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

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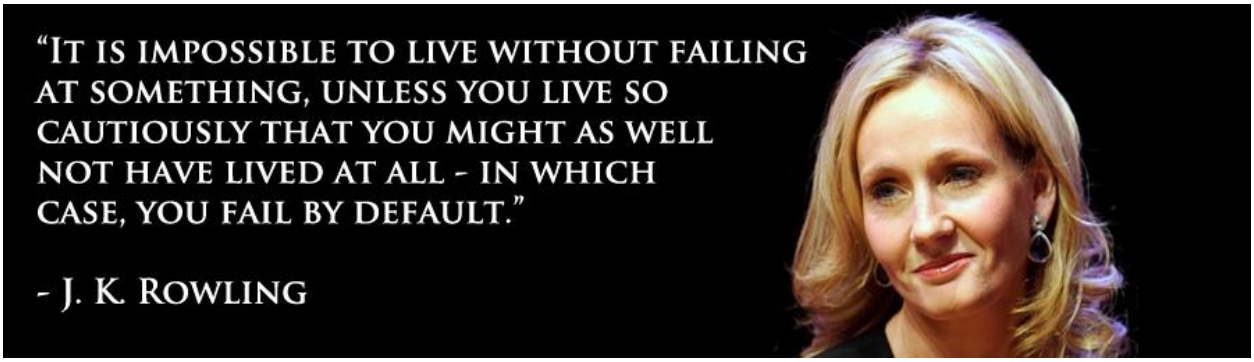
# *Outsource, Automate, Delegate*


## *Our brand can be your brand"*




I saw this quote and found it meaninful, when I look back at my failures they become more meaningful as a ruler to ideas. The more you try the more success. Remember the Starbucks marketing piece I wrote a few years ago? Starbucks knows that 90% of their marketing ideas will fail, it is the 10% they are after.

Are you out their "pitching" or are you sitting on the sidelines?....BB


**The new DOL ruling on "fiduciary" has been released. Since we only had a few hours to get it ready for Open MIC, we will also include it in the following week.**

Anthony and I will be discussing this topic, this is a good time to *7 (unmute) and ask questions.

**Are we Included?**

- Yes

**When does the rule take effect?**

- April 2017 with full implementation of all components of the rule by end same year.

**What is the Best Interest Contract (BIC)? What is best interest? Who knows?**

- How do you determine it, in real time or retrospectively? Lawyers and regulators will have the advantage of hindsight.
- Importance of selling solutions.
- Importance of having a documented plan and comprehensive fact finder.

- The days of selling product are dead!
- Get ready for a price increase on your E&O.

**When do we need to present the Fiduciary Standard contract?**

- Upon signing of the application.
- You can prospect or "Educate" a prospect without activating the Fiduciary Standard.
- Disclosure standards are greatly reduced from the original proposed rule.

**Does having a securities license decrease your liability?**

- No, it increases it because it broadens the products inventory you will have to maintain compliance for under the fiduciary "Best Interest" standard. There is a legal argument that you can't be held to a "Best Interest" standard for products you are not licensed to sell or recommend. If you get a securities license you lose that argument.

**Impact to Commission?**

- **Incentives:** Under the revised rule it would appear that there is a lot of emphasis that we would not be incentivized to sell products that are not in the "Best Interest" of the client. This would limit specific product commission bonus incentives but shouldn't limit incentives applied equally across product lines. There is one problem with any special incentives. If you were to sell a product during an incentive period how will you be able to defend your choice to sell that product?
- **Cost Induced Deterioration:** Although the cost of implementation has been greatly reduced be eliminating some very problematic requirements in the initial proposed rule (i.e. historical performance

illustrations) the increased liability costs will have to be paid somehow. Probably from a combination of decreased benefits to clients and decreased compensation. If interest rates increase it could offset the realized impact.

**Positives?**

- Certain products that offer "smoke and mirrors" "shinny object" features that are not actually a benefit to the client may disappear. These types of products tend to offer higher commissions and will probably create more liability than they are worth.

- Agents that can't sell solutions will be operating at extensive risk. If your competition is not doing a fact finder and a solution based plan you can use that as leverage with your client.

**What next?**

- **Lawsuits:** It is possible, but not sure if likely, that there will be lawsuits for FIA's being included with variable annuities in the BIC.

- Up your documentation game and never let you E&O lapse.

# Other than that, business as usual.

Reish, based in Los Angeles, is chair of its Financial Services ERISA Team and chair of the Retirement Income Team. He explains that the foundation of the rule is a very broad definition of fiduciary advice.

"A consequence of that definition is that virtually **all common investment and insurance sales to plans, participants and IRAs will be fiduciary acts**," Reish said. As a result, the **advisors will need to investigate the facts that are "relevant" to the circumstances of the retirement investor and make a prudent recommendation in the best interest of the investor**.

In addition, Reish says, if the advisor is paid by commissions or can affect his compensation through his recommendations, the advisor must satisfy the conditions of a prohibited transaction exemption, probably the Best Interest Contract Exemption, or BICE.

"While the conditions have been liberalized, they will require more effort and expense," Reish concludes.

Keefe, Bruyette & Woods analysts pointed out in their initial thoughts on the rule the number of positive concessions and clarifications that were made.

The "one notable negative," KBW analysts said, is that **indexed annuities were removed from the PTE 84-24 insurance exemption and moved into the BIC alongside variable annuities**.

"We expect indexed annuity sales to be negatively impacted as result," noting that "this is also a modest negative for retail advisors that sell the product."

http://www.lifehealthpro.com/2016/04/06/final-dol-fiduciary-rule-issued?eNL=5704ba8d150ba05e600bd8ea&utm_source=LHPro_Daily&utm_medium=EMC-Email_editorial&utm_campaign=04062016

http://www.nytimes.com/2016/04/07/your-money/new-rules-for-retirement-accounts-financial-advisers.html?hp&action=click&pgtype=Homepage&clickSource=story-heading&module=first-column-region&region=top-news&WT.nav=top-news&_r=1

http://www.wsj.com/articles/reactions-to-the-labor-departments-fiduciary-rule-1459954904

**Anthony R. Owen**

**http://www.dol.gov/ProtectYourSavings/FactSheet.htm?**

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I have edited portions of this chart for that affect, for full information, click link above and click link in article for chart. My view is simple, the courts will carve this up and very little will end up as the original rule when it starts in a year.

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# CHART ILLUSTRATING CHANGES FROM DEPARTMENT OF LABOR'S 2015 CONFLICT OF INTEREST PROPOSAL TO FINAL

The changes in the retirement landscape over the last 40 years have increased the importance of sound investment advice for workers and their families. The Department's conflict of interest final rule and related exemptions will protect investors by requiring all who provide retirement investment advice to plans and IRAs to abide by a "**fiduciary" standard—putting their clients' best interest before their own profits.**

**RULE:**

- Clarifying the standard for determining whether a person has made a "recommendation" covered by the final rule
- Clarifying that marketing oneself or one's services without making an investment recommendation is not fiduciary investment advice
- Removing appraisals from the rule and reserving them for a separate rulemaking project
- Allowing asset allocation models and interactive materials to identify specific investment products or alternatives for ERISA and other plans (but not IRAs) without being considered fiduciary investment advice, subject to conditions
- Providing an expanded seller's exception for recommendations to independent fiduciaries of plans and IRAs with financial expertise and plan fiduciaries with at least $50 million in assets under management is not fiduciary advice

**BEST INTEREST CONTRACT EXEMPTION (BICE):**

- Eliminating the limited asset list from the Best Interest Contract Exemption
- Expanding the coverage of the Best Interest Contract Exemption to include advice provided to sponsors of small 401(k) plans
- Eliminating the contract requirement for ERISA plans and participants
- Not requiring contract execution prior to advisers' recommendations
- Specifically allowing for the required contract terms to be incorporated in account-opening documents
- Providing a negative consent process for existing clients to avoid having to get new signatures from those clients
- **Simplifying execution of the contract by requiring the financial institution** to execute the contract rather than also requiring each individual adviser to sign
- Clarifying how a financial institution that limits its offerings to proprietary products can satisfy the best interest standard
- Streamlining compliance for fiduciaries that recommend a rollover from a plan to an IRA or moving from a commission-based account or moving from one IRA to another and will receive only level fees
- **Eliminating most of the proposed data collection requirements** and some of the more detailed proposed disclosure requirements
- Requiring the most detailed disclosures envisioned by the Best Interest Contract Exemption to be made **available only upon request**
- Providing a mechanism to correct good faith violations of the disclosure conditions without losing the benefit of the exemption

The following chart shows some of the most frequently raised issues and how the Department addressed them:

| Issue | What critics said about the proposal | What the Department did in the final |
|---|---|---|
| Education | The Department should establish a clear line between education and investment advice and avoid a result in which service providers refrain from providing essential information and education to participants and investors due to concerns about triggering fiduciary status. In addition, when using asset allocation models to educate participants and investors, service providers should be able to identify specific investment options. | The final rule clearly describes the types of information and activities that constitute **non-fiduciary investment education-**including plan information and general financial, investment, and retirement information.<br>The Department also revised the final rule to allow asset allocation models and interactive investment materials to identify specific investment alternatives under ERISA-covered and other plans if certain conditions are met.<br>However, in the IRA context there is no independent plan fiduciary to review and select investment options so references to specific investment alternatives are not treated as education under the education provision in the final rule. |
| Coverage of health and welfare arrangements | The proposal could be read to apply to group health, dental, and disability insurance policies. The Department should explicitly exclude these policies, which do not raise the concerns the Department appears to be addressing with respect to advice regarding investment property. | The Department clarified that advice regarding **"investment property" does not include health, disability, and term life insurance policies and other assets that do contain an investment component.** |
| | | |
| "Hire me" | An adviser should be able to recommend that the customer hire the adviser for a reasonable fee without that recommendation to "hire me" being treated as a fiduciary recommendation. | The Department has made clear in the final rule that a person or firm can recommend that the customer hire the adviser (or its affiliate) for advisory or asset management services **without the recommendation** counting as a fiduciary recommendation.<br>However, the adviser's investment recommendations, such as the recommendation to roll money out of a plan or invest in a particular investment, are fiduciary recommendations. |
| | | |

| | | |
|---|---|---|
| Asset list in BICE | By listing only certain asset classes to be covered by the BICE, the proposal limits investor choice. | The Department has **eliminated the list** so that advice to invest in all asset classes is covered by the BICE. |
| Timing of the contract | The contract requirement is unwieldy, calls for the signatures of too many parties, and must be executed too early in the process—before the customer even knows he or she will make an investment. | The contract requirement was eliminated for ERISA plans; **it only applies to IRAs and other non-ERISA plans.**<br>The Department also adjusted the contract requirement to make it clear that it can be incorporated into other account opening documents and can be entered into before or at the same time the recommended transaction is executed. Any advice given before the contract was signed must be covered by the contract.<br>The exemption provides a special "negative consent" procedure for existing clients to obtain the new protections. In other words, the firm can send out a notification to its client informing them of proposed contract amendments. If the client does not terminate the amended contract within **30 days**, the **amended contract is effective**.<br>There is also a provision for advisers who provide advice in accordance with the conditions of the exemption but due to circumstances beyond their control, the contract was not executed. |
| | | |
| Disclosure | The disclosure requirements of the Best Interest Contract Exemption are overly cumbersome. In particular, the 1, 5, and 10 year projections are nearly impossible to execute. | The Department significantly **streamlined the disclosure requirements** in the final BICE. In particular, requirements to include projections, as well as the annual disclosure requirement, have been entirely eliminated. |
| Web Disclosure | The web disclosure requirements are too burdensome for firms and could be read to require disclosure of individual adviser compensation and salaries. | The Department has streamlined this provision and clarified that individualized information about advisers is **not required**. |
| Data Retention | The data retention requirements which called for the retention of detailed information on inflows and outflows are too burdensome. | **The Department has removed those requirements.** Just as they would in other situations, firms only |

| | | |
|---|---|---|
| | | have to retain the records that show they complied with the law (in this case, the BICE or other exemption). |
| | | |
| Lifetime Income Products | The focus on fee transparency in the proposal disadvantages lifetime income options and other insurance products, whose value – particularly the guaranteed lifetime income – may not be as easily understandable by consumers. | The Department has included language in the BICE to make clear that advisers **may recommend** insurance products and revised the disclosure provisions to better reflect how insurance products are sold. In addition, the final amendment to PTE 84-24 provides a **streamlined exemption for recommendations of "fixed rate annuity contracts."** which are less complex lifetime income products. |
| | | |
| | | |
| Inappropriate bias towards low fee products | The proposal favors low-fee and low-cost products over all else, ignoring returns, quality, and other factors that may be important to consumers. | The Department **did not adopt** the low-fee streamlined option considered in the proposal, and clarified in the preamble that the adviser is not required to recommend the lowest fee option if another product is better for the client. |
| | | |
| Implementation concerns | Eight months is far too short a time period to implement such an expansive overhaul. The Department should consider phased implementation and/or an implementation safe-harbor. | The Department extended the first phase of implementation to **one year after publication of the final rule**. In addition, the Department adopted a "phased" implementation approach for the Best Interest Contract Exemption and the Principal Transaction Exemption so that firms will have more time to come into full compliance. In particular, the full disclosure provisions, the policies and procedures requirements, and the contract requirement only go into full effect on January 1, 2018. |

From Bloomberg

# U.S. Targets Indexed Annuities in Obama Retirement Rules

Katherine Chiglinsky k_chiglinsky

•

The U.S. is **cracking down** on the $54.5 billion market for indexed annuities, tightening standards for a product that has been gaining popularity in recent years. American Equity Investment Life Holding Co., the second biggest seller of such products, fell the most since 2009.

A Labor Department regulation, released Wednesday, toughened the rules for selling more complex products and **included indexed annuities** among them, a move that wasn't expected by some industry players, according to Ryan Krueger, an analyst at Keefe Bruyette & Woods. The government will require companies to enter into a contract that discloses conflicts about how brokers are compensated from sales of variable or indexed annuities. Fixed annuities will have fewer hurdles.

President Barack Obama has fought for the tougher standards in an effort to protect millions of savers from receiving conflicted advice. The rules aim to curb the practice of brokers pushing customers into higher fee or commission-based products without disclosing conflicts of interest related to how advisers are compensated for selling those products. They target indexed annuities, products that have broken sales records for the past seven years and now represent almost a quarter of the total annuity market, according to industry group Limra.

**"Indexed annuities are a high-commission product like variable annuities**, and 60 to 65 percent of industry sales are within qualified retirement plans," Krueger said Wednesday in a note. "We expect indexed annuity sales to be negatively impacted" as a result.

## Retirees at Risk

Indexed annuities are insurance contracts that earn money based on the performance of market indexes and protect against market downturns. Total sales reached a record $54.5 billion in 2015, a 13 percent increase from a year earlier, and Allianz SE's North American division was the top seller of the products in 2015, Limra said. American International Group Inc. sold about $3.3 billion of indexed annuities last year, while Voya Financial Inc. sold $1.67 billion.

American Equity Investment Life sunk 14 percent to $13.93 as 10:28 a.m. in New York after earlier dropping 18 percent. Indexed annuities are more than 90 percent of the company's sales, Randy Binner, an analyst at FBR & Co., said in a note Wednesday.

The new guidelines imply that the indexed annuity sellers might be subject to **"more onerous legal requirements and compensation caps,"** said Binner.

## "We fully expect a legal challenge from AEL and other indexed annuity writers."

U.S. lawmakers including Senator Elizabeth Warren of Massachusetts have criticized some of the largest annuity providers for the **perks** they provide to encourage brokers to sell investments that may be more expensive. That compensation structure puts retirees at risk, according to Labor Secretary Thomas Perez.

"This is the case about a system that is structurally flawed. The incentives are not aligned," Perez said Wednesday in an interview on Bloomberg Television. "The consumers' best interest is not aligned with the current incentives that result in payments to brokers."

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# Editorial and Thoughts on the Eve of the DOL

(This was written prior to the Wednesday fiduciary rule disclosure from the DOL. I wanted to look back at the past 10 years, what our industry has accomplished and how we have become a staple for those needing safety and security.)

When history looks back at the financial markets and options that such a large group of people (baby boomers) had in which to choose, one thing will be clear.....

## Baby Boomers Loved Fixed Indexed Annuities With Income Riders

Our product has evolved into the mainstream (or vice versa) of important retirement planning. It now offers guaranteed income riders that have changed the way retirement is planned. And yet, it was only 10 years ago at a meeting in Des Moines when Sheryl Moore first suggested that an

(guaranteed) income rider sitting on the shoulders of a Fixed Indexed Annuity would be a great tool. A tool not only for agents but for those whose future would come to depend on it.

Sheryl asked this question, a question that changed the direction of annuities:

*"If guaranteed lifetime income is the greatest value proposition of deferred annuities, why do only 2% of clients annuitize?"*

The answer is why and how our industry has evolved into the powerhouse it has become. During the research that followed many questions were asked and many questions were answered.

- Annuitization lacks flexibility, access to funds, money in the annuitized account was no longer available.
- Annuitization is permanent, once the trigger is pulled, it can't be changed

With the introduction of Guaranteed Lifetime Withdrawal Benefit (GLWB) new uses for annuities began to develop. Initially, GLWBs were used in variable annuities and fees were charged for them. The industry saw an increase of nearly 80% being selected as added riders on the variable annuity contract.  The need was there and the GLWB was the answer.

Evolution eventually brought eh GLWB to the Fixed Indexed Annuity world and everyone has benefited. Now Baby Boomers have access to guaranteed products and better than that, they have access to guaranteed income, the future will never be the same.

It would be so interesting if I could look ahead to what will happen to our products in the next 10-20 years.  Heck, in 5 years just think what they will have to offer?

Could the future be any brighter?

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## Offer for you.

David and I have a "news" service that will allert you of sales opportunities, lead news and other issues to help you make more sales. This service is only for the crew (contracted agents). If you would like to be added to the list, email me at bbroich@msn.com.

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# More:

### Popular IRS Charitable Tax Break Can Be Valuable

http://www.wsj.com/articles/popular-irs-charitable-tax-break-can-be-valuablefor-those-who-know-how-to-use-it-1459130770

At issue is a law that generally allows IRA owners who are 70½ or older to transfer as much as $100,000 a year to qualified charities directly from their IRAs, tax-free. That transfer is excluded from your income. If done properly, the transfer counts toward an IRA owner's required minimum distribution for the year.

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## Sales and Marketing

# *"I want to think about it"*

I think this article tells us a lot about how our prospects think about investing. I found it fascinating and informative. I have marked man parts in red as well as made extra notes in blue. Like so many things that flow across our desks, this article could easily have been tossed….I am glad it wasn't.

Possibly, when you get your next **"fence"** sitter, this article might help you understand them.

BB

## Why We Think We're Better Investors Than We Are

By GARY BELSKYMARCH

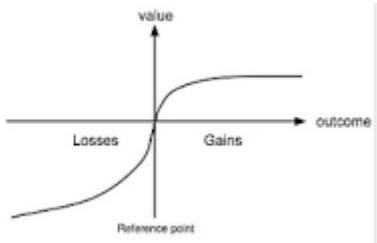
From their earliest days, the loosely confederated research efforts that came to be known as **behavioral economics** spawned a large quantity of studies centered on **securities investment**. This was not because the field's pioneers were especially

interested in stocks and bonds, nor was the early research commonly **underwritten** by financial services firms.

(Smart, find out how they think then get in front of them and wait….BB)

Rather, the hive of activity that evolved into its own field — **behavioral finance** — reflected that investment markets provide unusually robust data sets for analyzing "judgment under uncertainty" (the title of a seminal textbook co-edited by the winner of a **Nobel** in economic science, the behavioral economist Daniel Kahneman) and "decision under risk" (a phrase in the subtitle of his Nobel-winning **"Prospect Theory"**).

**Prospect theory** is a behavioral economic **theory** that describes the way people choose between probabilistic alternatives that involve risk, where the probabilities of outcomes are known.




(The theory states that people make decisions based on the potential value of losses and gains rather than the final outcome, and that people evaluate these losses and gains using certain personal evaluation of their own concept of rules….in simple language, people make decisions based on their own opinion of their experiences and talents when the logical choice would be to follow a proven path….BB)

Every day, global securities markets provide researchers with billions of data points for understanding how people make choices when resources are at stake and the outcome is unknown.

Which, if you think about it, is a fair description of most decisions. Indeed, the majority of cognitive biases and shortcuts that influence everyday judgment and choice have analogues in investment behavior. Consider the **"sunk cost fallacy,"** a primary reason an unhappy lawyer might struggle to leave the law and an **unsuccessful investor might balk at selling money-losing shares.**

(fence sitters mostly have this behavior, they cannot make a decision because of the previous bad decisions….BB)

### What is this fallacy?

In economics, a **sunk cost** is any past cost that has already been paid and cannot be recovered. For example, a business may have invested a million dollars into new hardware. This money is now gone and cannot be recovered, so it shouldn't figure into the business's decision making process.

Or, let's say you buy tickets to a concert. On the day of the event, you catch a cold. Even though you are sick, you decide to go to the concert because otherwise "you would have wasted your money".

## Boom! You just fell for the sunk cost fallacy.

*"I think the market will come back in 2018"*

*"I know that the bank will be increasing interest rates any day now"*

*"I think I will wait on buying the annuity, I think interest rates will increase next year"*

Most people are very likely to fall prey to "loss aversion," a key tenet of Prospect Theory, which tells us that humans typically respond to the loss of resources — be it time, effort, emotion, material goods or their proxy, i.e., money — more strongly than they react to a similar gain.

(losses become more focused than gains....BB)

Despite the spectacular growth of index funds — passive investment vehicles that track market averages and minimize transaction costs — **millions of amateur investors continue to actively buy and sell securities regularly**.

This despite **overwhelming evidence** that even professional investors are no more likely to beat the market than monkeys throwing darts at securities listings.

Money managers, at least, are paid to make investment bets. **But why do amateurs believe they can outperform the professionals** — or even identify those pros who will outperform? (Performance of individual mutual funds cannot be predicted with any greater degree of accuracy than individual stocks or bonds.) Many biases and cognitive errors contribute to this costly behavior, but a few deserve mention.

## Overconfidence

Consider this pair of challenges:

Give high and low estimates for the average weight of an empty Boeing 747, picking numbers far enough apart to be 90 percent certain that the true answer falls somewhere in between. Now, give high and low estimates for the diameter of the moon in miles. Again, choose numbers far enough apart to be 90 percent certain that the true answer falls somewhere in between.

Come up with a range for each so you could confidently bet $9 against the prospect of winning $1.

As it happens, an empty 747 weighs nearly 400,000 pounds, and the diameter of the moon is roughly 2,200 miles. But research involving these and similar problems suggests that these answers do not fall within your high and low estimates. That's because most people do not realize how little they know about the subjects or how difficult it is to bracket estimates as requested.

Instead, people come up with what they believe to be logical estimates of the plane's weight and moon's diameter, then they adjust from those figures to arrive at their brackets. But unless you work for Boeing or NASA, your initial estimates are probably going to be wildly off the mark, so the brackets should be wider they probably are — say, from one pound to one billion pounds for the plane's weight and from one mile to a billion miles for the lunar diameter.

Most people's confidence level ranges reflect a trait that behavioral economists call overconfidence. This is not run-of-the-mill arrogance, but rather the tendency we all have to **overrate** our abilities, knowledge and skill, at whatever level we might place them.

An example from a 2012 study from the State Street Center for Applied Research, in which investors were asked about their financial acumen.

"Nearly two-thirds rated their financial **sophistication** as advanced," said Mirtha Kastrapeli, a senior research analyst at State Street. "This seemed a little optimistic, so in our 2014 study, The Folklore of Finance, we ran a financial literacy exam. The average score was just **61 percent, barely a passing grade.**

This disconnect between actual and perceived financial sophistication, is evidence of how widespread the overconfidence bias is."

(fence sitters might think they can outsmart the income rider guarantees of a FIA, when reality shows that the guarantees will be difficult to beat over many years....BB)

## Optimism Bias

Overconfidence is **hard-wired** into our brains because it is useful. Many of our mental biases evolved because they make us cautious or they otherwise protect us from harm, but overconfidence is part of a suite of cognitive traits that serve to propel us forward. Just as no one would think to write a children's book about a train engine that repeats, "I think I can't," few explorers would venture into the wild — and few entrepreneurs would start new businesses — unless they believed that they would succeed in the face of long odds.

A bias toward optimism helps to explain why many, if not most, smokers are confident that they will not develop cancer; why many drivers are certain that their texting will not

lead to an accident; and why many **investors believe they can outperform the market**.

**"We are evolutionarily programmed to believe that things will work out,"** said David Hirshleifer, a finance professor at the University of California, Irvine.

(I can out shoot Steph Curry in 3 pointers...Bb)

## Hindsight Bias

More confounding than the existence of investor overconfidence is its persistence: As markets teach us costly lessons, **we should grow humble**. But the fact that many do not reflects what Professor Hirshleifer describes as self-enhancing psychological processes. One of the biggest esteem builders is hindsight bias, or the tendency to **rewrite our own history to make ourselves look good**.

In landmark experiments by the psychologist Baruch Fischhoff, then at Hebrew University, study participants were directed to make predictions about real-life events, then were asked periodically to recall the events and their predictions after the fact. His findings? **Participants consistently misremembered their forecasts,** in ways that made them look smarter. Too often we look back not in anger but in awe, at least of our own capacities.

(I was the star basketball player on my team in high school, 50 years ago, I remember it so well....BB)

## Attribution Bias

Of course, many people easily recall failures, which suggests that hindsight bias is not all that powerful. But even when our **failures remain vivid memories**, we remember them in a way that neutralizes their ability to inhibit our present-day decisions.

When events unfold that confirm our thoughts or deeds, we attribute that happy outcome to our skills, knowledge or intuition. But when life proves our actions or beliefs to have been wrong, **we blame outside causes** over which we had no control — and thus maintain our faith in ourselves.

The Harvard psychologist Ellen Langer describes the phenomenon as, **"Heads I win, tails it's chance."**

(I would have been a star basketball player in high school IF the coach had let me play....BB)

## Confirmation Bias

Finally, even if investors are not rewriting history or blaming outside forces, they are still highly likely to miss signs of their own incompetence. The culprit is confirmation bias, which leads us to give **too much weight** to information that supports existing beliefs and discount that which does not.

(if I want it to rain and it is supposed to rain, it will rain.... even though the sky is sunny...BB)

And those existing beliefs need not be long held, explains Thomas Gilovich, a Cornell University psychology professor. "Once one entertains the idea that 'this seems like a good investment,' the processing of relevant information narrows considerably — and in a direction that leads to overconfidence."

(interest rates will be going up and I will earn more, Janet Yellen saying interest rates will not be going up is not important information....BB)

Professor Gilovich, an author of "The Wisest One in the Room: How You Can Benefit from Social Psychology's Most Powerful Insights," warns that overcoming overconfidence is **difficult.** More often than not, the aforementioned biases lead us to recall investments that soared that we thought to make but did not — and to **forget** those that plummeted.

Professor Hirshleifer advises a strategy of self-distancing, or considering the opposite side of any transaction before making it.

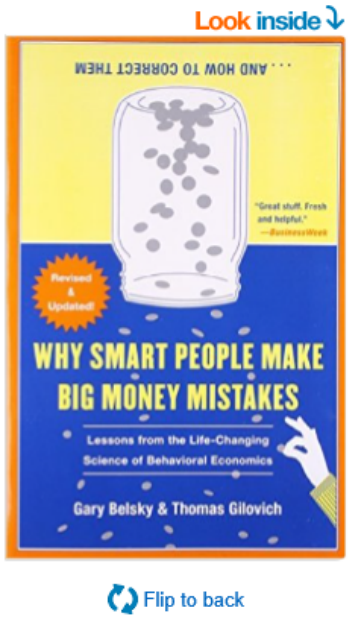
(if I buy the annuity with the income rider, what is the worst thing that can happen?...BB).....Use this sales tip.

# Top Secret Sales Tip

**Post Mortem:** What *has* happened to your investments

**Pre Mortem:** What *is* the worst thing that can happen to your investments?

*"Mrs. Jones, if we look back at history we can see how your investments performed, that is called a* ***Post Mortem****, what I am suggesting to you is a* ***Pre-Mortem****, let me show you the very worst thing that can happen to you"*




**Why Smart People Make Big Money Mistakes and How to Correct Them: Lessons from the Life-Changing Science of Behavioral Economics**

Paperback – January 12, 2010

by Gary Belsky (Author), Thomas Gilovich (Author)

29 customer reviews

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| $12.99 | $12.05 Prime |
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• A fascinating and practical manual: Looking at the ways we spend, save, borrow, invest, and waste money, Gary Belsky and Thomas Gilovich reveal the psychology underlying irrational financial behavior. Entertaining case studies illustrate common patterns of thinking and show readers how changing their habits can protect and grow their assets

Gary Belsky is an author of *"Why Smart People Make Big Money Mistakes and How to Correct Them"*


**Questions** this week regarding leads. BTW…**Thanks for the questions**, they help all of us!

**Q:** A couple of weeks ago you said you would be talking about Bank CDs and MYGA, when will it be on Open MIC?

**A:** Below is one explanation for you. Helping prospects learn this system will help you position higher interest rate MYGA, comparison selling.

Tell this to your prospect: This simple and yet efficient approach to solving interest rate volatility can work for you. It involves an annual maintenance on the investor's part and the ability to use the internet for available interest rates. Never allow anyone to charge you for this approach to bank deposits, **do it yourself.** There are numerous options available to find and secure the highest rates possible.

It is simple to use Google, Bing or other search engine on the internet to find the best interest rates. Just type in "Best Bank CD Rates" in their search engine and explore the available options.

A website I like and one that has up to date rates is **www.bankrate.com** which usually is very dependable. There are numerous choices and options. How can you take advantage of CD yields, while still participating in an interest rate upswing? That's where the **CD Ladder Strategy** can come into play.

With a *CD Ladder Strategy*, you purchase several CDs and you "ladder" your money over different maturities. By purchasing shorter- and longer-term CDs, you spread out any interest rate risk. You don't earn as much as you would by locking in for the long-term, but you are able to take advantage of the market should interest rates rise in that time period.

As an example, let's say you have $200,000 to deposit from your IRA. By using the "CD Ladder Strategy", instead of locking 100% of your money in for 5 years, you would spread that around shorter maturities. Here is how your initial CD purchase would look:

1. A $40,000 **1-Year CD**
2. A $40,000 **2-Year CD**
3. A $40,000 **3-Year CD**
4. A $40,000 **4-Year CD**
5. A $40,000 **5 Year CD**.

The concept is to think of your CDs as the rungs in a ladder.... each one just a little further up the ladder than the next.

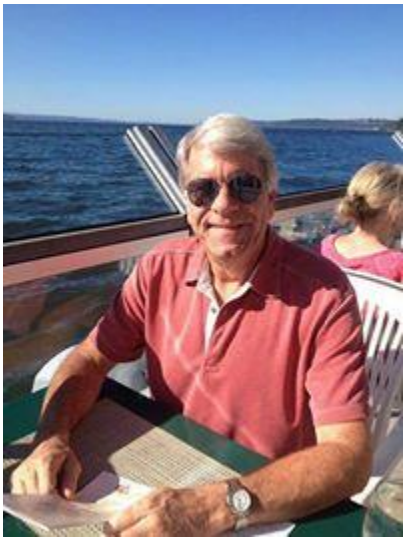
As each CD comes up for renewal, you purchase a new 5 Year CD at the best interest rate available and locking in that interest rate for the whole period.

At the end of the first year your first $40,000 CD is up for renewal. If interest rates have gone up, you can roll that money into a brand new 5-year CD, locking in a better rate. If interest rates have slipped, it isn't the end of the world because what you are accomplishing is the overall interest rate on all five CDs. This approach should minimize volatility and level out yields based on the full five-year time period.

This easy to manage approach will help achieve less volatility and more overall yield in relationship to interest rate risk. Plus, the "ladder" approach is easy to maintain and to manage.

Many banks will help you set up your ladder and manage it for you.

# Product Information:



## David Townsend...

View in Web Browser

**ISSUE DATE:**
April 4, 2016

**Annuity.com**

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### Video: Burden or Benefit?

For hundreds of years, life insurance policies only paid out benefits when the insured died, which from the insured's perspective made it feel only like an expense. For the first time in the life insurance industry you can tell your customers that if they don't die prematurely they may be able to spend their entire death benefit on virtually anything they want. Help your client view Life Insurance as an asset with this new Financial Life Spectrum video from AIG.

### Good Things Come to Those Who Wait - Including Your Clients

Your clients need your professional guidance when it comes to making informed decisions about when to begin receiving Social Security, starting with how Social Security works. Perhaps they're also looking at options for delaying their Social Security benefits. Life insurance, in addition to providing a death benefit for the people they love, can also help your clients to supplement their retirement incomes.[1] Life insurance may also be able to provide options should they become chronically or terminally ill. Prudential's Social Security eKit packages the resources you need to start actionable client conversations. Get the Social Security eKit Now.

## An Essential Part of Business Succession Planning

No matter what type of business succession plan you're considering for a client, you'll need some idea what the business is worth. And we can help. With the Nationwide Business Valuation Tool, we can quickly and efficiently provide a reasonable estimate of your client's business value and show you how the various business valuation methods compare. Learn more.

## Podcast: Are Your Clients Overlooking a Tax-Free Retirement Income Source?

Head over to Sound Insights from your mobile device and check out the latest episode: Are Your Clients Overlooking a Tax-Free Retirement Income Source? You'll hear a compelling life insurance strategy that, in addition to providing a death benefit, can help supplement retirement income when delaying Social Security. Learn more.

## Videos: Are Your Up to Speed on IUL?

IUL University is a series of short, easy-to-follow training modules that can be viewed online anytime, from any web-enabled device. So in just a few minutes, you'll get the basic information they need to approach their IUL sales with confidence. Universal Life Overview. GUL vs IUL. How Interest Gets Credited in IUL Policies. Learn more.

## Performance LTC Thought Leadership Brochure

The new “thought leadership” brochure “Long Term Care Insurance: An Industry in Transition” takes an objective look at the factors that have created challenges for the LTC industry. It also provides an overview of what John Hancock has learned and how these insights have influenced the design of our innovative Performance LTC product. Performance LTC offers traditional coverage on a modern framework, resulting in a product that is both valuable and sustainable over the long-term. If you're interested in learning more about the coverage that we believe will re-energize the industry, you can download the brochure.

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## *Connect with Us!*

*Every week, we send you an update with any recent, important carrier changes to help you prepare for your week ahead so you'll know exactly which carriers to be mindful of. Only those carriers that have changes are listed. Any interest rate adjustments, product changes and even new state product approvals are included with links to receive complete details.*

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## NEW ANNUITY CARRIER UPDATES

### Athene

Effective April 1st, 2016 Athene will increase caps and decrease spreads on the industry's top accumulation indexed annuity the Performance Elite. Please click here for additional details.

## Guggenheim

1% Commission Bonus on TriVysta business issued from 4/4/2016 to 6/30/2016. Maximum case size is $1,000,000. Click here to download the new production bonus information.

## Legacy

Effective immediately Legacy Americo and Fidelity & Guaranty will be decreasing their rates a bit for select strategies. Please click here to see the strategies that have received the slight decrease. If you have additional questions feel free to give First Annuity a call.

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# ONGOING ANNUITY CARRIER NEWS

## American Equity

American Equity is adjusting their interest rates on a few products effective April 5th. Click here to view deadlines and changes.

## Athene

Effective immediately, Athene Annuity is running a commission special on the industry's #1 accumulation annuity, the Performance Elite Series. From now until April 8th, 2016 earn up to an additional 1% on all qualifying Athene Performance Elite production. Please see here for additional details.

## National Western

National Western is lowering their roll-up on their income rider from 4% to 3% on April 11th. They will also be increasing their income rider fee. Applications need to be received by National Western no later than April 10th or the client will receive the lower roll-up and the higher fee.

April 15th is the last day to get applications in as well to receive the additional 1% commission bonus.

## North American

North American is pleased to announce a new technology for submitting annuity applications. E-Application is coming April 4th. Stay tuned for more information about this time-saving feature coming soon!

Exciting news for Lite States! The new Charter Plus 10 with the new Income Pay Plus rider is being rolled with an income doubler is states like FL, WA, UT, MO and MN. This roll-out will be effective April 12th. Be watching for more information from North American in the coming days.

# The Short List:

## Total Overall Indexed Annuity Sales

At Wink, we have been tracking indexed annuity sales by insurance carrier each year since 1998 in our quarterly Wink's Sales & Market Report. Did you know that All-Time sales for indexed annuities through 2015 are over $439.9 billion according to [...]

## Are FIAs Filling the Variable Annuity Void?

Although variable annuities still outsell their fixed annuity cousins by the tens of billions of dollars, the shift away from variable annuities is noticeable. That shift is expected to continue with the release of new rules by the Department of [...]

## Rising interest rates pushing annuity product development

Security Benefit, Allianz and New York Life all debuted new fixed annuity products in March that seek to benefit investors in a rising-rate environment Insurers are trying to capitalize on an environment of rising interest rates by developing [...]

## Fines Triple As FINRA Focuses On Suitability

Fines imposed on the financial services industry more than tripled last year to $18.3 million from $5.6 million in 2015, according to FINRA Suitability Sanctions Statistics. The increase in penalty fees has some advisors blaming the Department of Labor's looming [...]

## Regulator offers some simple advice to fight fraud

Iowans hoping to avoid being the victim of an investment scam can do one thing: ask questions. “Just know that if you’re being pitched something you don’t understand, it’s OK to ask questions, it’s OK to ask for a second opinion,” Iowa [...]

## 10 frequently asked questions about the DOL fiduciary rule

The Department of Labor is imminently expected to release its fiduciary rule in its final form. The rule would require financial advisers to act as fiduciaries for clients in retirement accounts. Click HERE to find the answers to advisers’ 10 most [...]

## Advisory firms face headwinds from DOL fiduciary rule

A stock analyst from UBS says the wealth management unit of Wells Fargo faces headwinds from the impending finalization of the Department of Labor’s (DOL) proposed fiduciary rule. Brennan Hawken, senior analyst at UBS Investment Bank, told CNBC that DOL’s fiduciary rule [...]

## 15 women in insurance you need to know

The world is becoming riskier, technology is becoming savvier and consumers are becoming smarter and more demanding. In the midst of these changes, the insurance industry is facing both enormous challenge and enormous opportunity. The right leadership is critical. And, [...]

## Yes, insurance agents should have Facebook

If you’ve been paying attention, you have probably heard it’s important for your business to utilize social media especially Facebook, right? Well if you’re like most agents, you have most likely brushed this idea off and looked to more traditional marketing strategies [...]

## Life insurers use technology, data to streamline underwriting

Two in three life insurers in the U.S. and Canada have implemented automated underwriting for at least part of their business. And another 32

percent are in the planning stages of implementing automated underwriting, according to a new LIMRA study. [...]

## AG 49: Have we gone too far in limiting illustrative rates on IULs?

Recent regulations have addressed "overly optimistic" assumed rates in indexed universal life (IUL) contracts in order to curb "abusive" illustrations. Prior to NAIC AG 49, the maximum illustrative rate was set by the insurance carrier and was normally based on [...]

## SEC gave DOL help in crafting fiduciary proposal: White

Testifying before a House subcommittee, SEC head says it provided assistance with DOL proposed fiduciary rule Career staff at the Securities and Exchange Commission provided the Department of Labor "substantial technical assistance" as DOL crafted its proposed fiduciary rule, according to [...]

## Attorney: Only A Matter Of Months Before All Life Carriers Are Sued

The financial services industry has emerged as an unexpected source of increased class action activity in the past year, a new survey has found. Further, an attorney with the law firm that conducted the survey said he believes it's only [...]

# Flipping The Switch On An Annuity Income Stream

When it comes time to discuss retirement planning with your clients, focus on the core thinking behind their goals: building financial security for the latter part of life. Given recent market uncertainty, your clients may be more inclined to take [...]

## Amid VA Anxieties, A Historic Year For Annuities

This will be a historic year for annuities — that much was clear at the opening of the Insured Retirement Institute's Marketing Summit 2016 on

Sunday. The sentiment about the future tends to be dread. Certainly, quite a bit of [...]

## Advisors Under Attack, Yet Needed More Than Ever

Despite unprecedented threats from historic regulation and record-low interest rates, insurance executives sounded a positive note during this morning's kickoff session of the Insured Retirement Institute's Marketing Summit 2016. "We've never seen an environment where (financial advisors) were under attack [...]

## 16 tips for newcomers to the insurance business

The insurance business can seem like a pretty big place when you first enter it as a newcomer. There's a lot to learn about how to espouse the benefits of insurance and it can often be hard to understand where [...]

## When trusts and annuities collide, big tax damage can follow: BLOG

Both trust entities and annuity products can play powerful planning roles for clients in a variety of situations — but unfortunately, when the two strategies collide, the tax consequences can be disastrous. This is especially true in the case of [...]

## How Debt, Deleveraging and Demographics Could Fuel Very Low Interest Rates for a Long Time

As many of your customers head into retirement, they do not realize that low interest rates and deflation may be just as big a risk as inflation. Deflation means the decline in the overall price of goods and services. Many [...]

## NCOIL RELEASES NEW ORGANIZATION LOGO

Contact: Paul Penna (732) 201-4133 FOR IMMEDIATE RELEASE March 23, 2016 NCOIL RELEASES NEW ORGANIZATION LOGO Reflects Desire to Grow and Increase Participation Manasquan, NJ – Commissioner Tom

## We Recommend:

## www.annuity.com/agenttools

**If you are not using this "Free" resource you are missing out….did I mention it is free?**

**There is a ton of info here, it requires no password and it is up to date information.**

# Disclaimer:

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**Did you know that since 2000, Boise State is 97-6 at home? In the past 10 years, Boise State is the winningest football team in division 1. 124 wins.**

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