calculate the yield on a bond by dividing the amount of interest it will pay over the course of a year by the current price of the bond.

If a bond that cost $1000 pays $75 a year in interest, then its current yield is $75 divided by $1000, or 7.5%.

$$\text{Current yield} = \frac{\$75}{\$1000} = 0.075 = \mathbf{7.5\%}$$

Yield to Maturity

Because you can buy a **bond above or below par value**, bond investors often use another kind of yield called **"yield to maturity."**

The yield to maturity includes not only the interest payments you will receive all the way to maturity, but it also assumes that you reinvest that interest payment at the same rate as the current yield on the bond and takes into account any difference between the current par value of the bond and the actual trading price of the bond at that time.

Think like this....if a 20 year bond is sold after 4 years, the yield to maturity would be until the end of the original time period or 16 years.

Question: If your client bought a bond at premium (above original issue price) what would the yield be?

They paid $102 for the bond which means 102% of original price.

$$\text{Current yield} = \frac{\$75}{\$1020} = 0.075 = \mathbf{7.35\%}$$

The same is true if they bought the bond at a discount (less than original price) as an example 95.

$$\text{Current yield} = \frac{\$75}{\$950} = 0.075 = \mathbf{7.89\%}$$

Got it? Here is a little more…

Tip Number 7.

Use the **"Back Door Escape Hatch"** to Compare Bond and Annuity Benefits!

This tip really works when you are dealing with a prospect who owns bonds. Almost all bonds issued in today's market have a **callable feature** to them.

The **"callable"** feature means that if the bond issuer can offer the same bonds at a lower interest rate than they are currently paying, they will "call" the bonds and reissue.

The risk to the bond buyer is two-fold:

1. The bond owner will receive the funds from their bond being called and be forced to look at lower interest options because general market interest rates are lower.

2. If the bond is not called, that would mean that interest rates in general are higher. The bond owner is then **"stuck"** with the bond they own and it is paying less than the prevailing general interest rates.

When I meet someone who owns bonds with a callable feature I always say this:

"Mrs. Jones, it appears that you bought a bond with a back door escape hatch. This means the bond company can change the rules if it is in their best interest."

I then explain to her what happens and how she will always be at a disadvantage. Here is a little more about callable bonds.

Callable: Subject to payment of the principal amount (and accrued interest) prior to the stated maturity date, with or without payment of a call premium. Bonds can be callable under a number of different circumstances, including at the option of the issuer, or on a mandatory or extraordinary basis.

Use the "back door escape hatch" information to help your prospect understand more about their bond holdings.

Use this to explain the benefits of annuities, I wrote this and I am an annuity salesman, a banker might have written it slightly different. All how you look at things!....BB

Insurance Company Annuities Vs. Bank CDs: How Do They Compare?

Annuities and CDs (bank certificates of deposit) are similar in that they are safe, secure investments with guaranteed rate of returns based on interest rates, both issued by large financial institutions, CDs issued by banks, Annuities offered by insurance companies, but they both possess inherent differences as well.

The big differences are that while Annuities offer everything CDs offer, they carry several advantages.

1. **Generally Higher returns**
2. **Tax-Deferral**
3. **Liquidity**

CDs do have **FDIC** protection to guard against Bank or banking industry failure, but Annuities also have safety measures put in place by the state to ensure Insurance companies have reserve pools in place. Insurance companies may also be vetted for financial strength by obtaining their rating from objective rating firms -- Standard & Poor's, Moody's, A.M. Best or Duff & Phelps . The more solid the rating usually equates to a more solid financial backbone of Insurance Company.

Higher Returns:
Annuities, like CDs, are hinged to interest rates. But when rates are low so are CD returns whereas annuities have a minimum guarantee in place, usually 2% or 3%. Your investment will never dip below the guaranteed minimum interest rate during times of falling or low interest rates.

Again, low interest rates mean CD returns will be low as well. To offset the problem of low or falling interest rates, many insurance companies equip

annuities with guaranteed minimums. This is an agreed minimum rate of interest so that your investment is assured not to fall below the minimum performance even if CD rates do.

Tax-Deferral:
You pay annual taxes on CD interest earned without being able to withdraw funds until your investment term is over. With annuities, there is also a set term, but the earnings are tax-deferred. You only pay taxes on interest earned when money is withdrawn. So with annuities the deferred tax on your interest remains in the investment earning you more and more money, instead of being paid out to state and federal tax agencies on a yearly basis.

Liquidity:
CDs do not allow you to withdraw any monies during term. Period. Annuities have provisions that allow you to withdraw money, generally 10% of your account value annually plus many contracts allow you to remove the earned interest on a monthly basis. Several other contract provisions allow you access to all of your funds such as in the event you are hospitalized, undergoing a life-threatening illness, subjected to a permanent or extended stay in a nursing home, or other major calamities that affect you economically. In addition, annuities can be structured to pay-out for the life of the owner over a fixed term such as five or ten years, thereby spreading out your tax-burden and providing enhanced income security. In short, Annuities offer enhanced flexibility.

	Bank CD	**Annuity**
Loan privileges (some states allow)	No	**YES**
Flexible premium	No	**YES**

Avoidance of probate costs and delays (TOD)	No	**YES**
Withdraw for dollar-cost-averaging opportunities	No	**YES**
Withdraw for required minimum distributions, penalty free	No	**YES**
Potential Social Security tax advantage	No	**YES**
Nursing Home Benefit (some states)	No	**YES**
"Issue no money" capability	No	**YES**
Bonus available on premium	No	**YES**
Guaranteed lifetime income option	No	**YES**
Potentially high yields	No	**YES**
Tax-deferred Growth	No	**YES**

Inflation and the economy is a major concern with our target market, have a look....BB **(Al Martinez sent this)**

The Change Just In Two Years . . .

	January 2009	TODAY	*% chg*	Source
Avg. Retail price/gallon gas in U.S.	$1.83	$3.104	*69.6%*	1
Crude oil, European Brent (barrel)	$43.48	$99.02	*127.7%*	2
Crude oil, West TX Inter. (barrel)	$38.74	$91.38	*135.9%*	2
Gold: London (per troy oz.)	$853.25	$1,369.50	*60.5%*	2
Corn, No.2 yellow, Central IL	$3.56	$6.33	*78.1%*	2
Soybeans, No. 1 yellow, IL	$9.66	$13.75	*42.3%*	2
Sugar, cane, raw, world, lb. Fob	$13.37	$35.39	*164.7%*	2
Unemployment rate, non-farm, overall	7.6%	9.4%	*23.7%*	3
Unemployment rate, blacks	12.6%	15.8%	*25.4%*	3
Number of unemployed	11,616,000	14,485,000	*24.7%*	3
Number of fed. Employees, ex. Military (curr = 12/10 prelim)	2,779,000	2,840,000	*2.2%*	3
Real median household income (2008 v 2009)	$50,112	$49,777	*-0.7%*	4
Number of food stamp recipients (curr = 10/10)	31,983,716	43,200,878	*35.1%*	5
Number of unemployment benefit recipients (curr = 12/10)	7,526,598	9,193,838	*22.2%*	6
Number of long-term unemployed	2,600,000	6,400,000	*146.2%*	3
Poverty rate, individuals (2008 v 2009)	**13.2%**	**14.3%**	***8.3%***	4
People in poverty in U.S. (2008 v 2009)	39,800,000	43,600,000	*9.5%*	4
U.S. Rank in Economic Freedom World Rankings	5	9	*n/a*	10

Present Situation Index (curr = 12/10)	29.9	23.5	*-21.4%*	11
Failed banks (curr = 2010 + 2011 to date)	140	164	*17.1%*	12
U.S. Dollar versus Japanese yen exchange rate	89.76	82.03	*-8.6%*	2
U.S. Money supply, M1, in billions (curr = 12/10 prelim)	1,575.1	1,865.7	*18.4%*	13
U.S. Money supply, M2, in billions (curr = 12/10 prelim)	8,310.9	8,852.3	*6.5%*	13
National debt, in trillions	$10.627	$14.052	*32.2%*	14

Just take this last item: In the last two years we have accumulated national debt at a rate *more than 27 times as fast* as during the rest of our entire nation's history. Over 27 times as fast! Metaphorically, speaking, if you are driving in the right lane doing 65 MPHand a car rockets past you in the left lane 27 times faster . . . It would be doing 1,755 MPH! This is a disaster!

Sources:

(1) U.S. Energy Information Administration; (2) Wall Street Journal; (3) Bureau of Labor Statistics; (4) Census Bureau; (5) USDA; (6) U.S. Dept. Of Labor; (7) FHFA; (8) Standard & Poor's/Case-Shiller; (9) RealtyTrac; (10) Heritage Foundation and WSJ; (11) The Conference Board; (12) FDIC; (13) Federal Reserve; (14) U.S. Treasury

Good read....bb

Consumers have a beef with Fed over inflation

By Spencer Jakab
Published: March 25 2011 18:32 | Last updated: March 25 2011 18:32

Food riots, deposed Middle Eastern despots and now this? Last week, a **Texas man** brandishing an assault rifle was involved in a three-hour shoot-out with police and had to be subdued with tear gas after ordering seven Beefy Crunch Burritos at a Taco Bell drive-through and being informed that their price had risen from **99 cents to $1.49.**

Late night comedians and serious pundits alike had a field day with the story, opining on issues like fast-food culture, obesity (the seven burritos contain 3,600 calories, double the recommended daily intake) and gun control.

With his petty gripe, the gunman, Ricardo Jones, is no Muhammad al Bouazizi, the self-immolating Tunisian fruit seller who inspired millions across the region to throw off the yoke of tyranny, but 50 per cent is 50 per cent in San'a or San Antonio. Food inflation is a global phenomenon.

Taco Bell may well not be the villain here. It was recently alleged in a class-action lawsuit that only 35 per cent of what the fast-food chain describes as "beef" meets the strict technical definition (meat from a cow). The remaining 65 per cent is claimed to be made from fillers such as potassium lactate, modified corn starch, malto-dextrin and autolyzed yeast extract. Taco Bell has said it vigorously disputes the allegations made about its food – but if the class action claims were proved to be true, it could be seen as an ingenious attempt to hold the line on meat price rises. However, it is not only the price of meat that is rising alas, but also fuel, flour, vegetables and even autolyzed yeast extract.

The finger of blame is increasingly pointing toward central banks and the US Federal Reserve in particular. By printing money through quantitative easing, there are supposedly more dollars, yen and pounds chasing the same number of Beefy Crunch Burritos. Fed chairman Ben Bernanke actually was asked during a speaking engagement last month whether the central bank was culpable for the revolution in Egypt.

“I think it’s entirely unfair to attribute excess demand pressures in emerging markets to US monetary policy because emerging markets have all the tools they need to address excess demand in those countries,” said the clearly annoyed banker.

But an increasingly common view is that, with the very best intentions, he is at fault. Critics regularly cite the words of Milton Friedman, who said that “inflation is always and everywhere a monetary phenomenon”.

The great economist’s words and work are being misinterpreted though. The monetary base has indeed mushroomed but, in the quantity theory of money, it is not a simple increase in the base that causes inflation. It is an excess supply of money, which is not the case – not yet anyway. At the moment, the money shows up as excess reserves on bank balance sheets, for which they receive interest.

If the Fed were to reduce or eliminate what it pays banks to park those reserves at the Fed, or if banks decided to expand balance sheets rapidly, then things would change. A little of this might be welcome but, if the Fed were too slow to put the brakes on a surge in lending out of fear of harming the recovery, serious inflation could result.

QE is not entirely off the hook though. Even if there is actually not more money in the economy chasing assets, the market’s anticipation of future recklessness and the opportunity cost for investors of holding low-yielding cash has increased the appeal of real assets. The Fed is happy to see this when it comes to shares or homes as this creates a benign wealth effect. Commodities are a different matter.

Even so, the price of oil, or of burritos for that matter, corresponds much more closely to supply and demand than, say, a share of **Apple**, which is not consumed and whose value is in the eye of the beholder. Rising affluence of developing market consumers – the so-called “march of the Chinese meat-eaters” – is the chief culprit. This is exacerbated by distorted currency regimes such as China’s, as Mr Bernanke hinted.

Just don’t shoot the messenger. Or the drive-through employee for that matter.

The Other Side of the Table

…..it's all based on your view……

Sometimes it is how you look at things that can make the difference. The other side of the table is all about that….how you look at things!

Our longtime friend and member of this crew, Eli Mizrahi shared this info with us. Important to know what is going on with our competition….

(Email from Eli to me:)

Just FYI,

Here's what a client of mine found out when he called Fidelity to get funds transfer.

They are getting even more **ugly.**

Subject: RE: IRA rollover

(email to client)

Hello guys,

Sorry to have to bother you, however it seems I could use your help.

Could you please contact Fidelity regarding the transfer of funds into your new IRA account with xxxxxxxxxx.

I am not sure what is holding it up, but they usually act when the client makes a call.

Please let me know what you found out. You can reach me by cell, text 206-555-5555 or email.

Thanks,
Eli

From his client:

Eli,

I made the call to **Fidelity** and they have received the paperwork requesting the transfer of funds.

My comments are in red.....BB

Here is what the holdup requires to get moving..

1. **I have go online and read a statement from the FIRA.org regarding recent warnings for indexed annuities**.

   Are these guys nuts or what? Who gives them the right to criticize us....look at what the B/D have done, I am all for suitability but this pushes the limits....

   here is a question....**Who funds FINRA?**

2. Go online to the Fidelity site and confirm that I have read the warning and investigated my proposed plan to ensure none of the warnings apply.

How much gall does it take? Another question.....**Whose money is it anyway?**

3. Call Fidelity back and talk with an agent so it is recorded and then they will get the funds released.

Plus you have to recite the **Boy's Scout Oath**

4. Funds will be sent directly to me (they won't send to you or another company- Fidelity Policy)

This works...see tips at bottom of notes

5. I hand over the funds to you as my agent.

Of course in order to ensure I pay no taxes Fidelity will make the check payable to the company of my selection so I need to have how the check should be made out from you.

Last question....Which B/D in America lost the most accounts last year (2010)?

XXXXX (client)

Here is the link he had to read and commit to Fidelity he had done so:

http://www.finra.org/Investors/ProtectYourself/InvestorAlerts/AnnuitiesAndInsurance/p010614

Here is Conduct Prohibited form the FINRA Site....maybe Eli should have his client send this to the Fidelity rep and confirm he has read it.....LOL....BB

Prohibited Conduct

You should be aware that certain types of conduct in the securities industry are prohibited, including the following:

1. Recommending to a customer the purchase or sale of a security that is unsuitable given the customer's age, financial situation, investment objective, and investment experience. Investment in a particular type of security may be unsuitable or the amount or frequency of transactions may be excessive and therefore unsuitable for a given customer.

2. Purchasing or selling securities in a customer's account without first contacting the customer and the customer did not specifically authorize the sale or purchase, unless the broker has received from the customer written discretionary authority to effect transactions in the account or the broker was given discretion as to price and time.

3. Switching a customer from one mutual fund to another when there is no legitimate investment purpose underlying the switch.

4. Misrepresenting or failing to disclose material facts concerning an investment. Examples of information that may be considered material and that should be accurately presented to customers include: the risks of investing in a particular security; the charges or fees involved; company financial information; and technical or analytical information, such as bond ratings.

5. Removing funds or securities from a customer's account without the customer's prior authorization.

6. Charging a customer excessive markups, markdowns, or commissions on the purchase or sale of securities.

7. **Guaranteeing customers that they will not lose money on a particular securities transaction, making specific price predictions, or agreeing to share in any losses in the customer's account. Hey wait a minute….we CAN say that…Annuities are guaranteed….BB**

8. Private securities transactions between a broker and a customer that may violate FINRA rules, particularly where such transactions are done without the knowledge and permission of the sales representative's firm.

9. Trading for a firm's account in preference to a customer by trading ahead of a customer limit order, absent a valid exception.

10. Failure by a market maker to display a customer limit order in its published quotes, absent a valid exception.

11. Failing to use reasonable diligence to see that a customer's order is executed at the best possible price, given prevailing market conditions.

12. Purchasing or selling a security while in possession of material, non-public information regarding an issuer.

13. **Using any manipulative, deceptive, or other fraudulent device or contrivance to effect any transaction** in, or induce the purchase or sale of, any security.

(The rep tried to stop the transfer by forcing the client to read FINRA provided information, that seems manipulative….BB)

Eli, thanks for the share...you might want to use FINRA's Broker Check to see how his Fidelity Rep stands....Here is the link....BB

http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/