Open MIC is open for anyone.

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

Questions?

Anthony Owen at Tony@annuity.com

$1 trillion

Approximate revenue OPEC nations will reap from crude oil exports in 2011 if prices remain above $100 per barrel, according to the International Energy Agency.

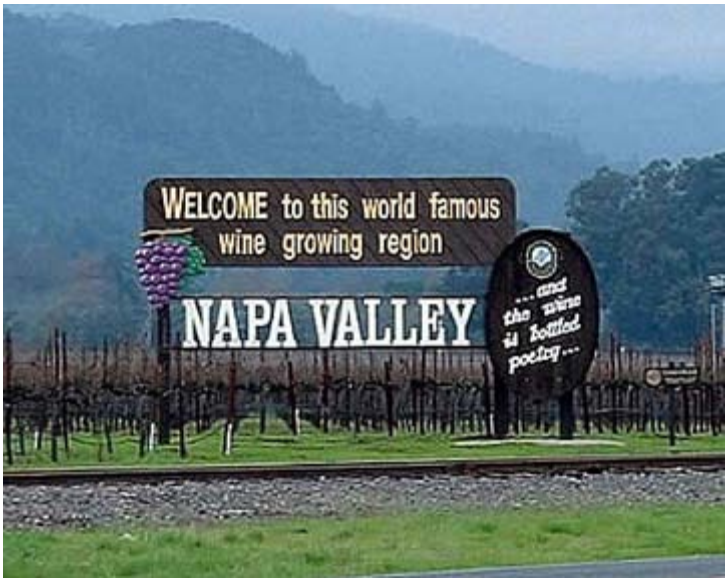
Hello Partners,

The definition of insanity. This makes it even harder to pay my taxes. It's like giving money to an alcoholic, gambling relative. Watch CNBC for a day and you will not hear anything about this.

Anthony

http://cnsnews.com/news/article/march-madness-feds-spent-more-eight-time

Editorial



Phyllis and I have the very good fortune of living in one of the most beautiful places on our planet, the Napa Valley. People come from all over the globe to visit this marvelous place and enjoy all it has to offer. The early history of this valley is mostly about the Native Americans. The **Napa Indian Tribe.** They were here probably 1000's of years before any white man set foot on the valley soil. Artifacts are constantly being found here and as a matter of fact on the property on which I live many artifacts were discovered during construction.

The first real white settlers here were the Italians who came to grow prune trees (orchards) for the eastern fresh fruit market, grapes were planted for family consumption. Over time the vineyards replaced the other crops and now the valley is almost 100% wine grapes.

Almost.

There are two other groups who have made their home here in the valley at the same time and are still here. Both of these groups are not involved with the wine industry, but live here and many farm the land for their crops.

7th Day Adventists and Jehovah Witness's.

These groups and the current citizens of NV live peacefully and respect each group's approach to life and to living. The Kingdom Hall sits on the beautiful Silverado Trail on one side of the valley and services are

intermixed with vineyards and winery activity. The local hospital (which has a national reputation) was founded by these folks and it serves the entire valley regardless of faith or ethnicity. **Good for one and all.**

Which brings me to the purpose of this editorial:

This past Saturday I was visited by two wonderful women, both dressed in Sunday best, offering me information and an invitation to attend their church for services. They were walking from home to home on my street working together to get their message out.

I invited them into my patio and visited with them about what they were doing and why. Their reasons were obvious of course but their demeanor and drive was what caught my interest. On a very warm day, these women were out pounding the pavement.

I really enjoyed visiting with them and eventually the conversation turned to their motivation and their goals.

I asked…how many doors are you going to knock on today?

Answer; 100.

100 doors on a Saturday afternoon in the heat. I asked them a simple question which of course could have a very personal and complicated answer…..

Why?

Answer: "we are committed!"

With that answer it became apparent to me that these women were totally goal driven and they would knock on those 100 doors regardless of how much hassle they had, how many bad mannered people they met, how many barking dogs, how many unanswered doors, how many times they

were told no.

Commitment.

A great lesson was learned by me and hopefully by you. Commitment. Are we really committed to our careers at a level that really counts? Are we still working on Friday afternoons instead of taking it off?

A work week is a work week and a play week is a play week. If it is a work week then that means you work all day until Friday night....

- **Did you have 20 appointments last week?**
- **Did you get any referrals last week?**
- **Did you work your Retire Village database last week?**
- **Did you spend an hour in self-education?**

Commitment. Their names? Mary and Ilene and they are committed.

Bill

PS. I noticed Ilene was a little shaky and offered her refreshment which she happily accepted. During her break she mentioned to me the shaking was early onset Parkinson's disease...

100 doors in the afternoon heat with Parkinson's....now that is commitment.

American Equity extra $$$$$

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….Both Good and Bad

(from 17 emails)

- Great OPEN MIC today. I do enjoy those very much and the information is so helpful.

- I wanted to share with you all an email I received earlier today right after the recent ERMS blast. He is coming in next Thursday to discuss some retirement strategies. Been in my **database since last September.**

- Today I finalized an annuity application with another internet lead that was in the DRIP system since fall of last year. He is worth over 3 million and has over 400k in cash value in life policies

ERMS=POWERFUL MARKETING

- **Email regarding being too soft on leads and not being in control of the relationship**….We too were guilty of sending info,,, but that has

changed. It's a little uncomfortable at first, but really it shouldn't be. This is OUR business. OUR way of making a living... So we make the rules!!! (just like any store does) By the way, our rules also include Honesty; Compassion; and Full Disclosure... Clients appreciate that...

- **Email from agent regarding Retire Village**: Hi Joe, I've had contact with a couple of clients. No sales or prospects of sales yet. People seem to be visiting. Maybe over time I can convert some to sales. Thanks for all your help.

- **Agent in California**....I took an app Thursday from the drip and he has another $82,000 in about a month. I got 27 hits to the e-mail I did on retirement myths.
- **Email from agent East Coast:** I have tried your Retire Village and I don't think it works...I put 200 clients into the system and I only get 3-4 leads from each drip....that is only about 8 leads a month and not worth my time.

Hot News and Other Helpful Info

- **Barron's EIA Article:**
  http://online.barrons.com/article/SB50001424052970203594904576236762848781354.html?mod=BOL_twm_da
- **Ameriprise mess:**
  http://www.investmentnews.com/article/20110403/REG/304039998/-1/INIssueAlert01
- **Fed and Annuity for Banks article:**
  http://www.huffingtonpost.com/robert-auerbach/the-bernanke-fed-plans-to_b_842151.html
-

Thanks to Porter Stansberry for his newsletter and insight....BB

His site: www.stansberryresearch.com

The Stock Market, Inflation and Annuities

Since the market bottom of March 2009, U.S. stocks (as defined by the S&P 500 index) have nearly doubled – up 95%. Soaring stock prices translates into a $28 trillion increase in U.S. equity market capitalization. This is the biggest two-year increase in stock prices since 1955. The march higher has been nearly straight up – **stocks have risen 18 of the last 24 months.** Without a doubt, stocks have been the place to be for the last two years.

- $1,000 invested in any S/P 500 Index fund 2 years ago would now be worth $2,000.
- Global corporate bonds would have left you with $1,177
- U.S. Treasuries would have only gotten you $1,044.

There are good reasons to expect stock prices will continue to move higher. Stocks really aren't that expensive, when compared to earnings. The S&P 500 is trading at 15.5 times reported earnings, compared to average bull market peak valuations of 19.7.

Earnings will almost surely continue to grow rapidly. Bloomberg reports consensus estimates of Wall Street analysts showing average earnings growth of 17% in the next 12 months. Stocks are also cheap relative to interest rates. The earnings yield of the S&P 500 (6.4%) is still substantially above the yield of benchmark (10-year) U.S. Treasury bonds (3.5%).

This all sounds like good news, doesn't it? But here's one fact you probably won't see reported anywhere else:

The entire rise in U.S. corporate profits came from the financial sector.

That is, the earnings growth driving our current bull market in stocks is coming exclusively from the financial sector. **The nonfinancial sector of our economy actually saw profits fall in last year's fourth quarter**. Today, financial sector profits make up more than 30% of total domestic corporate profits. That's the same level we saw in 2006 and 2007... just before the financial crisis.

What's behind the surge in financial sector profits?

The Federal Reserve has been shoveling out as much money as the banks want and charging nothing for it... You already know the Fed has lowered interest rates for member banks to almost nothing. But how does this impact the real world of finance? Let's look at Annaly Capital Management (NLY) to find out.

Annaly Capital Management, Inc. (NYSE:NLY)

Banking 101: Annaly borrows money at a privileged rate and lends it safely via the government-guaranteed mortgage market. At both ends of every deal. It takes advantage of the Fed's interest-rate manipulation at the short end of the curve **(where it borrows)** and the Treasury's backing of Fannie and Freddie at the long end of the curve **(where it invests)**. Playing the government's game is unbelievably profitable...

At the end of 2010 Annaly paid only **1.8% to borrow money** – and it could have as much as it wanted. It turned around and "lent" those same dollars out at an average rate of **3.65% via investment in Fannie- and Freddie-backed mortgage securities** (which are guaranteed against any credit loss). In this way, Annaly earned a "risk-free" profit of 1.85% on each dollar it touched. Annaly's total portfolio grew to $75 billion – meaning its net interest income was almost $400 million in the fourth quarter alone.

But what about the parts of the economy where profits can't simply be manufactured with free money? How's that part of the economy growing? It's not.

Here's another interesting fact... Stephen Moore in the *Wall Street Journal* today writes:

> *More Americans work for the government than work in construction, farming, fishing, forestry, manufacturing, mining and utilities combined. We have moved decisively from a nation of makers to a nation of takers. Nearly half of the $2.2 trillion cost of state and local governments is the $1 trillion-a-year tab for pay and benefits of state and local employees.*

It seems the only sector of our economy that's growing is the banking sector, which manufactures profits via a paper currency regime that's stoking a massive inflation and remains threatened by a growing banking crisis in every developed country. Meanwhile, the banking system is being held together by our government, an institution that's bankrupt on any conceivable scale – to the point that the world's largest bond investor (PIMCO's Bill Gross) has sold every single U.S. Treasury bond and is publicly calling **Congress a house full of "skunks."**

The government has also become the largest employer, the largest source of union members, and the single largest customer of almost every company in the United States.

S&P 500 earnings are on pace to hit an all-time high of $91 a share by August. That's up nearly 13-fold from the March 2009 lows of $7 a share. The rise in profits is no real surprise... Fed Chair Ben Bernanke has flooded the market with trillions of dollars. The fresh capital and a 0% federal-funds rate caused corporate profits to soar.

> *The entire rise in U.S. corporate profits came from the financial sector. That is, the earnings growth driving our current bull market in stocks is coming exclusively from the financial sector. The nonfinancial sector of our economy actually saw profits fall in*

> *last year's fourth quarter. Today, financial sector profits make up more than 30% of total domestic corporate profits. That's the same level we saw in 2006 and 2007... just before the financial crisis.* – Porter Stansberry, April 1, 2011, *S&A Digest*

Corporate profits are also soaring despite near record-high unemployment. This makes sense, considering the source of the financial sector's profits. **(It can generate higher profits by deploying more capital, which doesn't necessarily require more employees.)**

> In the second quarter of 2007, corporate profits totaled $1.565 trillion annually, while the unemployment rate was 4.5%. By the third quarter of 2010, corporate profits increased to an annual rate of $1.64 trillion. But unemployment had more than doubled to 9.6%. How sustainable does this rally seem to you?
>
> That's the problem with record earnings... or record anything for that matter... Eventually, they come back to Earth. A reversion to the mean – a return to average levels from an extreme – is only more certain considering the weak fundamentals of the current rally.

Many have long argued Federal Reserve money-printing is the **definition of inflation**... and the current rise in stock and commodity prices is artificial. It's a simple concept. The Fed created trillions of dollars that must go somewhere. .

It also makes me wonder why it's so vital to our national interest that we preserve, protect, and grow the wealth of the speculative classes: **the hedge funds, Wall Street bankers, and others who make a living gaming the Fed's largesse.**

Not only has Bill Gross sold all his Treasury bonds and warned of inflation (see the End of America box below)... but now, Wal-Mart CEO Bill Simon says inflation "**is going to be serious**... We're seeing cost increases come through at a pretty rapid rate."

Think about Bill Gross and Bill Simon. Gross manages the biggest bond

fund on the planet. He has **zero incentive** to tell you inflation is coming. Inflation crushes his business. Simon's customer makes less than **$40,000** a year.

Inflation will hurt that poor guy and his family more than it'll hurt anyone else. This is the last thing he wants to see.

Fed-created inflation is taking over the economic landscape. It's impossible to invest a penny these days without coming up with a good answer to the question,

"What will inflation do to this investment?"

Harry Dent: "Major Crash" Coming for Stocks, Commodities Already Topping Out

By Aaron Task | Daily Ticker – Thu, Mar 31, 2011 11:07 AM EDT

The first quarter comes to a close today with major averages at or near multi-year highs. Expect "substantial" further gains for stocks before a "major top" occurs in late summer, says noted forecaster Harry Dent, founder of HS Dent and The Dent Method.

The good news, for those long, is Dent predicts the Dow will trade as high as 13,200 by mid-summer and the S&P 500 as high as 1430, or more-than 7% above current levels. The bad news is "then we could see another major crash," Dent says, forecasting the Dow could trade as low as 3300 in a worst-case scenario. "Bubbles go back to where they started or a little lower," he says. "The stock market bubble started at (Dow) 3800 in late 1994."

While Dent predicts the Dow's crash will play out over several years, he sees clear and present danger in gold, silver, oil and other commodities. "All investors should lighten up on or sell oil, silver, and gold as the U.S. dollar looks like it has bottomed and should rise ahead," he writes in the March issue of HS Dent *Forecast*.

In the accompanying video, Dent further explains his thinking for why commodities will stumble ahead of stocks, which is the opposite of what happened in 2007-08. In sum, he believes efforts by global central bankers to fight inflation — with the notable exception of the Fed -- will hurt growth in emerging markets as well as demand for many commodities.

As for the Fed, they are "checkmated," Dent says, suggesting the Ben Bernanke & Co. are damned if they do QE3 -- because the bond market will freak out -- and damned if they don't -- because the economy and financial markets are so dependent on easy money.

Remember the $1,000 invested two years ago that I mentioned at the top of the article?

- 1,000 invested in any S/P 500 Index fund 2 years ago would now be worth $2,000.
- Global corporate bonds would have left you with $1,177
- U.S. Treasuries would have only gotten you $1,044.

How much would an equity linked indexed annuity have returned in the same two year time period?

American Equity purchased in 1-1-09 and sold in 1-1-11

$1,281

Questions

Q. So back to inflation, is it coming?

A. Yes.

Q. When is it coming?

A. Depends on if QE3 happens and whether any Republican becomes a threat to Obama...but probably soon. Oil and the mess in the middle east could hasten its appearance.

Q. What can we do?

A. Protect yourself.

Q. How?

A. By balancing your important funds with an inflation hedge with a built in "put" option.

Q. What is a "put" option?

A. a "put" is a stock option that allows you to sell a stock at a price higher than it would currently be selling for. As an example, you own Microsoft at $25 and own a "put" at $24...MSFT goes to $22, you can sell it for your "put" price of $24.

Q. What? Do annuities have a "put" option?

A. Yes in a sort of spin off way...That is what we have with EIA's, all of them have a built in "put" option which guarantees the owner against downside movement.

Q. So you mean I could protect myself against an inflationary market move and at the same time protect myself against loss?

A. Duh....winning!

Epic Sales Tip # 2

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

What if you said this to your prospect?

How would you like to deposit your IRA funds in an account that could only go up and if the market dropped you could execute your built in "put" to not participate in the downside.

Or

Did you know annuities have a built in "put" to stop your account from losing money?

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 protect her important retirement funds.

Betty Jones

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

Inflation is a real concern and Betty needs to be sure her purchasing power remains stable in her retirement years.

The crediting source on our EIA products can be tied to an outside source such as the S/P 500. Traditionally, the S/P 500 has replicated inflationary movement in our economy. So it would make sense if the crediting rate were tied to an indicator of inflationary movement, the account in the EIA

would also move in that direction and keep Betty's purchasing power intact.

Sometimes, the S/P 500 doesn't go up, it goes down. What will happen to Betty's account then?

She simply relies on her built in "put" to protect her from downside movement.

****The contract really doesn't have a "put", it does have a feature that completely guarantees her funds from losses. I use the term "put" to make the point of the safety and guarantee of her funds.

Yikes....BB

Insurance Job Losses Continue As National Employment Grows

April 01, 2011

Source:A.M. Best Company, Inc.
288

The U.S. insurance industry lost 1,700 jobs in March, continuing a long-term decline as the overall economy gained 216,000 jobs during the month, according to the latest employment report released by the U.S. Bureau of Labor Statistics.

On a year-to-year basis, industry employment, now standing at 2.21 million jobs, is down 1.7% since March 2010.

Insurance Commissioner Jones Announces Sentencing of Former Insurance Agent for Theft From An Elder

March 30, 2011 | Targeted News Service

SACRAMENTO, Calif., March 29 -- The California Department of Insurance issued the following news release:

Total theft of funds was $32,500

Insurance Commissioner Dave Jones today announced that Paul Edward Broussard, 68, a former insurance agent was found guilty of two misdemeanor counts of Theft from An Elder, in violation of PC 368(d). Broussard was recently sentenced (March 3, 2011) to 36 months of formal probation and 100 hours of community service. He was ordered to surrender his insurance license to the California Department of Insurance (CDI) and not to reapply for a new license for a lifetime. Broussard made full restitution of $32,500.00 to the victims prior to sentencing.

**********"**A Licensed Insurance Agent who steals from policyholders and preys upon seniors will be fully investigated and prosecuted by my Department,"** said Insurance Commissioner Dave Jones.

Remind me to tell you the story of my dog Gus sometime....BB

House Republicans seek IRS probe of AARP

Associated Press

By RICARDO ALONSO-ZALDIVAR and STEPHEN OHLEMACHER, Associated Press Ricardo Alonso-zaldivar And Stephen Ohlemacher, Associated Press – Wed Mar 30, 5:31 pm ET

WASHINGTON – **AARP** lobbied for the new health care law and now it stands to **profit**, Republican lawmakers charged Wednesday as they called for the IRS to investigate whether the powerful interest group representing older Americans should be stripped of its federal tax exemption.

Three veteran GOP representatives released a report that **estimates the seniors lobby could make an additional $1 billion over 10 years on health insurance plans whose sales are expected to pick up under the new law**. **They also questioned seven-figure compensation for some AARP executives.**

"Based on the available evidence, substantial questions remain about whether AARP should maintain its tax-exempt status," said the report, released by Reps. Wally Herger of California, Charles Boustany of Louisiana and Dave Reichert of Washington.

AARP said profit had nothing to do with its support for President Barack Obama's health care overhaul, which expands coverage to nearly all Americans, a longstanding goal of the organization.

"We are very disappointed in the report and reject its conclusions," said AARP President Lee Hammond. "AARP is no more an insurance company than we are an online travel company ... the royalties we receive allow us to keep member dues low."

The three Republican lawmakers are members of the influential Ways and Means Committee, which writes tax law. Boustany chairs the oversight subcommittee, and Herger is in charge of the health panel responsible for Medicare.

"We believe AARP operates in direct opposition to their senior membership," Herger said at a Capitol Hill press conference.

Scoffing at the report, Rep. Sander Levin of Michigan, the senior Ways and Means Democrat, called it a "witch hunt" to punish supporters of Obama's law.

The dual nature of AARP has raised questions before.

The business side of the organization runs money-making

enterprises. The most lucrative involves "branding" a series of health insurance plans for seniors and older adults with the AARP name, akin to the Good Housekeeping seal of approval.

More here:
http://news.yahoo.com/s/ap/20110330/ap_on_re_us/us_aarp_probe

---

Disgusting....BB

Foreign Banks Tapped Fed's Secret Lifeline Most at Crisis Peak

By Bradley Keoun and Craig Torres - Apr 1, 2011 10:53 AM PT

April 1 (Bloomberg) -- Thomas Brown, chief executive officer at Second Curve Capital LLC and a Bloomberg Television contributing editor, discusses the Federal Reserve's discount window lending to banks at the height of the financial crisis. **The central bank released about 29,000 pages of secret loan documents yesterday under court order, almost three years** after Bloomberg LP first requested details. Brown speaks with Betty Liu on Bloomberg Television's "In the Loop." (Source: Bloomberg)

Dexia SA borrowed as much as $33.5 billion through its New York branch from the Fed's "discount window" lending program, according to Fed documents released yesterday in response to a Freedom of Information Act request. Photographer: Jock Fistick/Bloomberg

U.S. Federal Reserve Chairman Ben S. Bernanke's two-year fight to shield crisis-squeezed banks from the stigma of revealing their public loans protected a lender to local governments in Belgium, a Japanese fishing-cooperative financier and a company part-owned by the Central Bank of Libya. (is this beyond disgusting....BB)

Dexia SA (DEXB), based in Brussels and Paris, borrowed as much as $33.5 billion through its New York branch from the Fed's "discount window" lending program, according to Fed documents released yesterday in response to a Freedom of Information Act request. Dublin-based Depfa Bank Plc, taken over in 2007 by a German real-estate lender later seized by the German government, drew $24.5 billion.

More here at this link, if you can stomach it:
http://www.bloomberg.com/news/2011-04-01/foreign-banks-tapped-fed-s-lifeline-most-as-bernanke-kept-borrowers-secret.html

---

From www.investmentnews.com I bet this topic becomes a big deal this year....states need to either pay or reduce benefits....major political issue I would say....I would keep my prospects informed if I were you...BB

Public pension crisis has some bracing for worst

Wide-ranging reforms require back-to-basics financial planning

By Darla Mercado
April 3, 2011 6:01 am ET

Legislative ambiguity about **public pension funds**, as well as their underfunded status, has financial advisers who work with public employees scrambling to plug holes in their retirement plans.

Cash-strapped states and municipalities are confronting the realities of their public pension liabilities and have been pushing this year for legislative changes that would raise contributions from employees, cut cost-of-living increases and require workers to stay on the job longer.

Some states, including **Arizona, Illinois and Kansas**, have floated legislation this year to put forward some of these changes, while governors in Alabama, California and other states have said recently that they will tackle pension reform, according to data from the National Conference of State Legislatures.

How exactly these reforms will shake out is still unknown, but public employees are asking advisers how their retirement plans might be affected.

"I was meeting with a client, and the question was, should he take his public pension now that he has a private-sector position he can move to, so that he has a bird in the hand?'" said Kenneth F. Robinson, a financial adviser at Practical Financial Planning. "Or should he wait to see what shape the legislation takes?"

A recent study of some 126 state-sponsored pension plans by the Center for Retirement Research revealed that assuming investment returns of 6%, the plans will run out of money by 2023 or 2025, depending on their framework.

Assuming an even more generous 8% investment return, the plans will run out of money in 2033 or 2041.

(where are they going to get net returns like this? Maybe an annuity would make sense....BB)

E-mail Darla Mercado at dmercado@investmentnews.com.

Won't be long until the banking and financial services segment (B/D) will get involved in this whole concept....coupons. I don't know how it will work but rest assured it is coming?

"Groupon" will be the hottest thing to come along in years, get on board.....BB

Groupon's World, Wage Mobile Ad War On

Posted by Mary Wisniewski on March 31, 2011 at 1:00pm
View Mary Wisniewski's blog

Groupon, and its copycats, have rocked the retail world. On the surface, the revolution could be mistaken as simply an innovative way to sell stuff.

But the truth is that Groupon is changing the way consumers pay, and that change will accelerate as the digital wallet comes to life.

The innovation of Groupon is in the coupon. Consumers get the offer for a discounted yoga lesson or 60% off an Italian meal and bring that discount coupon to the brick-and-mortar store to buy. The coupon is bringing people to the store who might never have set foot there.

The coupon, however, will go to a whole other level when the digital wallet hits critical mass, and bankers should better understand the advertising implications of the evolution in payments.

Already, reports indicate that Groupon is in talks with cash-register makers to streamline using its coupons as payments and also plans to launch a new service soon: Groupon Now, which will offer time and location specific deals on mobile phones.

This is important to financial services because of its underlying notion that NFC technology also hopes to address and make lots of money from retailers (and eventually FIs) better targeting their advertising to bring new customers to their stores. This new advertising paradigm will be best-achieved through mobile phones. Indeed, much of the financial charm of a NFC-empowered digital wallet is owning the customers' eyeballs for advertising benefits.

This week, *The Wall Street Journal* leaked that **Google**, which tried to buy Groupon last year, is getting in bed with **MasterCard** Inc. and Citigroup Inc. to insert itself into mobile payments. Rather than swipe fees, Google is reportedly more enchanted with the advertising opportunities within mobile payments.

From The WSJ:

The Internet giant is aiming to make mobile payments easier in a bid to boost its advertising business. The planned payment system would allow Google to offer retailers more data about their customers and help them target ads and discount offers to mobile-device users near their stores, these people said. Google isn't expected to get a cut of the transaction fees.

Google is not the only company chumming up to retailers for advertising profit. Last November, **Visa cozied up with Gap Inc.** to offer targeted text messaging, for example. In short, after consumers "opted in" to receiving Gap messages, Visa would watch their transaction histories. Based on those buying trends, targeted SMS text messages would shoot out to consumers, aiming to lure them to nearby Gap stores.

No doubt, this is only early stages of targeted mobile advertisements aimed at influencing customer behavior. With NFC's eventual takeoff, the floodgates will truly open for Google, for Groupon, for the mobile networks, for FIs, and for many others as the blurring of the online/offline payments world gets more abstract. Today, Javelin Strategy & Research released a report addressing the mobile advertising opportunities for FIs specifically, and this quote sums it up well:

*"**Mobile marketing and advertising is poised to explode,"** said Mark Schwanhausserm senior analyst of multi-channel financial services in a release. "Those FIs that understand mobile technologies, know how to deliver marketing programs and ads across these platforms, and produce compelling mobile marketing offers will be in the driver's seat to capture the attention — and revenue — of their target customers."*

How do we get in the coupon marketing side and still not violate our state's DOI for gift limits?

Consider this sales tip.....BB

Epic Sales Tip # 3

Building relationships takes time, effort and being able to be patient, especially when the goal is to convert a prospect to a client.

Value $24 Discount 50% You Save $12

Buy 10 of these coupons and mail it to your clients…and see what happens!

Letter sample:

Dear Betty

I know you and Fred enjoy eating out at better restaurants. We recently had dinner at FarmStead here

in St. Helena and were very impressed. I especially loved the meatloaf.

I have enclosed 2 coupons for dinner at FarmStead to use at your convenience. (Expires 8-1-11).

I hope you enjoy it as much as Phyllis and I did.

Bill

Or….

Value $20 Discount 50% You Save $10

Betty

I know how much you enjoy sewing for your grandson, I

recently saw this coupon for the new Stitch and Craft store here in Calistoga. I thought you might enjoy their new store.

Bill

Questions:

- **What do you think their response is going to be the next time "Retire Village" drips on them?**
- **How receptive do you think Betty will be the next time you ask her for a referral?**
- **Do you think she will listen to you the next time you tell her about our new rate increase?**

Hint: keep track of how much you send each person and track your spending so you have the records in case of a DOI inquiry. Stay within the law always.

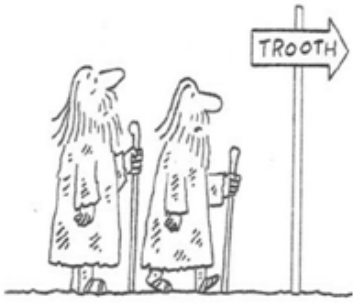
Go to www.groupon.com and register, the coupons are for your local area so they are not like a $1 off at the local supermarket. This allows you to customize your gift with a relevant business in your joint community.

This is a killer idea....don't sit on the sideline, try it and see what happens.

Joe's has sent this newsletter for years, it is available in Snail Mail or through your Retire Village account.....it is free and a great way to give "value" It is 4 pages long and contains a wide range of information from recipes to money matter....it is personalized and it build relationship.....BB

Joe and Linda Rych
Issue 21
April 2011

Inside This Issue...



"Close enough. Let's go."

Rych Insurance Services, Inc.

Specializing in Asset Protection for Those Aged 60 and Better.

The history of April Fool's Day or All Fool's Day is uncertain, but the current thinking is that it began around 1582 in France with the reform of the calendar under Charles IX. The Gregorian Calendar was introduced, and New Year's Day was moved from March 25 - April 1 (new year's week) to January 1.

Communication traveled slowly in those days and some people were only informed of the change several years later. Still others, who were more rebellious refused to acknowledge the change and continued to celebrate on the last day of the former celebration, April 1st.

These people were labeled "fools" by the general populace, were subject to ridicule and sent on "fool errands," sent invitations to nonexistent parties and had other practical jokes played upon them. The butts of these pranks became known as a "poisson d'avril" or "April fish" because a young naive fish is easily caught. In addition, one common practice was to hook a paper fish on the back of someone as a joke.

This harassment evolved over time and a custom of prank-playing continue on the first day of April. This tradition eventually spread elsewhere like to Britain and Scotland in the 18th century and was introduced to the American colonies by the English and the French. Because of this spread to other countries, April Fool's Day has taken on an international flavor with each country celebrating the holiday in its own way.

In Scotland, for instance, April Fool's Day is devoted to spoofs involving the buttocks and as such is called Taily Day. The butts of these jokes are known as April 'Gowk', another name for cuckoo bird. The origins of the "Kick Me" sign can be traced back to the Scottish observance.

In England, jokes are played only in the morning. Fools are called 'gobs' or 'gobby' and the victim of a joke is called a 'noodle.' It was considered back luck to play a practical joke on someone after noon.

So, no matter where you happen to be in the world on April 1, don't be surprised if April fools fall playfully upon you.

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!

Buying mutual funds seems like such a good idea, but there is that little line they like to make sure you see…..at the bottom of the proposal…something like…

"Past performance may not be indicative of future results"

(My notes and references are in red throughout the article and carry my initials….BB, this article is enormously important to us as annuity salespeople, study it….BB)

One of the financial industry greats is John Bogle, the founder of Vanguard Mutual Funds. He has been a lifetime champion of fairness and disclosure. He has fought against excessive fees especially 12 b-1 fees. His paper below says a lot about how stocks are priced and what really happens....

Wall St's illusion on historical performance

By John C Bogle
Published: March 30 2011

As investors plan for accumulating wealth, they place too much trust in numbers, apparently **equating the precision of hard numbers with reality**. But numbers are pale reflections of reality, shaped to validate the views of those who produce them, often based on invalid premises, and easily subject to manipulation.

This reliance on numbers underlies one of the principal problems of today's financial markets: the idea that shareholder value is represented by stock price. **Not so.** The value of a stock is represented by the **discounted value of its future cash flow**. Yet market participants have come to believe that the momentary precision reflected in the price of a stock is more important than the eternal imprecision of measuring the intrinsic value of a

corporation. Prices can rise far above their intrinsic values – or far below – but the pendulum finally centers on fair value.

This focus on stock prices has led us down a **primrose path** that leads us to accept **illusion as reality**.

Consider the focus on **historic returns** in the stock market as a means of assessing the **probability of future returns**. Even if we accept the belief that past market returns are an accurate representation of reality, the idea that future returns will center around the **past is an illusion**. ***"Past performance may not be indicative of future results"....BB***

During the past century, for instance, the US stock market has provided an average annual return of about **9 per cent – 4½ percent from dividend yields and 4½ per cent from earnings** growth.

But today's dividend yield is only about **2 per cent**, meaning that a critical component of the stock market's return has been slashed by more than **one-half**.

Now let's combine that 2 per cent yield with an estimated future earnings growth rate of 5 per cent. **Why 5 per cent?** Simply because earnings growth of US corporations has rather consistently paralleled the **historical growth** of the economy (measured by gross domestic product). Combining the two tells us that reasonable expectations for nominal returns on stocks during the coming decade are likely to center around 7 per cent, **several percentage points below the long-term norm**.

As writer and poet Samuel Taylor Coleridge warned:

"History … is but a lantern on the stern, which shines only on the waves behind us."

These returns are conventionally measured in nominal terms, and are almost certain to overstate the painful reality for investors building long-term wealth.

Consider the results of that historical nominal return of **9 per cent, compounded over 50 years:** a **$10,000** initial investment would grow to **$743,000** (including reinvested dividends).

But after adjustment for **4 per cent inflation** during that period, only **5 per cent** would remain in real terms. So, in spendable dollars, accumulated wealth would tumble to **$115,000**. Amazing!

But whatever the future returns of the stock market prove to be, investors should not count on receiving it. Of course, investors as a group must and will earn whatever returns the market delivers. But only before the deduction of the costs they incur.

Remember: gross return, minus the costs of investing, equals the net return shared by market participants. Over an investor's lifetime, that difference is powerful.

In US mutual funds, for example, using an all-in cost of only 2 per cent annually (including expense ratios, estimated portfolio turnover costs, and sales loads) would **reduce that 5 per cent real return to 3 per cent,** bringing the final accumulation to $44,000, some $700,000 below our first calculation. (Assuming that the investment is part of a tax-deferred retirement plan, I have excluded taxes, which otherwise would subtract perhaps another 1 or 2 percentage points of return.)

These real numbers destroy the illusion created by Wall Street's disingenuous presentation of historic stock returns.

Combined, these three errors have an impact that is hardly trivial.

- **Counting on historical stock market returns to repeat themselves is one error** ***"Past performance may not be indicative of future results"....BB***
- **Counting in nominal dollars rather than real dollars is another** **nominal value refers to a value expressed in money terms (that is, in units of a currency) in a given year or series of years. By contrast, real value adjusts nominal value to remove effects of price changes over time (wikipedia .... As an example, a worker earns $10,000 (nominal) assembling cars but the actual spendable income is reduced by any inflation (real dollars)....BB**
- **Counting on capturing the gross returns of the stock market rather than net (after-cost) returns is yet another.** **)....As an example, the market returned 8% the past 20 years (nominal) but the actual return after expenses was 4% (real)....BB**

These are not just arithmetic errors; they have powerful real-world implications. **Individual investors who rely on the historical stock market returns presented by mutual fund marketers will be shocked at the paltry amounts they've accumulated in their retirement accounts.**

Corporations too will face the same shock as shortfalls in **pension plan accumulations** will have profoundly negative implications for their financial statements.

My message is that we should treat numbers with great caution. We should remember that **those who present numbers are rarely without bias** and that the past is rarely prologue. It's not that we shouldn't be counting; rather we should be counting with **skepticism,** and with all the perspective and wisdom that we

can muster.

John C Bogle is the founder of Vanguard. His latest book is Don't Count on It! Reflections on Investment Illusions, Capitalism, "Mutual" Funds, Indexing, Entrepreneurship, Idealism, and Heroes

- I randomly picked a mutual fund (I omitted the name) and used the **FINRA** fund analyzer to estimate the future returns and costs.
- The fund was a "B" class fund
- It is a widely held fund and a proprietary fund (owned by the BD firm)
- I used the assumption of a gross 5% return as Mr. Bogle suggested in his article.

I started with a deposit of $10,000

At the end of 10 years.....

The fund net value (based on 5% gross return) was **$13,127**

The expenses (loads, expense ratio etc)

for the 10 years was **$ 2,427**

Question: what would be the net yield for the 10 year investment?

As Mr. Bogle so expertly said.... **Counting on capturing the gross returns of the stock market rather than net (after-cost) returns is yet another.**

Use this tool to look up your mutual funds expenses, returns etc. direct from FINRA:

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

I know this was n last week's Open MIC but it is so good....

Epic Sales Tip #1

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.