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

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

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ANTHONY OWEN

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tony@annuityagentsalliance.com

OR VISIT OUR WEBSITE

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Attention:

To anyone who received **"work at home"** emails from me, my apologies. My email list was hijacked and now somewhere in Poland. I am taking every possible step to remedy the situation....I am so sorry. Bill

The Masters

Several years ago (1980, Seve Ballesteros won) I had a rare invitation to attend The Masters Golf Tournament in Augusta. It was one of the great days of my life, walking the course and seeing the sites from somewhere other than a TV. It is such a magnificent place that words cannot really describe....Many of you may have watched this past weekend....here are a few more points of interest...

Masters' badges (as tickets are called) may be the hardest ticket in sports to get... About 35,000 people attend every year. But unlike most sporting events... Augusta National does not make tickets available for purchase to the public. Instead, it maintains a list of ticketholders and allocates a number of badges to each person on the list. So the only way to get in is to buy one from an existing ticketholder who chooses to resell his. So you can imagine the markup is steep... To attend Wednesday's practice session, tickets with a face value of $50 were going for $1,000... *and that's just to watch practice.*

Of course, "scalping" tickets is against the law. It's a violation of Georgia state law to resell a ticket at more than face value. So a lot of the market for tickets involves wink-and-nod agreements. For instance, often you can rent a home for the week that comes with a couple tickets...

Tickets this year for the full tournament sold for as high as **$10,000.** (if you can find them)

Seem too high? Yes it does, but once you have been there....well someday maybe you can understand what I am trying to say.....it is worth it.

Brokers: Competition from price disclosure

http://www.investmentnews.com/article/20120408/REG/304089974/-1/INIssueAlert01

(you will have to cut and paste)

Transparency brings competition. ..... Yikes!

The internet will play a huge part would be my guess....

Hello Partners,

These results mirror what we experienced in the past with Annuity.com leads. I know many of you have been patiently waiting for lead volume to pick up. Let me tell you it will be worth the wait. Our entire business was built based on the ROI of Annuity.com leads.

Thanks for the biz,

Anthony R. Owen

Vice President, Eagle Shadow Financial, LLC

From: Rick Dennis
Sent: Sunday, April 08, 2012 5:14 PM
To: tony@annuity.com
Subject: For The "What-It's-Worth" Department

Tony,

Just thought I'd share a little bit of good news about the Annuity.com leads I've received to-date:

Finalized a sale yesterday from one of the Annuity.com leads - cashier's check will arrive at Aviva in the morning. thought I would "run the numbers" just to see the ROI:

==========

Total $$ spent on Annuity.com leads to-date: $737 (12 leads total)

Total premium from sale: $100,000

Gross commission from sale: $ 7,000

Net commission from sale: $ 6,263

ROI = $6,263/$737 = **849.8%**

(ROI would have been higher but the client decided to just put $100K into the annuity instead of $150K, which was his original intent)

==========

Don't know of too many other businesses (legal businesses, anyway (lol!)) where that kind of ROI is even dreamed about, much less actually achieved.

Next step - *repeat above scenario as often as possible.*

I'm sure you and Chad and others in your crew have even better numbers - just thought I would share this little bit of good news from one of the O.B.G. (Owen Brothers Gang).

Rick D

Houston

Our lead Guru, Ms. Allison Skinner is here to answer some questions and bring us up to date on the lead side.

Joe Rych has an update on Retire Village, by the way, I saw the new design yesterday and it is killer....Joe?

Variable Annuity World

As many of you know, the variable annuity industry is in turmoil. (the VA industry likes to say it is in reorganization) The reason is simple, not enough income is being produced to support the products and to make the necessary revenue to satisfy the stockholders.

In the recent month numerous articles have been written about what is happening and why. Kerry Pechter shares my view of the situation and he graciously allowed us to share in his article. His weekly newsletter is certainly worth the $165 annual subscription, maybe you should have a look.

I have highlighted in red a few of his points I think are pertinent to our crew.....BB

Retirement Income Journal

The information forum of the decumulation industry.

March 28, 2012

Annuities,

Act V of the VA Drama

By Kerry Pechter *Wed, Mar 28, 2012*

With the departure of Hartford and others from the variable annuity business, the curtain has come down on the fourth act of the VA drama.

Innovation was the first act, followed by the Arms Race, De-Risking and then Exiting.

Now the curtain may be rising on **Act V**: the **Buyback of Living Benefits.**

In February, Transamerica Life filed a new VA prospectus with the SEC that offers to buy back, with a cash bonus, certain in-force but non-annuitized **GMIBs** (guaranteed minimum income benefits) that the insurer sold until 2003.

Separately, Achaean Financial, a Chicago-based firm founded by former Lincoln Financial executive Lorry Stensrud and joined recently by former Ibbotson Associates president Mike Henkel, has adapted its immediate variable annuity, IncomePlus+, as a new option that insurers can offer to certain owners of GMIB benefits.

For insurers with in-the-money GMIBs, buy-backs could **help reduce the long-term risks** and ongoing accounting issues associated with living benefits. For certain owners of in-the-money GMIBs, a cash bonus (in the Transamerica Life plan) or the mortality credits of an IVA (in the Achaean plan) might offer bigger payouts than their GMIB is likely to deliver.

While such deals may make sense on paper, they could carry "optics" risk. Like the re-introduction of "Classic Coke" or the famous Tylenol recall, they imply that mistakes were made. So the communication of these offers, both to advisors and to contract owners, will need to be done carefully—**and in compliance** with FINRA's suitability requirements for VA transactions.

An IVA chassis

Of the two buy-back innovations, the Achaean product may have broader significance, since it is being actively marketed to a number of insurers. And, according to Henkel, an institutional investment manager, it may eventually be offered to issuers of GLWBs as well.

"There are some innovations embedded in it—that's where our patent-pending resides—but it's based on an IVA chassis," Henkel told RIJ. "The problem with a standard IVA, compared to a VA guarantee on an **account high water mark, is income variability**. Even with the AIR (assumed interest rate) calculation, a string of bad years

could drag the payment down. Lorry [Stensrud] said, **We'll have an IVA with a guarantee that payments can't go down."**

(BB…guarantees that will cause some companies to lose money on the riders)

(BB…From 2010…. Chicago-based Achaean Financial, is back with a new, patent-applied-for customizable IVA chassis that he calls IncomePlus+. He wants to license it to life insurers, who he hopes will use it as the "Intel Inside" for a new generation of guaranteed income products.)

The Achaean product differs from a standard IVA in a couple of important ways. First, it will be offered as a new rider, added retroactively, to existing GMIB VAs. Second, it involves a method for determining whether a GMIB owner is likely to be better off with an IVA or not.

The account value of the existing VA would be used to buy the new IVA, which would offer a higher annuitization factor than the insurer was contracted to pay on the guaranteed benefit base (presumably higher than the account value) under the GMIB. For the first five years of the IVA, payments would be flat, and would be "within 10% or 15%" of the payments from a conventional SPIA, Henkel said. During that initial period, excess earnings from the managed assets would go into a side fund from which, subsequently, income bonuses would be paid or shortfalls amended.
"A risk-sharing mechanism, which acts as a collar, is embedded in the construct of the IVA," Henkel said. "For instance, a 65-year-old investor who put 100,000 into an Achaean policy might get a 6% payout, of which 3% would be return of principal and the rest investment return.

"If the $100,000 earns more than 3%, the excess goes into a risk-sharing pool. That money can be used to true up a payment or to enhance income. Any excess at the end of the policyholder's life would be paid out as a death benefit," he said.

If this sounds like Lincoln Financial's popular i4Life variable income annuity VA rider, there's a reason. Stensrud was part of the i4Life product team when he was at Lincoln. But what's new is the formula that determines whether IncomePlus+ would be better for the contract owner than the exisiting GMIB.
That test relies on Monte Carlo simulations of future market performance, but its outcome appears to depend primarily on the age of the owner, and whether the IVA's mortality credits would produce higher payouts than the GMIB—which offers no mortality pooling effect—could deliver.

The insurer benefits too, Henkel said. The **IVA isn't as expensive to hedge as the GMIB.** And, unlike VAs, the IVA can be reinsured, which frees up insurer capital. "We call it remediation," he said. "We're going to insurers with problematic books of business and saying, 'Would you like to do something about it?'"

Taking your lumps

As the filed prospectus explains, Transamerica Life is making a one-time Alternative Lump Sum Offer ("ALSO") to eligible owners of in-force riders that it offered until 2003 on 26 variable annuities. As of January 31, 2012**, 9,994**

(BB...doesn't this seem like a small number of policy owners? If concern with an insurance company is based on less than 10,000 contracts, what concern would a larger company with 100,000 contracts be?)

contract owners could be affected. Policies that have already been annuitized aren't eligible for the ALSO.

If the account value is less than a certain percentage—as yet unspecified—of the benefit base, Transamerica will add a bonus—unspecified in the prospectus—to the surrender value. No surrender charges will be assessed if the contract is still in the CDSC (contingent deferred sales charge) period.

To accept the offer, the contract owner can **either surrender the existing contract, trade** it in for a new Transamerica Life policy, or exchange it for another insurer's life or annuity policy, the ALSO prospectus said.

"It's only for the older benefits," said Tamiko Toland, Strategic Insight's variable annuity watcher. "AEGON talked about this in its last earnings call, though not specifically. They spoke more generally about the issues with the legacy block and measures to mitigate that risk. It goes back to the GMIB. They sold GMIBs until 2003 and then switched to GLWBs. This doesn't affect any of the newer business. **It's a risk management strategy**.

BB…If you want more definition use this source: www.investorwords.com

That older business is covered by **macro hedges, not dynamic hedges**. Paying off a long-dated obligation with a lump sum reduces the risk management onus."
Jeffrey Dellinger, an actuary formerly with Lincoln Financial who owns Longevity Risk Management Corp. in Fort Wayne, Ind., told *RIJ* in an e-mail:
"Given that these programs take time to put together, **Transamerica likely started working on this ALSO program well before the December 2011-**March 2012 stock market run-up. It may have appeared that the GMIB benefit base would provide an amount of income superior to the actual account value benefit base more frequently or by a greater order of magnitude than originally envisioned.

"If that were coupled with longer anticipated payouts due to greater-than-previously-assumed annuitant longevity, then that combination of events could have inspired Transamerica to take this action.

"The **rider charge might have been insufficient** to cover the difference between the GMIB benefit base—upon which the annuity payouts will be premised—and the VA account value—upon which the annuity payouts would be otherwise premised. And with interest rates being so low, Transamerica may be unable to make up the shortfall via the margin between earned rate on investments and credited rate on the underlying immediate annuity reserve during the payout phase.

"Without studying the specifics of the riders, that would be one educated guess motivating Transamerica to offer the ALSO program. In short, it might be buying back the GMIB option— essentially an equity put option—and conceivably doing so at less cost than if the option were actually exercised, depending on what it offers customers in the way of an 'Enhancement Amount' to do so."

So here are my thoughts, these insurance companies are squeezing every possible dollar to work every possible angle to generate every possible advantage to reduce the risk exposure to generate as much stock value as possible....in other words....have you ever wondered why insurance companies have so much ,money?

What does this really mean to us...it means the sign of a shift in the industry, if VA companies can buy down future risk, they can take a onetime charge again the liability. This will cause the future value of the stock to rise because the liability is handled.

I would think many other companies are looking at the same solution.

From our perspective, this is good for us. We have a competitive position with our products and the way our assets are held in house.

We have superior products, our income riders make sense....our prospects will survive because of them....embrace and enjoy....

Fear is our ally.

Our prospects are fearful of the future and guarantees will be in demand. (can you blame them?)

(Investment news is a valuable source....you should add it to your list of favorites, always good stuff in it....BB) I marked some in red, link below.

http://www.investmentnews.com/article/20120401/REG/304019972/-1/INIssueAlert01

Fear of the future

By **Jeff Benjamin**
April 1, 2012 6:01 am ET

The wealthy are less worried about tomorrow than the day after tomorrow, according to the results of a new Citibank survey.

More than 600 U.S. adults with household income of at least $150,000 and liquid net worth of at least $250,000 found that **stress increases the further out investors look.**
While three-quarters of the respondents consider themselves optimistic about the next 12 months, **40% are concerned about retiring comfortably**. A third said they're worried about maintaining their current lifestyle, 35% are worried about elder care and 23% cited leaving a legacy as a major concern.

The lingering effects of the financial crisis have **42%** of respondents identifying themselves as somewhat or extremely conservative in their financial planning, with **95% saying they are "financially conservative** today to ensure security in the future."

In taking steps to meet their financial goals, the survey respondents said **market volatility (73%),** low saving rates (72%) and problems relying on a financial adviser or broker (29%) are their greatest challenges.

This rather long report can be found at the link just below. It was printed in money.msn and says a lot about what is happening to our target market....

money.msn.com is another valuable source of information....I marked some in red....link below for complete article

http://money.msn.com/retirement/americans-endangered-retirements-marketwatch.aspx

Americans' endangered retirements

With many Americans short of the savings they'll need to retire comfortably, the forecast looks grim. These are some of the areas were action is clearly needed.

President Barack Obama, in his State of the Union back in January, didn't really touch on the subject near and dear to the hearts of millions of Americans -- the state of retirement in the U.S

In short: Things are bad and, in the absence of action or in the presence of ill-advised action, they could get much worse.

Social Security card replacement

"I think the state of retirement in America is endangered, as the Great Recession has taken a toll on the financial status of many and as retirement savings were not adequate for many prior to the Great Recession," said Matthew Greenwald, the president of Matthew Greenwald & Associates, a leading retirement-research firm.

"There are several things that need to be fixed, including addressing Social Security and helping people feel confident in the viability of the system, more effective defined-contribution plans that do a better job of encouraging participants to defer more of their income, and more effective advice to retirees that helps them use their financial assets most effectively when they retire."

Here's a look at the challenges and some ways to respond:

Social Security

The combined Social Security trust funds will be exhausted in **2036**, and at that point there will be enough income coming in to pay for only 77% of scheduled benefits.

Now 24 years might seem like plenty of time to fix that problem, but there doesn't seem to be the political will to do so. Elected officials are seemingly afraid to tackle the issue; they would prefer that some greater fool puts a bid to be re-elected at risk instead of addressing an issue that will affect some **78.1 million** Americans a generation from now, which we should note is twice the number of Americans age 65 and older today.

In **1940**, for instance, the average **65**-year-old male in the U.S. had a life expectancy of **77.7**. **In 1990**, it was **80.3**. And by **2006, it was 81.6**. "You have to adjust for that," Reynolds said. "**It's just too costly."**

Reynolds also favors increasing the amount of earnings subject to taxation for a given year. For 2012, the annual limit -- the contribution and benefit base for Social Security -- is **$110,100**. He suggests that the contribution and benefit base be increased to "somewhere around" $150,000. "That would provide the base for a stable system long term," Reynolds said. He noted, for instance, that there's no limit on the amount you are taxed to pay for Medicare.

401k contribution rates

On average, workers who have a 401k plan contribute about **7%** of their compensation into the plan, and that, many experts say, is too low. According to Reynolds, you would need to save at least 10% to replace, when combined with Social Security benefits, 80% of your final pay in retirement. Others say contribution rates have to be even higher the longer you wait to save and the less you have socked away.

(here come the lobbyists....BB)

For instance, Kevin Crain, the head of Institutional Retirement and Benefit Services for Bank of America Merrill Lynch, said, "**We believe that privately sponsored corporate retirement systems are structured to be successful and can be even more successful with employers'** continued focus on enhancements to their financial benefit plans and services. More specifically, within 401k's, we continue to see significant increases in employee engagement and utilization of these plans through such tools as auto enrollment and advice services."

"His retirement plan assets will be complemented by Social Security benefits and other savings, perhaps assets in other employer plans or a spouse's plan, or personal savings," she said. "Even though we always encourage people to save more -- ideally at least 12% to 15% of their income -- the reality is that more participants than you think may be on target for retirement." (Will your 401k provide enough for retirement? Check with **MSN Money's calculator**.) **(This is a good link for you....BB)**

(education is always the key....BB)

(the star is to get your attention....BB)

Literacy means confidence

In early March, the **Employee Benefit Research Institute** released its 22nd annual Retirement Confidence Survey, which shows that only 14% of Americans are very confident about having enough money for retirement. In 2011, just **13%** were very confident.

Reynolds suggests that there's a correlation between **financial literacy and confidence**. To solve the confidence problem, we must solve the literacy problem. According to Reynolds, it's time to provide the education and tools required to help people understand how much to save and how to invest, how much they will need to

accumulate for retirement, and how to make their money last a lifetime once they retire. Knowledge will lead to action, and action will lead to confidence.

Others agree. **"Financial literacy and awareness are key components in helping Americans prepare for retirement,"** said Suzanna de Baca, the vice president of wealth strategies at Ameriprise Financial. "Any American looking ahead to retirement can benefit from a written financial plan that will help them define their retirement goals and objectives, and guide them in creating a realistic plan to create a more confident financial future."

Rachel McTague, a spokeswoman for the Investment Company Institute, also said education is needed.

(It really just boils down to this fear.....BB)

Outliving one's assets

Right now, there's much ado about outliving one's assets. Experts are worried that average Americans don't understand **longevity risk** and might draw down their assets too quickly during retirement. According to experts, many Americans should consider adding investments that insure against the risk of outliving one's assets. But that's unlikely to happen anytime soon. Most Americans are distrustful of such products. Nonetheless, it's worth adding this opinion to the mix

The good news -- sort of

"As more and more baby boomers retire, the discussion on retirement, on retirement income, will become a national topic," said Reynolds. "And I think it will spark the interest of retirement to all age groups."

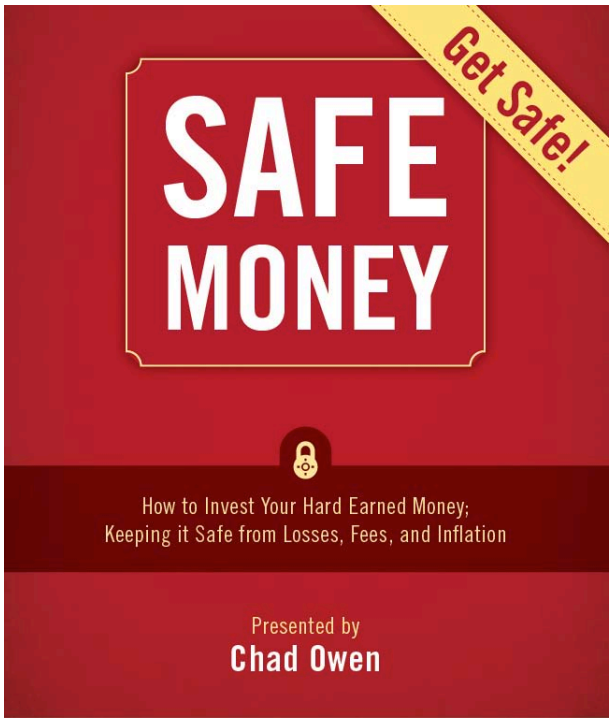
Let's hope that's the case, because the problem is real**. "America is facing an unprecedented retirement challenge as the U.S. population undergoes a radical demographic shift,"** said Michael Falcon, the head of retirement at J.P. Morgan Asset Management.

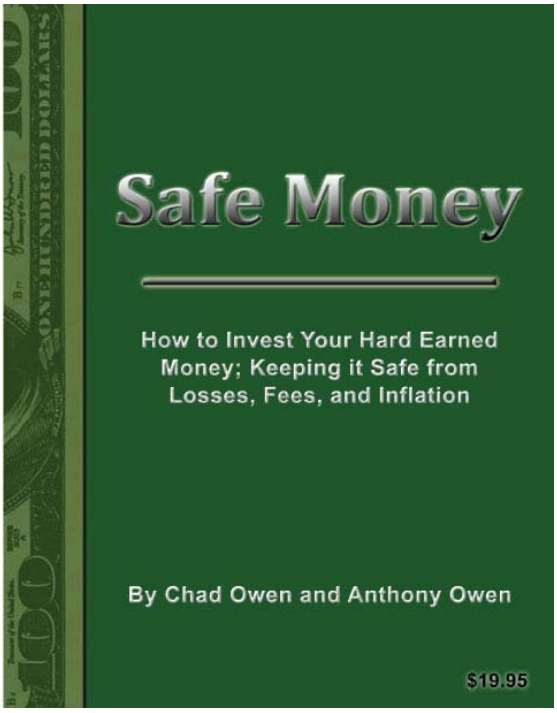
(Crew….read the next line….BB)

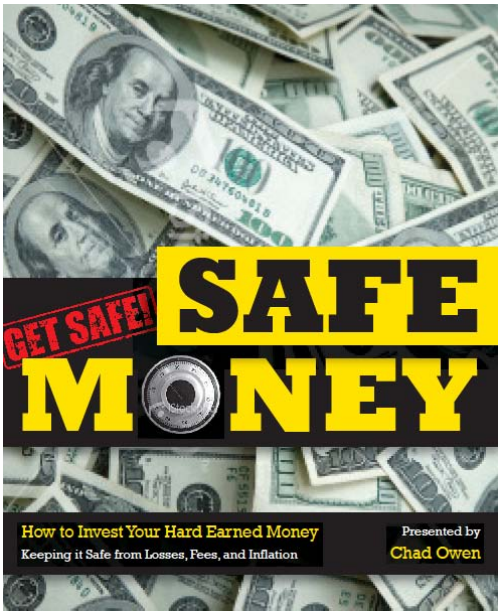
"Twenty percent of the population will be over 65 years old by 2020, and, despite impressive aggregate asset growth, many Americans are still significantly short of the savings they will need for a dignified retirement and are unprepared for the complex financial choices they will need to make."

Financial Literacy

Now Available to Your Prospects. Be the provider.







Here is a preview of the new look for the new addition……BB

Literacy, education and how to build solid foundations based on value.

This book is a basic primer to provide foundational information along with URLs for additional help. **Any agent not budgeting $1,000 a month** for these books and giving them to prospects, clients, referrals is making a terrible mistake in my opinion. (I bet I handed out 5,000 of these books in Olympia over a 12 year period)

There is a new addition available in May with multiple choices for packaging....use this book to help your prospects accomplish basic financial literacy.

Be the provider!

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Chad Owen, President

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A new record in the club house.....$2,800,000 in one annuity sale....would you like the details?

Questions from the crew for the Owens Brothers.

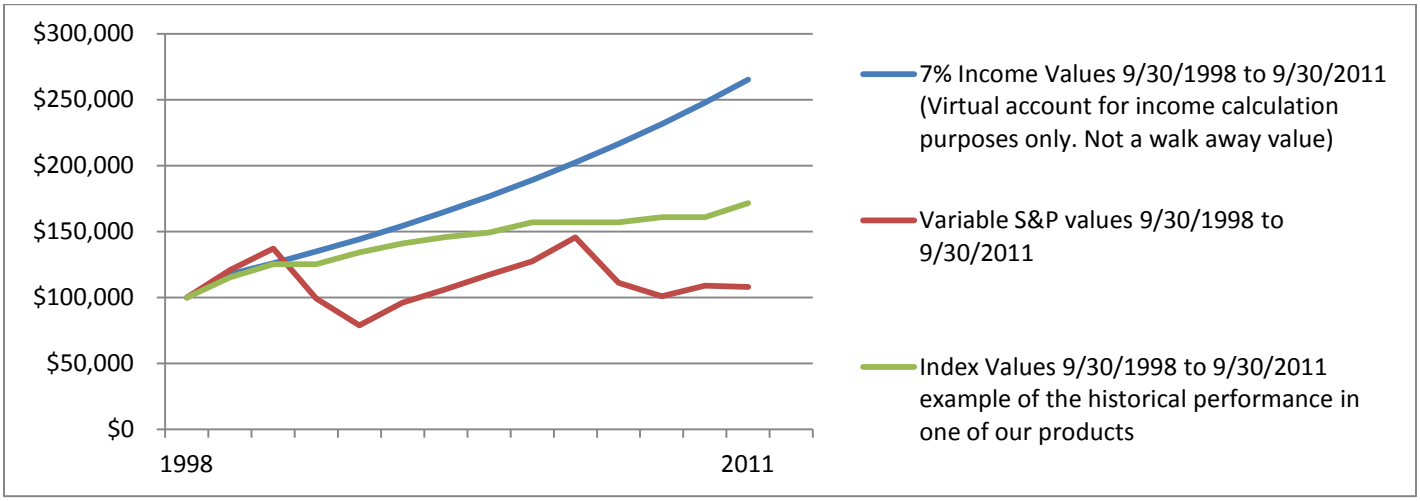
Email Bill at bbroich@msn.com and Chad will share his answers with the **Open MIC** crew.

Questions to ask yourself about your Safe Money Accounts…

- Do you want to base your retirement on the ups and downs (hypothetical amount) of the market or have a set age where you will have a guaranteed amount of income for life?
- Who has made more money off of your retirement in the last 10 years, you or your broker?
- How does it make you feel that you never know where your retirement money will be tomorrow, 1 year, 10 years? Or how much income you will be able to draw from it for life?
- Does it bother you that brokers can make money off of you even when you are losing money?
- Would you look at you retirement money in a different way if it was a stack of $100 bills instead of a number on a piece of paper?
- How is being in the market different than gambling it in Las Vegas?

- What is more important to you, avoiding the potential of losing significant portions of your retirement money or taking risks to receive potential gains?

Which of the three lines below do you want to base you retirement and lifetime income off of?



All of the above questions and charts lead you to why you need a Fixed Indexed Annuity with an Income Rider to guarantee you the following:

- **Safety / Security**
- **Guaranteed Income Value growth**
- **Guaranteed income you can never out live**
- **No Risk to the market down turns.**
- **Sleep Insurance!!! (Never worry about IFcome and always have Income)**

I wish I had something more compelling to add....but that would not be possible.

Since this past week was **The Masters**, I have an old story that ties in The Masters, Jack Nicklaus and Mr. Owens. (and me).

The story was concerning a young Jack Nicklaus and the founder of Augusta National, the great golfer Bobby Jones.

Mr. Jones was nearing the end of his life and was unable to walk, he followed Jack Nicklaus around the course in his golf cart, not wishing to miss any shots.

When asked what he thought of Jack's game, Mr. Jones said:

"He plays a game of which I am not familiar"

When I watch Chad's career unfold and think of my own annuity selling career....I can use the same quote.

Mr. Owens, it has been a pleasure.....BB

Dave has some product updates…

Disclaimer:

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

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