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

Open MIC is open for anyone.

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

IF YOU WOULD LIKE TO FIND OUT MORE ABOUT US

CALL OR EMAIL

ANTHONY OWEN

888-74AGENT (24368)

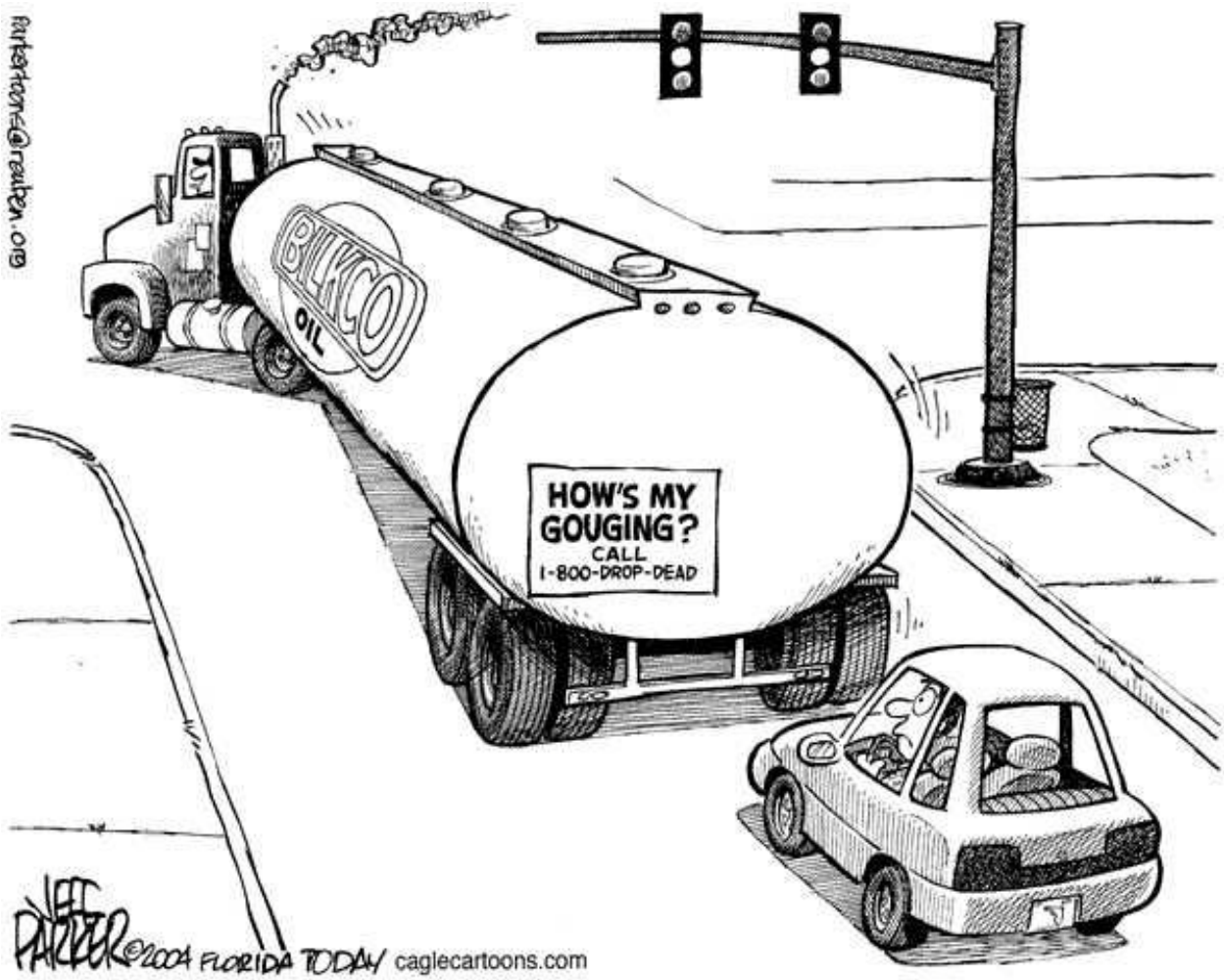
tony@annuityagentsalliance.com

OR VISIT OUR WEBSITE

Annuity | Agent's Alliance
Real Help From Real Agents.

Words of Wisdom

$4.45 a Gallon in Calistoga, no wisdom in that



Good thoughts and prayers for a great friend who passed last week. Mary Dickie, coincidently her birthday is today....Be well.

1. Open MIC will be off next week, we shall return May 2.

2. According to Will Rogers – Will Rogers said, "The income tax has made more liars out of the American people than golf has. Even when you make a tax form out on the level, you don't know when it's through if you are a crook or a martyr." Will Rogers

Tax Freedom Day - **April 18** will be **Tax Freedom Day**, the day when Americans have worked enough to pay all of their federal and state taxes for 2013...that's five days later than in 2012. Americans will pay more than $2.76 trillion in federal taxes and $1.45 trillion in state taxes for 2013 -- for a total of $4.22 trillion in taxes, or **29.4%** of income.

3. GOLD and Silver run to the Bear:- Gold plunged **4%** and fell below $1,500 per ounce for the first time since July, 2011. It officially entered bear market territory, **down more than 20%** from its August, 2011 high of $1,891.90.

Silver lost nearly 5% to $26.30, and it is now **45% below** its April, 2011 high.

4. Several nice comments about Mike Henkel's article last week on Open MIC last week regarding income riders on variable annuities. I left it up again at end of Open MIC notes....BB

5. Good morning,

Some important announcements today:

New Call Center in Place

Starting this morning, our new call center flow is in place. We have put in place software for call routing and for overflow answering. We've got 4 CSR personnel available to answer inbound calls and to make outbound calls. This is a very important step in our drive towards better quality, better control of the process.

New Home Page: Have a look

We pushed live our new Home Page for **Annuity.com**. The page is more conversion-focused, and is also more SEO-friendly. The rest of the site is virtually unchanged for the moment, with the exception of the Blog which has been re-done and linked to the home page.

Both very exciting developments as we move this company to the next level!

Kevin Dufficy

Keep Your Warm Leads Warm

Our Drip Marketing System
Retire Village is our comprehensive marketing & database system designed to help you build your pipeline, nurture your prospects, generate new leads, and close business.

Click Here to Download Your "Lead Warmer" Kit

Click Here to Order Your Scrubbed Leads

We keep your Picture and Contact
information in front or your Clients and Prospects
Remember.....Timing is everything!

Who are your clients and prospects going to think of
when they are ready to make a move
Generate Leads and Sales with Our
Spaced Repetition Drip System

If you don't have time to do it yourself....

Outsource It to the Annuity/Life specialists!
a
RetireVillage.com
&
Annuity.com

Good old Spaced Repetition Works!

When you don't have time to manage a drip program to keep your image in front of your warm target market twice per month.....

Outsource!

We will greatly extend the life of your leads with RetireVillage.com. Your clients and prospects are sent
a bi-monthly newsletter from you with your picture on it.
When the Timing is Right for them to buy,
Who will they call?.....You!

We do it all for you!

In our world, you will only be remembered for two things: the information you share, and how you make someone feel.

Joe Rych joe@annuity.com or 800-814-5378

And.....If that weren't enough.....

I made this mistake. I placed more emphasis and put more time into attracting new clients

than in doting on my existing clients and prospects. Then I saw the research:
"Frequent contact with customers, or "relationship management," is important in building a successful business. The payback is clear: Retaining current customers costs five to seven times less than finding new ones. Studies show that over a lifetime, loyal customers purchase more, cost less to sell to, and will refer five other people to a business."
- TICKER Magazine

"Your clients can go to anyone to purchase generic investment products, but if you fill the role of trusted adviser, they are unlikely to do so. Accordingly, you have to strive continually to enhance your relationships with your clients."
- Financial Planning Magazine

"...the most satisfied [affluent clients] averaged 28 contacts (in person, by telephone, by mail and by email) with their advisors in a one-year period. Very dissatisfied affluent investors, on the other hand, averaged only 17 contacts over the same period."
- CEG Worldwide study of affluent investors

"In our study of affluent investors...almost half of the respondents said they had changed primary advisors in the last year...without exception, investors who had switched had less regular contact with their primary advisors than those who had not switched."
- Registered Rep Magazine

"...nearly nine out of 10 advisers (89.7%) earning at least $100,000 say that maintaining client communications is a significant concern to them....less than half of the advisers who are earning less than $100,000 think client communications is important."
- CEG Worldwide study of affluent investors

"You need lots of contacts with clients-between two and three contacts every month with every client...To accomplish it, you'll want to create a system in which contacts are predetermined and easily replicated between clients."
- Financial Planning Magazine

I realized that the large producers ARE the large producers because they emphasize their contact with existing clients and prospects. Rather than use lead services and spend time and money hunting for new people, they leverage their existing relationships and they get

Joe Rych

FYI

REAL YIELD	2/28 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	**.11%**	**.64%**	**1.13%**	**2.09%**

Treasury Inflation-Protected Securities (TIPS)

Treasury Inflation-Protected Securities, or TIPS, provide protection against inflation. The principal of a TIPS increases with inflation and decreases with deflation, as measured by the Consumer Price Index. When a TIPS matures, you are paid the adjusted principal or original principal, whichever is greater.

TIPS pay interest twice a year, at a fixed rate. The rate is applied to the adjusted principal; so, like the principal, interest payments rise with inflation and fall with deflation.

ING USA rebrands

VOYA FINANCIAL™

http://www.voya.com/

Privacy Notice

Suitability is more than how we should categorize a client's funds. Suitability also flows over into all aspects of a business relationship. Be smart and get ahead of other agents who will not take the professional steps to help elevate our industry. In the future, this will be standard practice.

Sending this notice means you are acting in a professional manner, it will also elevate you in the eyes of your clients.

I would recommend you begin sending this **"privacy"** notice to everyone who is a client or with whom you have had confidential discussions (fact finders)....BB

Dear Mrs. Jones,

In today's financial climate, it is natural to be concerned about your privacy. It is my responsibility to maintain the confidentiality, integrity, and security of your personal information, and I take this responsibility very seriously.

I do not share any non-public personal information with third parties except as permitted by a client or required by law. Furthermore, I diligently maintain physical, electronic and procedural safeguards to preserve the privacy of non-public personal information that we may collect from you (such as details about your health, personal finances, credit, or transactions between you and third parties) and to prevent unauthorized access to it.

If you have any questions in regard to the confidentiality and/or privacy of your personal information, please contact me today.

Cordially,

Bill Broich

Dave and Shaun

http://online.wsj.com/article/PR-CO-20130415-906276.html?mod=googlenews_wsj

- April 15, 2013, 10:00 a.m. ET

Great American Enhances Annuity Portfolio with New Death Benefit Rider

CINCINNATI--(BUSINESS WIRE)--April 15, 2013--

Clients who desire principal protection, the opportunity for growth and the ability to leave a legacy for their heirs have a new rider option from Great American Life Insurance Company(R) . **The Inheritance Enhancer**(SM) guaranteed death benefit rider is unique to the company's rider lineup as it exclusively offers an enhanced death benefit.

According to Joe Maringer, National Sales Vice President, the introduction of the Inheritance Enhancer rounds out the rider portfolio and allows clients to easily find a rider that fits their financial goals for the future.

"In today's marketplace, clients want control through products that suit their individual needs and aren't one-size-fits-all. That's why we developed the Inheritance Enhancer rider. Whether clients are looking for a rider that offers guaranteed, predictable income for their retirement, an enhanced death benefit for their beneficiaries, or the combination of both, they will find it at Great American Life(R) ," says Maringer.

Inheritance Enhancer features:(1)

-- Guaranteed growth: Clients can receive a 7% rollup of the death benefit base that is guaranteed for 15 years.

-- Refund of charges: Clients can receive a refund of rider fees in some cases.

-- Payment options: Beneficiaries can choose to receive a lump sum payout or to annuitize the death benefit base amount.

Inheritance Enhancer is the latest rider offering brought to you by Great American Life, a subsidiary of Great American Financial Resources(R) , Inc. GAFRI is a financially strong company whose annuity subsidiaries, Great American Life Insurance Company and Annuity Investors Life Insurance Company(R) , are rated "A+" by Standard & Poor's and "A (Excellent)" by A.M. Best Co.(2) for financial strength and operating performance. Many other annuity products and riders are available through our companies. For more information, visit www.GAFRI.com and click on the "Contact Us" link in the upper right corner.

(1) All guarantees are based on the claims-paying ability of the issuing company. There is an annual charge for this optional rider. See the rider for definitions, and complete terms and conditions.

(2) S&P rating--affirmed November 20, 2012. "A+" is fifth highest of 21 categories. A.M. Best rating--affirmed February 22, 2013.

"A (Excellent)" is third highest out of 16 categories.

About Great American Financial Resources

The subsidiaries of Great American Financial Resources offer retirement solutions through the sale of traditional fixed and indexed annuities in the individual, bank and education markets. The company's subsidiaries include Great American Life Insurance Company(R) and Annuity Investors Life Insurance Company(R) . GAFRI is a member of the Great American Insurance Group, whose roots go back to 1872 with the founding of its flagship company, Great American Insurance Company. The members of Great American Insurance Group are subsidiaries of American Financial Group, Inc. AFG's common stock is listed and traded on the New York Stock Exchange and Nasdaq Global Select Market under the symbol "AFG". Learn more at www.GAFRI.com.

CONTACT: Great American Financial Resources

Donna Carrelli, AVP, Marketing Services, 513-412-1518

dcarrelli@gafri.com

Website: www.gafri.com

SOURCE: Great American Financial Resources

Big Truck Partners

I have received a whole bunch of questions for the Owen Boys this past month. Here they are. Maybe we could select a couple and move some to next Open MIC.

- How hard do you qualify a prospect on the phone before you will get in your car and see them
- Do you take clients to lunch
- What's your ROI
- Will you reset a weak appointment if it's the only appointment of the day
- Has Tony ever sent you on a fake appointment as a joke
- Do you carry business cards

Anthony R. Owen
Annuity Agents Alliance,Co-Founder
Annuity Innovation Systems, LLC, Vice President
Annuity.com, Annuity Marketing Consultant
Eagle Shadow Financial, LLC,Vice President
Office:303-284-3582
Cell:720-989-9564
Toll Free:888-74AGENT

Really worth the effort, some very solid points especially about CD's and inflation, each of us as agents should know this backwards and forward....BB

You can cut and paste the link below if click doesn't open....BB

Hi WILLIAM

Prudent investors have always done the math when it comes to comparing one investment option to another. Today's client really isn't any different. Before they make a decision on where to put their "safe" money, it's important that they take a hard look at the numbers.

The very brief presentation below (less than 3 minutes) will do some of the math for you by taking a new look at two very popular, but very different investment vehicles. Please be sure the volume is turned up on your speakers so that you may hear the audio.

Thanks.

Athene Annuity

View Content

If you cannot access any of the links above cut and paste this address into your browser:

http://vp6.fugent.com/viewer/?Q=4302347,1625A47

The "Ins and Outs" of CDs.

- Default Risk – incredibly safe investment as FDIC insured up to $250,000 per depositor, per insured depository institution for each account ownership category.[1]

- Inflation Risk - does not protect you from loss of purchasing power:
  - Average 2012 inflation rate was 2.07%.[2]
  - Average March 2013 CD rates:[3]
    - 0.26% (1-year CD yields)
    - 0.82% (5-year CD yields)

  - Therefore, consumers lose purchasing power of 1.81% and 1.25% on the first year of the respective CD yields above.

[1] fdic.gov
[2] inflationdata.com
[3] bankrate.com

How is this for great info (from the link)

Did you know?

64% of Americans have no financial strategy at all. That's right – no plan whatsoever to build wealth or keep it. That finding comes from the

2009 National Consumer Survey on Personal Finance conducted by the Certified Financial Planner Board of Standards, Inc. (The survey collected data from 1,700+ U.S. residents.)

Only 17% of us have a written financial plan that is updated regularly. So congratulate yourself if you are in that group. The CFP Board found that just 17% of the 36% polled who did have a written financial plan had reviewed it in light of changing times. Notably, 48% said they had benefited from having a written plan.

Just 38% of the 36% having written financial plans retain a financial advisor. The really troubling part: 37% of those with written plans are doing their financial planning on their own. Another 12% of respondents with written plans have consulted a friend or family member who isn't a financial services professional for advice.

17% have a written plan and 1/3 of them follow it, is that about 5%?.....can you visualize this enormous opportunity for our wonderful products?

http://www.lifehealthpro.com/2013/04/01/baby-boomers-underfunded-retirement?eNL=5159e762150ba041580002ac&utm_source=LifeHealthProDaily&utm_medium=eNL&utm_campaign=LifeHealthPro_eNLs&_LID=97618565

Baby boomers' underfunded retirement

TD Ameritrade survey finds boomers face major shortfall

By Michael K. Stanley
APRIL 1, 2013 • REPRINTS

Baby Boomers need to catch up.
Although baby boomers feel they will need an average of **$750,000** in order to live comfortably in retirement, they have saved an average of **$275,000**.

The discrepancy between what boomers feel they need and what they actually have was highlighted in a recent Investor Index Survey released by broker-dealer T.D. Ameritrade, Inc., a subsidiary of TD Ameritrade Holding Corporation.

Results of the survey indicate that many baby boomers need to utilize all of their retirement planning options, including various types of annuities, as well as independent and employer-sponsored defined contribution (DC) plans.

The gaping shortfall should spur boomers to begin actively trying to close the gap. One possible solution, the survey suggests, **is taking advantage of catch-up contribution clauses in DC plans**. Catch-up contributions allow investors over the age of 50 to make additional contributions over the regular limits. For 2012, IRA contributions limits are $5,000 with a $1,000 catch-up contribution. For 2013, 401(k) contributions limits are $17,500 with a $5,500 catch-up contribution while IRA contributions in 2013 are $5,500 with a $1,000 contribution.

Industry experts urge **baby boomers to be aware that "every dollar counts"** while saving for retirement and utilizing a catch-up clause could make a significant difference when the investment begins to draw down.

The online survey was conducted with 2,000 baby boomers during October of 2012 and was conducted for TD Ameritrade by Head Research.

Estate taxes: Recently the Obama Administration has indicated that the estate tax exemption which is currently at $5.25 million be reduced to $3.5 million. This is very unsettling for most planners because after a long and hard fought negotiation, ways and means agreed to leave it at $5.25.

Making the change to $3.5 million is a big mistake and a poor choice to try and collect a little more tax revenue.

Stability: It is important that this deduction remain stable....BB

This could be a good offering for your clients and prospects. It provides a list of topics to discuss regarding basic estate planning. It also provides a nice handout when visiting with clients, prospects and referrals.

This article would also make a terrific Off Week drip for Retire Village.

Providing value is essential in building relationships

Bill Broich

A Primer for Estate Planning

Things to check and double-check before you leave this world.

Estate planning is a task that people tend to put off, as any discussion of "the end" tends to be off-putting. However, those who leave this world without their financial affairs in good order risk leaving their heirs some significant problems along with their legacies.

No matter what your age, here are some things you may want to accomplish this year with regard to estate planning.

Create a will if you don't have one. Many people never get around to creating a will, even to the point of buying a will-in-a-box at a stationery store or setting one up online.

A solid will drafted with the guidance of an estate planning attorney may cost you more than a will-in-a-box, and it may prove to be some of the best money you ever spend. A valid will may save your heirs from some expensive headaches linked to probate and ambiguity.

Complement your will with related documents. Depending on your estate planning needs, this could include some kind of trust (or multiple trusts), durable financial and medical powers of attorney, a living will and other items.

You should know that a living will is not the same thing as a durable medical power of attorney. A living will makes your wishes known when it comes to life-prolonging medical treatments, and it takes the form of a directive. A durable medical power of attorney authorizes another party to make medical decisions for you (including end-of-life decisions) if you become incapacitated or otherwise unable to make these decisions.

Review your beneficiary designations. Who is the beneficiary of your IRA? How about your 401(k)? How about your annuity or life insurance policy? If your answer is along the lines of "Mm ... you know ... I'm pretty sure it's..." or "It's been a while since ...", then be sure to check the documents and verify who the designated beneficiary is.

When it comes to retirement accounts and life insurance, many people don't know that beneficiary designations take priority over bequests made in wills and living trusts. If you long ago named a child now estranged from you as the beneficiary of your life insurance policy, he or she will receive the death benefit when you die - regardless of what your will states.[1]

Time has a way of altering our beneficiary decisions. This is why some estate planners recommend that you review your beneficiaries every two years.

In some states, you can authorize transfer-on-death designations. This is a tactic against probate: TOD designations may permit the ownership transfer of securities (and in a few states, forms of real property, vehicles and other assets) immediately at your death to the person designated. TOD designations are sometimes referred to as "will substitutes" but they usually pertain only to securities.[2]

Create asset and debt lists. Does this sound like a lot of work? It may not be. You should provide your heirs with an asset and debt "map" they can follow should you pass away, so that they will be aware of the little details of your wealth.

* One list should detail your real property and personal property assets. It should list any real estate you own, and its worth; it should also list personal property items in your home, garage, backyard, warehouse, storage unit or small business that have notable monetary worth.
* Another list should detail your bank and brokerage accounts, your retirement accounts, and any other forms of investment plus any insurance policies.
* A third list should detail your credit card debts, your mortgage and/or HELOC, and any other outstanding consumer loans.

Think about consolidating your "stray" IRAs and bank accounts. This could make one of your lists a little shorter. Consolidation means fewer account statements, less paperwork for your heirs and fewer administrative fees to bear.

Let your heirs know the causes and charities that mean the most to you. Have you ever seen the phrase, "In lieu of flowers, donations may be made to ..." Well, perhaps you would like to suggest donations to this or that charity when you pass. Write down the associations you belong to and the organizations you support. Some non-profits do offer accidental life insurance benefits to heirs of members.

Select a reliable executor. Who have you chosen to administer your estate when the time comes? The choice may seem obvious, but consider a few factors. Is there a stark possibility that your named executor might die before you do? How well does he or she comprehend financial matters or the basic principles of estate law? What if you change your mind about the way you want your assets distributed – can you easily communicate those wishes to that person?

Your executor should have copies of your will, forms of power of attorney, any kind of healthcare proxy or living will, and any trusts you create. In fact, any of your loved ones referenced in these documents should also receive copies of them.

Talk to the professionals. Do-it-yourself estate planning is not recommended, especially if your estate is complex enough to trigger financial, legal and emotional issues among your heirs upon your passing.

Many people have the idea that they don't need an estate plan because their net worth is less than X dollars. Keep in mind, money isn't the only reason for an estate plan. You may not be a multimillionaire yet, but if you own a business, have a blended family, have kids with special needs, worry about dementia, or can't stand the thought of probate delays plus probate fees whittling away at assets you have amassed ... well, these are all good reasons to create and maintain an estate planning strategy.

Citations.

1 - www.knoxnews.com/news/2012/may/07/retirement-accounts-not-governed-by-wills/ [5/7/12]
2 - www.investopedia.com/university/estate-planning/estate-planning5.asp#axzz1vjRm6aPe [3/20/13]

Speaking of an executor: here is a good source and a great way to provide **"value"** information to your clients and prospects. (links left in)

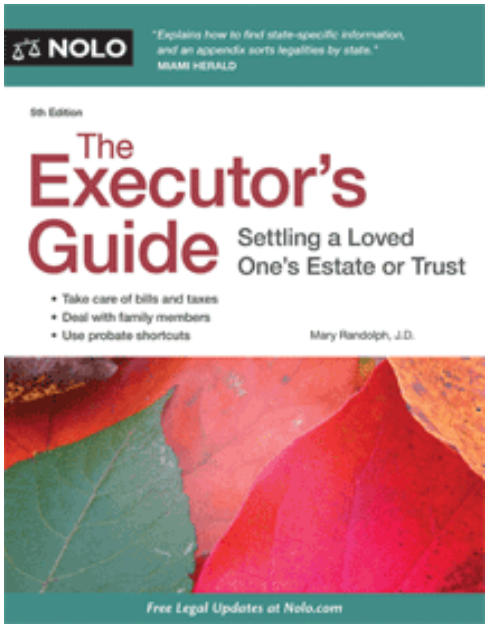
http://www.nolo.com/legal-encyclopedia/what-does-executor-do-30236.html

It's both an **honor and a burden** to serve as someone's executor. An executor is entrusted with responsibility for winding up someone's earthly affairs -- a big or little task, depending on the situation. Essentially, an executor is charged with protecting a deceased person's property until all debts and taxes have been paid, and seeing that what's left is transferred to the people who are entitled to it.

The law does not require an executor (also called a personal representative) to be a legal or financial expert, but it does require the highest degree of honesty, impartiality, and diligence. This is called a **"fiduciary duty"** -- the duty to act with scrupulous good faith and honesty on behalf of someone else.

Executors have a number of duties, depending on the complexity of the deceased person's financial and family circumstances. Typically, an executor must:

- **Find the deceased person's assets and manage them until they are distributed to inheritors.** This may involve deciding whether to sell real estate or securities owned by the deceased person.
- **Decide whether or not probate court proceedings are needed.** Most jointly owned assets pass to the surviving owner, without probate. And if the deceased person's property is worth less than a certain amount (how much depends on state law), it may be able to go through a streamlined probate process. (To learn more about probate, see Probate FAQ.)
- **Figure out who inherits property.** If the deceased person left a will, the executor will read it to determine who gets what. If there's no will, the person in charge (sometimes called the administrator) will have to look at state law (called "intestate succession" statutes) to find out who the deceased person's heirs are.
- **File the will (if any) in the local probate court.** Generally, this step is required by law, even if no probate proceeding will be necessary. To learn more about this process, see Nolo's article Finding and Filing the Will.
- **Handle day-to-day details.** This may include terminating leases and credit cards, and notifying banks and government agencies -- such as the Social Security Administration, the post office, Medicare, and the Department of Veterans Affairs -- of the death.
- **Set up an estate bank account.** This account will hold money that is owed to the deceased person -- for example, paychecks or stock dividends.
- **Use estate funds to pay continuing expenses.** The executor may need to pay, for example, utility bills, mortgage payments, and homeowner's insurance premiums.
- **Pay debts.** If there is a probate proceeding, the executor must officially notify creditors of it, following the procedure set out by state law.
- **Pay taxes.** A final income tax return must be filed, covering the period from the beginning of the tax year to the date of death. State and federal estate tax returns are required only for large estates.
- **Supervise the distribution of the deceased person's property.** The property will go to the people or organizations named in the will or those entitled to inherit under state law.



Also, here is a very good book on being an executor, might be worth it to send to a few selected prospects and clients.

Give **VALUE** every chance you get....BB

http://www.nolo.com/products/the-executors-guide-exec.html

Annuities: Peace of mind

http://investorplace.com/2013/03/annuities-a-little-ease-of-mind-for-retirement/

Nice pro annuity article from Investor Website.....BB

This article was from January, still pertinent. It is being passed around by an annuity marketing company...

Hmmmm....remember you saw it first on Open MIC....BB

The ticking time bomb in bond funds

http://finance.fortune.cnn.com/2013/01/14/bond-fund-time-bomb/

FORTUNE -- Wall Street is in the process of turning one of its most plain vanilla investments - and one that average investors have flocked to in recent years because of its perceived safety - into ticking time bombs. Unfortunately, no one should be all that surprised. Wall Street does this all the time.

The latest victim of Wall Street's reverse alchemy: Bond funds. In the past year or so, managers of these funds have been loading up on debt that on average won't be paid back until at least 2018, and in some cases much, much later.

FRONTLINE April 23rd

http://video.pbs.org/video/2353457763/

The Retirement Gamble

COMING APRIL 23, 2013 Check local listings »

The Retirement Gamble raises troubling questions about how America's financial institutions protect our retirement savings.

Plus....

http://www.investmentnews.com/article/20130414/REG/304149993?utm_source=issuealert-20130414&utm_medium=in-newsletter&utm_campaign=investmentnews&utm_term=text

We have had Brightscope on Open MIC, they provide very important information regarding 401k fees, well worth the trouble to investigate.....BB

Brightscope girds to release prices

By **Dan Jamieson**
Apr 14, 2013

http://www.investmentnews.com/article/20130414/REG/304149983?utm_source=issuealert-20130414&utm_medium=in-newsletter&utm_campaign=investmentnews&utm_term=text

Brightscope Inc.'s plan to disclose **advisers' fee** schedules could provide the public with a powerful tool to compare pricing, but it could also create more issues about questionable data for the online ranking service, which tracks advisers and retirement plans.

The firm plans to begin **releasing adviser fee information** sometime this year — by fall at the latest, said Mike Alfred, co-founder and chief executive of Brightscope, which launched its adviser site in April 2011.

How does this affect us? Pretty simple, fee disclosure is coming to all aspects of the financial industry, we are not exempt....BB

PS: Do I care? No, because it will become how we do business in the future, along with suitability....in the long run, this is all good for us and our industry....BB

I know we have spoken of bonds many times recently, this piece would make a great handout.

Here is a piece regarding Bonds, would make a great off-week drip....for the sake of Open MIC I have highlighted some points in red, not to be used in a mailer.....BB

Bonds and Interest Rates

A look at how one can greatly affect the other.

Is the bond bull history? Bond titan Bill Gross called an end to the 30-year bull market in fixed income back in 2010, and he has repeated his opinion since. Legendary investor Jim Rogers predicted an end to the bond bull in 2009, and he still sees it happening. This belief is starting to become popular – the Federal Reserve keeps easing and more and more investors are leaving Treasuries for equities.[1,2,3]

If the long bull market in bonds has ended, the final phase was certainly impressive. During the four-year stretch after the collapse of Lehman Brothers, $900 billion flowed into bond funds and $410 billion left equities.[2]

In 2013, you have bulls running, an assumption that Fed money printing will start to subside and the real yield on the 10-year TIPS in negative territory. Assuming the economy continues to improve and appetite for risk stays strong, what will happen to bond investors when inflation and interest rates inevitably rise and bond market values fall?

Conditions hint at an oncoming bear market. When interest rates rise again, how many bond owners are going to hang on to their 10-year or 30-year Treasuries until maturity? **Who will want a 1.5% or 2.5% return for a decade?** Looking at composite bond rates over at Yahoo's Bonds Center, even longer-term corporate bonds offered but a 3.5%-4.3% return in late March.[4]

What do you end up with when you sell a bond before its maturity? The market value. If the federal funds rate rises 3%, a longer-term Treasury might lose as much as a third of its market value as a consequence. It wasn't that long ago – June 12, 2007, to be exact – when the yield on the 10-year note settled up at 5.26%.[5]

This risk aside, what if you want or need to stay in bonds? Some bond market analysts believe now might be a time to exploit short-term bonds with laddered maturity dates. What's the trade-off in that move? Well, you are accepting lower interest rates in

exchange for a potentially smaller drop in the market value of these securities if rates rise. If you are after higher rates of return from short-duration bonds, you may have to look to bonds that are investment-grade but without AAA or AA ratings.

If you see interest rates rising sooner rather than later, exploiting short maturities could position you to get your principal back in the short term. That could give you cash which you could reinvest in response to climbing interest rates. If you think bond owners are in for some pain in the coming years, you could limit yourself to small positions in bonds.

Appetite for risk may displace anxiety faster than we think. In this bull market, why would people put their money into an investment offering a **1.5% return** for 10 years? Portfolio diversification aside, a major reason is fear – the fear of volatility and a global downturn. That fear prompts many investors to play "not to lose" - but should interest rates rise significantly in the next few years, owners of long-term bonds might find themselves losing out in terms of their portfolio's potential.

Citations.

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

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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.

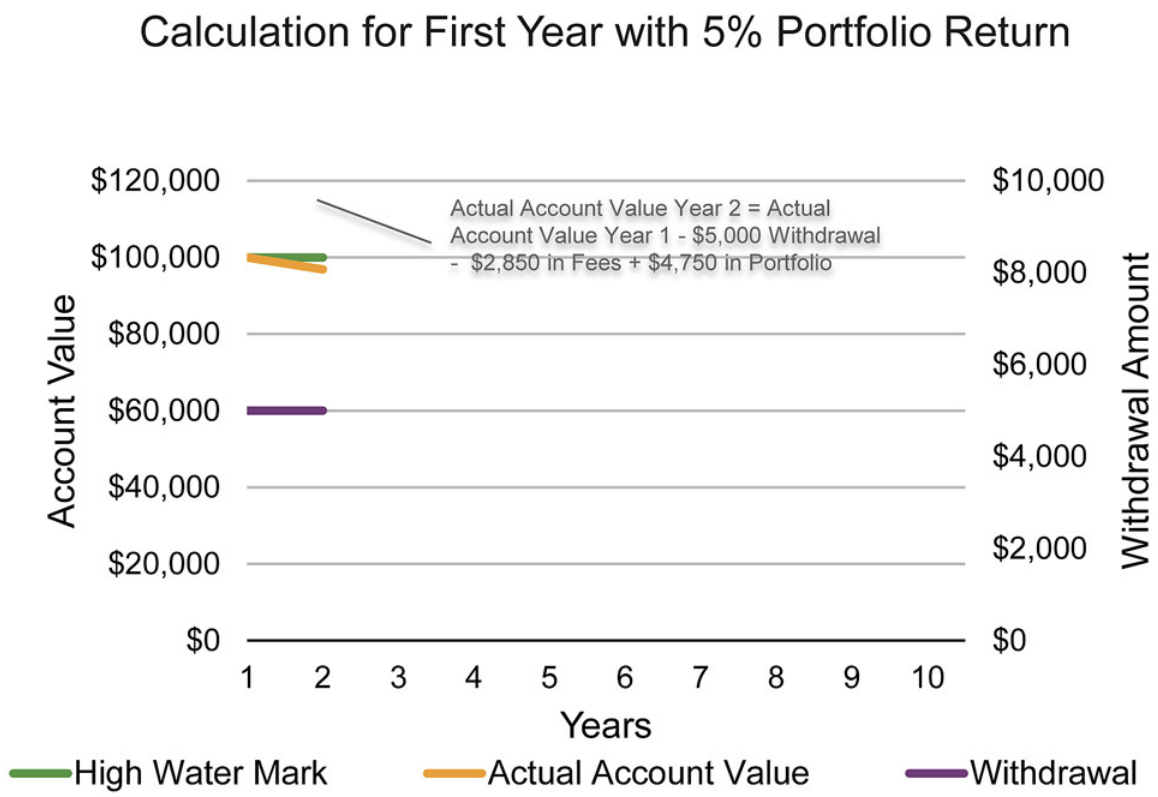
Payments are calculated and made via the above mechanism until the actual account value goes to zero or the investor dies. If the actual account value goes to zero, then the insurance company steps in and continues making the annual payments for the life of the contract**. If the investor dies, the remaining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

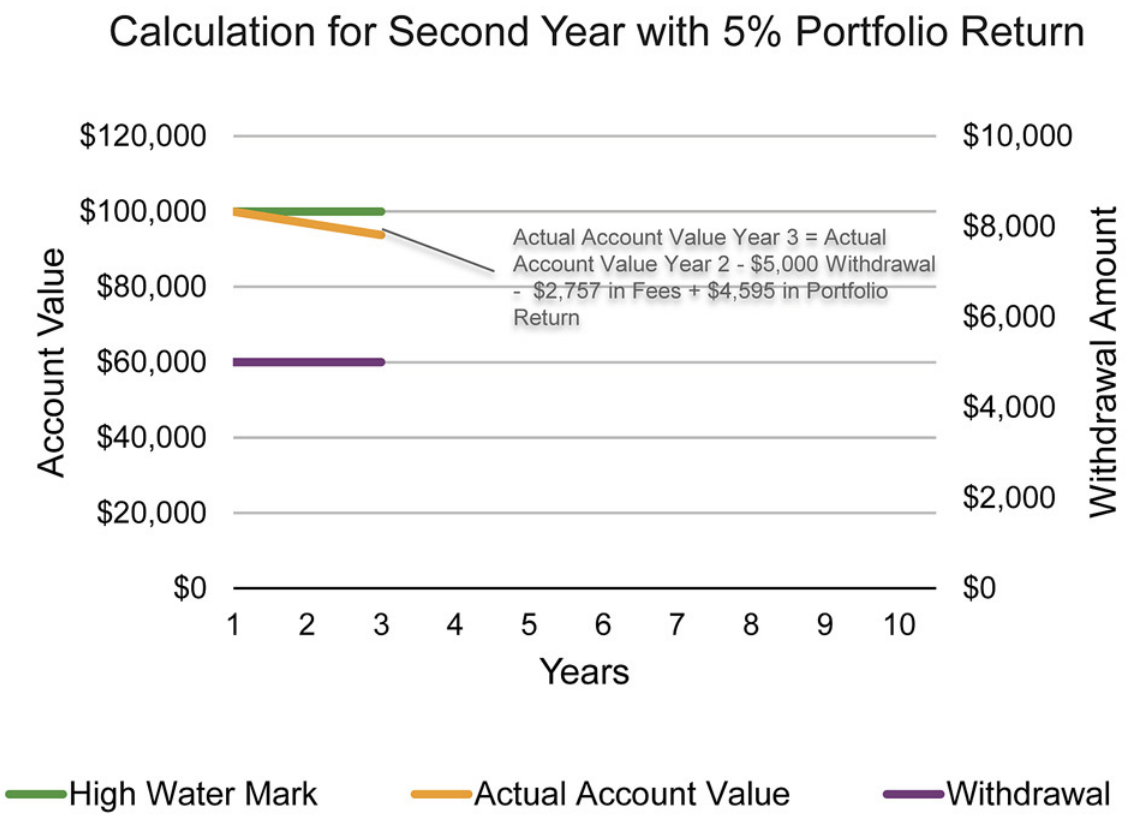
The example begins with an initial investment of $100,000, has fees of 3 percent and a portfolio return of 5 percent a year.

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.

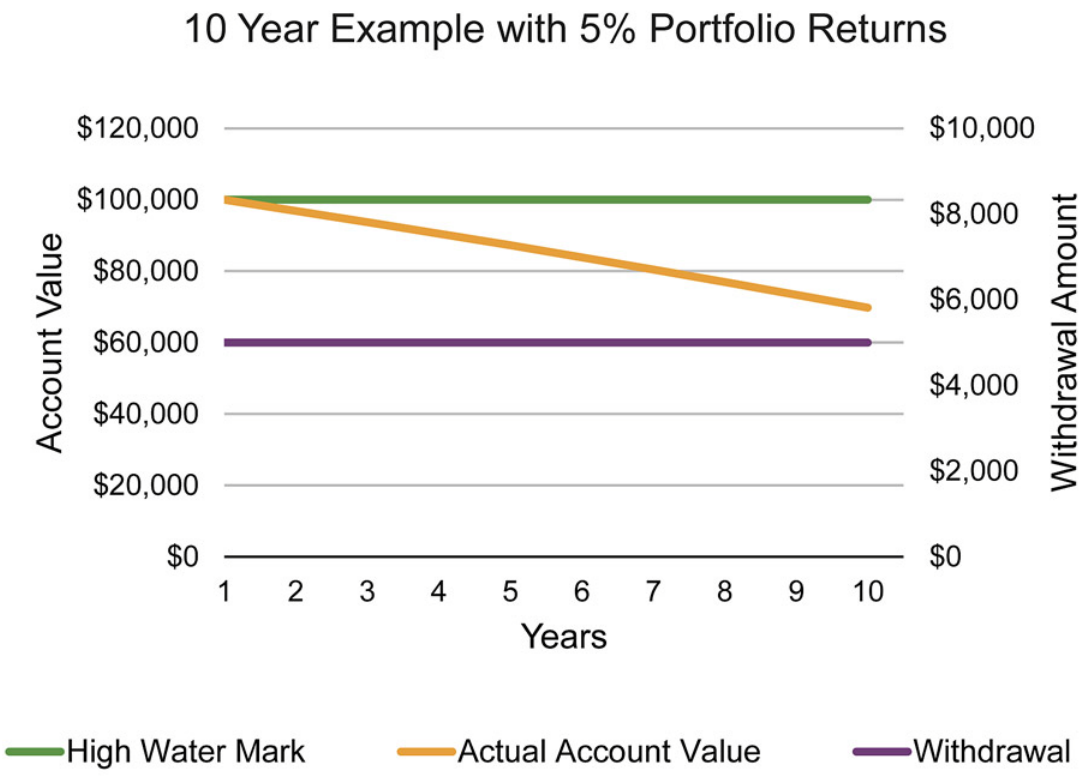
Calculation for the first year with a return of 5 percent on the underlying portfolio:



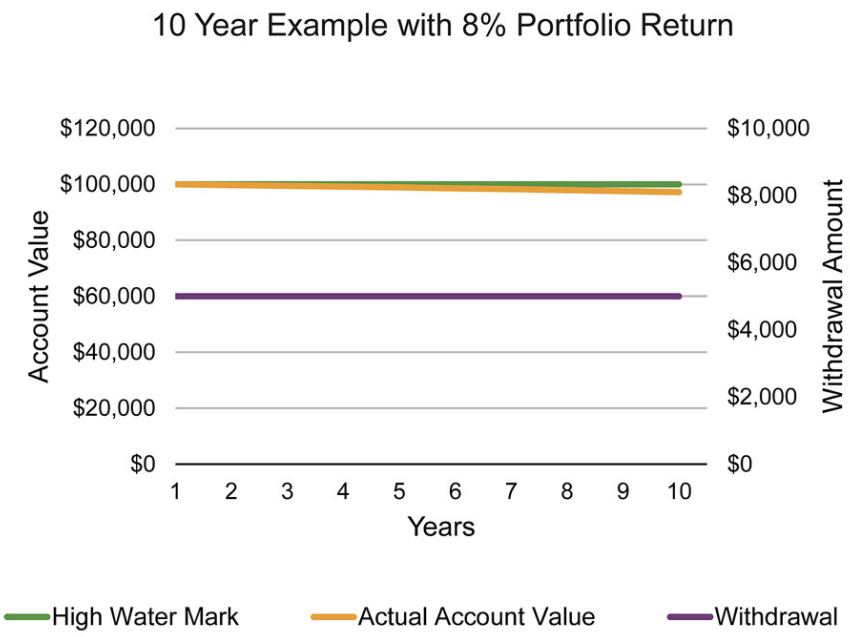
Calculation for the second year with a return of 5% on the underlying portfolio:


Calculation for Second Year with 5% Portfolio Return
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$0
Account Value
$10,000
$8,000
$6,000
$4,000
$2,000
$0
Withdrawal Amount
1 2 3 4 5 6 7 8 9 10
Years
Actual Account Value Year 3 = Actual Account Value Year 2 - $5,000 Withdrawal - $2,757 in Fees + $4,595 in Portfolio Return
High Water Mark
Actual Account Value
Withdrawal

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

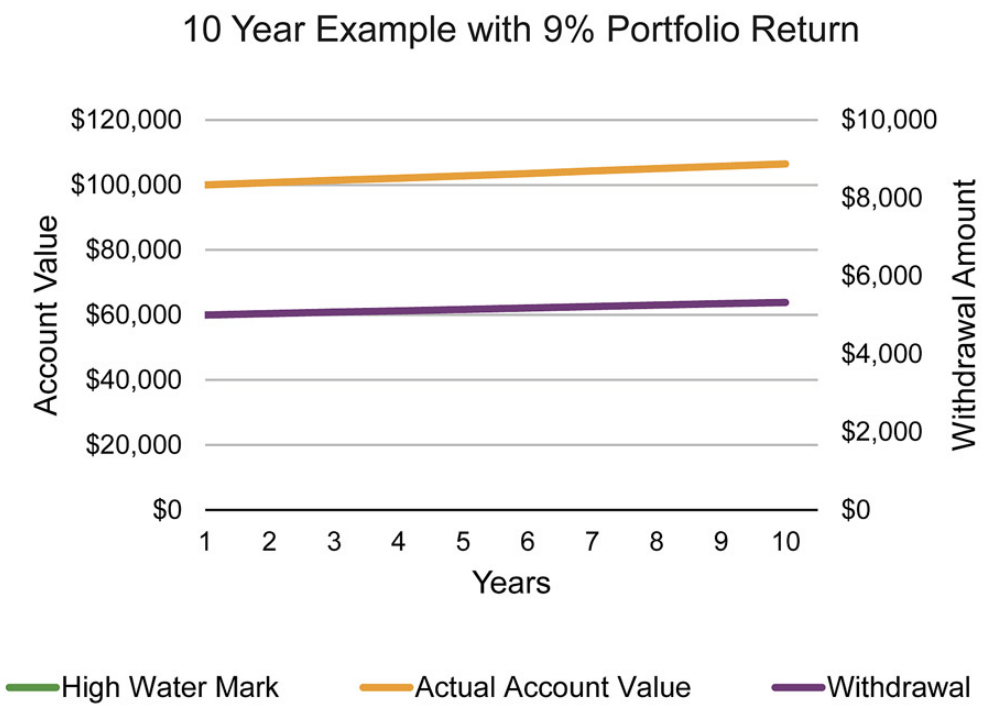


The fourth graph shows the full 10-year example, but with an annual portfolio return of



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.

We Recommend:

Spots are running.....leads....sign up!

Here is the YouTube link:

http://www.youtube.com/watch?v=sGQToDarklU

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:

- The prospect is given your name
- The type of annuity they are interested in
- 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
- Any additional information / notes we are able to gather...

Leads are delivered in real time.

Lead Volume test ~ Each area is individually tested so that we can reasonably predict the number of leads you should receive. Until your area is tested you may receive more leads than you expect.

Leads are then distributed on a round robin basis if there is more than one agent signed up for leads in your area with producing agents having priority.

The travel distance to the lead address is determined by the geographical broadcast area of the TV or Radio station. However, the majority of the leads will be within the highest density population areas.

You can sign up for leads at: Sign up for leads at:

http://www.annuity-admin.com/agents/index.php

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.

Your Annuity.com / Retirevillage.com Team

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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

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Inheritance Enhancer℠

R6042513NW

Form number may vary by state.

Product issued by Great American Life Insurance Company®

Overview

Issue ages

50–85

Rollup credits

At the end of each year during the 15-year rollup period, the death benefit base is increased by 7% of all purchase payments received in the first contract year, including any applicable purchase payment bonuses. Rollup credits cannot increase the death benefit base to more than the rollup cap of 250%.

Resets

Beginning with the first rider anniversary and any anniversary thereafter, the death benefit base may be reset to the account value, if greater. By resetting the death benefit base, the rollup credits can begin again and continue until the rollup cap is reached. A reset may increase the annual rider charge.

Death benefit options

The death benefit under the rider is available after the fifth contract anniversary and may replace the annuity contract's death benefit. Beneficiaries may choose one of two death benefit options at the time of settlement:

- Lump sum: Beneficiaries may select to receive the basic death benefit amount equal to the account value plus 50% of the difference between account value and death benefit base amount.
- Annuitization: If beneficiaries elect to have the rider death benefit paid for life or a fixed period of at least five years, then the rider death benefit amount will be equal to the account value plus the entire difference between the account value and the death benefit base amount.

Proportion used in DBA calculation

Lump sum	Annuitization
50%	100%

About the "Insured"

The "Insured" is the principal person whose death may cause the death benefit to be payable under the rider. The name of the "Insured" is set out on the rider specifications page. Generally, the "Insured" is the owner of the contract. If there are joint owners, the "Insured" is the owner they designate.

Effect of withdrawals

Withdrawals may be taken during any phase of the contract, but the account value, rollup credits and death benefit base may be affected. The death benefit base will be reduced for any withdrawals taken. This rider uses a proportionality concept. If a withdrawal is taken (other than to pay rider charges), the death benefit base will be reduced by the same percentage that is withdrawn from the account value. If the owner takes take a withdrawal that does not exceed the 10% free withdrawal allowance, the rollup credit will be reduced dollar for dollar for that year. Rollup credits will continue to accumulate thereafter until the end of the rollup period.

What happens at death

If the "Insured" dies...

If the "Insured" dies **before** the end of the rider death benefit waiting period:

- If successor ownership is not elected or available, the rider terminates and only the base contract death benefit is payable. Additionally, all rider charges will be refunded.
- If successor ownership is elected, the rider continues and the successor owner will be the "Insured" for purposes of the rider death benefit. The rider death benefit waiting period does not restart.

If the "Insured" dies **after** the end of the rider death benefit waiting period:

- If successor ownership is not elected or available, the rider death benefit is payable.
- If successor ownership is elected, the rider continues and the successor owner will be the "Insured" for purposes of the rider death benefit. The rider death benefit would not be payable until death of the successor owner.

If the "Non-Insured" joint owner dies...

- If the "Non-Insured" joint owner dies and the contract continues because successor ownership is elected, the rider will continue with the existing "Insured" and no rider death benefit or refund of charges are payable.
- If the "Non-Insured" joint owner dies and successor ownership is not elected or available, the base contract death benefit is paid and all rider charges are refunded.

Rider charge

An annual rider charge of 0.75% will be taken at the end of each contract year. The charge is based on the death benefit base and is deducted from the account value. If your client surrenders the contract or terminates the rider, the rider charge will be prorated. The rider charge may also increase upon a reset, a withdrawal that is more than the annuity's free withdrawal allowance or a required minimum distribution, or a permitted transfer of the contract.

A refund of all rider charges will be given if we pay a death benefit under the base contract because of:

- *The death of the "Insured" during the first five years; or*
- *The death of the "Non-Insured" joint owner at any time.*

Amount of death benefits

If a lump sum is selected by the beneficiary, the death benefit amount is the account value plus 50% of the difference between the account value and the death benefit base amount. If annuitization is selected, the amount is the account value plus the entire excess (100%) between the death benefit base amount and account value, annuitized at a guaranteed settlement option rate over a fixed period of at least five years. Five beginning of period equal annual payments will satisfy this requirement.

Rider cancellation

The client may decline or cancel the rider at any time by written request. See the rider for more details.

Guarantees provided in this rider are subject to the claims-paying ability of the issuing insurance company. Please refer to the rider for definitions and complete terms and conditions, as this is a summary of the rider's features. In rider contract, death benefit base is referred to as benefit base amount, and rollup credits are referred to as rollup amounts. *Annuity products issued by Great American Life Insurance Company®. Rider issued under form number R6042513NW. Rider not available for all products. Rider form number may vary by state.*

GREAT AMERICAN®
FINANCIAL RESOURCES

Inheritance Enhancer

a guaranteed death benefit rider from Great American Life Insurance Company®, a subsidiary of Great American Financial Resources®, Inc.

B1096213NW

Inheritance Enhancer

The Inheritance Enhancer℠, a guaranteed death benefit rider from Great American Life Insurance Company®, features:

- ★ Guaranteed growth of your death benefit base
- ★ A death benefit to help build a legacy for your heirs
- ★ Death benefit payment options for your beneficiaries

Adding the Inheritance Enhancer rider

When you choose to add the Inheritance Enhancer to your fixed-indexed annuity, there are two amounts to keep in mind to understand how the rider works: the account value and the rider death benefit base.

Account value–We use this value to calculate the amount that is payable upon surrender, annuitization or death. The account value equals the value of your fixed-indexed annuity, which includes purchase payments plus interest at rates determined by your strategy selections.

Death benefit base–This is the amount on which your rider death benefit will be based. We calculate the rider death benefit by taking the account value and increasing it by a percentage of the difference between the death benefit base under the rider and the account value.

! *The rider's death benefit amount will **never** be less than the death benefit otherwise payable under your annuity contract.*

Guaranteed growth for your legacy

With the Inheritance Enhancer rider, your death benefit base is guaranteed to grow. This amount can increase two ways: through rollup credits and resets.

Rollup credits–During the 15-year rollup period, your death benefit base accumulates rollup credits. Here's how it works: At the end of each year during the rollup period, your death benefit base will increase by 7% of all of the purchase payments you make in the first contract year, including any applicable purchase payment bonuses.

Resets–You also have the opportunity to reset your death benefit base to the account value, if it is greater. You may do this on any contract anniversary. If you choose to reset this amount, a new 15-year rollup period will begin and the rider charge may increase.

! *If you take a withdrawal that **exceeds** your fixed-indexed annuity contract's free withdrawal allowance, your death benefit base will stop accumulating rollup credits. Additionally, rollup credits cannot increase the death benefit base to more than the rollup cap.*

See the back page of this brochure for information about the rollup cap and how the annuity commencement date impacts this rider.

About the "Insured"

The "Insured" is the principal person whose death may cause the death benefit to be payable under the rider. The name of the "Insured" is set out on the rider specifications page. Generally, the "Insured" is the owner of the contract. If there are joint owners, the "Insured" is the owner you designate.

What happens at death

If the "Insured" dies…

If the "Insured" dies **before** the fifth contract anniversary and before the contract is annuitized or surrendered:

- ★ If there is no successor owner, then the rider terminates and only the base contract death benefit is payable. Additionally, all rider charges will be refunded.
- ★ If there is a successor owner, then the rider continues and the successor owner will be the "Insured" for purposes of the rider death benefit.

If the "Insured" dies **on or after** the fifth contract anniversary, but before the contract is annuitized or surrendered:

- ★ If there is no successor owner, then the rider death benefit is payable.
- ★ If there is a successor owner, then the rider continues and the successor owner will be the "Insured" for purposes of the rider death benefit. The rider death benefit will not be payable until the death of the successor owner.

If the "Non-Insured" joint owner dies…

- ★ If the "Non-Insured" joint owner dies and the "Insured" elects to become the successor owner and continue the base contract, then the rider continues with the existing "Insured". In that case, no rider death benefit or refund of charges will be paid on account of the death of the "Non-Insured" joint owner.

- If the "Non-Insured" joint owner dies at any time before the contract is annuitized or surrendered and the "Insured" does not elect to become the successor owner, then the rider terminates and only the base contract death benefit is payable. No rider death benefit will be paid but all rider charges will be refunded.

How the rider death benefit works

With this rider, you can leave a legacy by providing your beneficiaries with a guaranteed death benefit.

Here's how it works: After the fifth contract anniversary, the death benefit under this rider is available and may replace the death benefit under your annuity contract. At the time of settlement, your beneficiaries have the flexibility of choosing between two death benefit payment options:

Lump sum–Your heirs may receive the death benefit amount as a one-time payment. This amount is the average of the account value and death benefit base at the time of death.

To calculate this amount, we:

- Subtract the account value from the death benefit base;
- Multiply this amount by 50%; and
- Add it to the account value.

For example, let's say your account value is $150,000 and your death benefit base is $200,000. Your beneficiaries would receive the account value plus $25,000 ($50,000 x 0.50), making the lump sum death benefit $175,000.

Annuitization–Your beneficiaries may also choose to take the death benefit as an annuitization. With this option, the death benefit must be taken as payments for life or over a fixed period of at least five years. Five beginning of period equal annual payments will satisfy this requirement.

To determine the death benefit, we use the entire difference (100%) between the account value and the death benefit base.

In our example, the death benefit under this payment option would be $200,000. This amount would be annuitized at the guaranteed settlement option rate (1%) in your base contract over the selected period of time. Your beneficiaries may receive payments on a monthly, quarterly or annual basis.

Learn from Joe

To understand how the Inheritance Enhancer rider can provide a legacy for your heirs, consider Joe in the hypothetical example below.

About Joe:

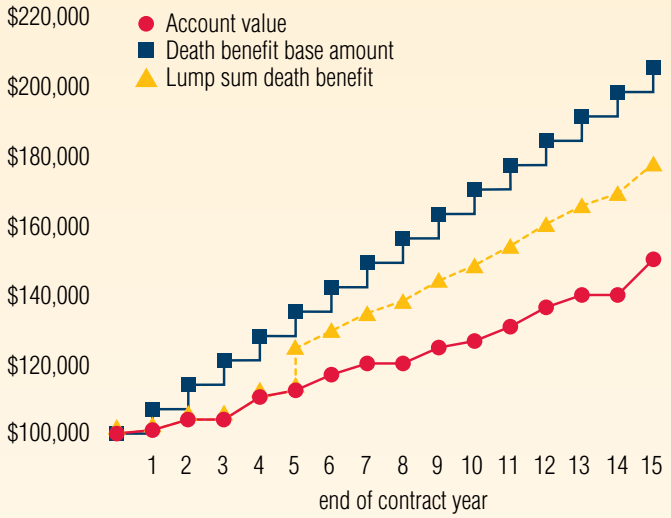
- He is 62 years old and retired.
- He uses income from Social Security and personal savings to cover his costs.
- He wants to protect and grow his assets, while leaving a legacy for his family.

Finding a solution

After researching options with his financial professional, Joe decides to purchase a fixed-indexed annuity with a $100,000 purchase payment and add the Inheritance Enhancer rider. Here's how Joe leaves a legacy with this rider:

Step 1: Joe's death benefit base grows

Rollup credits are applied to the death benefit base during the 15-year rollup period. At the end of this period, Joe's death benefit base has grown to **$205,000** because he did not take any withdrawals.



Example assumes no withdrawals are taken, and a 7% simple interest rollup credit. Account values do not reflect actual market performance. For the lump sum death benefit, this example shows the contract death benefit before the end of contract year five. It shows the rider death benefit as a lump sum after the end of contract year five.

Step 2: Joe leaves a legacy for his family

When Joe purchased the rider, he designated his daughter, Lisa, as the beneficiary. After a number of years, Joe dies. At the time of death, his account value is **$150,000** and his death benefit base is **$205,000**.

Step 3: Joe's daughter receives income

Lisa has the option of receiving the rider death benefit as a lump sum or as an annuitization. If she takes a lump sum, she'll receive a one-time payment of **$177,500**. If she annuitizes it over a fixed period of five years and requests annual payments, we'll use $205,000 to calculate the payments and she'll receive **$41,819** each year for five years (for a total of **$209,095**).

Inheritance Enhancer details	
Issue ages	You may purchase the rider with your Great American Life® fixed-indexed annuity contract if you are between the ages of 50–85. The rider must be added at the time of issue of the fixed-indexed annuity.
Impact of withdrawals	Your death benefit base will accumulate rollup credits as long as your withdrawal(s) does not exceed the free withdrawal allowance or required minimum distribution. Your death benefit base will be reduced for withdrawals taken. This rider uses a proportionality concept. If you take a withdrawal (other than to pay rider charges), the death benefit base will be reduced by the same percentage that you withdraw from your annuity's account value. Withdrawals greater than the free withdrawal amount may be subject to early withdrawal charges. If you take a withdrawal that does not exceed the greater of the 10% free withdrawal allowance or the required minimum distribution, your rollup credit will be reduced dollar for dollar for that year. Rollup credits will continue to accumulate thereafter until the end of the rollup period.
Impact of annuity commencement date	Your rider will terminate and all rights under it will end if you annuitize your annuity. Your annuity generally requires that you annuitize your annuity no later than the contract anniversary following the date you or a joint owner reaches age 95. This means that no rider death benefit will be available if the "Insured" dies after the required annuitization date.
Rollup cap	The rollup cap equals 250% of the rollup base. The rollup base is generally the sum of all of the purchase payments you make in the first contract year, including any applicable purchase payment bonuses. However, if you take a withdrawal that exceeds your fixed-indexed annuity contract's free withdrawal allowance or required minimum distribution, then your rollup base for any future rollups will be reduced to the account value of your annuity immediately after the withdrawal, if lower.
Rider charge	An annual rider charge of 0.75% will be taken at the end of each contract year. The charge is based on your death benefit base and is deducted from your account value. If you surrender the contract or terminate the rider, the rider charge will be prorated. The rider charge may also increase upon a reset, a withdrawal that is more than your annuity's free withdrawal allowance or a required minimum distribution, or a permitted transfer of your contract. Please contact your financial professional for additional information about the rider charge. **A refund of all rider charges will be given if we pay a death benefit under the base contract because the "Insured" dies during the first five years or because the "Non-Insured" joint owner dies at any time.**
Rider cancellation	You may decline or cancel the rider at any time by written request. See your rider for more details.
Terms used in your rider contract	★ Death benefit base is referred to as *benefit base amount* in the rider. ★ Rollup credits are referred to as *rollup amounts* in the rider.

Frequently Asked Questions

Can multiple beneficiaries select different rider death benefit options?
Yes, beneficiaries may choose to take either a lump sum or an annuitization. For example, at the time of death, one beneficiary can choose the lump sum option, while another can select an annuitization.

Can the owner or joint owner restrict the rider death benefit payment option?
Yes, the owner or joint owner may restrict the payment option by completing the Beneficiary Designation and Restricted Death Benefit Election form.

Is this rider available with inherited IRAs?
No, because the required distributions adversely affect the rider death benefit.

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