



**Open MIC is open for anyone.**

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

**Questions?**

**Anthony Owen at [Tony@annuity.com](mailto:Tony@annuity.com)**

# **Famous Quotes**

**“The United States will always do the right thing—when all other possibilities have been exhausted.”**

**Winston Churchill**

***Recipe for Annuity Selling Success:  
“The Only active ingredient is marketing.”***

**Bill Broich**



**See cow in rear window....**



**Professional rodeo clown...Curly Heath moons a bison. The photo was taken at a rodeo in 1959 in Emmett Idaho at the Gem County Fair.**

When I was a boy being raised on a “dirt poor” dairy farm in Emmett Idaho, our neighbor was a professional rodeo clown, **Curly Heath** (above).

He and his sons had an act they performed at local rodeos where they were able to train a donkey to get in the back seat of their 4 door 1949 Ford. They would drive out into the arena, open the door, get the donkey out of the car, ride the donkey around the arena and then back into the car where they would drive off.

One day they brought the donkey to our house in the back seat and performed their act in our back yard.

This is the sort of memory one never forgets. When I saw the cow in the back seat above (photo) it brought it all back to life.

# Editorial

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I guess because I am of the male gender, I am a natural **complainer**. Where is the TV flipper? What time is dinner? Why is my dog so stupid? Etc.

**Complaining** is sort of a way to communicate for most makes....that is how it was explained to me by a trained professional. So I guess I fit right in.

I get **complaints from agents almost daily**, as does Tony Joe and Dave. Agents complain, we listen, try to help but mostly the complaining just wears us out and it is a complete waste of time.

This past week I had an **agent complain** to me about one of our lead programs, he said the leads were no good and he was making no sales. After a closer examination, his total lead count was 7 but he was right, he hadn't made any sales.

Here are some cold hard facts, **leads are not sales**. Leads are "*an invitation to a relationship*" and nothing more. Sure, some of our leads have more information on them than others, some are fresher than others and some are more expensive than others.

But the point is this....a lead does not mean a sale.

One of our new lead systems is our "scrubbed" leads. These leads are called; information is verified then sent to the agent as fresh as possible. It is up to the agent to take it from there.

## **I have decided to share with you some very real statistics.**

We know that **1/10** leads will be a sale. We also know that the “scrubbed” leads will take longer to close.

### **The reason? Simple.**

These leads are internet driven; the average lead is a Baby Boomer. Baby Boomers are much more rate focused and much more informed than their parents. They examine issues more in-depth because of their access to the internet. In short terms, 1/10 will be a sale but it will take longer for the ball to get rolling. You could easily have **40 leads** (at \$150 per) before that 1<sup>st</sup> sale came through.

You must make a commitment to the system, get the leads, work them, follow up, and whatever you do use our sensational system....**RetireVillage.**

Back to complaining, stop it! Stop complaining to me, to Joe, to Dave, to Tony, to Chad, to Andrew....to all of us.

Just ask for help, we are all available and we will do anything in our power to help....but so help me, the next agent who complains to me is off my Christmas Card list.

## One last piece of advice.

- Find a lead source
- Work the leads both good and bad
- Use RV.
- Call the “daily” lead report.
- See the people.
- Write business.
- Invest in marketing.

**And.....stop complaining, just ask for help!**

# And speaking of help...here is one way you can help us help you.

Hello Partners,

Some of you may not realize that we can support you in your large case life insurance needs. We built our agency specializing on 1035, single premium, cash value building, premium financing, buy-sell, and key person life insurance sales. If you have any cases that you need quotes for please use the questions below and forward the information to me. Please do not send me quote requests without all of the information. I cannot facilitate quote requests like, "Please give me a \$1,000,000 life quote for a 65 year old." **Just like annuity sales, a full fact finder allows us to provide accurate and meaningful solutions.**

1. **Name of client?**
2. **Date of Birth?**
3. **Gender?**
4. **Resident state?**
5. **Tobacco?**
6. **Premium Mode?** (i.e. monthly, annual?)
7. **Solve for?:**
  - a. **Face Amount? How much?**
  - b. **Premium? How much?**
8. **Premium maximum?** (i.e. I need to know of budgetary constraints. "Let me see how much this or that would cost" will put us into an endless cycle of back and forth quotes. A good answer would be, "Client wants \$2,000,000 in permanent insurance and is willing to pay up to \$10,000 per year. Does not care about cash value. Just interested in death benefit.)
  - a. **Type of Insurance?:** (i.e. Temporary or permanent)
  - b. **If Term: How long?** (30, 25, 20, 15, or 10 years)
9. **If Permanent: Is death benefit or cash value the main purpose or both?**
10. **List all medications and health issues in the last 10 years and all serious health issues at any time:**
11. **List any foreign travel planned for the next two years including duration and purpose:**
12. **List any criminal activity, major traffic violations, or substance abuse and include all details:**
13. **For face amounts above \$1,000,000.**
  - a. **Annual income?**
  - b. **Total Assets?**
  - c. **Total face amount of other life insurance?**
14. **Purpose of the insurance?** (i.e. survivorship of spouse/children, key person, buy-sell agreement, tax free retirement income, etc?)

Thanks for the biz,

**Anthony R. Owen**  
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Co-Founder, [Annuity Agents Alliance](#)  
Annuity Marketing Consultant, [Annuity.com](#)

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# Food for Thought

Many of the architects of our current malaise worked at **Goldman** first. Republican **President George Bush** appointed former **Goldman CEO Hank Paulson** as Treasury secretary. His predecessor at the Treasury Department, **Robert Rubin**, was a former vice chairman of **Goldman Sachs** and received his nomination from Democratic President **Bill Clinton**. And **Barack Obama's** National Economic Council Director? Former **Goldman** man **Larry Summers**.

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## Crew Share

Email me... ([bbroich@msn.com](mailto:bbroich@msn.com)) your sales success and experiences and share with the Crew....will always be anonymous.

### A Few Comments From Emails This Week About Leads and Selling Experiences....Both Good and Bad

(From 7 emails)

- Dear Bill: Your explanation of “coupon” treasuries left a lot to be desired, could you write a paper about it so we can use it to hand out to our prospects? (tons of stuff out there, you can use a service called Google!....BB)
- I have had many compliments over the articles on Retire Village...thanks.
- I just wrote \$200,000 off an old direct mail lead from a year ago, the prospect called me because of the “Safe Money Book” I had left her.
- How do you sell around these low caps on an indexed annuity....5% is ridiculous. (how much is the interest rate on bank cds?....BB)

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## Hot News and Other Helpful Info

- **Barron's EIA Article:**  
[http://online.barrons.com/article/SB50001424052970203594904576236762848781354.html?mod=BOL\\_twm\\_da](http://online.barrons.com/article/SB50001424052970203594904576236762848781354.html?mod=BOL_twm_da)
  - **Boomer article Retirement:**  
<http://www.dailyjournal.net/view/story/e9ffac6ab79449569ed09f960ae374af/US-401k-Insight-From-Saving-to-Spending/>
  - **Annuity sales rise article:**  
<http://www.bankinvestmentconsultant.com/news/annuity-kehrer-limra-2672715-1.html>
  - **AG Edwards VA Refund article:**  
<http://www.kansascity.com/2011/04/19/2812505/ag-edwards-to-repay-some-investors.html>
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**This will only benefit agents such as are in our crew, fact finder based and needs selling. BB**

## **IRI: NAIC Model Puts Insurers on Hook for Annuity Suitability**

By Fran Matso Lysiak, senior associate editor, BestWeek  
Source: A.M. Best Company, Inc.

State insurance regulators' latest annuity suitability model regulation makes it **"crystal clear"** that an insurance company is ultimately responsible if agents and financial sales professionals sell an annuity that isn't appropriate for someone's financial needs, says a regulatory expert.

Regulators want to be sure of who's **"on the hook"** regardless of how an insurer contracts out a sale, said Karen Alvarado, vice president of regulatory affairs for the Insured Retirement Institute.

The National Association Insurance Commissioners Suitability in Annuity Transactions Model Regulation of 2010 is intended to stop misleading practices by some agents and brokers when they sell annuities by requiring a supervisory system (BestWire, March 9, 2011).

The insurer usually sells through an intermediary, whether it's a broker-dealer or "some sort of marketing organization," Alvarado said. Under the prior model, they could contract with those firms to provide suitability review because they're at "the point of sale." The insurer has always been responsible but regulators want to make sure they have language that makes it clear, Alvarado said. For example, language such as **"the insurer is responsible, no matter what"** appears throughout the model, she said.

The model requires insurers to maintain procedures to review each recommendation before issuance and requires them to maintain additional procedures to detect unsuitable sales, such as through customer surveys and internal monitoring, according to the IRI.

Under the existing model, there is no training requirement. Probably the biggest change is the training, said Alvarado, who spoke with BestWire at the retirement industry conference in Las Vegas. Insurers must provide a **one-time, four-hour, annuity training**, but more important, they must train on each product that they sell, she said. “Each insurer is having to provide product-specific training to every person that is selling their own product.”

Nine states have adopted the model, and 14 states have introduced legislation or regulations mirroring the model, with three states already having specific training requirements, according to the IRI. The National Conference of Insurance Legislators recently passed a resolution calling for uniform adoption and implementation of the NAIC model (BestWire, March 8, 2011).

The IRI is helping insurers comply with the new regulations. This model is not addressing a systemic problem in the industry, Alvarado said. The vast majority of annuities that are sold to people are sold appropriately, she said.



**Hmmm....interesting twist....BB**

## **Geithner says "no risk" U.S. will lose AAA rating**



Credit: Reuters/Kevin Lamarque

By [David Lawder](#)

WASHINGTON | Tue Apr 19, 2011 3:38pm EDT

(Reuters) - U.S. Treasury Secretary Timothy Geithner, going on the offensive one day after Standard & Poor's threatened to lower its top-tier rating on U.S. government debt, said on Tuesday there was **"no risk"** of a downgrade.

**Prospects for a deficit-reduction deal were improving**, Geithner said on Tuesday as he appeared in a morning blitz of television shows. He said in one appearance that he did not have to reassure foreign buyers of U.S. debt in the wake of S&P's warning.

Geithner said Democrats and Republicans now agree on the need to put in place "enforceable" targets to slash deficits by some \$4 trillion over the next decade or so.

"If you listen carefully now, you see the leadership of the United States of America ... recognizing now this is the right thing to do for the economy," he told Fox Business Network.

**Standard & Poor's on Monday threatened to downgrade its AAA rating on U.S. Treasury debt unless the Obama administration and Congress find a way to slash the staggering federal budget deficit within two years.**

**Really when you think about it.....Remember a few years ago when we depended on S/P and others of their rating of stocks and bonds...do you really trust anyone anymore? Who says S/P is credible plus they are always basing their ratings on a trailing history..., the past....BB**

## More from Porter Stansberry (edited)

The bigger question is what will happen on **June 30**... the day quantitative easing part two (QE2) ends. Maybe we're naïve to think Bernanke will ever stop printing money – even if just for a few months.

David Kelly, chief market strategist at JPMorgan, thinks Bernanke will **continue reinvesting maturing debt into Treasuries** after QE2 officially ends. That would amount to **\$17 billion a month**. This wouldn't expand the monetary base. It would, however, keep Treasury yields artificially low.

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From SMA

- **7 in 10** — Number of advisors who have experienced net increases in retirement income clients.
- **6 in 10** — Number of boomers who within five years of retirement prefer to consult an advisor when making financial decisions.
- **1 in 3** — Number of advisors who see income guarantees as the key new product feature.

## Advisors see a boom in boomer clients

BY GINNY KIPLING

Published 4/19/2011

An Insured Retirement Institute webinar for financial advisors revealed in the last year, more than **7 in 10 advisors** have experienced net increases in retirement income clients. **Almost 1 in 3 advisors also see income guarantees as the key new product feature.**

The webinar was hosted by IRI as part of last week's education activities for [National Retirement Planning Week](#). During the webinar, advisors from different states were shown ways to find client needs versus wants, manage

an income portfolio and how to differentiate their practice and grow while finding guaranteed-income solutions for clients.

Regarding the webinar results, IRI President and CEO Cathy Weatherford said, "Financial advisors have an extraordinary opportunity to expand their client base by developing holistic portfolios to address the growing retirement income need of the millions of boomers beginning to turn 65 this year, as well as the **4 million boomers turning 60 each year for the next 18 years.**" (each year...did you see that stat?...BB)

Weatherford also noted that having advisors who have client's best interests in mind will see more growth in their business. "IRI research shows that 6 out of 10 boomers within five years of retirement prefer to consult an advisor when making financial decisions. In order to successfully serve these boomers, financial professionals need access to credible information, education and tools," she said.

*Source:* Insured Retirement Institute

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**Are you ready for the Emmett Huskies, they are ready for you....(old high school team yell)....sorry just got carried away by all these boomers coming....BB**

## **The boomers are coming: Are you ready?**

BY DANIEL WILLIAMS

Published 3/15/2011

**SMA:** In the "Reclaiming the Future" study, I see the quote where you say that boomers seem to understand the role that **guaranteed lifetime income** can play in their retirement strategy... is that due to the fallout from the financial meltdown? Why do you believe they get it now?

**The stereotype has been that boomers are resilient and if they lose their fortune today they'll make it back tomorrow.**

**Americans believe there is a retirement crisis in the U.S.** Ninety-two percent agree with that statement. Among those in their late 40s, that number rose to **97 percent**. And all (100 percent) of the respondents with lower income levels (HH income of \$30k-\$45 k and investable assets under \$50k) agreed.

**Americans fear **outliving their money** more than they fear death.** A surprising 61 percent of the respondents said they were more scared of outliving their assets than they were of **dying**. A whopping **82 percent** of those in their late 40s who had dependents were more afraid of outliving their money than they were of death.

**The economic downturn was a big wake-up call for Americans.** More than half (53 percent) reported that their net worth dropped significantly in a very short period. About 43 percent saw their home's value drop. Almost as many (41 percent) realized that they were not as "in control" of their financial future as they'd thought.

**Americans are changing their behaviors.** More than half (52 percent) said they had **cut back** on entertainment and dining as result if the downturn. Almost half (47 percent) found ways to cut daily expenses. 11 percent told their kids to expect less financial support. And about 5 percent actually decided to move to a less expensive area.

**Americans view retirement planning differently after the recession.** More than half (51 percent) came to realize that a comfortable retirement is not guaranteed. 46 percent decided that protecting the security of their assets was "much more important

now.” And almost a third (30 percent) wanted to provide themselves with “a new level of certainty” about their financial future.

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## More on Fear from Boomers....BB

### Boomers fear retirement more than death

BY MATT THORNHILL

**Allianz Life Insurance** asked 3,200 adults (ages 45 to 75) which they feared the most: dying or running out of retirement money before they died.

It turns out that **three out of five** people (61 percent) say they fear outliving their retirement savings more than death itself. Ninety percent of boomers and members of the Silent Generation concur that the U.S. faces a retirement crisis, and they are getting pretty nervous about it.

#### It comes down to failure to plan

The anxiety of some respondents may be attributable to the fact that they have failed to engage in meaningful financial planning. Nearly one third (31 percent) said they are unclear what their retirement expenses will be.

When asked how much yearly income they thought they would need in retirement, they guessed **\$59,000 a year**—but they were off by a **factor of three** when estimating how much they need to save to generate that much income.

These results don't surprise us, as we've done study after study where people tell us they are fearful about income in retirement. **What's scary is they do not know how much money they'll need.**

**(how much money would it take to receive a retirement benefit of \$59k a year....this is a great question to ask a prospect...BB)**

Answer...Male age 65...life only...Your investment of **\$883,824** will yield 3.00% based upon our mortality assumptions and the U.S. Treasury yield. This investment will provide you with **\$5,000 every month** for as long as you live, beginning on June 1, 2011.

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**This was sent to me by an old friend who is still with a large mutual insurance company..."cutting edge" marketing for them, but it does still make sense when you put it into perspective....BB**

## **Two Words That Get Prospects' Attention**

**Getting in the door with prospects: Getting a prospects attention is not always easy. It requires being creative and persistent.**

A much overused but still effective pitch line is this:

***"Are you satisfied with the interest rate you're getting on your bank balances?"***

Almost always, the answer is **no**. Sometimes this question leads to a short meeting where the relationship can be expanded.

But the fact is that this approach increases your chance of getting the prospects attention and inevitably to a discussion about their personal financial situation.

When approaching prospective clients, I was taught to speak about collecting information, building a relationship through fact finder and an inevitable solution of how an annuity could benefit the prospect. This approach is taught by **The Northwestern Mutual** as basic marketing.

These pitches are fairly generic, and in some cases they focus on the process rather than the outcome. (For anyone who's gone through basic sales training, you'll recall being told to emphasize benefits, not features.)

The reality is simple, it doesn't work unless you are able to learn how a prospect feels about their situation, their assets and has a clear understanding about what they hope to accomplish.

A better approach could be to use these two words which will get through to a prospects feelings.

**Two very important words: managing risk**

## **Other hot buttons**

Remember, to get a prospect's attention today, you need to focus on prospect hot buttons, managing risk isn't the only one, but it's a big one.

Other hot buttons include **saving taxes, reducing investment fees and protecting assets.**

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**Some very startling points here...could be the basis for a whole marketing theme....BB**

**(From Senior Market Advisor)**

## **Five longevity trends affecting the need for LTCI**

***By 2050, about 20 percent of Americans will be 65 or older.***

- **BY DANIELLE ANDRUS**

Americans are living longer, but how will that extended lifespan affect your clients' plans for retirement? **By 2050, about 20 percent of Americans will be 65 or older**, *U.S. News and World Report* writes - that's about 90 million people. O

f those, **11 percent will be 75 or older**, and 9 percent will be between 65 and 74. The magazine highlights some trends that will shape seniors retirements.

**1. Financial protection (or the lack thereof).** The poverty rate among seniors is about 10 percent – not bad compared to the national poverty rate of 13.2 percent – but an additional one-quarter of seniors are near the poverty line, according to *U.S. News*.

“When the recession's financial impact is clearer in a year or two, the picture may get worse, because of rising healthcare costs and the absence of cost-of-living adjustments (COLA) in Social Security benefits,” the magazine writes.

**2. A decrease in depression.** Seniors are less likely to be depressed but the 40-59-year-old group is especially at risk. Over 7 percent of people in this age group report being depressed.

### **3. An increase in chronic health problems.**

Not much of a surprise here, but the magazine points to data from 2007 which shows that the percentage of people over 65 who said a chronic condition limited their activities was more than double the percentage of the 18-64 set. And, as chronic conditions increase, so too will the **cost of health care**. *U.S. News* cites one survey that shows people over 65 paid an average 15 percent of their health care expenses out-of-pocket in 2006. Those with private health insurance paid even more; 21 percent of health care expenses were paid out-of-pocket, according to the magazine.

### **4. Alzheimer's will become the main cause**

**of death.** Alzheimer's was responsible for only **4 percent** of deaths in 2006, but it's expected to take over as the leading cause of death, the magazine writes. A study by the Alzheimer's Association found the number of deaths attributed to the disease increased over 46 percent between 2000 and 2006. In contrast, heart disease deaths decreased over 11 percent in the same time period. According to the Association, people 60 or over with Alzheimer's live an average of four to six years after their diagnosis.

### **5. Fitness will fall as stress and weight**

**increase.** Women suffer **higher rates of hypertension** and high cholesterol, according to data cited by *U.S. News*. About 65 percent of senior men suffer hypertension, compared with between 70 percent and 80 percent of women. Nearly twice as many women suffer high cholesterol than men – 19-24 percent compared with 10 percent – and about one-third of seniors are clinically obese.



# The articles above tie into the topic below....BB

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Great stuff here....listen up....BB

**Guaranteed Lifetime Withdrawal Benefit – GLWB...definition from Investopedia.com**

**What Does *Guaranteed Lifetime Withdrawal Benefit - GLWB* Mean?**

A rider on a variable annuity that allows minimum withdrawals from the invested amount without having to annuitize the [investment](#). The amount that can be withdrawn is based on a percentage of the total amount invested in the annuity.

**(odd they would refer only to variable annuities...BB)**

## The "why" behind the GLWB explosion

- **BY JACK MARRION**

One year ago, the first index annuities offering guaranteed lifetime withdrawal benefits were introduced. By the spring of this year a majority of top indexed carriers were offering **GLWBs** on at least some of their annuities, and almost all of the fixed carriers I consult with were developing GLWBs for their own products.

Looking further, I discovered that a majority of the top-selling **variable contracts** were now also offering GLWB riders. Why the interest in GLWBs, and why now?

The "**why now**" stems from insurance companies trying to transition to meet the retirement needs of the boomer generation, which include both a need for income and a need for freedom. **GLWBs offer a payout that is guaranteed for life**, and that should be attractive to folks in or approaching retirement. In addition, a GLWB preserves access to assets; an annuity owner can surrender his contract at any time and receive the net value of the account.

The "why" is GLWBs attempt to overcome two distinct problems with current retirement income solutions.

Many financial advisors suggest withdrawing an inflation-adjusted **4 percent** of a retiree's financial assets each year to produce retirement income. The reason is if you plug that withdrawal rate into the historical performance of the markets, and also use historical inflation rates, the retiree's assets will very likely last for 30 or 35 years. **But what if history doesn't repeat and the retiree runs into a prolonged bad patch of low returns?** The money could run out much sooner. Using actual history as a guide, a 4 percent withdrawal rate doesn't always last 30 years.

Alternatively, a senior could buy an immediate annuity with a lifetime payout. A person in his 60s could get a payout rate of around 8 percent and perhaps over 9 percent if in his 70s.

However, there is a big psychological problem with annuitization. Dr. Meir Statman of Santa Clara University in California says there is a **smell of death surrounding the choice**, because when you annuitize, you are no longer hoping to build assets to use in the future but instead admitting that you will die in the future.

**GLWBs solve both of these problems.** The guaranteed lifetime withdrawal benefits not only provide a guaranteed payout, they also preserve hope. Although the original premium may be gone when the owner is, it may not. It may even grow, permitting the owner to both eat his retirement cake and have it to pass to his heirs.

GLWBs usually offer at least a **5 percent** initial payout, which is higher than the suggested 4 percent withdrawal rate. These payouts are not

indexed to inflation, but almost every fixed or variable annuity offering a GLWB has "step-up" features, meaning any account gains above the withdrawal rate are reinvested to produce higher future income. And on most of the fixed annuities and some of the variable ones, the GLWB payout could be 6 percent or 7 percent as the age at first withdrawal increases.

GLWBs are designed to generate guaranteed income while keeping the **hope of preserving assets alive**. They are not designed for long-term accumulation nor are they structured to maximize potential income. A combination of financial resources is needed to ensure a successful retirement. But an annuity with a GLWB benefit probably deserves to be a part of that combo.

## Here come the Boomers

In anticipation of the boomer exodus from the work force, financial services companies have inundated the market with GLWB – income riders available on VA and fixed indexed annuities.

### VAs with GLWBs

In recent times, advisors have been very inclined to turn to VAs with GLWBs. According to a recent LIMRA survey, nearly 90 percent of all VA sales, a \$150 billion-a-year market, include a **living benefit feature**. The popularity of VAs with a GLWB as the go-to guaranteed retirement income solution is directly linked to their perceived ability to deliver protection against the **risks of longevity**, sequence-of-returns and inflation.

VAs with GLWBs offer guaranteed income for life that provides security against the risk of running out of money if you live too long (longevity risk), or retire at the wrong time in a market cycle (sequence-of-returns risk). However, VAs do not provide a guarantee against running out of lifestyle and purchasing power (**inflation risk**).

Instead, the investor is relegated to “self-insuring” against inflation risk by leveraging the ability to allocate to the equity markets in their efforts to grow the underlying account value and in turn, their income. While this may sound like a viable strategy in theory, the cost of the underlying

subaccounts, mortality, expense charges and rider fees make it unlikely to succeed in practice after withdrawals have begun.

Finally, VAs with GLWBs do not provide a guarantee against running out of assets during the distribution phase due to the sequence-of-returns risk. It is only the withdrawal stream that is insured. Thus, a VA with a GLWB provides lifetime income with access to underlying assets **while they last**, but with limited ability to keep up with inflation.

## **FIAs with GLWBs**

Like their VA counterparts, FIAs with GLWBs are also popular among independent agents.

**The FIA is a fixed annuity that differs from a VA by providing a guaranteed minimum rate of return on all the principal, but like a VA, it offers potential upside.**

This is accomplished via the mechanism for crediting interest to the account values. The index crediting mechanism provides an annual interest credit that is based on the price change in a selected equity market index. While it typically credits part of the upside change in an index, it will not credit less than **0 percent**, thus protecting principal and accrued interest.

**The ability to provide potential upside without risk to principal is an important distinguishing characteristic of fixed index annuities.**

With boomers poised to leave the workforce en masse, financial services companies have inundated the market with income riders for annuities. The proliferation of these products have left the typical advisor in a conundrum as they try to stay on top of all of potential client solutions. The

differences between fixed income and variable annuities with guaranteed lifetime withdrawal benefits and advice on choosing the right choice for your client.

## **Differences between FIAs and VAs with GLWBs**

Both exhibit the same potential benefits and shortcomings. However, besides the principal protection, there is another key distinguishing characteristic between the two: **the level of fees charged against the account.**

The fee for a GLWB on an FIA is **typically a fraction (or included in the contract....BB)** of the cost of the rider on a VA.

Furthermore, the total fees on a VA with a GLWB can be several multiples of the fees on an FIA with a GLWB.

The key implications to the principal protection and fee differences between the two are:

1. When the total fees in a VA with a GLWB are taken into account, the reduction in the expected performance of a VA will be lower making it act more like a bond than an equity in terms of performance.
2. A GLWB with a feature set (i.e., annual increase on the income base and guaranteed withdrawal factor), **costs substantially less to deliver on an FIA platform than on a VA platform.**

In combination, these two differences suggest that an FIA with a given GLWB may deliver relatively the same amount of guaranteed income as a VA with the same GLWB, **but with principal protection.**

In fact, it is not difficult to imagine cases where some FIAs with a GLWB could deliver **more** guaranteed income, higher account values and principal protection than some VAs with GLWBs for a given client.

.Partly written by Garth Bernard....here is his contacts.

[garthbernard@sharperfinancial.com](mailto:garthbernard@sharperfinancial.com) or <http://www.sharperfinancial.com>.

## **Fees on variable annuities and fees on FIA.**

**A variable annuity is fee based. These fees are based on the contract, the investment and the riders.**

**Here is an example, actual fees will vary by company and contract:**

Basic contract	1.40% of Account Value
Investment management	.50 to 2.0% of AV
GLWB	.50 to 1.0% of AV
Increasing death benefit	.50 to 1.0% of AV

Considering a VA with a value of \$100,000 the total fees and expenses could be

**2 to 4+% of AV annually.**

Any investment returns would be added, and investment losses would be deducted. It is easy to find these fees, simple Google the name of the VA and download the prospectus, if you can't find it call the insurance company and have them email it to you. Simple, easy and effective. Nothing is better for your prospect to see than the company's prospectus showing their fees and expenses in their own document.

## **Fixed Indexed Annuity Fees.**

Contract fee	0%
Investment fee	0%
GLWB	0% to .75% depending on contract
Death Benefit Enhancement	none that I know of

**Plus returns are never negative, money is never at risk.**

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**Found this on the internet...might be of interest to you, basic stuff but good points...BB**

**5 more lame sales questions advisors need to avoid**

**BY KELLEY ROBERTSON**

Published 4/18/

In the last post, I shared groan inducing questions some advisors ask their clients. Here are a few more lame questions every advisor should avoid asking.

1. **“Would you give me a referral?”** I might if I knew what type of person or company you wanted an introduction to. Be specific and help your customer understand who would make a good referral. Saying “anyone” is not an effective reply.
2. **“What do you know about us?”** I know you like this question because when people say they don’t know anything, it gives you the chance to start telling them everything you do. Unfortunately, this only serves to bore them and cause them to count the seconds until the meeting is over. Remember, the sales call and meeting isn’t about you; it’s about your prospect or customer.
3. **“If I could show you (insert pathetic expression such as ‘how my product will benefit you’) will you buy?”** Can’t you come up with anything better than that?
4. **“Are you ready to buy?”** Perhaps, if I could figure out how your product or service would benefit me, I might. But considering I just starting thinking about this purchase and you’re the first person I’ve talked to, I highly doubt it.
5. **“Who else should I talk to in your family”** You seriously think I’m going to introduce you to my brother or colleague with an approach like that? However, if you help me solve a problem, I’ll be more than willing to introduce you to another department or division.

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**I had a question last week about IRA withdrawals prior to age 59 ½....I found this from Ed Slott....BB**

## **Early Withdrawal from IRA**

**Look for an exception to the penalty.**

The main exceptions are:

- **disability, death** (distributions to beneficiaries are never subject to the penalty)

- **medical expenses** in excess of 7.5% of AGI (adjusted gross income) in the year of distribution,
- **first-time homebuyers**
- **higher education expenses**
- **health insurance** for the unemployed receiving unemployment compensation for 12 consecutive weeks.

If no other exceptions are available, pick one of the IRS approved methods under Code Sec. 72(t).

The three methods are: **annuitization, amortization** and the Required Minimum Distribution method (**RMD**).

The interest rate used for amortization and RMD methods cannot exceed 120% of the federal midterm rate in either of the 2 months preceding the first distribution.

There are Internet calculators to help with these calculations. 72(t) payment modifications. Once a 72(t) payment plan is established it **cannot be modified** during the payment period **except in the case of death, disability** or a one-time (penalty-free) change from the annuity or amortization method to the RMD method.

If a modification does not fit into any of these categories, the 10% penalty is applied retroactively to all distributions taken before age 59 ½ plus interest.

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*April 06, 2011*

## **DAN FUSS: A 20-YEAR BEAR MARKET FOR BONDS IS STARTING**

The odds are five out of six, or **about 83%**, that interest rates will rise, albeit with breaks and intervals, for the next 20 years, according to Loomis Sayles vice chairman Dan Fuss. The first inning has yet to start, but the pitchers are throwing their final warm-ups in the bullpen, he explained.

“Demographics are such; that it’s why I say 20 years,” Fuss remarked at Loomis Sayles annual press meeting on March 5. “Then we are into a totally different world.”

Fuss, who was **Morningstar’s Fixed-Income Manager of the Year** in 2009, has spent nearly half a century managing bond portfolios, and he knows something about the proclivity of fixed-income markets to stay in long-term secular trends. He spent the first 20 years of his career in a secular bear market for bonds, and the next 30 in a secular bull market.

The early stages of this next secular bear market could be rather mild, as the **Federal Reserve Board exits QE2** and waits to raise interest rates gingerly. “If a currency gets on a destructive path, nominal rates will go through the ceiling,” Fuss remarked. “But I think it will be more orderly.”

Fuss doesn’t foresee a violent bloodbath like bonds experienced in 1987 and 1994 in the near term. Ten-year Treasurys are like to end 2011, at 4.00%, up from the current 3.4%, unless foreign entities sharply reduce their purchases of U.S. Treasurys, in which case the ten-year could go as high as 4.50%. At some juncture during the next two decades, Fuss says it wouldn’t be shocking if some Treasury maturities sported double-digit yields.

What could derail Fuss’ scenario? Demographics. “On an interim basis, you could get a productivity boom,” he explained. “Right now, 56% of the population is in the workforce,” he said. “In the late 1990s, it went to 64% and the federal budget went into a surplus.”

The days of a federal budget surplus look a lot more distant than 11 years ago, but stranger things have happened. Anecdotally, this seems to be happening in, of all countries, Japan, where Fuss hears that more than a few people in their seventies and eighties are getting bored on the golf course and going back to work.



I had a call about a new marketing company where you had to buy your “territory” and then you sold sub franchises to other agents, seemed a lot like a multi marketing scheme to me. I haven’t found a lot on the internet, but did find this blog entry. Investigate yourself....BB

## ISMAmerica (name of company)

(from insurance blog, don’t know the writer)

Hello had an interview with a company called ISM they sell a product called freedom flex. built in life and annuity product. Here is the kicker to be a divisional manager you pay over \$2,000 to join. You then recruit agents and they pay \$399 to join can you believe this? Just wanted your thought on this. Thanks

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## Why Email Marketing Doesn’t Work...



Despite all of the **buzz and excitement** swirling around social media marketing — much of it driven by hype I might add — email remains the killer app for online marketers who demand an immediate and measurable return from their marketing efforts.

Given a choice between 100 visits driven by social media and 10 from email marketing I’ll take the 10 any day of the week.

My professional opinion is that traffic is only as valuable as the conversion (leads and sales) it brings you. “Buzz” should never be a primary aim, rather a by-product of generating leads and making sales. And in most markets, email driven traffic is 15 to 20 times more likely to convert than social media traffic.

So why are so many marketers struggling these days to make email marketing work?

One reason is because they’re wasting too much of their time with social media.

Here's the pop theory...

Social networks are like backyard barbecues. You head on over and sit around the barby sippin' a few proverbial wobbly pops, chatting up the locals, making friends, talking about the weather and the game and other idle gossip. And sooner or later somebody is sure to ask: So what do you do?

And that's your chance to invite 'em over to your place — **your blog, I mean**. And on your blog you've got plenty of hearty hospitality that proves you're a swell guy or gal definitely worth knowing the next time your new-found friends ever need what you're selling.

Now, even a hair-on-fire social media fanatic will tell you your next step in **the long and winding road to revenue is to try and get these visitors to sign up to your email list**. So you've got an email sign up box on your blog with a delicious free gift your new friends can take home with them. That way you can market to them on demand — well into the future.

Just one problem with all this awesomeness: **Way too much work for too little return**. You have to sift through far too many of these social media butterflies to find a serious prospect. I mean, why do people go on social media sites? To socialize! That's why they're called "Social" networks.

## **Why not start with quality traffic in the first place...**

... People who are actively searching desperately for an answer to the problem you solve. Duh!

Another reason marketers struggle with email these days — even those who understand that you need quality traffic to begin with — is what I call **the curse of voluntary anonymity**.

### **There is an epidemic of distrust on the Internet...**

Unless you're a known brand like Apple or Amazon, (**or annuity.com...BB**) the first thing a new prospect does when they come to your website or blog is try to figure out **who the heck you are**.

Before they engage with your promise and sign up to your email list, they want to know if you seem honest, competent, and sympathetic. And if they do decide to connect with you via email they want to be subtly reminded of these qualities each time you drop in to say "Hi"...

Yet you've seen it a thousand times before... **flashy html emails** from [insert catchy company or publication name here] waxing poetic about [insert product name or topic here] — the whole piece written in disembodied voice.

This kind of an approach might work fine in the offline world, but it's just not how email works. Think about it: email is the most personal marketing medium on the planet. You trade emails with your friends and family. And you do it in plain text. **You read those emails. You trust those emails. (trusted sources, with people who know who you are....BB)**

Even if someone does open your email, they're ten times more likely to trash it. You failed to make a human connection. Email is a one-to-one medium. **Get personal, or go home.**

**One more reason email doesn't work (the last one I've got time for today)...**

### About The Author



Daniel Levis is a top marketing consultant, direct response copywriter and publisher of the highly acclaimed marketing periodical, Persuasion Mastery Club. Get a full month of Persuasion Mastery Club (a \$78 value), FREE! No credit card required. Just sign up here at

**And the point of all this...."Quality Traffic" ....we call it Retire Village....BB**

**Quality information with people who know you, give value, build trust, expand relationships.**

**Here is an example of the testimonials which have been sent to us...**

**Quote from Agent:** I wanted to share with you all an email I received earlier today right after the recent ERMS blast.

He is coming in next Thursday to discuss some retirement strategies. Been in my database since last September...

Also, today I finalized an annuity application with another internet lead that was in the DRIP system since fall of last year.

He is worth over 3 million and has over 400k in cash value in life policies

**ERMS=POWERFUL MARKETING**

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## The Other Side of the Table

.....it's all based on your view.....



Sometimes it is how you look at things that can make the difference. The other side of the table is all about that....how you look at things!

**Remember our article about “The Golden Age of Annuities”? Here is more info....**

# Why Now is the Time to Sell Annuities

April 15, 2011

By Seth Kravitz  
AnnuityNews.com

**April 15, 2011** -- Now more than ever, consumers recognize the need for retirement planning. They are less tolerant of risk. And they want trusting relationships with their financial advisors.

In other words, ***the stars in the marketing skies are aligned in support of annuity sales.***

**(we discussed this above ....BB)**

The MDRT 2010 “Generational Financial Confidence Study,” conducted by Boomer Project, surveyed U.S. adults ages 18 to 75 in households with incomes over \$50,000 and who are receptive to financial and retirement planning.

The study reveals four facts that will warm the hearts of annuity advisors and agents:

- 1. Most people agree that having a financial or **retirement plan** is a priority, and the belief is strongest among older consumers.**

Eighty-five percent of boomers agree that is their priority, with 55 percent calling it “very much” a priority. The percentages are even higher for the oldest consumers.

But the news gets even better:

**2. Advisors and agents are **unaware** of how strongly consumers favor having a plan.**

Yes, 85 percent of boomers agree having a plan is a priority, but only 62 percent of agents and advisors believe it's a consumer priority. This means that your competitors may be disheartened and discouraged. With the right mindset, you are positioned to dominate your market.

*And if you don't have the right mindset, why not? Let the facts inspire you to offer clients the service they already know they want!*

**3. There's a confidence gap — many of those with plans are **not confident** in those plans.**

Only 62 percent of older boomers and half of younger boomers who have plans are actually confident about those plans.

When you talk to a prospect, ask if they have a plan. If they do, don't assume they don't need you.

Instead of walking away, pin down how effective they believe their plan is. They may be itching to work with a new advisor.

**4. Consumers of all age groups are more **risk averse** following the financial challenges of the past decade.**

When asked to what extent the economic downturn affected their risk tolerance, more than 90 percent of older consumers say they are less tolerant of risk. However, MDRT points out that a third of those surveyed would invest in stocks and bonds if they had \$25,000 in cash.

This is an educational opportunity. Fixed annuities are attractive choices for today's investors who dread market risk *if they have an advisor or agent they trust and who can make them comfortable with complex products.*

*Seth Kravitz is CEO of InsuranceAgents.com and Cyber Technology, LLC. InsuranceAgents.com was ranked the 24<sup>th</sup> fastest-growing company in the U.S. by Inc Magazine in 2009. It serves thousands of agents nationwide.*

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**So...the time for annuities is here...right? We develop new products, file them with the state DOI, get approval (or not) build the marketing machine and what happens? One of our competitors creates a looky loo at any time they wish, they don't need approval from anyone to create “pretend” annuities....**

**They pound the fact that FDIC is there to protect them and yet we can't mention the State Guarantee Fund.....it is like we have one hand tied behind our back.**

**Have a look at the bank segment....**

## **Rising-rate CDs sound appealing, but be careful**

Kathleen Pender

Tuesday, April 12, 2011

With the days of razor-thin interest rates looking numbered, savers are becoming wary of tying up money in fixed-rate products.

Banks and credit unions are responding with a variety of certificates of deposit such as step-up, bump-up and liquid CDs.

These CDs let savers raise their rates or get out without an early withdrawal penalty if interest rates rise, but the trade-off is usually a lower starting rate, according to Bankrate.com, which surveyed rising-rate CDs offered by the five largest banks and five largest thrifts in 10 large cities plus the nation's 50 largest credit unions in early March.

While these CDs sound appealing, they can be **gimmicks**.

As a benchmark, Bankrate.com lists 13 banks nationwide offering traditional one-year CDs yielding **1.2 to 1.3 percent**

**Here's a look at the major types of flexible-rate or rising-rate CDs.**

-- **Liquid CDs.** These let you withdraw money without penalty during the term of the CD. Some **won't allow a penalty-free withdrawal** for a certain period or limit how many you can make during the term.

Rates on short-term liquid CDs are very low, topping out at **0.4 percent** on a nine-month CD in the Bankrate survey.

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-- **Step-up CDs.** A step-up CD adjusts its rate higher at certain predetermined intervals. You can figure out your yield over the life of the CD, so it's easy to compare them against traditional CDs.

-- **Bump-up CDs.** The bump-up lets you raise your rate one or more times during the term.

Longer-maturities are the best because they give you more time to reap the rewards of your bumped-up rates, Bankrate says.

Just know that when you see a **too-good-to-be true rate**, there are strings attached.

Then there is this offer being pounded on the internet

## Capitalize on the Foreign Exchange CD Market

6 Cd 2.15%

(fine print)

Interest Rate (Rate) and Annual Percentage Yield (APY) stated are accurate as of 4/15/2011 12:00:00 AM.

Rate and APY may change without notice Interest Rate (Rate) and Annual Percentage Yield (APY) stated are accurate as of 4/15/2011 12:00:00 AM. Rate and APY may change without notice. Rate and APY may change without notice prior to the opening of the CD. **The stated APY assumes that interest remains on deposit until maturity.** The stated Rate and APY does not reflect the potential gains or losses associated with fluctuations in the market price of currency on deposit. Interest earned on your Basket CD will be paid in additional units of the CD. Each unit is made up of each of the currencies listed above in accordance with the weightings specified. At maturity, your units can be rolled over into a new Basket CD or converted to U.S. dollars at an Exchange Rate that blends the Market Rate of each currency in accordance with that currency's weighting and also includes our Spread. The required minimum opening deposit is \$20,000.

**Early withdrawal penalties apply. Fees may reduce earnings.**

**The point is this...these offers will come every day in every way...and from every sort of new scheme....all day and constantly.....but when you look at things from**

### **The Other Side of the Table....**

**Don't our fantastic products make the most sense....no gimmicks, not hidden agenda, just guarantees and benefits our prospects can enjoy.**

So your prospect says to you this:

**Prospect:** “Well Bill, I can see why you are so enthusiastic about annuities, but tell me, what is the downside?”

**Bill:** “The downside? Simple....The insurance company gets to hold your money.”

**Prospect:** “That is it? That is the only downside? That is no downside!”

Sell the benefits of these fantastic products....and with your compensation....**invest in marketing.**

BB

## **Sell the benefits of annuities**