



*.....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**

888-74**AGENT** (24368)

[tony@annuityagentsalliance.com](mailto:tony@annuityagentsalliance.com)

OR VISIT OUR WEBSITE



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

With sadness I inform you of the loss of a great friend and longtime crew member, Greg Cory. Greg passed away 4 days ago after a long and gallant battle with cancer. Greg was a tremendous producer, tremendous friend and a tremendous human.

Please extend prayers and good thoughts to his wonderful wife, Renita. [renitacory@cox.net](mailto:renitacory@cox.net)

A very sad day for all.

## Greg Cory





## Words of Wisdom

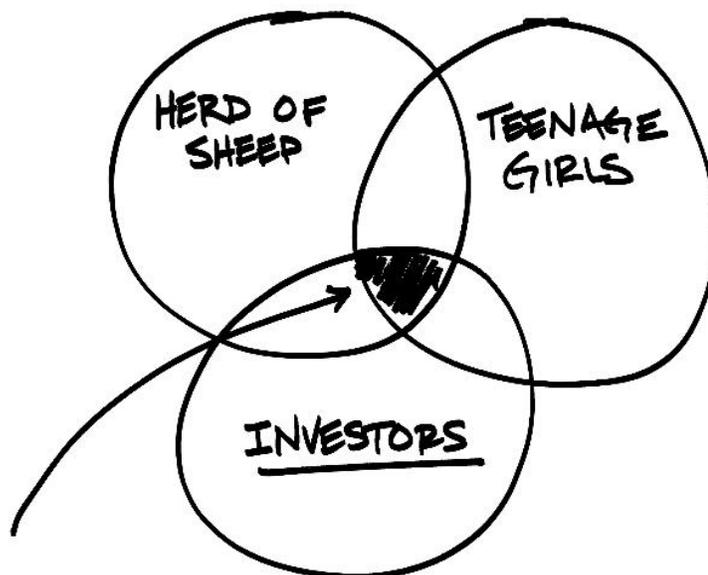
*“When living in a mobile home park, beware of building permit laws”.*

Bill Broich



I am a fan of Carl Richards, his drawings can speak volumes, have a look....If you like his stuff, buy the rights to use it, inexpensive and extremely focused....respect copyrights...BB

*April 18, 2013*



"BECAUSE EVERYONE ELSE IS DOING IT..."

©2011 Behavior Gap

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Here is a fun article to share with your clients and prospects....BB

## **THIRTEEN MILES OF TAXES –**

According to CCH, the current Federal Tax code is 73,954 pages long. A standard sheet of paper is 8.5" in width by 11" in length. If we multiply the length of the paper (11") by 73,954 pages, we get 813,494 inches. That equals 67,791 feet. A mile is 5,280 feet long. Divide the 67,791 feet by one mile and you get **12.84 miles of tax code!**

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So what is next, the amount that I can have in my annuity, big brother is getting closer and closer....BB

## **IRA CAP –**

NAIFA says the Obama administration's proposal to **limit IRAs to \$3 million** would be "detrimental to conscientious taxpayers who have made current sacrifices for future security.

There should be **no limit** on the need that **life insurance and annuities** will address, so how can you limit the vehicles you use (such as IRAs) to address those needs?" The Employee Benefit Research Institute says younger workers would be hit especially hard by the cap.

# Forbes<sup>®</sup>

**More....**

<http://www.forbes.com/sites/davidmarotta/2013/04/21/is-a-3-million-ira-sufficient-for-retirement/>

## **Is A \$3 Million IRA Sufficient For Retirement?**

Comment Now  
Follow Comments

President Obama's understanding of financial planning is fundamentally flawed. In his **latest budget**, the chief executive proposed a cap on tax-preferred retirement accounts. An individual's total balance could not accumulate over \$3 million. **This total would include the sum**

## **balances of a traditional IRA, Roth IRA, 401(k) and defined contribution plans.**

Obama justified his budget by saying, "Tax-preferred savings vehicles are intended to help middle class families save for retirement. But under current rules, some wealthy individuals are able to accumulate many millions of dollars in these accounts, substantially more than is needed to fund reasonable levels of retirement saving."

He did not say how this law would be enforced. But Obama implies the proposal would raise \$9 billion for the government over 10 years via some kind of tax.

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## **401(k) LOANS UP –**

Wells Fargo reports that nearly **30%** of participants ages 40 to through 60 borrowed from their accounts during the fourth quarter. "The increased loan activity, particularly among older participants, is concerning because those are the years when workers can start to make 'catch-up' contributions and really need to focus on preparing for retirement."

It really puts the need for a microscope on our safety and security concepts....look at the risk the 401k participants are taking, who will bail them out?....**Us!**...BB



Let's see...fees, expenses, complaints, how can we be better at being professional brokers? Why not allow our clients and prospects to learn more about us and our professional past. Why not as an organization provide a means for full disclosure? Why not use our disclosure tool BrokerCheck? Wait...I forgot, we don't want our prospects knowing about all our fees and expenses, after all they learned it all when they read the prospectus haven't they? So why would we tell them anything except....the link to our family Facebook page, see how happy we all are?

Another great move from FINRA....BB

**Let's all be transparent.....NOT!**

<http://www.investmentnews.com/article/20130428/REG/304289984>

## BrokerCheck link dashed

Finra yanks proposal that would have required reps to post link to database on their web sites, social media pages

Finra last week withdrew a proposal that would have required brokers to post a link on their websites and social-media pages to a database containing information about their disciplinary history.

It would have required Finra members to include “a prominent description of, and link to,” the database, BrokerCheck, on their websites and social-media pages, according to a notice filed in the Jan. 25 edition of the Federal Register

**Speaking of transparency....**how about insider trading, it seems the rules don't apply to those closest, our government....BB

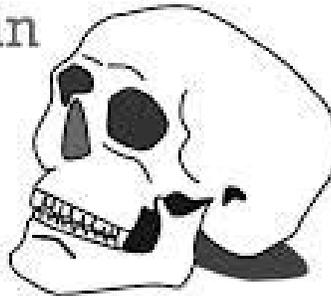
**TRANSPARENT GOVERNMENT?** - Congress rushed through a bill to **exempt thousands of federal government employees from having to disclose their financial dealings online.**

But the push to undo the online reporting requirement is proving to be controversial. The National Academy of Public Administration (NAPA) said that posting all of that information online posed a national security risk. But the Sunlight Foundation, an open government group, said releasing staffers from online disclosure eviscerates part of last year's Stock Act, designed to stop insider trading by federal officials. Senate Majority Leader Harry Reid introduced the bill on Thursday and had the chamber vote on it late that evening. The House took the bill up on Friday afternoon and passed it by **unanimous consent**, with no members objecting.

Now you know why congress has a special health insurance policy of which we have no access....BB

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“ In this world, nothing can  
be said to be certain  
except **Death**  
and  
**Taxes** ”



Benjamin Franklin, Excerpt from a letter to Jean-Baptiste LeRoy

## **Benjamin Franklin said it!**

It's inevitable...taxes, taxes on giving annuity advice, would that be next?....BB

## **Internet tax puts advisers in cross hairs**

<http://www.investmentnews.com/article/20130428/REG/304289986>

An **Internet sales tax bill** considered in the Senate last week could open the door for cash-strapped states to ponder tapping another avenue of potential revenue: a sales tax on financial services, or a financial transaction tax.

If approved by Congress — a vote is slated in the Senate for May 6 — the Internet sales bill could be a catalyst for more states to consider the benefit of also adopting taxes focused on financial transactions as they implement the federal legislation, according to Scott Talbott, senior vice president for public policy at the Financial Services Roundtable.

God love our elected politicians in Washington, they so look after our interests!....BB

A similar article was on Open MIC a few weeks ago...what caught my eye...50?...BB

Still my favorite certification: **CSGA** (certified senior gerontologist advisor)

## **Spelling out the alphabet soup for seniors**

<http://www.investmentnews.com/article/20130428/REG/304289982>

Three cheers for the Consumer Financial Protection Bureau for sounding the alarm on the dizzying array of “senior certification” designations being used by financial advisers, planners, brokers, insurance agents and, unfortunately, some crooks.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 directed the CFPB to make recommendations to Congress and the SEC on how to better protect senior citizens from unscrupulous advisers' use of credentials to defraud them.

There are now more than **50 senior-certification designations** in use — all with widely varying educational or experiential requirements behind them, according to a report published by the CFPB. The glut of credentials, coupled with the fact that the acronyms for some of those credentials are nearly identical, puts older adults at serious risk of fraud, the report concluded.

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## **Chained CPI.....Big Issue coming**

Your clients and prospects are concerned about money, deficits and budgets, be informed....BB

**BUDGET PROPOSAL** – Two months late, President Obama published his proposed budget that uses a combination of increased taxes and spending reductions to trim the deficit by about **\$1.8 trillion** over the next 10 years. It was greeted by howls of outrage from both sides of the aisle because it contained some provisions that mortified extreme conservatives and infuriated extreme liberals. Liberals were outraged by Obama's proposal to tie Social Security benefit increases to the so-called "**chained CPI**" ([learn this](#))

<http://www.lifehealthpro.com/2013/04/12/a-primer-on-chained-consumer-price-index>

### **How it would work:**

The new measure would show a lower level of inflation than the more widely used Consumer Price Index.

It assumes that as prices rise, consumers would turn to lower-cost alternatives, reducing the amount of inflation they experience. For example, if the price of beef increases while the price of pork does not, people will buy more pork rather than pay the higher beef prices.

The change would reduce the federal budget deficit by \$230 billion over the next decade, according to Obama's budget proposal. Of that, \$100 billion would come from higher tax revenues because annual inflation adjustments to tax brackets, the standard deduction and personal exemptions would be smaller

*Reagan and Clinton made changes also; they removed from the CPI, food, fuel and clothing....*

This inflation measure will produce lower annual benefit increases in benefits than the measure that is currently used.

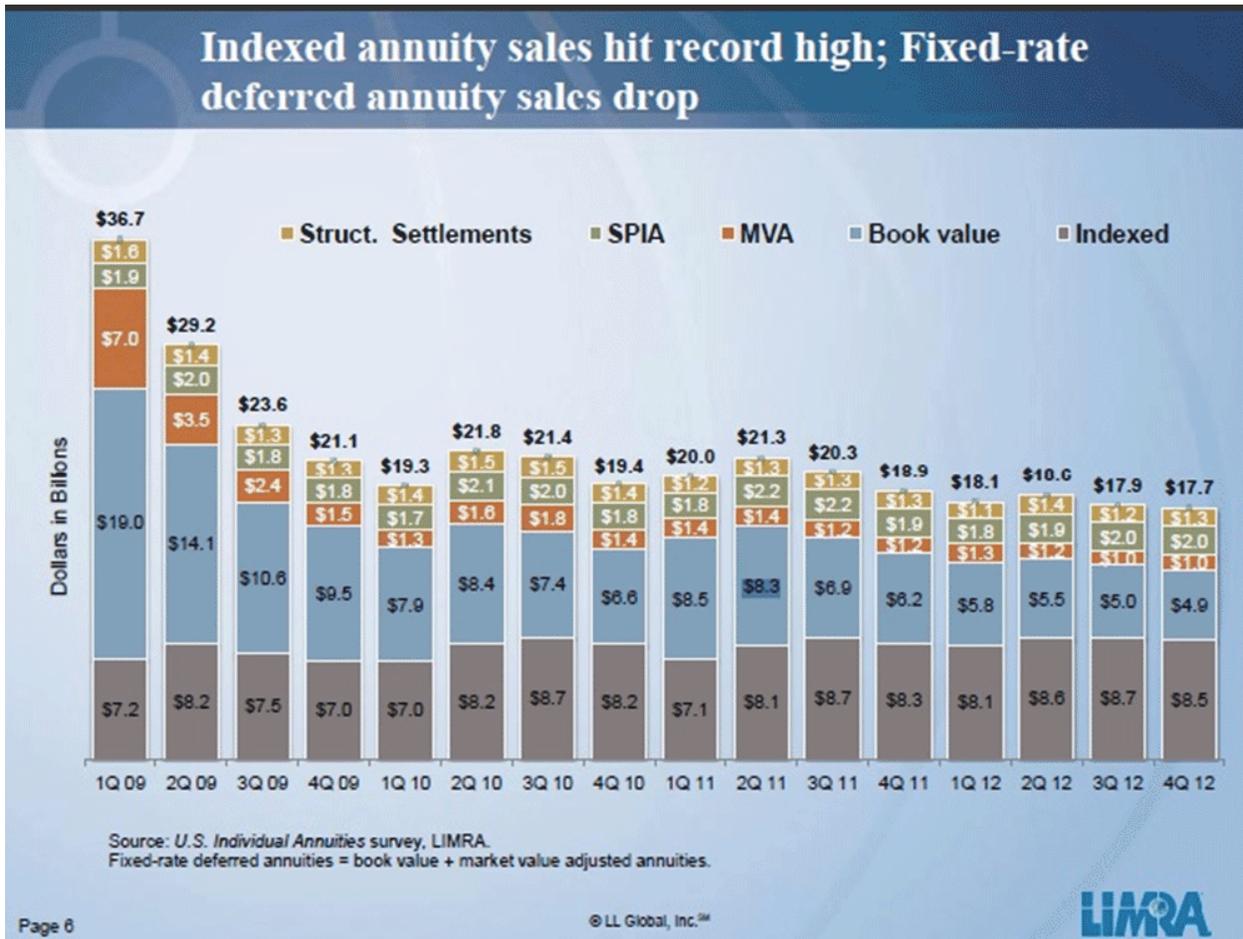
Smoke and mirrors, which is all it is...how to pay out less....BB

# Rollover Research Report

See attached **PDF**

## The Changing Annuity Market from LIMRA

By 2016 the rollover market will grow to \$575 Billion.



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## Leads? Time to order!

Spring has sprung at Annuity.com



Greetings from Annuity.com!

As we launch into Spring, we also launch into new and improved media campaigns! In the coming weeks we will be running our next set of television ads. These ads will be running in different areas throughout the county. To see our commercial [Click Here](#)

We've seen some promising results from our initial testing and are ready to ramp up our efforts. What does this mean for you? More leads...some leads...your 1st lead! We know things have been slow but we are working on it!

We continue to refine our lead process to bring you the highest quality leads in the industry. We are on the cusp of a new era at Annuity.com and are looking forward to building this program with you.

We welcome your feedback and thank-you for your continued support of Annuity.com.

Regards,

The Annuity.com Team  
Email: [admin@annuity.com](mailto:admin@annuity.com)



Our callers, work for you.

Here are the topics they cover on the call....CSR is Customer Service Representative.

### **TYPE OF ANNUITY**

CSR - Do you know what type of annuity you are looking for..... a fixed, a variable, and indexed maybe?

#### **FIELDS:**

Type of Annuity (Select Drop Down)

Fixed

Variable

Indexed

Immediate

Not Sure

### **AMOUNT TO INVEST**

CSR - About how much would you say you were looking to invest in an Annuity? Ballpark?

#### **FIELDS:**

Amount to invest (Select Drop Down)

0 to 10,00

10,000 to 25,000  
25,000 to 50,000  
50,000 to 75,000  
75,000 to 100,000  
100,001 to 250,000  
250,001 to 500,000  
500,001 to 750,000  
750,001 to 1,000,000  
More than 1,000,000  
Declined to State

## **SOURCE OF MONEY**

CSR - Great, and is this (money) coming from an IRA, 401k, Cash perhaps?

### **FIELDS:**

Where is the money coming from? (Select Drop Down)

IRA

401K

Cash

Not Sure

Declined to State

## **PURCHASE TIMEFRAME**

CSR - And lastly, when where you thinking you might want something like this in place, possibly in a couple of months? ... any rough idea there?

### **FIELDS:**

Purchase Timeframe (Select Drop Down)

Immediately

1-3 months

3-6 months

6-12 months

Not Sure

Once this data has been collected the CSR will give the name of the agent who will be calling back, confirms the number and best time to call. Any additional information or explanation will be written in the notes field.

**Field Notes:** Mrs. Jones is a widow living on fixed income. She has funds in an IRA on deposit at the bank. Her concerns are inflation and running out of money. Mrs. Jones has 2 children and 6 grandchildren. She knows Bill's name and is expecting him to call.

---

## Dave and Shaun





## Big Truck Partners



To answer the question of how far I will drive for 1 appointment. One way almost 4 hrs away. To top it off I have been sick for 2 days. This is what it takes to do 15 million a year.

Chad C. Owen

---

<http://www.lifehealthpro.com/2013/04/17/6-retirement-truths-your-boomer-clients-need-to-know>

## 6 Important Points Baby Boomers Need to know!

**10,000 a day, each and every day.** That is how many new Baby Boomers are flowing into the system. Listed below are key points to remember and convey to your new class of prospects.....BB

## 6 retirement truths your boomer clients need to know

### 1. One retirement plan does not fit all.

(Importance of a solid and honest fact finder....BB)

“The benefits provided by their employer are different among them. Some have pensions, some have 401(k)s, some have both and a few have neither. Plus, they may have had a change or changes in their benefits due to the recession. **No two clients are the same**, so it is more of a challenge to put the right plan together for each individual.”

—*Nick Shaheen*

### 2. Proper financial planning is all about timing.

(income rider stands tall here...BB)

“Boomers need to learn that they are leaving the ‘accumulation phase’ of their life and now will be focusing on asset protection, sustainable income, and distribution — **‘decumulation’** — of their assets over the next 30-plus years.”

—Greg Gagne

### **3. Guaranteed income streams provide coveted security.**

(safety and security is desired more than yield....BB)

“[Boomers have] extreme insecurity regarding the reality of ever retiring or having **sufficient income** during retirement. I concentrate on guaranteed retirement income utilizing a detailed spreadsheet presentation comparing needed return of various investment vehicles with industry standard withdrawal percentages (to lessen the probability of ever running out of money) to guaranteed income streams utilizing income riders.”

—Neil Roback

### **4. Fixed indexed annuities are a retirement-friendly investment.**

(income riders can be customized and changed as life needs change....BB)

“Unlike their predecessors, boomers are uniquely wary of the stock market. This has caused them to actively challenge the conventional wisdom and made them more open to the age-old idea that slow and steady wins the race. **FIAs (fixed indexed annuities)** fit right into their wheelhouse once they understand the benefits.”

—Gregory Durette

### **5. Financial portfolios require constant maintenance.**

(outsource your retirement management to a risk bearer....BB)

“Boomers are unique because they are retiring early and **living longer**. This makes it a challenge to constantly review their accounts to make sure their **goals are on target**.”

—*Joseph Zaccardo*

## 6. Staying educated is key.

(be informed....BB)

“The boomer client likes to be **informed**. The more information they have to educate themselves the more informed they feel when making a choice for their retirement. This ties right into working with them on creating an income for life with their 401(k)/IRA.”

—*Michael Foguth*

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# Fact Finding Tips.....

<http://www.marketingexperiments.com/marketing-optimization/transparent-marketing.html>

Remember this the next time you are doing a fact finder....BB

## The Marketer's Creed

1. I am not a target; I am a person: Don't market to me, **communicate** with me.
2. Don't wear out my name, and **don't call me "friend,"** until we know each other.
3. When you say "sell," I hear "hype." **Clarity trumps persuasion.** Don't sell; say.
4. I don't buy from companies; **I buy from people.** And here's a clue: I dislike companies for the same reason I dislike people. **Stop bragging.** It's disgusting.
5. And why is your marketing "voice" different from your real "voice"? The people I trust **don't patronize** me.
6. In all cases, where the quality of the information is debatable, I will always resort to the quality of the source. My trust is not for sale. **You need to earn it.**
7. **Dazzle me gradually:** Tell me what you can't do, and I might believe you when you tell me what you can do.

Allow these points to become part of your selling mantra....BB

**ARTICLE ONE:** We believe that people buy from people, that people don't buy from companies, from stores, or from Web sites; people buy from people. Marketing is not about programs; **it is about relationships.**

**ARTICLE TWO:** We believe that brand is just reputation; marketing is just conversation, and buying is an act of trust. Trust is earned with two elements: **1) integrity and 2) effectiveness.** Both demand that you put the interest of the customer first.

**ARTICLE THREE:** We believe that testing trumps speculation and that clarity trumps persuasion. Marketers need to base their decisions on **honest data**, and customers need to base their decisions on honest claims.

How much does a 6% income rider really pay out to the prospect 6%? Be honest...BB

---

This is a weird article and I am not agreeing with it in its entirety, but there are some points I think need to be expanded. I marked it in **red** for you with my comments....BB

<http://www.investmentnews.com/article20130414/REG304149983>

## Gundlach, who often gets it right, has a grim outlook

By **Jason Kephart**  
Apr 14, 2013

Jeffrey Gundlach is known as one of the best **bond fund managers** on the planet, but he also has a remarkable knack for predicting where markets are headed. His latest prognostication should trouble advisers and their clients.

Quite simply, Mr. Gundlach sees the world going to hell in a handbasket. It is what the DoubleLine LP chief executive and founder calls — ominously — the “ka-boom” concept.

Since about 2005, the bond guru has been convinced that the developed world has been living on a debt-financed economic upturn that is unsustainable. “The private economy hit the wall in 2007, and the banking system would've collapsed in 2008 if the government hadn't stepped in,” he said.

“Now we continue to have debt increasing,” he said, referring to the central bank stimulus measures being taken across the developed world. “It's simply at the point where you can't pay it back.”

Such a doomsday scenario might be easily dismissed — if the prediction was being offered up by somebody other than Mr. Gundlach.

## **ON A STREAK**

Indeed, over the past several years, Mr. Gundlach has been on a Cal Ripken-like streak of making market predictions. He has made contrarian calls on everything from the fall of Apple Inc. (AAPL), to the rise of natural gas, to moves in the Treasury market.

He doesn't see them as predictions, though.

“I'm trying to make sense of an investment market,” Mr. Gundlach said. “It's not a prediction; it's an observation.”

He added that he merely observes things and tries to be objective about what he sees. “I'm not worrying about what everyone is saying on CNBC.”

Even though his track record suggests that it is best not to bet against one of Mr. Gundlach's observations, they aren't always received with open arms.

In November, when he said to go long the Japanese stock market and to short the yen, he received several calls from skeptical investors.

One even called him an idiot, Mr. Gundlach said.

“He told me Japan is where capital goes to die,” he said.

Last Monday, the Nikkei 225, Japan's version of the S&P 500, finished at its highest close since August 2008.

Mr. Gundlach's observations are marked by his tendency to go against the grain.

During the first quarter, for example, he began buying 10-year Treasuries after their yield rose to 2% amid much hand-wringing over rising interest rates.

“There's an idea that there is a put on the stock market [because of the Fed's bond-purchasing programs]. You're saying that when stocks go down or the economy weakens, the Fed will step in,” Mr. Gundlach said.

“Actually, the put is on the bond market,” he said.

That's because the way the **Federal Reserve** “steps in” is by buying bonds.

**As long as the Fed is buying bonds, it will not allow bond yields to rise, Mr. Gundlach said. (Currently, the Fed is pumping \$85 Billion a month into the economy....BB)**

**He thinks that yields will hover between 1.5% and the “low twos” for as long as the Fed keeps buying, which Mr. Gundlach doesn't see ending anytime soon. (If the Fed doesn't continue with the monthly purchase, will inflation raise its head? My guess is yes, so the key to low interest rates is based on the Fed artificially depressing them. Is this a free market society?...BB)**

“Right now, people think [quantitative easing] leads to disaster, and most have been negative on Treasury bonds. **They think yields will explode higher because the Fed stops buying,**” Mr. Gundlach said. **(This is not brain surgery, if the Fed doesn't buy, yields will rise....BB)**

“It's a sensible idea, but it's not timely. Investment success is about timeliness more than anything else,” Mr. Gundlach said.

The continued bond purchases by the Fed, as well as other central banks, however, do clearly worry the DoubleLine boss. He notes that the U.S. government alone now has something north of \$120 trillion in unfunded liabilities, which include Social Security, Medicare and other entitlement programs.

“The idea that you will pay that back with today's valued currency stretches the imagination. It will take a crisis to get people to notice,” Mr. Gundlach said.

“What'll it be?” he wondered. “Nobody knows, since people are still ignorant of the math of this.”

## If this doesn't make the case for FIAs with an Income Rider, what would?....BB

### 8 Reasons the Stock Market Could Collapse

Go article <http://money.msn.com/investing/8-reasons-the-market-might-crash>

Good article, fear based, a lot of people are motivated by fear. In marketing the two ingredients are fear and greed, both are used heavily in the internet. Recently, Google has outlawed the term “scam” in all marketing; this is being replaced with the term “alert.”

Prospects who want just a little more before moving their accounts to annuities could be based on the greed side, we could say “*what happens if the market declines and you lose ground?*”

Almost entirely, security sales (not most financial planners) are based on only looking at the end (hopefully) result, **profit**. Insurance agents depend on **safety and security** as the primary decision.

Who is right?

Both can be correct, because the judgment is based on the individual's personal situation.

“Be fearful when others are **greedy**, and be **greedy** when others are fearful.” — Warren Buffett.





**IMPORTANT REMINDER:**

**Product Suitability Training (PST) is now required for all Athene Annuity products in all states.**

To comply with state and federal regulations and ensure that sales to your clients are suitable, Athene Annuity now requires that all producers in all states complete Product Specific Training (PST) prior to soliciting an application for any fixed or fixed indexed annuity.

**We cannot process your business without it.**

Unless the PST is completed on or before the date of the application, Athene Annuity will decline the submitted application and return all funds to the annuity owner. All new paperwork should include application, disclosure, suitability, transfer and replacement forms.

**Complete your Athene Annuity PST quickly and easily online.**

Make sure you've completed all applicable Athene Annuity PST before you submit business. You may access and complete our web based PST modules through the Doing Business tab on our Sales Resource Center: <http://portal.atheneannuity.com>.

For additional support, contact our  
Sales Desk  
855-4-ATHENE

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## **We Recommend:**



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

**Here is the YouTube link:**

<http://www.youtube.com/watch?v=sGQToDarkIU>

### **Scrubbed Leads Description**

We offer leads who have previously responded to financial advertisements such as TV or the internet, these leads are 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

[www.annuity.com/agenttools](http://www.annuity.com/agenttools)

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

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

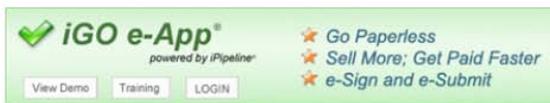
Annuity.com Insurance Products & Sales Tools



Annuity Search and Comparisons



Term Life Quotes and Comparisons



Forms Search for Life Insurance



Product Information for Life Insurance





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](http://www.callingleads.com)**

The best number is 865-354-9722

[Kriss@callingleads.com](mailto:Kriss@callingleads.com) and website [www.callingleads.com](http://www.callingleads.com)

## **Disclaimer:**

### **My opinion or numerous sources compiled by me**

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

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

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

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

**Open MIC is and was created for the entertainment of our agents, family, friends, guests, industry spies and myself. Be careful with the information contained in Open MIC and always get advice from licensed professionals. You never know, sometimes I might make something up....so always verify!**

**Also, the information used in Open MIC is free; I assert no copyright or literary rights. Copy away.**

**Our competitors will copy Open MIC anyway so I might just as well give it away, saves so much mental anguish and sleepless nights.**

## **More Legal Stuff...**

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

**I can't accept responsibility for the profitability or legality of any published articles or opinions published in Open MIC. Nothing in these Open MIC notes should be considered personalized advice. Although I may answer your general questions, I am not licensed under securities laws to address your particular situation. No communication by me to you should be deemed as personalized advice.**

**And, although all of the articles have been selected for their content, however in the interests of balanced reporting we often publish articles we may not agree with, the publishing of such articles within Open MIC notes does NOT constitute a recommendation of the products or services mentioned or advertised within those articles.**

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

# The Changing Individual Annuity Market

**Joseph Montminy**  
**Assistant Vice President, LIMRA**

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# Agenda

## Topics covered today:

- **Annuity sales and market trends**
- **GLB elections and utilization rates**
- **Guaranteed lifetime income opportunity**

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# The 'new normal' for the annuity industry

## Volatile Equity Market



- Costs of hedging are very high
- Fund out-flow from equity to bonds

## Unprecedented Low Interest Rates



- The Fed to keep interest rate low until 2015
- Low fixed rate returns across the board
- More severe impact on the insurance companies than the financial crisis was.

## Consumers Demand for Guarantee



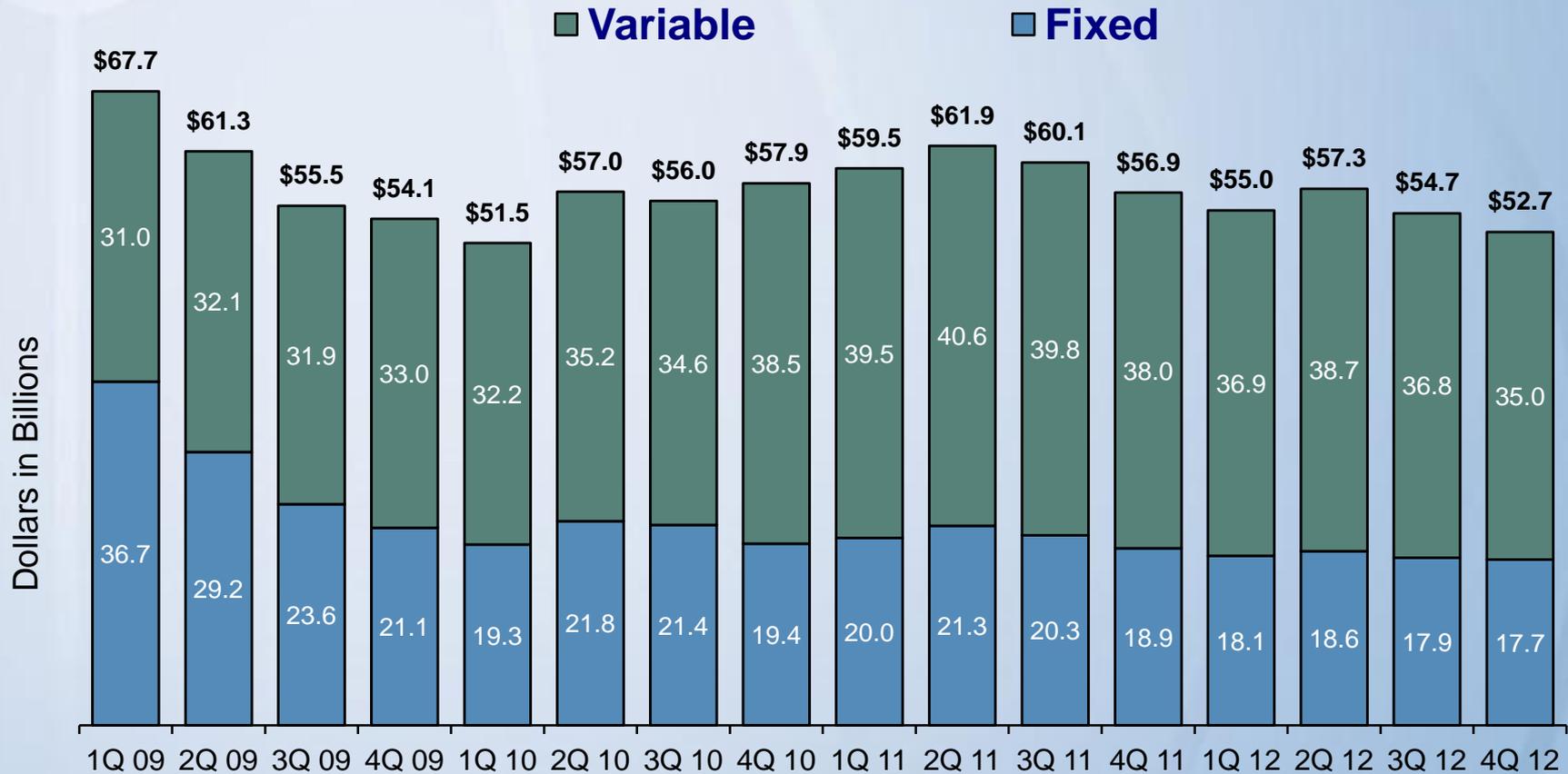
- After the 2008-2009 market tumble, demand for annuity's living benefit guarantees remain high
- 'Income now' and 'Income later' market

## Regulations & Capital Requirements



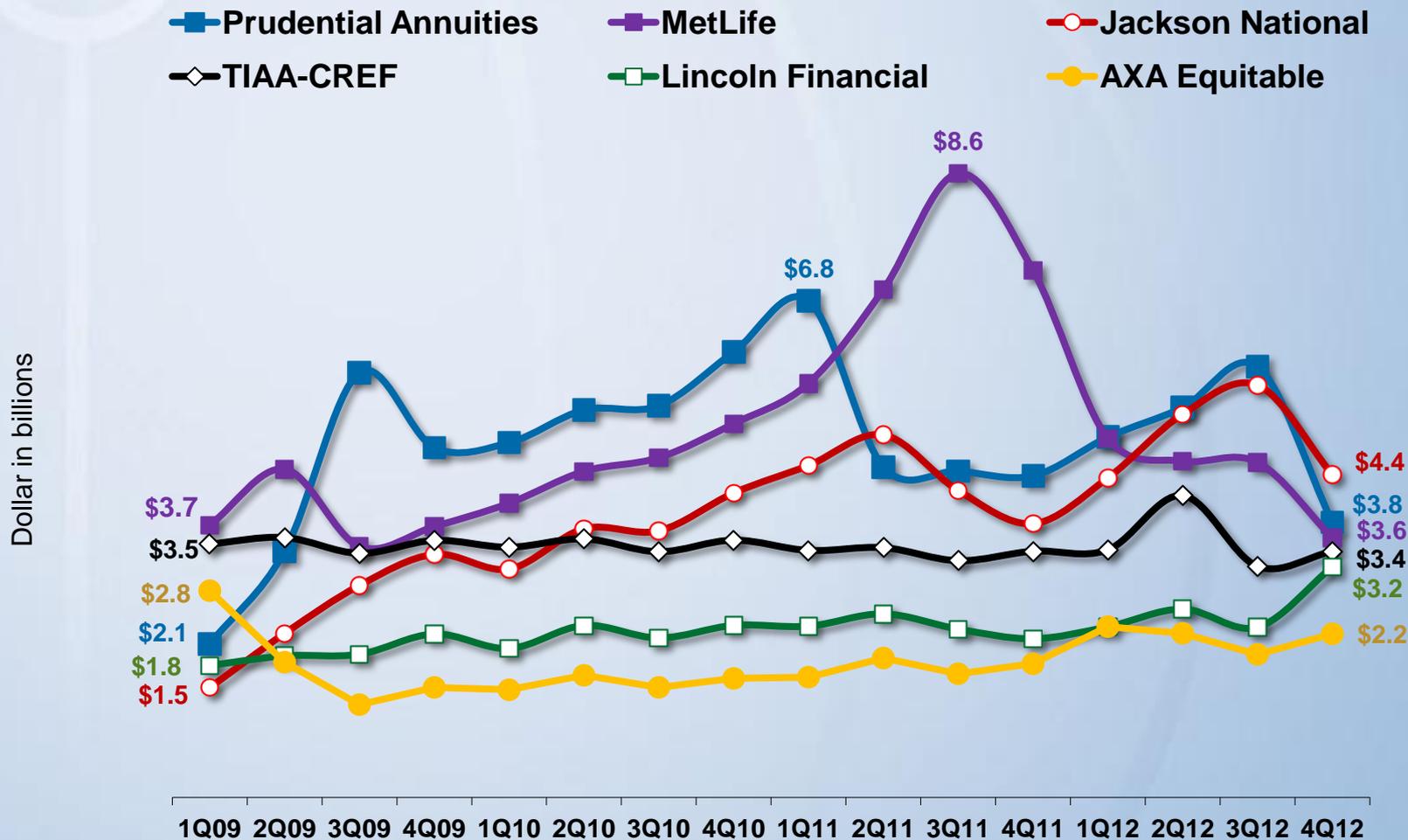
- High capital and reserve requirements for U.S. companies
- The Dodd-Franks Act

# Variable and fixed annuity sales declined in 2012



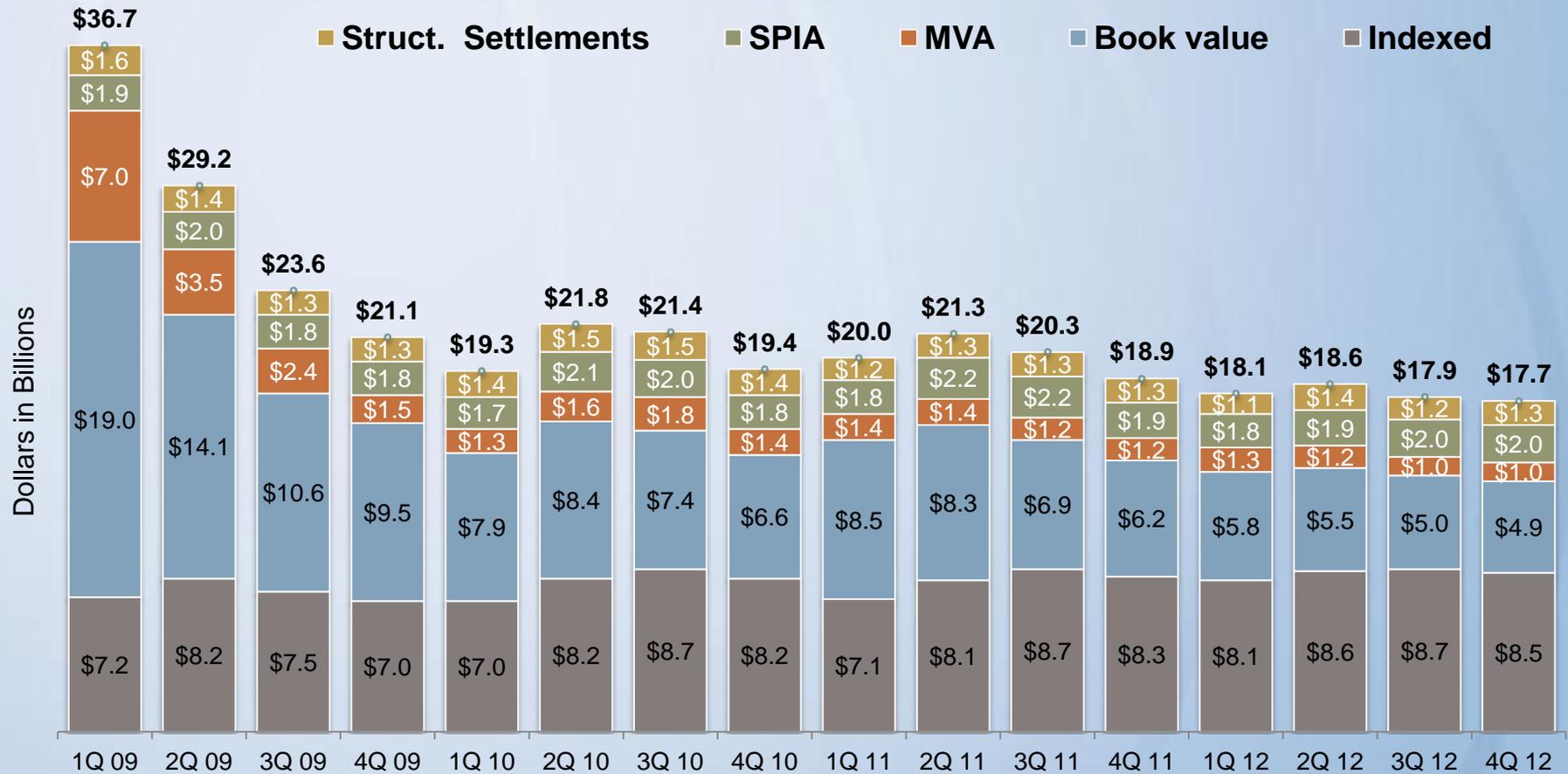
Source: U.S. Individual Annuities survey, LIMRA

# Top companies are carefully managing variable annuity business



Source: U.S. Individual Annuities survey, LIMRA  
 Quarterly sales represent total VA sales.

# Indexed annuity sales hit record high; Fixed-rate deferred annuity sales drop

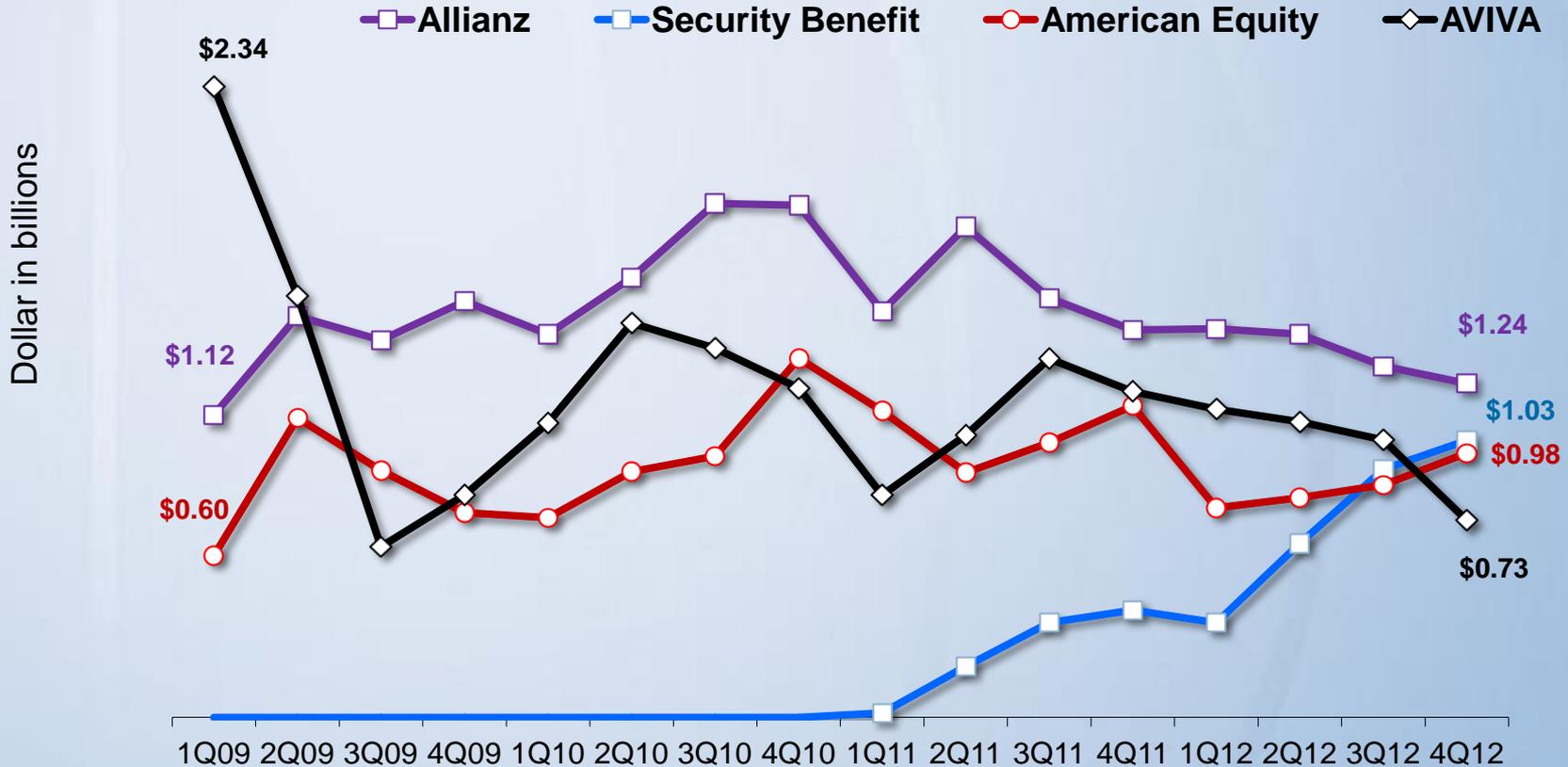


Source: U.S. Individual Annuities survey, LIMRA.  
 Fixed-rate deferred annuities = book value + market value adjusted annuities.



# Security Benefit rapidly moves to #2 indexed annuity spot

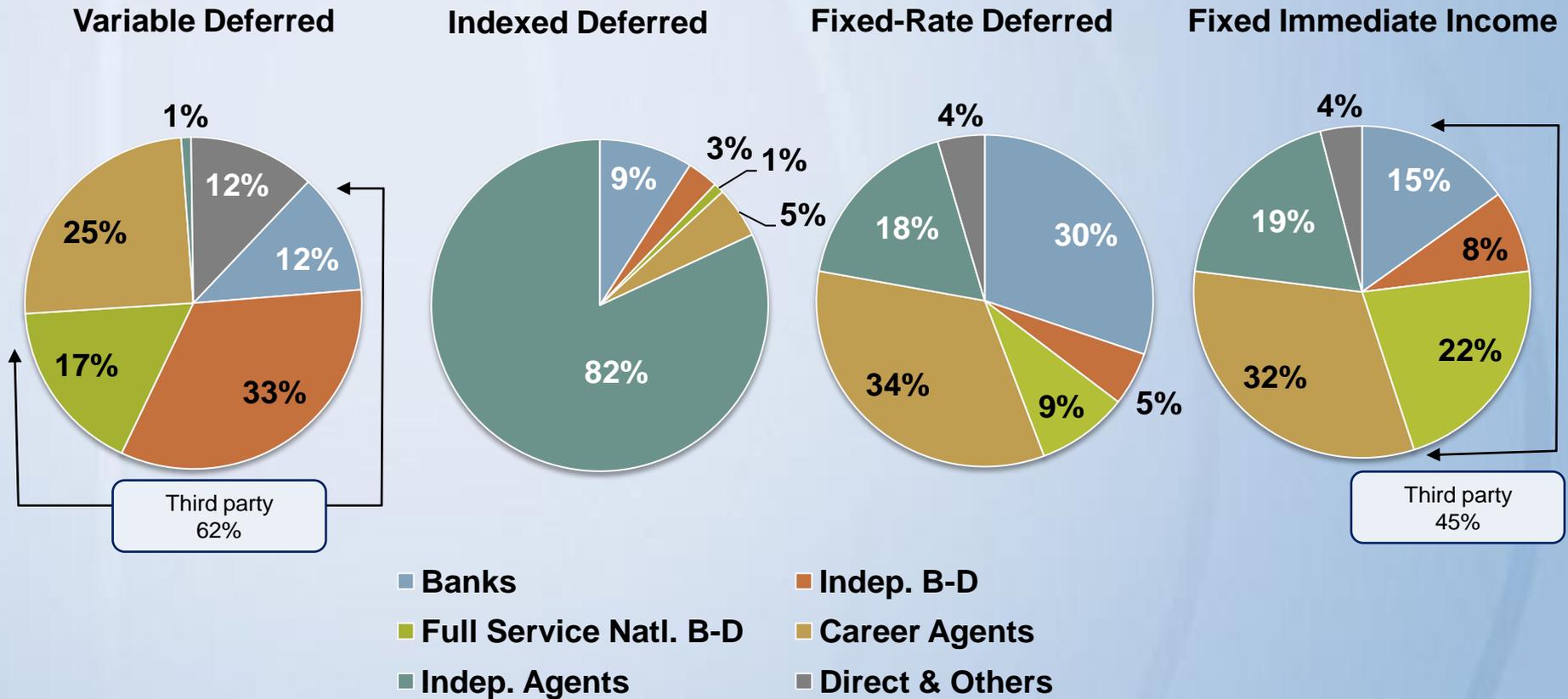
Indexed Annuity Sales



Source: U.S. Individual Annuities survey, LIMRA

# Dominant distribution channel varies by product type

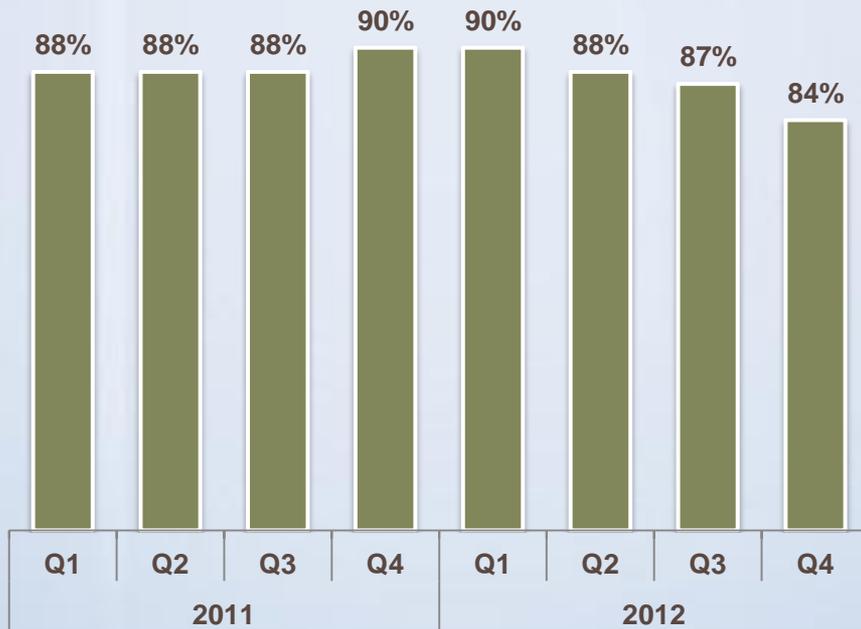
## 2012 Annuity Market Share by Product Types



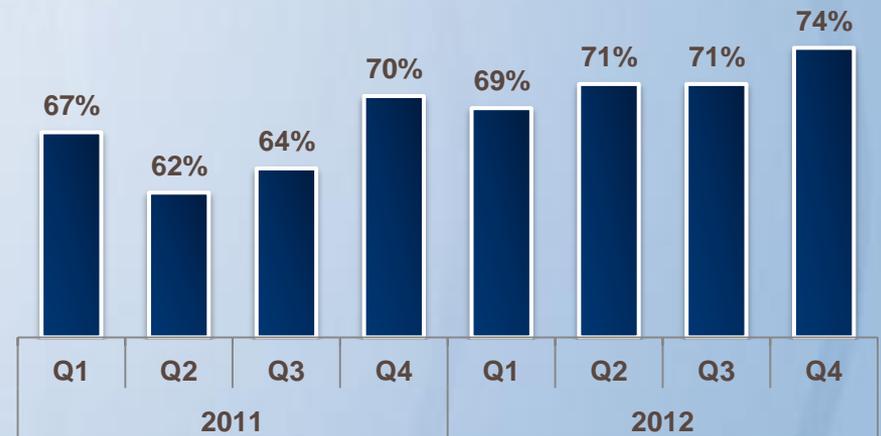
Source: U.S. Individual Annuities survey, LIMRA, Fixed-rate deferred excludes structured settlements. Fixed-rate deferred annuities = book value + market value adjusted annuities.

# GLBs are driving VA and Indexed annuity sales

## Variable Annuity GLB Election Rates



## Indexed Annuity GLWB Election Rates



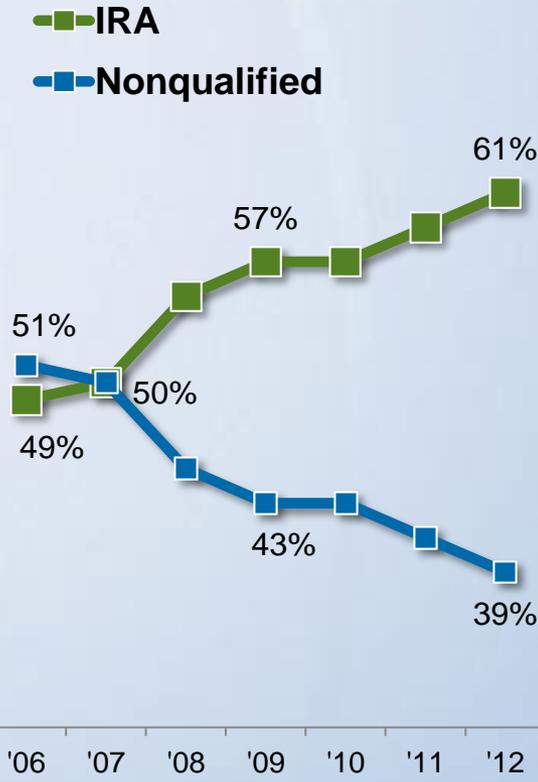
Source: *Variable and Indexed Annuity Guaranteed Lifetime Withdrawal Benefit Elections Quarterly Surveys*, LIMRA 2013. Election rates are based on when any GLB riders are available.

# IRAs are an important source of funding

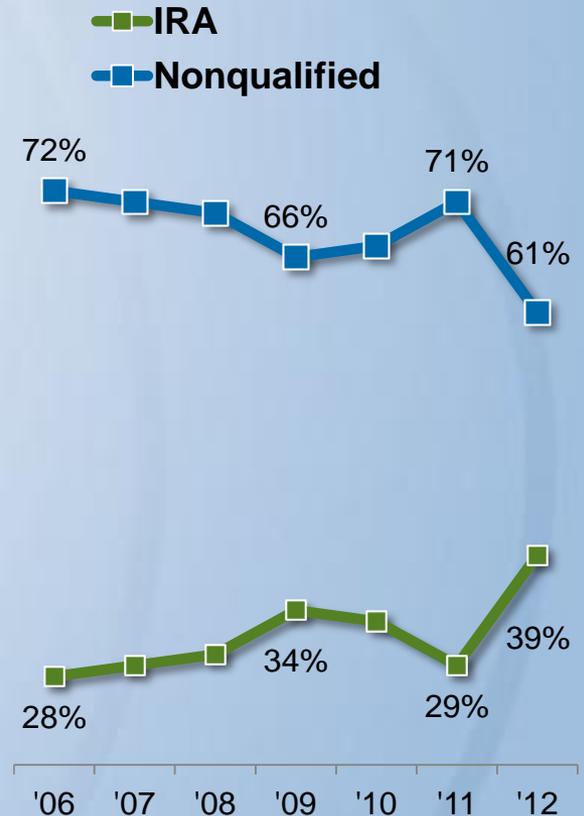
Percent of Deferred Variable Annuity Retail Sales



Percent of Deferred Indexed Annuity Retail Sales



Percent of Deferred Fixed-Rate Annuity Retail Sales



Source: U.S. Individual Annuities survey, LIMRA  
Retail = IRA + Nonqualified annuity sales.

Fixed-rate deferred annuities = book value + market value adjusted annuities.

# The rollover market will grow to \$575 billion by 2016



Note: Shaded bars (years 2008 through 2016) are estimates/projections.

Sources: Investment Company Institute, The IRA Investor Profile: Traditional IRA Investors' Rollover Activity, 2007 and 2008 (2010), and LIMRA analysis.

*Retirement Income Reference Book*, LIMRA 2012

# Referrals can help you grow your annuity business

**Top Reason to buy annuity:**  
 Supplement Social Security or pension income

**High Level of understanding:** *(top 2 box out of 7)*  
 Before purchase  
 After purchase

**Satisfaction:**  
 Very or somewhat satisfied

**Own multiple annuities:**

**Will recommend:**  
 Very or somewhat likely to recommend

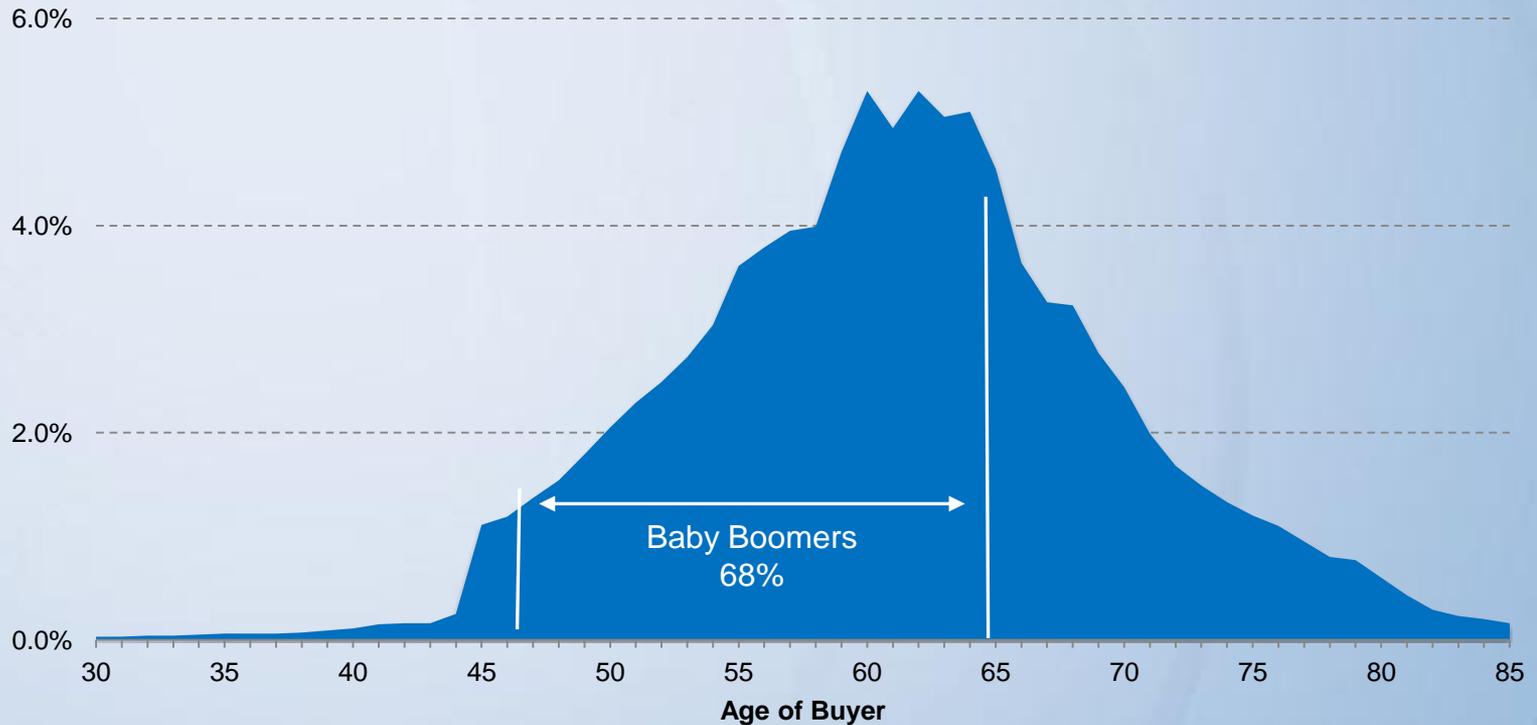
VA	Indexed	Traditional Fixed
55 %	46%	42%
21%	18%	21%
49%	50%	47%
75%	83%	86%
62%	59%	48%
83%	85%	83%

Source: U. S. Deferred Annuity Buyers Attitudes and Preferences, LIMRA, 2012. Survey based on 1,200 deferred annuity buyers (440-VA, 229-indexed, and 531-Traditional fixed) who have purchased an annuity in the last 3 years - the most recent purchase is a deferred variable annuity and current age is 40 years or more.

# Two-thirds of VA GLWB buyers were Baby Boomers

## Percent of VA GLWB buyers by age

Percentage of buyers

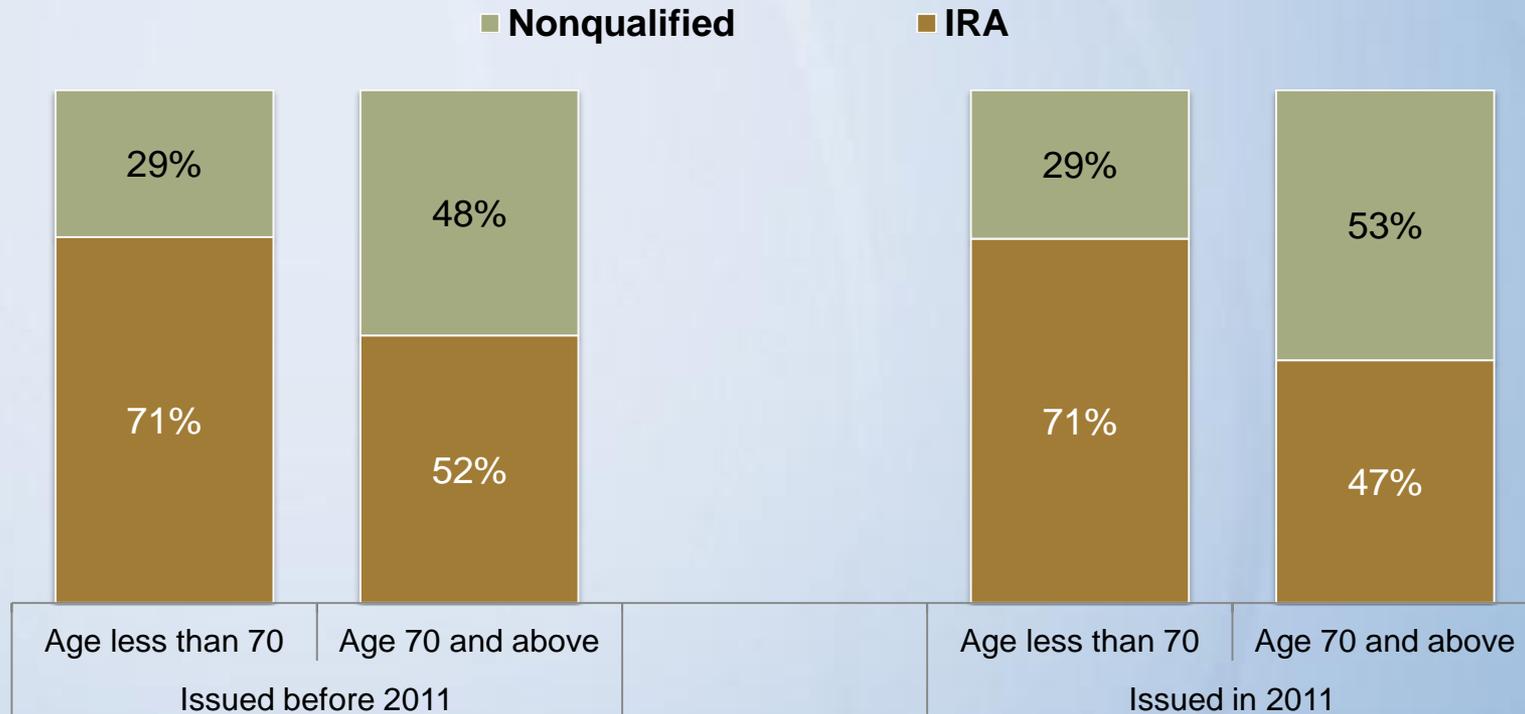


Note: Based on 384,761 GLWB contracts issued in 2011.

Source: *Guaranteed Living Benefit Utilization Study – 2011 Data*, LIMRA 2013.

# Young buyers use qualified money to buy VA GLWBs

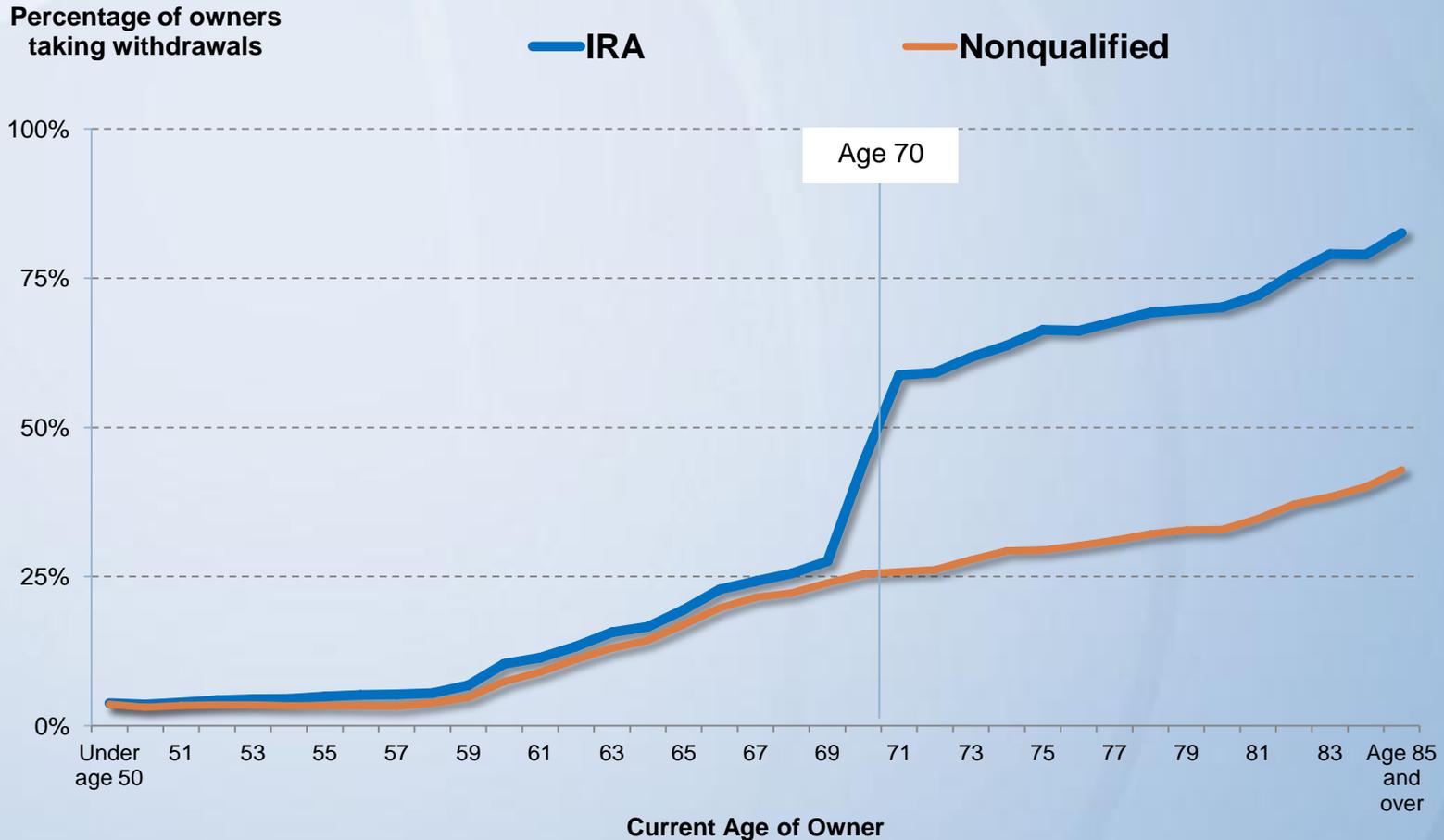
## Percent of VA GLWB Owners by Sources of Funds



Source: *Guaranteed Living Benefit Utilization Study – 2011 Data*, LIMRA 2013.

# Source of money influences VA GLWB withdrawal behavior

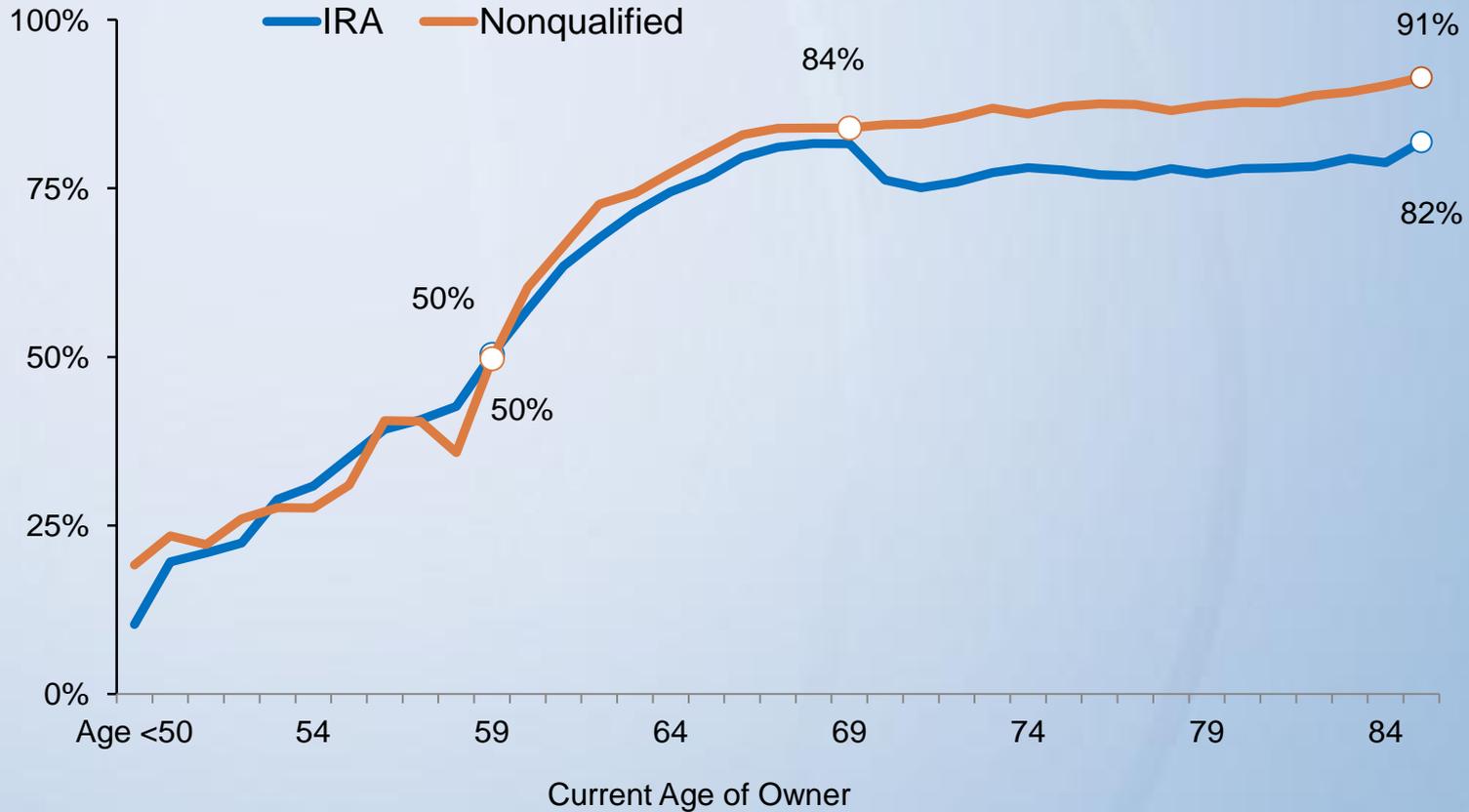
## GLWB utilization by source of funds and age of owners



Source: *Guaranteed Living Benefit Utilization Study – 2011 Data*, LIMRA 2013.

# Systematic withdrawals are the preferred method of withdrawals

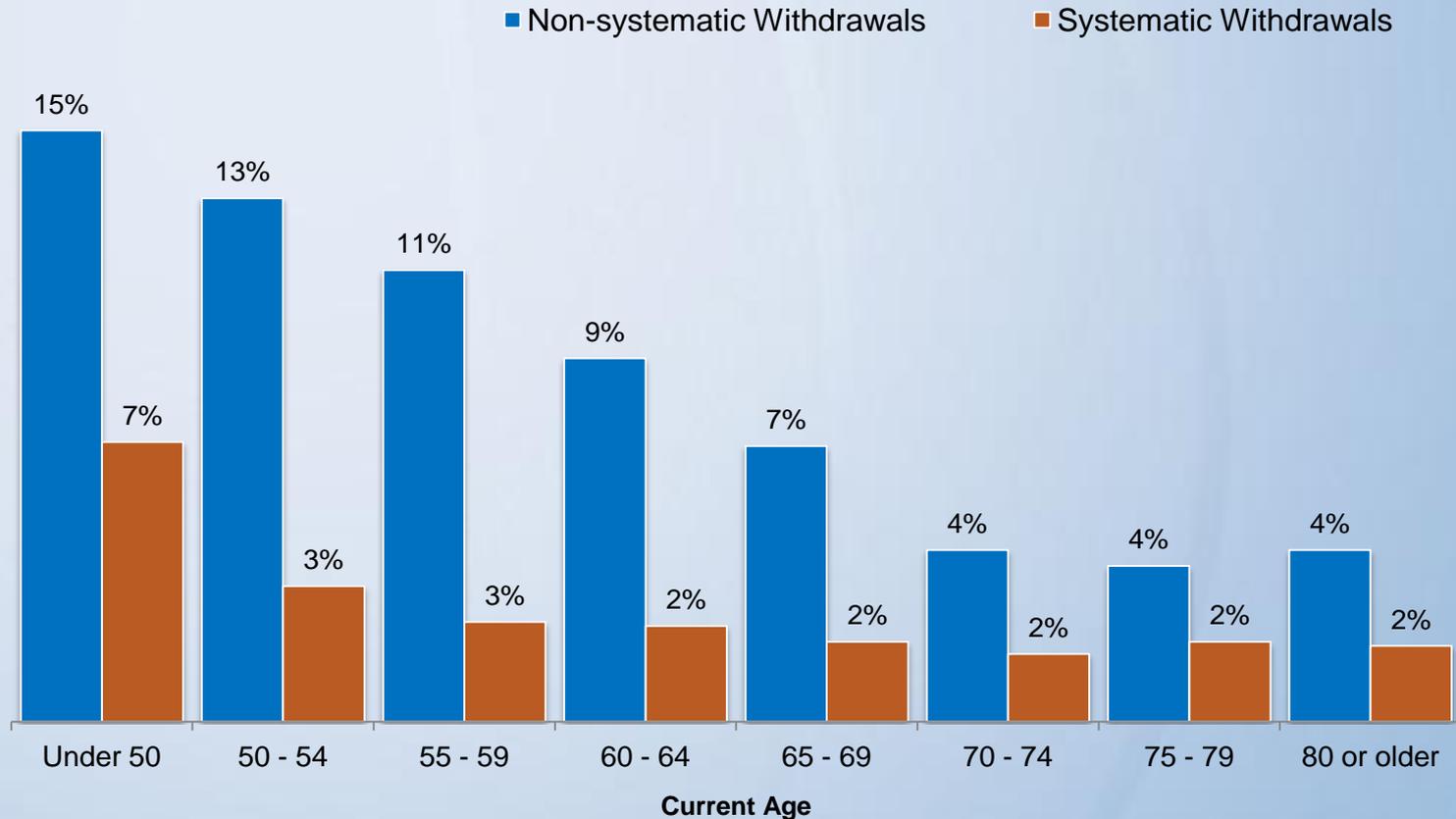
## Percent of GLWB Owners Taking Withdrawals Through SWPs



Source: *Guaranteed Living Benefit Utilization Study – 2011 Data*, LIMRA 2013.

# Owners taking non-systematic withdrawals are more likely to surrender

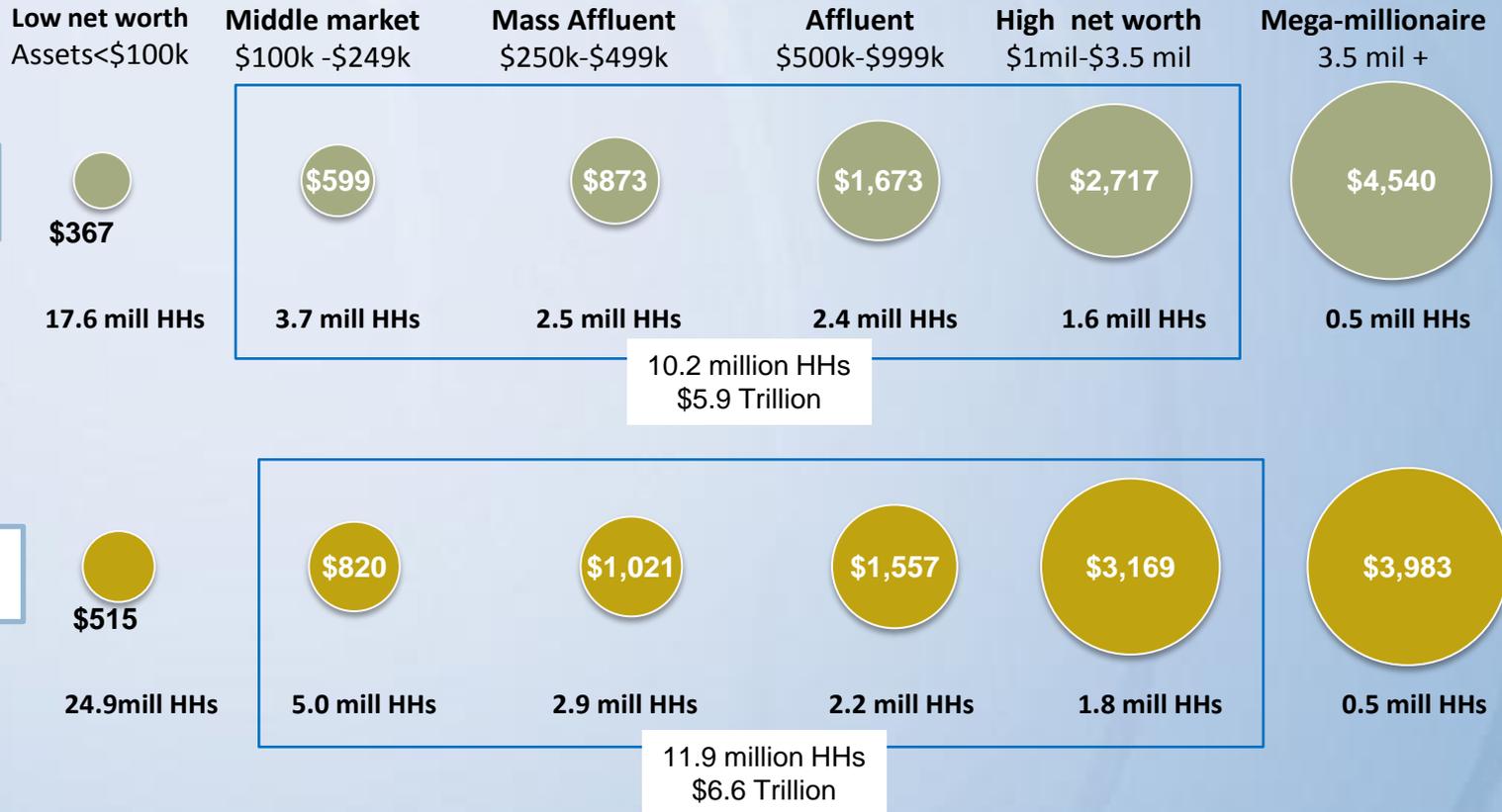
## Surrender Rate by Mode of GLWB Withdrawals



Source: *Guaranteed Living Benefit Utilization Study – 2011 Data*, LIMRA 2013.

# There are over 22 million households with assets between \$100,000 and \$3.5 million

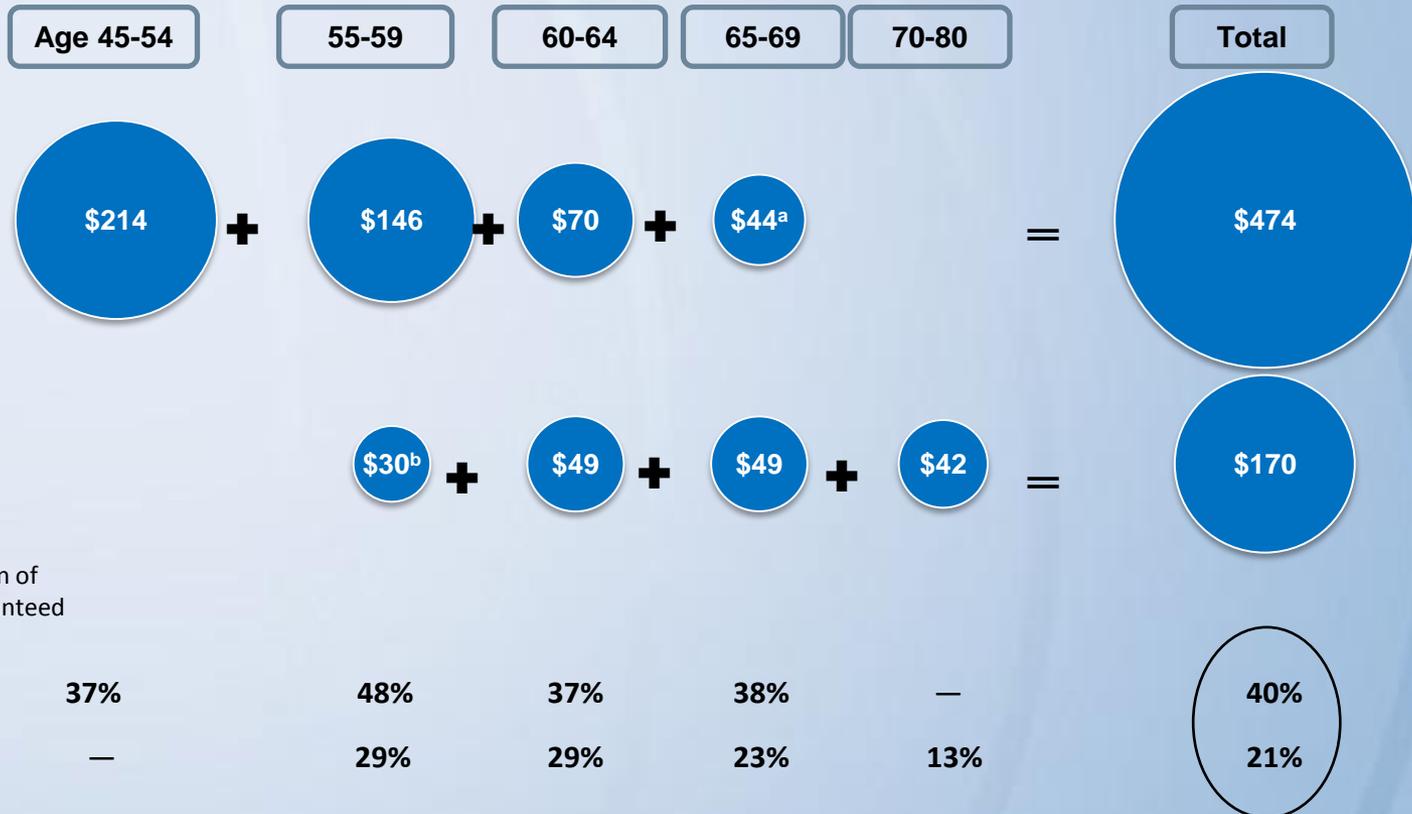
## Financial Assets Held by Households (HH) by Wealth Status (Dollar in billions)



Source: LIMRA analysis of 2010 Survey of Consumer Finances, Federal Reserve Board, 2012  
Households = HH; Baby Boomers are between age 45 to 64 in 2010

# \$650 billion of assets are interested in converting a portion into annuities with guaranteed lifetime income

## Opportunity for Annuity with Guaranteed Lifetime income in Retirement (in billions)



Interested in converting a portion of assets into an annuity with guaranteed lifetime income:

**Not Retired**

37%

48%

37%

38%

—

40%

**Retired**

—

29%

29%

23%

13%

21%

Sources: LIMRA analysis of 2010 Survey of Consumer Finances, Federal Reserve Board, 2012 and LIMRA Retirement Study—Consumer Phase, 2012. Based on 5,296 consumers that include 1,533 retirees, 1,391 pre-retirees (age 55+ and not retired), 955 late boomers (age 45 to 54 and not retired), and 1,417 from Gen X and Gen Y (under age 45 and not retired). The LIMRA analysis is based on retirees, pre-retirees and late boomers aged 45 to 80 with household investable assets between \$100,000 and \$2 million.. <sup>a</sup> Because of the low sample size of not retired aged between 70 to 80, the guaranteed income opportunity of \$14.4 billion has been added with the preceding age group of 65 – 69. <sup>b</sup> For the same reason, guaranteed income opportunity of \$12.1 billion for retiree age group of 45 to 54 has been added with age group 55-59.

# Thank You

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