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Words of Wisdom (Dogs)

If it's not wet and sloppy, it's not a real kiss.

If your dog doesn't like someone, you probably shouldn't either.

Opinion

US Treasury Floating Notes and their effect on the Annuity Business

BY Bill Broich

The recent government decision to issue "floating rate notes" (FRN) could have a dramatic and dangerous effect on our economy and our industry. The government's plan is to issue FRN with an adjustable rate reestablished every 6 months. Instead of fixed interest rate notes, this new approach would have a variable interest rate.

The **Gorilla** in the room is of course inflation. As long as inflation is within its current range (yellow and the white line) the danger is minimal. But, if inflation begins to increase, the FRN approach to debt management could be a disaster for the US, our industry and the economy in general.

US Treasuries now are issued (mostly) as 30 year notes, their attraction is simple, and they are safe. As an offset for safety, the investor sacrifices yield, no risk equates to low interest.

The tie in to the annuity industry is simple, US Treasuries are safe, and annuities are safe. The tradeoff is always yield (Treasuries) and for us, added benefits such as income riders etc.

Now layer in the FRN and what happens? The government has put its competitive advantage at great risk because already in force notes (FRN) will need to adjust up to satisfy the contractual agreement. By putting their competitive advantage at risk we are also swept into the fray, our advantage of safety over other investment options could be diminished by the loss of our competitive position.

This affects the annuity industry in a very nasty way, our current enforce annuities will be at a disadvantage because current interest rates offered by Treasury backed investments will be on the increase and our clients will be trapped in lower yielding products.

What are the chances of this happening? Simply history. Throughout history inflation has never been able to rest; it always raises its head. The only option the government currently has to keep inflation at bay is what?

Issue more and more and more debt. (currently at $85 billion a month in new debt). The cycle is dangerous and one thing we have learned over the years, the biggest guys will win.

FRN is a potential disaster and one that is not necessary and not currently needed. As inflation rears its head, the government will be forced to increase interest on debt it has already spent the money on (the deficit).

How would you answer this question? How much is the annual interest bill on $16 trillion at 2% 4% more? How about 10%? (Remember Treasuries at 15% in the early 1980's?) Who will pay and HOW will we the tax payers be able to pay? Better yet, who is the real beneficiary of FRN's? It couldn't be tax payers, could it be Wall Street? Will they chop these up in tiny pieces and resell them like they did with our mortgages?

Doesn't the government already issue this type of debt? I thought their name was TIPS. How can floating rate notes be any different unless the answer is simple, maybe the government doesn't care about how much these instruments cost the taxpayers? Does that seem too farfetched? It doesn't to me and the reasoning is simple, the more you spend, the more the future will be controlled by it. Look at the increase in our national military spending, look at the swing of the baby boomers from earners to retirees. Am I a doomsayer? No, I am merely an amateur historian, look at the debt this country has incurred since 2000.

Who is actually the largest buyer of national debt? The biggest buyer of Treasuries is the Fed, which is doing it with printed money to keep demand up and bond yields down. This is the administrations (last 2) attempt to move the economy, an economy build on low debt interest. So why issue FRN? If the Treasury had to go to the free market with 100% of its debt needs, it would certainly face a much higher rate.

Of course the key question is basic. Who has allowed the Federal Reserve to buy this debt? Our congress!

Now with debt over $16 trillion (but with an actual decreasing interest rate) would anyone think FRN would be a good idea? Bankers? Wall Street? Tax

payers? Who? If you owned FRN and wanted to sell, what would they be worth? How will they be traded? What happens to FRN if deflation occurs?

There are just too many unanswered questions and unfortunately, those who are answering them have no one to really answer to, The Secretary of the Treasury and the Federal Reserve.

BB

WALL STREET JOURNAL

http://online.wsj.com/article/SB10001424127887324590904578287802587652738.html

U.S. to Offer Floating-Rate Notes Within a Year

WASHINGTON—The U.S. plans to issue **floating-rate notes** within the next year, though first it must resolve how to set the adjustable rates on the securities.

The Treasury Department announced plans last year for debt securities with rates that periodically reset either up or down but previously left the timing of their debut open-ended.

The main unresolved question for the Treasury is **which index** will control the notes' interest rates, a sensitive issue for bond investors, especially after allegations that bankers rigged the London interbank offered rate, or Libor.

Floating-rate notes would be the first addition to the department's products in more than 15 years, potentially expanding the Treasury's investor base and helping extend the maturity of government debt.

Unlike fixed-rate securities, floating-rate debt pays interest depending on how interest **rates have moved**. To do that, the floating-rate Treasuries would need to have a benchmark rate to be measured against.

"The main unresolved item continues to be the choice of a floating-rate index," according to minutes of a Treasury Borrowing Advisory Committee meeting released Wednesday.

The committee, which is composed of executives from some of **Wall Street's** largest banks and bond investors, said more than half of the industry preferred using repo rates—derived from swapping high-quality bonds for cash in bank trades. Repurchase, or repo, agreements are a crucial source of short-term funding for many banks.

Others preferred using three-month Treasury bills as the reference index, minutes from the committee meeting show.

"I'm not prepared to say we are leaning one way or the other. I think there's benefits to each index," said Matthew Rutherford, Treasury's assistant secretary for financial markets.

Mr. Rutherford said Treasury's aim is to finance the government at the lowest cost over time. "Whichever index we choose will have that in mind," he said.

Market analysts say recent volatility in the repo rate might be making the decision more difficult.

The rate on repo agreements backed by Treasuries plunged to around 0.10 percentage point in January after trading above 0.25 percentage point for several months.

It "raises some doubt in our mind about its attractiveness to the Treasury to index its first new product since 1997," said Joseph Abate, short-term interest-rate strategist at Barclays BARC.LN -1.00%. "Instead, we think the lower volatility in bill yields and their higher transparency make the three-month bill [rate] a better candidate for indexing a Treasury floater."

Critics of floating-rate notes say that the government **should be locking in today's low** rates, not **risk** seeing borrowing costs increase on these notes when interest rates start to rise.

The Treasury advisory group said it is hopeful that the first auction of floating-rate notes would come in November, though Treasury officials said only that they are shooting for some time within the next year.

—Sarah Portlock
contributed to this article.

Write to Jeffrey Sparshott at jeffrey.sparshott@dowjones.com and Cynthia Lin at cynthia.lin@dowjones.com

Here is a good handout if your clients and prospects ask about FRN.

The Treasury Plan to Issue Floating Rate Notes

What are FRNs, and why is the government moving to offer them?

Floating rate notes are nothing new – Fannie Mae and Freddie Mac have issued them for years, along with foreign banks and some corporations. What is new is the U.S. Treasury's move to offer these bonds. It plans to do so by Q1 2014.[1]

As the term implies, the yield on a floating rate note adjusts with movements of a benchmark interest rate. Since many types of Treasury bonds have fixed interest payments until maturity, this makes a Treasury-issued FRN an attractive prospect. In their absence, investors are buying fixed-rate Treasuries and using the swaps market to convert them into floating-rate debt.[2]

Interest in FRNs has grown, and so corporations have started to offer or resumed offering them. However, many of these companies have dividends with greater yields, and corporate floaters have no federal guarantee behind them.[3]

If the Treasury joins the ranks of FRN issuers, it will risk having to have to pay bond investors more if interest rates rise. In its estimation, that risk is apparently worth taking.[1]

What will the Treasury use as the benchmark for its FRNs? The LIBOR rate is definitely out, according to MarketWatch. Minutes from a Treasury Borrowing Advisory Committee meeting released in February mentioned an industry preference for using repo rates, which arise from bank repurchase agreements. Others liked using the 3-month T-bill as the base index.[1,4]

Overseas issuers commonly base yields for FRNs on the LIBOR rate. The yield is often expressed as "LIBOR + 0.50%", "LIBOR + 0.25%", and so on – so if the LIBOR rate is 0.75%, the yield of such a note would therefore be 1.25% or 1.00% after three months.[5]

Yields on Treasury FRNs would be expressed similarly, just on a different base. Coupons on FRNs may be reset daily, monthly, quarterly or yearly; most FRNs have maturities of 10 years or less.[5]

Hunters of high-quality short-term assets could snap up Treasury floaters. Besides indiscernible default risk and the lure of increasing yield, they would offer a nice

alternative for those tired of transaction costs linked to rolling over short-term debt instruments.

A Treasury FRN would be the first new government debt security offered since TIPS were introduced in 1997. With the bond bull market seemingly over and the 10-year TIPS yield firmly in the red, they could end up in more than a few portfolios.[1,6]

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Scrubbed Leads Description

We offer leads who have previously responded to financial advertisements such as TV or the internet, these leads area attacked due to the message and our brand, Annuity.com. In other words, we know that the lead has inquired about annuity or other financial products.

When a lead is scrubbed the prospect is given the name of the agent who will be contacting them. The type of data that is collected for the agent is the following:

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- The amount & location of their money to invest
- Their time frame for a potential annuity investment
- The best time they can be reached by phone
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Now....take advantage of our database management system, Retire Village. Not only is RV a drip system designed to keep your name in front of your prospects **BUT** it is a **"gleaning"** system, designed to move your relationship with your prospects either forward or ending it.

Combining RV with our lead system helps you obtain the most sales for your marketing dollar.

It all begins with the Daily Lead Log:

Dear Bill,

Your daily website visitors and leads for yesterday:

Name	State	email	Page Viewed	T
Other Site Visit(s) from people not in your Contact List				1

Reading Your Daily Lead Report:

Multiple Names: Every time someone that is in your uploaded database clicks on *"click here for more information"* from the bi-monthly drip, their name shows as a separate site hit on your report. You may see the same name multiple times visiting multiple pages. Click on the page number next to their name to see what they viewed.

Other Site Visit(s): These are visitors to your site that did not come from clicking on a link from your Drip Email so we do know their name or email address. They could be coming from search engines, business referrals, or even from people in your office visiting your site.

Capturing New Contacts: When a new contact *signs up for the newsletter or contacts you using the online form*, they will automatically be added to your database for future drips.

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http://www.lifehealthpro.com/2013/04/09/what-advisors-dont-know-about-variable-annuities-h?t=variable

Life Health Pro is a constant source of industry information, I suggest you subscribe, In Mr. Henkels article below, I have left the internal links live for you to find more information....BB

What advisors don't know about variable annuities: How GLWBs work

Opinion

About the Author

Mike Henkel, Achaean

Mike Henkel is Head of Achaean Solutions at Achaean Financial, a privately held company that aims to bring together an alliance of ideas, tools and strategic partners to help financial firms create sound retirement income solutions. As with the Achaean League in ancient Greece, Achaean believes an alliance is stronger than the power of any one firm.

Prior to Achaean, Mike was co-head of Envestnet's Portfolio Management Consultants group (PMC) and led the Retirement Services Group. Prior to 2008 when he started with Envestnet, Mike worked with Roger Ibbotson, founding partner of Zebra Capital Management, on the development of a variety of index-related investment products. He is also the former president of Ibbotson Associates.

Before joining Ibbotson, Henkel worked in a variety of companies integrating technology, data, and investments, including Knight Ridder, Lotus Development Corp, NewsEdge Corp, and Data Resources. He received his bachelor's degree in mathematics and economics from Rhodes College and his master's in finance and quantitative methods from Vanderbilt University.

By Mike Henkel
APRIL 9, 2013 •

In this post, the second in our series of blogs on what advisors need to know about variable annuities, we will examine the mechanics of the **Guaranteed Lifetime Withdrawal Benefit** (GLWB).

In a variable annuity with a **GLWB**, the underlying account grows each year based on the performance of the account's investment portfolio net of **withdrawals and fees**. The highest account value attained is saved and this becomes the **high-water mark** for all future periods.

Withdrawals begin by taking the withdrawal percentage specified by the contract (5 percent, for example) and multiplying that figure by the high-water mark. The withdrawal amount, along with **fees**, is subtracted **from the actual account value**, and the returns of the underlying portfolio are added to calculate the new actual account value.

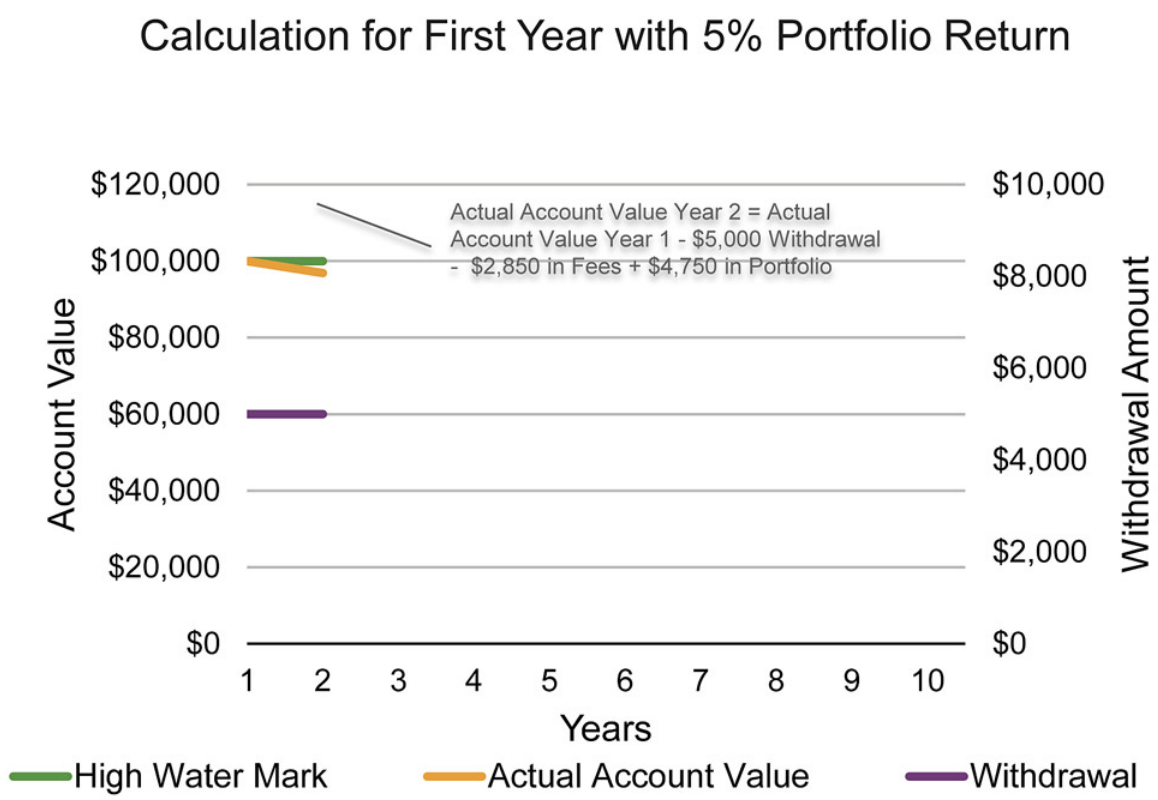
If the new actual account value is greater than the old high-water mark, then the new high-water mark is set to the new actual account value. If not, then the high-water mark remains the same.

Payments are calculated and made via the above mechanism until the actual account value goes to zero or the investor dies. If the actual account value goes to zero, then the insurance company steps in and continues making the annual payments for the life of the contract**. If the investor dies, the remaining actual account value is paid as a death benefit.**

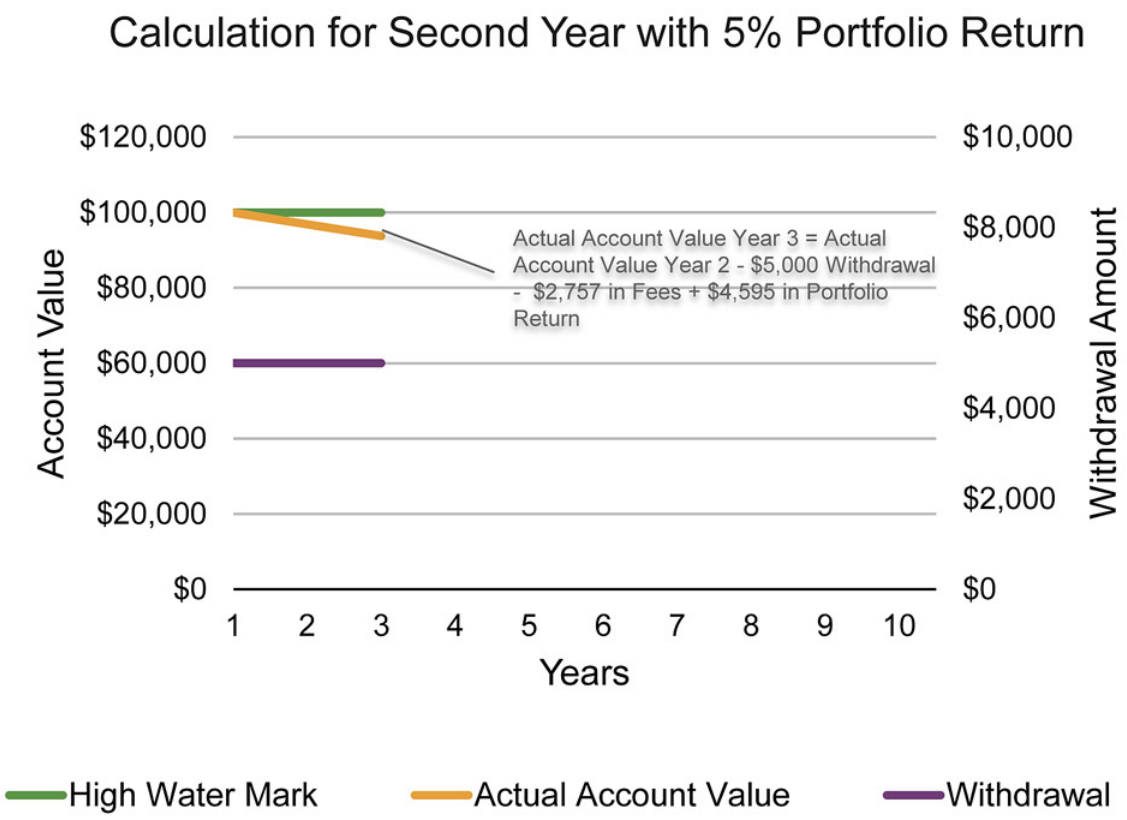
The following graphs show sample calculation of **payments**, actual account value and high-water mark for a VA with a 5% GLWB where withdrawals begin immediately. The example begins with an initial investment of $100,000, has fees of 3 percent and a portfolio return of 5 percent a year.

The first two graphs show the gap between the actual account value, and the high-water mark starts for the first and second year once withdrawal benefits are taken.

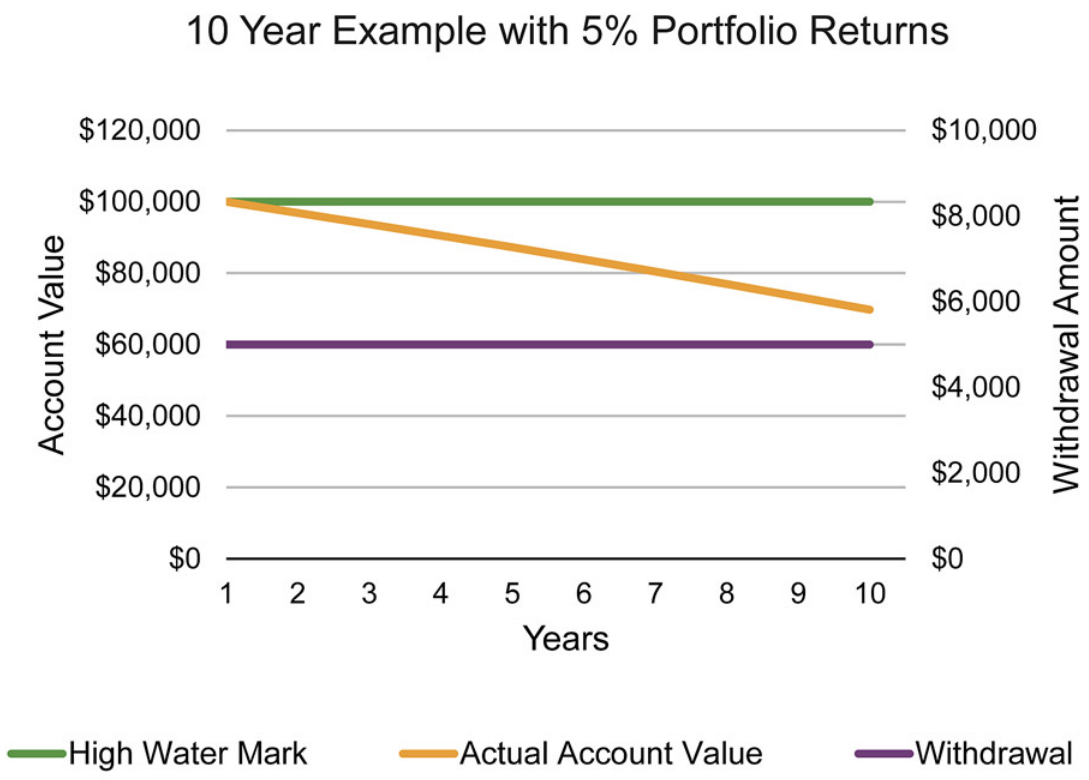
Calculation for the first year with a return of 5 percent on the underlying portfolio:



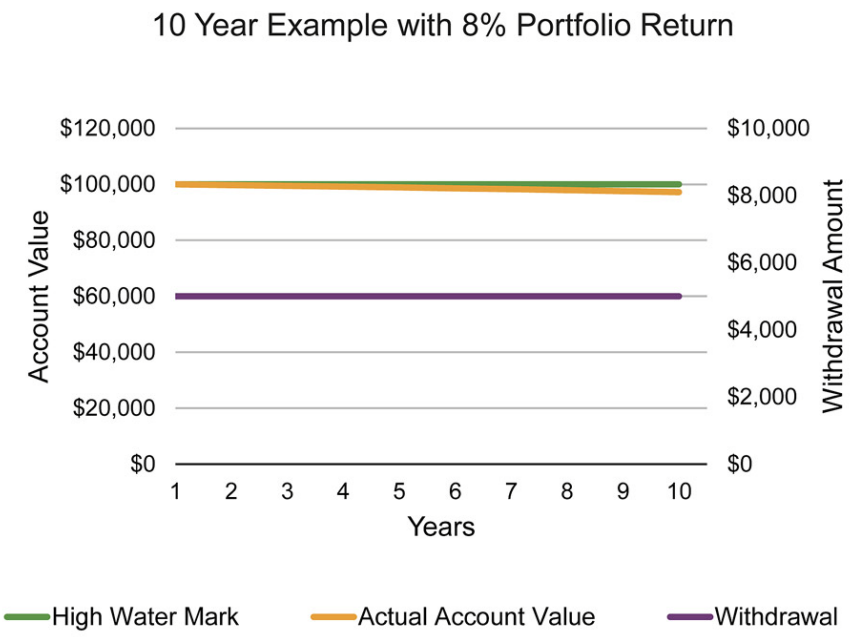
Calculation for the second year with a return of 5% on the underlying portfolio:



The third graph shows 10 years of the calculation with each year having a 5 percent return on the underlying portfolio:

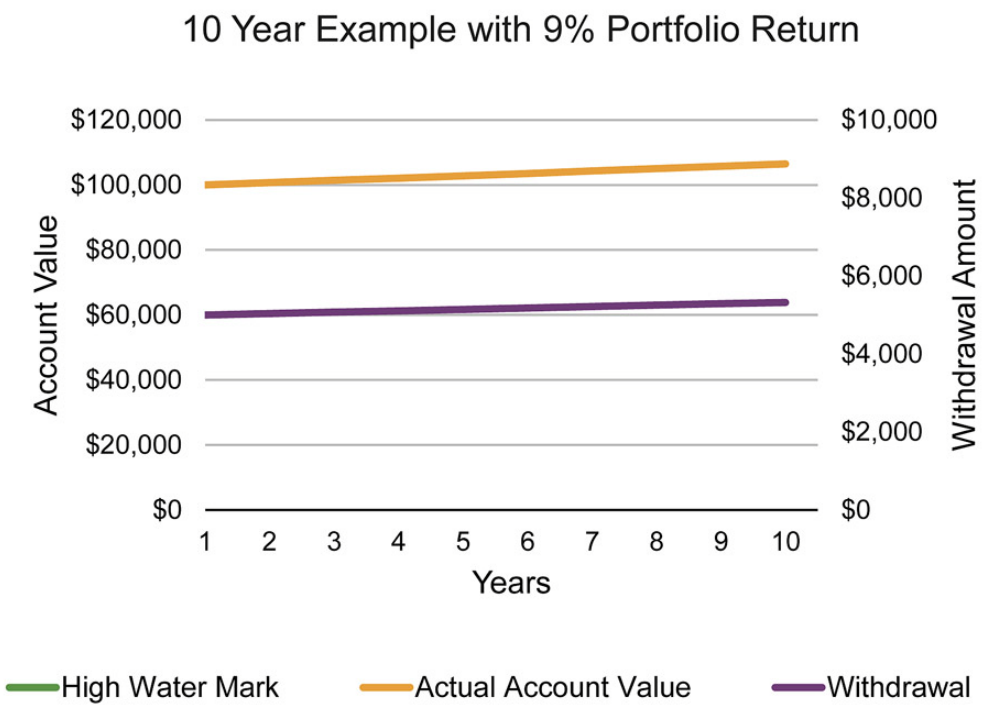


The fourth graph shows the full 10-year example, but with an annual portfolio return of



8 percent.

The final graph shows the full 10 year example, but with an annual portfolio return of 9 percent.



What these graphs demonstrate is that if the underlying portfolio generates **5 percent** returns, an investor receives constant payments in nominal dollars but will never have an increase in payments.

It takes a return of at least **8 percent** per year to keep the actual account value close to the high-water mark upon which payments are calculated. Even then, there is no increase in the payments.

All the examples show nominal amounts. Factoring in inflation would show that the payments have shrinking purchasing power, except when returns are high for extended periods.

Even with the **9 percent** a year return the payments only increase slightly. The only way the investor receives an increase in payments is if the account value net of withdrawals and fees plus the returns on the remaining account balance during the year rises above the current high-water mark.

So to keep the account value even with the **guarantee level** (assuming they start out that way), the return must beat the guaranteed withdrawal rate (**5 percent**) **plus the fees (3 percent on average),** or at least 8 percent. To get an increase in payments, the returns must beat that return each year. **To match a 2.5 percent inflation rate, that return must be around 11 percent per year.**

The important things to remember are that in addition to paying fees based on the portfolio's high-water market, the **VA holder is actually making payments to himself from his own money until all those funds are exhausted**.

It is only then that the insurance company steps in for payments. You are paying yourself for many years before the insurance company pays anything.

Read the fine print: fees are taken in some policies on the high-water mark regardless of the actual account value. These fees lower your actual account value each year even more.

Student Debt Explodes

Student debt tops credit card debt in this country, now over $1 trillion. Many of our prospects and clients are concerned for their family members trapped in this debt cycle. Student debt is not dischargeable in bankruptcy; there is no way to escape it except to pay. Student debt is creating an affect in many other areas such as housing. Our target market is very concerned over this issue, be sure and discuss this topic with them when you are conducting a fact finder, all sorts of options and opportunities could be discovered...

Recently, I suggested to a client that she use her annuity for income; gift it to the granddaughter to cover the monthly payment. By using the fixed income payout I was able to spread out tax liability and use an asset just being **"held".** Not a new sale but a good use for an existing one...

Just think of the situations you could uncover by simply discussing this topic with our target market.....BB

529 Plans

http://www.advisorone.com/2013/04/08/529-college-savings-plans-never-too-late-to-start

529 College Savings Plans: Never Too Late to Start

Tax breaks available even as a children head for the dorms

BY JOHN SULLIVAN, ADVISORONE
April 8, 2013

If your client starts a 529 college savings plan in the same year their child matriculates, they might need help with the concept of "planning." But unlike homeowners in a desperate search for insurance ahead of a storm, late college saving is better than no college saving and can still go some good.

See link above for complete article

Value Marketing

Use a handout such as this to provide information to your clients and prospects; this will be of service and considered a "Value" approach to client building.

How many in your target market would have an interest in helping their grandchildren?

Mistakes Families Make with 529 Plans

5 common errors to avoid + 2 big factors to consider.

Most families that start 529 college savings plans have done their "homework" about these programs. Missteps are made, though, often with the distribution of 529 plan assets. Here are some of the major gaffes, and the major factors anyone should think about before enrolling.

Assuming a university will withdraw 529 plan assets for you. When the time comes, you have to tell the 529 plan that you need the money and specify the payee. Typically, a 529 program offers you either a check written out to you, to your student, or a payment made directly from the 529 plan to the university. There are two big reasons why a check made payable to the student may be the best option.

*A 529 plan distribution triggers a Form 1099-Q. You most likely want your student's name and Social Security number on that form, not yours. If your student's name is on the 1099-Q and your student has qualifying higher education expenses (QHEE) equaling or exceeding the gross distribution figure for that tax year listed on the form, that whole 529 plan withdrawal becomes tax-free and the distribution from the 529 doesn't show up on the student's Form 1040. If your name is on the 1099-Q, the distribution doesn't show up on *your* 1040. Even if your student's QHEE equals or exceeds the magic number on the 1099-Q for the tax year, an omission may trigger an IRS notice to you, and you will have to defend the exclusion.[1]

*Let's say you accidentally overestimate your student's qualified education expenses, or maybe parents and grandparents make withdrawals without each other's knowledge. In this event, the earnings portion of the distribution is partly or fully taxable. If the distribution is paid out to you, then the earnings are taxed at your federal tax rate. If it is made payable to your student, then the earnings are taxed at his or her federal tax rate, which barring the "kiddie tax" is presumably just 10-15%.[1]

Having a payment made directly the school can lead to a second common mistake.

Inadvertently reducing a student's financial aid potential. When a university takes a direct payment from a 529 plan, its financial aid office may make a dollar-for-dollar adjustment to the need-based aid a student receives. Often, it is viewed the same as scholarship money.[1]

Since the IRS bars you from using multiple education tax benefits to pay for the same education expenses, using tax-deferred 529 plan earnings to pay for the first semester of college may disqualify your student for an American Opportunity Credit. You should read up on the IRS income restrictions on education credits or consult a tax professional. Paying the first few thousand dollars in freshman year expenses with funds outside the plan may allow your student to retain eligibility.[2]

Mistiming the distributions. It can take up to two weeks to arrange and carry out a 529 plan distribution; telling a financial aid office that you are using 529 funds to pay tuition just a few days before a tuition deadline is cutting it close.[3]

Some families withdraw 529 monies during freshman year, which can conflict with federal tax returns. If a tuition payment is due in January, withdrawing it in December will create an incongruity between total withdrawals and expenses. The same will apply if a withdrawal is made in January, but tuition was due in December.[3]

Botching the tax break offered to you on the distribution. To get a tax-free qualified withdrawal from a 529 plan, the withdrawn funds have to be used for qualified, college-related expenses. If the distribution isn't qualified, it will be considered fully taxable, and you may be hit with a 10% federal penalty plus state and local income taxes. If you withdraw more plan assets than necessary, any excess distribution is also nonqualified. Calculating and withdrawing the "net" qualifying expenses of your student's college education could help you avoid this last problem, or alternately, you could report the excess 529 funds on the student's 1040.[3,4,5]

Ceasing 529 contributions once a student enters college. You can keep putting money into a 529 plan throughout your student's college years, with the opportunity for additional tax-deferred growth of those savings.[2]

Finally, two other factors are worth noting. These would be a 529 plan's expenses and deductions.

Tax deductions represent a key reason why families choose in-state 529 plans. Most states that levy income tax offer 529 programs with deductions or credits for taxpayers. It varies per state. In Michigan, a married couple can deduct the first $10,000 of 529 contributions annually, which leads to a state tax savings of up to $425. Some other states offer no deductions.[6]

Some 529 plans have different advantages**. If your home state's 529 plan expense ratio exceeds 1%, consider another state's plan**. (You can find objective rankings of 529 plan expenses online.)

Lastly, compare the expenses and fund choices offered by a 529 plan to those of other funds or investment vehicles found outside the 529 wrapper.

Make no mistake, 529 plans offer great potential advantages for households striving to meet future college costs. Just remember to read the fine print, especially as your student's freshman year draws closer.

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Student Debt at $1 Trillion

Housing is hurt by the debt level, many cannot buy a house.

Isaac and Stephanie Adams live in Richmond, Va., and are expecting a baby in June. Last year they decided to buy a house. With home prices and mortgage rates both at historic lows, it seemed the perfect time. Unfortunately, student loans stood in their way.

Dave and Shaun

1 PDF attached.....JUMPin

4%

Remember a few weeks back on **Open MIC** all the hoopla about 4% being the "old" norm for withdrawal of assets at retirement? Remember our position that 4% could even be more with the use of an income rider?

Now an industry big shot agrees with us....BB

Why the 4% Rule Still Stands

By Ron Grensteiner, President of American Equity Investment Life Insurance Company

There's been a recent spate of news coverage from sources such as NBC, the Wall Street Journal, and Fox Business debating the merits of what is known as the 4% rule. Essentially, this rule of thumb states that a retiree can usually withdraw about **4%** of the value of his or her portfolio each year without prematurely depleting the principal of the portfolio. In light of stock market volatility, all time low interest rates, and retirees living longer, many financial experts are saying that you should reduce that 4% to 3% and put off taking social security. All that being said, there are ways to make the 4% (or better) work to guarantee income throughout your retirement:

Let Insurance companies handle the 4% withdrawal concept for you with the guaranteed lifetime income stream fixed indexed annuities provide. This will offer the following benefits:

1. These products often have lifetime income benefit riders that can offer a 5% or more withdrawal factor guaranteed for your lifetime.
2. You'll know exactly what amount you will get paid on an annual basis for the rest of your life.
3. There's no worry about the stock market crashing, interest rates declining, etc. You can sleep at night knowing that your money is safe and you will not run out, regardless of what percent you choose to take out each year.

So instead of worrying about running out of money in your retirement, you can spend your hard-earned time on more important things like seeing your family and loved ones, traveling, relaxing, and managing your health.

Originally Posted at Indexed Annuity Leadership Council on April 1, 2013 by Ron Grensteiner

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Complaints? FIA are the best!

http://annuitynews.com/Article/FIA-Complaints-Continue-To-Be-Very-Low/377114

By Jack Marrion

In 2012 there were 54 fixed index annuity closed customer complaints...

or the equivalent of one complaint for every $633 million in sales...

or roughly **one complaint for every 9,300 sales**...

or out of the roughly 3.4 million people that own an FIA (a very rough estimate) **99.998 percent** did not file a complaint.

FINRA and the Securities and Exchange Commission (SEC) recorded more 15,000 customer complaints in 2012 – index annuities had 54.

It hasn't always been this way. The annual study conducted by Advantage Compendium shows that complaints against index annuities leaped in the middle of the last decade as index annuity sales more than doubled. The responses to the increase were new suitability standards and agent training. The result has been markedly fewer complaints even though index annuity sales continue to grow.

Plus, this is what happens when suitability is addressed.....suitability is the key for all our future....BB

Remember all those Open MIC talks about the "easy" to get designations? My favorite was always ***"Certified Genealogist Specialist"***.....Anything easy to get is meaningless....BB

http://news.yahoo.com/nafa-releases-publication-principles-professional-designations-070221315.html

NAFA Releases Publication 'Principles for Use of Professional Designations'

NAFA delivers publication dedicated to guiding annuity professionals on proper use of professional designations.

Milwaukee, WI (PRWEB) April 03, 2013

NAFA, the National Association for Fixed Annuities, announces the release of a new publication dedicated to guiding annuity professionals on the best practices and proper use of professional designations. Using the framework set forth in the NAIC's Model Regulation # 278, NAFA's Principles paper provides a road map for annuity professionals, detailing the standards and best practices set forth in the NAIC's model regulation.

"In recent years, the number of designations used by individuals and groups engaged in the sale of annuity products has increased substantially," stated NAFA President & CEO, Kim O'Brien. "While NAFA supports producers' continuing education efforts and their pursuit of professional designations to further their professional abilities and expertise, there are core principles that should be followed when using designations with the buying public."

NAFA will soon release a companion guide to help consumers understand the designations used by annuity professionals and what they mean when considering the purchase of an annuity. NAFA firmly supports the awareness, education and protection of all consumers on issues related to fixed annuities.

Some of the best practices highlighted in the publication include:

- Do only use designations awarded by a reputable, accredited organization within the insurance and financial industry.
- Recognize that insurers or regulators may reject some designations entirely because they are considered to have insufficient rigor, scope, or applicability to the sale of and annuities.
- Do not use designations intentionally similar to other accredited and approved designations that further obscure your qualifications.
- Do not use titles that may mislead consumers into believing a designation or education degree was awarded, when you didn't (e.g., a "Senior Specialist).

The publication stresses a common sense approach: If a producer is in doubt or even remotely uncertain about the status or recognition of a designation, he or she is advised to check with an insurance company's compliance department or with the resident State Department of Insurance.

NAFA, the National Association for Fixed Annuities, is a trade association exclusively dedicated to educating regulators, legislators, journalists, and industry personnel, about the value of fixed annuities and their benefits to consumers. NAFA's membership represents every aspect of the fixed annuity marketplace, covering 84% of fixed annuities sold by independent agents, advisors and brokers. NAFA was founded in 1998 and recently celebrated its 15th year of serving fixed annuities. NAFA is located in Milwaukee, Wisconsin.

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Email Information

Questions from the Crew

To: bbroich@msn.com
Date: Fri, 5 Apr 2013 10:13:39 -0400

Good Morning Bill, hope everything is well. Need some help. I've had a few cases where people want the benefits of annuities but are uncomfortable with the surrender periods.

Of course I explain the reasons but a common theme from these folks is what if something better comes along and their money is tied up. Could you share your thoughts on this and maybe we could ask the **Owens brothers** on open mic. As always, thanks for your help

I usually have discussed this a little during the fact finding by saying our products are long term hold products....when i pitch the close, i have shown them the benefits, making an emphasize on their specific goals.....then I say:

"Mrs. Jones, you cannot enjoy these benefits unless you let the insurance company hold your money, someone has to hold it so if it benefits you, does that matter?"

I have never had an issue using this language.

Hopefully many of these products will be available in all states, see article at link for more info....BB

Annuities with LTC Riders 'Hot With Seniors'

By David Dankwa

InsuranceNewsNet

Annuities face an uncertain future but, for the class known as income annuities, demand may be growing. According to recent reports, variable annuities sales have been declining for several quarters while income annuities sales have continued their record growth.

Big Truck Partners

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POWERHOUSE MARKETING

BARRON'S WARDS 50 FORTUNE

3rd Party Powerhouse Marketing

Hello Partners,

Here is more American Equity **3rd party** information that Chad uses with his clients when he sells their policies. Chad makes a good point that it is hard to find carriers that have positive independent write ups to help solidify the sale and American Equity has more than most.

Anthony R. Owen

There are many articles available regarding positive articles about indexed annuities, simply match the article up with recognizable 3rd party sources. Using this approach allows you to build confidence which can lead to relationships.

Need a source for positive articles? Here is one:
http://www.sheryljmoore.com/category/positive-media/

More:

How Fixed Indexed Annuities Are Safe
http://www.annuitydefinition.com/how-safe-are-annuities.html

Here's the study: Wharton School of Business Finds FIA's Competitive
http://annuitydefinition.com/Wharton-FIA-Study.html

Fixed index annuities are very complex and do take some study time, so if you can, I would like to teach the basics and show you several companies. Also, how to research on your own at indexannuity.org. See my video links below.

http://www.forbes.com/2009/06/05/equity-indexed-annuities-personal-finance.html
"There is no asset category that outperformed them. We were extremely surprised, really just amazed," says David Babbel, professor emeritus of insurance and risk management, who conducted a study of equity-index annuity returns beginning in 1995.

Annuity Buyer's Guide Prepared by the National Association of Insurance Commissioners
http://www.annuitydefinition.com/annuitybuyersguide.html

indexannuity.org - An Index Annuity Resource

Client Appreciation Dinners

From experience we know these work they build relationships and they generate referrals and sales.

Here is a note from Tony....

Also, I have not mentioned this before but the policy holder appreciation dinners are something that all insurance carriers should do. We have had clients call us after going to one of these dinners and give us more money because of them. Just think how much easier out jobs would be and how many more referrals we would get if all insurance companies treated their policy holders this way.

Also, they are inexpensive, you can easily budget for as little as $20-$30 a person and it will be first class. Wine and beer should be optional. Provide a nice handout, have your spouse in attendance and be sure and introduce him/her. This is a great chance to bond and build...

Be sure and have a drawing for a nice gift (hint: have more than one winner), also give away the flowers on the tables (centerpiece), very inexpensive and everyone leaves with good vibes...BB

Almost every Open MIC we mention the fabulous success Chad and Anthony have in this business, ever wonder why?

Marketing! They market 24 hours a day, 7 days a week.

BB

My Point?

Hello Partners,

Here is some Monday morning food for thought. Chad just sold $600,000 in annuities last week from two mortgage protection leads.

What? Is Chad doing mortgage protection again? No!

Chad hasn't done mortgage protection since 2009 but it just goes to show the power of consistent marketing. I didn't go back and look up these leads but they would have been bought between 2006 and 2009. When we did do mortgage protection we bought leads every week without fail. We never turned our leads off even when it felt like we couldn't afford it. (Actually it wasn't a feeling, we really couldn't afford it)

What if we had stopped buying leads the week we got the two leads Chad just sold for $600K. That would have been a $42,000 mistake.

When you turn off your lead flow you're destroying future opportunities. Everybody wonders how someone sells $10 million or more a year and they never realize that they didn't sell it this year. They sold it 5 years, 4 years, 3 years, and 2 years ago. What you do today will determine the success or failure your future holds.

Get in front of new people every week any way you can and don't stop. If you do I guarantee you will have stories like this down the road.

Stay thirsty my friends,

Anthony R. Owen

www.annuity.com/agenttools

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.

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

Appointment setting

www.callingleads.com

The best number is 865-354-9722

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

Disclaimer:

My opinion or numerous sources complied by me

I obtain information from many sources, print, internet, agent gossip and other media. I always try and provide the original source or the link but my note taking habitually is lacking.

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

I am an authority in lead generation and marketing annuities and am fully licensed as an insurance salesman. I sell state approved annuity products provided by licensed insurance companies.

I am also NOT an economist by license, only by hobby. If you decide to make decisions based on my particular view of the world, you should get it verified by licensed professionals or get your head examined.

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More Legal Stuff...

Be responsible... we cannot know your individual situation, always do your own due diligence before responding to any offer or investing any money.

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We make no compensation for the publishing (or hosting) of Open MIC Notes.....in fact it costs us for the phone "call in" system...oh well...

National Life Group®

Exceptional Underwriting Programs From National Life Group

Available Through 6/30/2012

TERMout[1]

Term Insurance Conversion Program

Convert term from companies on our approved list with reduced underwriting requirements!

JUMPin

Additional Insurance Program

Does your client need additional permanent insurance? Reduced underwriting requirements are available through our JUMPin program!

Experience Life®

Products issued by

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1 TERMout Program not available in New York

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64212 MK3413(0112) TC66292(0112)

JUMPin Additional Insurance Program

Do you have clients who were recently underwritten for permanent or term life insurance? Do they now need extra protection? JUMPin may be the solution. The JUMPin program provides a reduced underwriting option for qualifying clients.

Who is eligible?

We will consider clients who have been fully underwritten at Standard or better (Tobacco or Non-Tobacco) rates from a company on our approved list (see page 6 or the website) within the last three years (or within the past five years and had a full physical exam in the last 24 months).

Which products qualify?

All individual permanent products in the NL and LSW Portfolio. (Flex Term and APB are available but can be no more than 50% of the total face amount.)

Maximum issue age:	65
Minimum policy size:	$101,000
Maximum face amount:	The lesser of the face amount of the qualifying contract, $1,000,000, or our available retention.
Available riders[1]:	• ABR Chronic Illness • ABR Terminal Illness • ABR Critical Illness • APB • Overloan Protection Rider • Balance Sheet Benefit Rider • Unemployment Rider • Flex Term

What are the requirements?

- ABR form (use state special)
- Replacement papers (if applicable)
- HIPAA form
- Strategy Allocation Form for Ultra Select 8411
- Original policy (if a replacement) otherwise a copy of the face page of the qualifying contract showing the insured's name, the face amount, issue date and class.
- Application including the fully completed health questionnaire
- The new policy will have a two year contestable period

Additional Info

- Replacement of the qualifying contract is not required.
- Please note that this is not a guaranteed issue program. We reserve the right to request additional evidence/medical requirements if necessary.
- Full commissions and sales credits are earned for all additional insurance added through the JUMPin program.
- New permanent policy will be issued in the premium class that most closely approximates the class of the qualifying contract. Note that different companies have different definitions of "Smoker" – we will follow our definition in all cases.
- In the event that underwriting evidence for the client has been reviewed by NL or LSW at any time, we reserve the right to use our most recent underwriting assessment.

1 Rider availability is dependent upon state approval. Please refer to www.nationallife.com for rider details.

TERMout Term Insurance Conversion Program

Do your clients own term insurance, but would like to convert to permanent with reduced underwriting evidence? They may qualify for our TERMout Term Insurance Conversion Program.

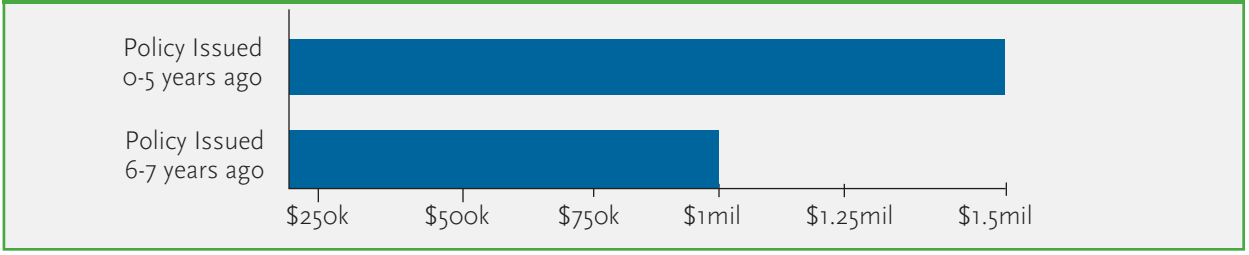
Who is eligible?

We will consider clients who have purchased a fully underwritten term policy at standard or better (Tobacco or Non-Tobacco) rates from a company on our approved list (located on pg. 6 and website) within the last seven years.

Which products are available?

All individual permanent products in the NL and LSW Portfolio.
(Flex Term and APB are available but can be no more than 50% of the total face amount.)

Maximum issue age: 65
Minimum policy size: $101,000
Maximum face amount: The lesser of:
- Face amount of the qualifying contract;
- Our available retention; or
- $1.5 million for term policies issued 0-5 years ago
- $1 million for term policies issued 6-7 years ago



Available riders[1]:
- ABR Chronic Illness[2]
- Unemployment Rider
- Overloan Protection Rider
- Balance Sheet Benefit Rider
- ABR Terminal Illness
- APB
- Flex Term

What are the requirements?

- Must have a fully underwritten term policy at standard or better (Tobacco or Non-Tobacco) rates from a company on our approved list within the last 7 years.
- The actual qualifying policy with conversion privilege still intact with original company.
- NL or LSW application with checklisted items completed (see page 3).

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1 Rider availability is dependent upon state approval. Please refer to www.NationalLifeGroup.com for rider details.

2 Rider unavailable with the TERMout program in the following states: NL products: IL, NY, OH, OK, OR. LSW products: AK, IL, NJ, NC, OK, TN, TX, VA. There is a 30-day waiting period in CT for both NL and LSW products. Once the converted NL or LSW policy has been in force for 2 yrs the rider may be added. To add the ABR chronic rider at issue in these states you will need to submit a full application, including medical questionnaire (two year contestability applies to the policy).

TERMout Program not available in New York. TERMout Term Insurance Conversion Program is a program that National Life Group offers to producers to supplement their business. Please underwrite your clients and use the program if there has not been a significant change in health of your client since the qualifying policy was issued. If your client's health has deteriorated, the TERMout program is not appropriate. In these situations, please recommend a conversion with the original writing company. We reserve the right to reject cases submitted under the TERMout program. Please note that this it not a guaranteed issue program. We reserve the right to request additional evidence/medical requirements if necessary.

Additional Info

- New permanent policy will be issued in the premium class that most closely approximates the class of the qualifying contract. Note that different companies have different definitions of "Smoker" – we will follow our definition in all cases.
- In the event that underwriting evidence for the client has been reviewed by NL or LSW at any time, we reserve the right to use our own underwriting assessment.
- Full commissions[3] and sales credits are earned for all insurance added through the TERMout Term Insurance Conversion Program.

NL Checklist

Application - 9212 (use appropriate state form)

- First proposed insured information
- Policy information
- Beneficiary information
- Owner information
- General Information for Proposed Primary Insured (Specified questions only)

  Please complete:

  - Question on nicotine use.
  - Question regarding cash incentives (not included in some states)
  - Question regarding source of fund (not included in some states)
- Replacement information
- Add "term conversion program" to the remarks
- Sales Illustration certificate
- Agreement, authorization, taxpayer ID and signatures
- Agent's report

LSW Checklist

Application - 8121 (use appropriate state form)

- First proposed insured information
- Policy information
- Beneficiary information
- Owner information
- General Information for Proposed Primary Insured (Specified questions only)

  Please complete:

  - Question on nicotine use.
  - Question regarding cash incentives (not included in some states)
  - Question regarding source of fund (not included in some states)
- Replacement information
- Bank authorization
- Sales illustration certificate
- Add "term conversion program" to the remarks
- Agreement and authorization
- Agent's report

The following items must also accompany the application:

1. Other company's original term policy
2. Replaced company's forms changing the ownership of the policy to NL/LSW
3. Replacement papers
4. ABR form (use state special)
5. Illustration, if applicable
6. HIPAA form

3 When NL term is being converted to NL permanent insurance, and a conversion credit is being applied, commissions will not be paid on the conversion credit.

TERMout Program not available in New York

Approved TERMout and JUMPin Companies

Aegon USA
AIG
ALFA
Allmerica Financial
AllState
American Express Financial Advisors/IDS
Americo
American Family Life
American Franklin
American General
AmerUs
AUL
Aviva Life
AXA/Equitable Life Assurance Co. of The US
Banner Life
Boston Mutual
Canada Life
Cincinnati Life
Chase Manhattan
Colorado Bankers Life Insurance Company
Connecticut General
Continental Assurance
Empire General
Farm Bureau Life
Farmers New World
First Colony
First Penn Pacific
General American
Genworth Financial
Great American Life
Guardian
Harleysville Life
Hartford
Heritage Life
Indianapolis Life
ING
Jackson National
Jefferson Pilot
Kansas City Life
Kemper Investors Life
Lafayette Life
Legal and General America, Inc.
Lincoln Financial Group
LSW
Mass Mutual
Met Life
Midland National
Minnesota Life
MONY
MTL Insurance Co.
National Life Insurance Co.
Nationwide
New England
North American Life and Health
Northstar Life
Northwestern Mutual
NY Life
Ohio National
Old Line Life
One America
Pacific Life
Penn Mutual
Peoples Benefit Life
Phoenix Home Life
Pioneer American United Life
Pioneer Mutual
Principal
Protective
SAFECO
Securian Life
Security Connecticut
Security Mutual (minimum policy size is $500,001)
Shenandoah Life
State Farm
State Life
Sun America
Sun Life Financial
Sunset Life
Union Central
Union Fidelity Life
United Heritage Life
United Investors
UNUM
US Life
Utica National Life
West Coast Life
Zurich Kemper

Additional Companies Approved for JUMPin Program Only

Ameriprise Financial
John Hancock
Lincoln Benefit
Prudential
Primerica
RiverSource
SBLI of Massachusetts
TransAmerica
Travelers
Western Reserve Life

NY subsidiaries of the above companies also approved.

Note that subsidiaries of approved companies may be ineligible due to different underwriting standards.
List of approved companies current as of December, 2011. For the most up-to-date list of approved companies, please see the NLGroup website.

Centralized Mailing Address: One National Life Drive, Montpelier, VT 05604 | 800-732-8939 | www.NationalLifeGroup.com