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Vincent Micciche, CEO

Todd Jessup, Supervising Principle

Where Does LifeMark fit in the landscape of all the independent securities firms out there?

What is LifeMark's philosophy toward dealing with their agents and agent's clients?

What is LifeMark's position on the propriety of annuity products in a client portfolio?

Why is LifeMark RIA and/or Broker Dealers a good fit for insurance focused producers.

How does LifeMark support agents, advisors and reps in the ever-increasing regulatory environment and what is LifeMark's perspective and approach to the ongoing volley over the fate of the fiduciary rule?

For agents who do not hold any securities license but want to, can you support them in getting up and running and helping them understand how add securities products into their planning? More importantly, can you help them accomplish this while still maintaining the integrity of their respective "safe money" identities and brands?

What is it "like" to onboard with LifeMark and what is the agent experience? What is training like? What is compliance like, and how does LifeMark position themselves to support and ultimately grow business?

Can an insurance agent, who does not intend to get any securities license, partner with LifeMark if their client wants/needs help with their securities? What does that look like?

What else should our agents know about LifeMark and the partnership with First Annuity?

https://www.desmoinesregister.com/story/money/business/2018/05/23/american-equity-investment-takeover-rumors-west-des-moines/636166002/

American Equity acknowledges rumors that it could be takeover target

Donnelle Eller, deller@dmreg.comPublished 9:31 a.m. CT May 23, 2018 | **Updated 10:45 a.m. CT May 23, 2018**

American Equity Investment, a West Des Moines annuity and insurance company that employs about 540 people, has acknowledged market rumors that it could be in talks to be sold.

American Equity Investment Life Holding issued a statement Wednesday saying it "notes recent market rumors and confirms that it is in preliminary discussions regarding a potential transaction."

"No assurance can be given that such discussions will continue, that any definitive agreement will be reached with respect to a transaction or that a transaction will be consummated," the company said.

American Equity said it would not comment further "unless and until a definitive agreement has been reached."

Citing unnamed sources, Reuters reported Tuesday that American Equity, a $3.1 billion publicly traded company, was exploring a possible sale.

"Reinsurance firms, such as Athene Holding Ltd (ATH.N), and annuities and life insurance providers, such as FGL Holdings (FG.N), could be among those expressing an interest in an acquisition of American Equity," Reuters' David French reported.

Athene Annuity and Life Co., an Athene Holding subsidiary, is based in West Des Moines. Athene Holding's market cap is $9.05 billion.

American Equity reported first-quarter net income of $141 million earlier this month compared with a net income of $53.9 million for the same quarter a year earlier.

American Equity's shares spiked about $3 Wednesday morning, or 9 percent, to around $35.30.

American Equity sells fixed-index and fixed-rate annuities, which are investment instruments.

DOL NEWS UPDATE

All Appeals Exhausted - Mandate Could Come Quickly

Here's a quick "chain of events" summary:

- The Fifth Circuit Court of Appeals rejected an appeal by a trio of states today
- The DOL had until April 30th to appeal the ruling from the 5th circuit and get a decision from the entire 21 judge panel. They declined.
- On May 2nd, the AARP, State of CA, State of OR and the State of NY requested to become the new defendants in the appeals case. The 5th circuit declined the request.
- The DOL has until June 13th to appeal the 5th circuit's decision to SCOTUS but most believe that will never happen.

Stay tuned for the latest updates and requirements after June 13th.

Why is there so much concern over lack of "Best Interest" definition? Because FINRA and the SEC has unlimited resources to investigate and subpoena and cause de facto penalties and fines by making agents, brokers, and advisors pay in the form of legal fees even when they are innocent and there is no evidence of wrongdoing. There is no effective probable cause requirement and they don't have to explain why?

Why isn't there a loser pays requirement? Why isn't there a requirement for a judge to sign off on a subpoena? Who is holding our regulators accountable?

http://www.investmentnews.com/article/20180522/FREE/180529982/sec-official-addresses-criticism-of-best-interest-standard-for

SEC official addresses criticism of best-interest standard for brokers

Director Brett Redfearn clarifies how the SEC defines 'best interest' and how it will determine whether a broker is in compliance

May 22, 2018 @ 2:34 pm
By **Mark Schoeff Jr.**

A Securities and Exchange Commission official defended the agency's proposal to raise investment-advice standards for brokers Tuesday, asserting it would increase investor protection while building on current broker rules.

Last month, the SEC introduced an **investment-advice reform package** that is now open for **public comment until Aug. 7**. One of the proposed rules is Regulation Best Interest, which would require brokers to act in the best interests of their clients.

Brett Redfearn, director of the SEC Division of Trading and Markets, addressed criticism that the proposal lacks a definition of best interest.

"Best interest means what it says: You must act in the best interest of your client and not put your own interest in front of theirs," Mr. Redfearn said at the **Financial Industry**

Regulatory Authority Inc. annual conference in Washington. "Beyond that, it is a facts-and-circumstances determination, not a check-box compliance exercise. It analyzes the reasonableness of the match between the recommendation and the needs of the retail customer." ***It is a moving target that can be manipulated to build a case that is unmerited. Investigators do not have an incentive to find nothing wrong.***

Mr. Redfearn said the proposed rule applies some of the same principles of the Investment Advisers Act of 1940, which requires investment advisers to adhere to fiduciary duty, as well as the Labor Department's fiduciary rule, which may be **near death** after being vacated in March by the 5th Circuit Court of Appeals.

The SEC proposal is based on the current suitability rule for brokers. But it goes beyond that regulation by requiring that brokers disclose and mitigate or eliminate conflicts of interest, according to Mr. Redfearn.

"Today, the obligations under federal securities laws largely center on conflict disclosure rather than conflict management," he said.

He compared assessing whether a broker acts in the best interests of a client to evaluating whether trade orders get best execution.

"It's a facts-and-circumstances determination," Mr. Redfearn reiterated to reporters after his Finra appearance. "The most important thing is that the broker-dealer is acting in the best interests of their clients, but that will vary depending on the investors' objectives and the details at the time of the recommendation." ***Best interest is determined after the fact but the advisor doesn't have the luxury of making judgements with future knowledge.***

The SEC doesn't want to be explicit.

"We think trying to nail it down probably would do more harm than good," Mr. Redfearn said.

Although the SEC rule "would put a greater emphasis on costs and financial incentives," brokers would not necessarily have to recommend the least expensive product, Mr. Redfearn said.

The rule suggests that firms consider mitigating conflicts that arise from differential compensation for products and from practices such as sales contests.

Regulation Best Interest is generating more questions than answers.

Stephen Cutler, a partner at Simpson Thacher & Bartlett, wondered whether a wirehouse would satisfy the SEC rule if it equalizes compensation for its registered representatives between its own products and those of competitors.

"What does it mean to mitigate [conflicts]? How much mitigation do you have to do?" Mr. Cutler said on the sidelines of the Finra conference. "There are aspects of the rule that don't have bright lines, and that's one of the them."

Robert Muh, chief executive of Sutter Securities Inc., criticized the SEC rule for being vague and potentially harmful.

"I doubt that most of us could write down what you have to do" to comply, Mr. Muh said on a Finra conference panel. "The rule will open up a potential flood of litigation." ***The general public would be astounded to learn how much of our laws and rulemaking is written by the lawyer lobby.***

Mr. Muh is on the Finra board, but spoke for himself.

The bottom line on the SEC rule is that everything comes back to best interests, according to Mr. Redfearn.

"Even if a broker-dealer has mitigated and disclosed its conflicts, its recommendation must still be in the best interest of the retail customer," he said.

https://www.financial-planning.com/news/as-ltc-insurance-prices-rise-long-term-care-annuities-gain-popularity

How clients can use annuities to pay for long-term care

By

Donald Jay Korn

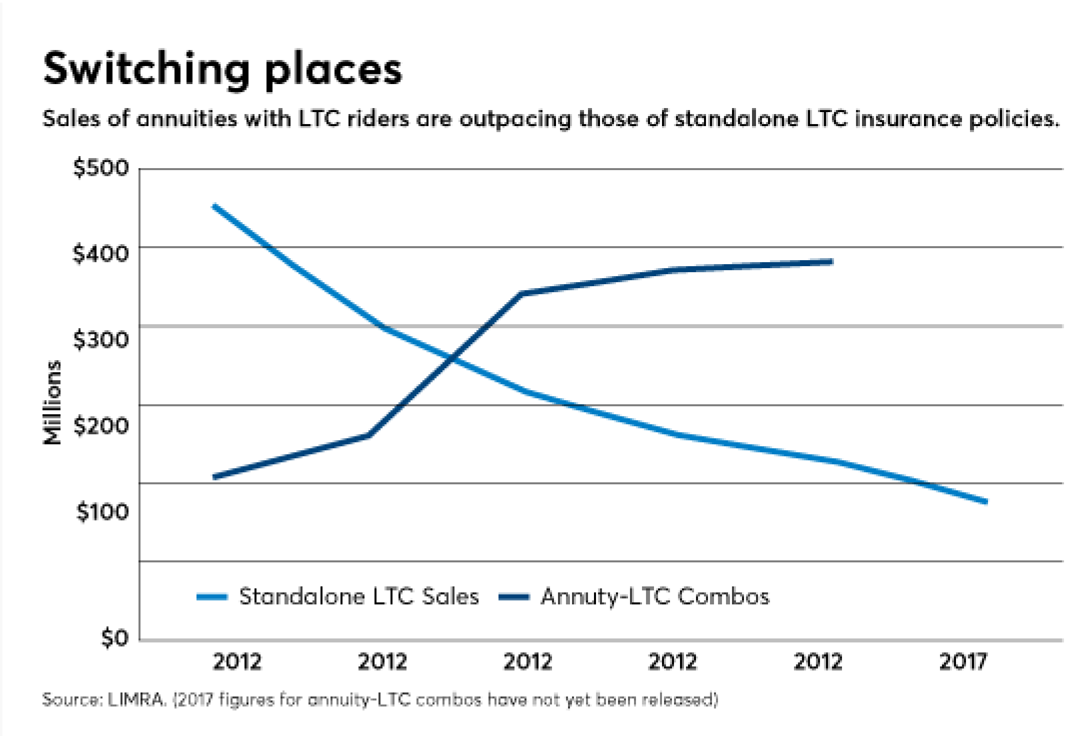
Published

May 16 2018, 1:19pm EDT

With millions of baby boomers in or nearing retirement, the need for long-term care insurance might seem obvious. Retirees face extended life expectancy as well as rising costs for nursing home stays, assisted living facilities and home care. Nevertheless, standalone policy sales declined nearly 70% from $550 million in premiums in 2012 to just $176 million in 2017, according to LIMRA's U.S. Individual LTCI Sales Survey.

One reason is increasing costs: according to the National Long-term Care Insurance Price Index, published by the American Association for Long-Term Care Insurance, a married couple, both age 55, had an average annual premium of $2,466 in the 2012 survey, a number that increased to $3,000 by 2018.

Demand for LTC coverage is actually on the rise, but dollars are flowing into other types of contracts, including annuities with LTC riders. LIMRA reports that annuity-LTC combos surpassed individual LTC policies in sales for the first time in 2014.



Two years later, the combo product totaled $480 million in sales, more than double sales of the standalone policies, which brought in $228 million in sales. LIMRA'S 2017 numbers for annuity-LTC combos have yet to be released.

Whereas a common LTC insurance policy might charge annual premiums and pay benefits only if care is eventually needed, a client might prefer to pay a larger upfront sum for an annuity-LTC combo that will pay out certain amounts of cash, regardless of need. If care is needed, that annuity will provide either increased liquidity or additional cash flow.

Annuity-LTC combos gain popularity

While sales of standalone LTC insurance policies have declined, annuities with LTC riders have picked up the slack.

	Standalone LTC insurance (Millions)	Annuity-LTC combos (Millions)
2012	$550	$210
2013	$406	$260
2014	$316	$440
2015	$261	$470
2016	$228	$480
2017	$176	(Not released)

Source: LIMRA. (2017 figures for annuity-LTC combos have not yet been released)

“Many clients do not like the high premiums of long-term care insurance and the possibility that insurers will raise premiums in future years,” says Jimmy Lee, founder and CEO of the Wealth Consulting Group in Las Vegas. “We have to educate clients to make sure they understand premiums can go up, and that multiple companies have done so on existing contracts.”

Beyond the current and potential future premium expense, potential LTC insurance buyers may object to the idea of never receiving a benefit if care isn’t needed.

Although the exact guidelines may vary by contract, policyholders often can access benefits only if they qualify for needed care via a diagnosis of some type of dementia or the inability to perform two of six activities of daily living such as bathing, eating, dressing, toileting, transferring from place to place and refraining from incontinence.

Clients react “very positively” to the idea of avoiding this use-it-or-lose-it issue, says Robert Schneider, vice president and relationship manager at Milwaukee, Wisconsin-based Cleary Gull Advisors, a Johnson Financial Group company.

“Clients are often hesitant to discuss LTC insurance because they immediately think of the standalone policies,” he says. “The usual responses are variations of ‘that’s too expensive’ and ‘I might not ever need it.’ However, they open up once they learn of the available alternatives. Knowing that the money can be taken back if needed or go to beneficiaries in the form of a death benefit is comforting.”

Combo annuities can deliver some return if LTC is never required.

Indeed, combo annuities can deliver some return if LTC is never required.

“The annuities I have used for this purpose have mostly been FIAs with lifetime income riders,” says Jeremy Kisner, chief planning officer at Planning Great Retirements in Phoenix. “The LTC rider increases the monthly or annual payout to 150% or 200% of the regular payout once the policyowner cannot perform two of six activities of daily living.”

The increased payout may be limited by time or account value, Kisner says.

“For example, if the lifetime payout is $20,000, the insurance company may increase the payout when LTC is needed to $40,000 per year for up to five years or until the policy value reaches zero. Then the payout would return to $20,000 for the remainder of the client’s life,” Kisner says.

Of course, annuities with LTC benefits are not without their flaws.

“There are many drawbacks to buying an annuity with a long-term care rider,” says Scott Olson, co-owner of LTCShop.com, an insurance firm based in Camano Island, Washington. “The opportunity cost is high because the return on the annuity is usually less than 1%, often 0%. With some of these annuities the return is negative every year: the cash surrender value decreases every year instead of increasing. In addition, someone who puts $100,000 into one of these annuities is essentially buying a $100,000 deductible; the buyer has to use all the money that was paid in before the insurance company starts using its money.”

Some observers question the fees that come with annuities, including those with LTC riders. “Annuities represent less than 10% of my business, but I am happy to defend them when clients raise questions about fees,” Kisner says. “They solve important financial planning problems when used appropriately. I welcome and usually initiate the conversation about fees."

According to Kisner, he usually says something like, "It is true that annuities have higher fees than other investments. This is because annuities are insurance products and, just like auto insurance or homeowners insurance, you are transferring risk to the insurance company."

Kisner goes on to explain that an annuity is transferring investment risk, interest rate risk and longevity risk to the insurer.

"Naturally," he points out to clients, "the only reason an insurance company is willing to absorb those risks is because it is being paid a fee. The fee for this annuity is XYZ amount. I think it makes sense to pay those fees for this portion of your money because the annuity helps with your two biggest objectives: lifetime income and some level of protection in the event of long-term care. The remainder of your investments will have lower fees, more liquidity, more upside potential, etc., but will not have the guarantees of the annuity."

Some clients will be more receptive than others to the idea of getting some LTC coverage through an annuity.

"The ideal client for using these hybrid annuities for LTC coverage is someone who does not want to pay annual premiums for a traditional policy and wants their money in a safe, yet low-yielding investment," Lee says. "If the long-term care benefits are not triggered, the client can earn a low yield from the annuity."

Schneider believes that hybrid annuities are appropriate for nearly every level of client, but he has discovered one particularly welcoming scenario.

"We find that many retirees have significant cash value built up in life insurance policies in which the death benefit is no longer needed," he says. "Exchanging the cash value into a hybrid product to address the potential future long-term care need is a great way to get long-term care insurance with no additional out-of-pocket expense."

Annuity-LTC combos may gain even more popularity if they're embraced by fee-oriented advisors.

“We have found RIAs to be highly interested in no-load versions of both hybrid life and annuity products with a long-term care benefit,” says David Lau, founder and CEO of DPL Financial Partners, an insurance firm in Louisville, Kentucky, that is developing such contracts. “Annuity products with LTC riders, particularly the fixed annuities, generate interest from RIAs because they are less complicated than the life versions.”

Annuities with LTC riders, Lau explains, present clients with an opportunity to reallocate cash assets into a product that delivers similar yields while providing a benefit for long-term care.

“They’re kind of a no-brainer,” he says. “Why sit in cash earning very little interest when you can allocate to a product that pays a competitive rate and two to three times your account balance in an LTC benefit?”

Annuities with LTC features will be described as “no, thanks” by some, rather than as "no-brainers". Yet they offer advisors another tool for their toolbox, one that may deliver some custodial care protection to clients who feel traditional LTC insurance has become the high-priced screwdriver.

May 21, 2018

THIS WEEK'S ANNUITY CARRIER NEWS

Equitrust

Equitrust has increased their Certainty Select MYGA rates to the following:

3 Years	**2.50%**	**(Formerly 2.25%)**
5 Years	**3.00%**	**(Formerly 2.60%)**
6 Years	**3.10%**	**(Formerly 2.75%)**
8 Years	**3.20%**	**(Formerly 2.85%)**
10 Years	**3.25%**	**(Formerly 3.00%)**

Equitrust is also implementing a 1% commission bonus for their MarcSeven Indeed Annuity with no limits.

Global Atlantic

Effective Monday May 21st, rates on the 3 and 5 year SecureFore product will be increasing by 15 basis points resulting in a fixed rate of 2.75% and 3.25% respectively. See attached rate sheet for additional information.

ONGOING ANNUITY CARRIER NEWS

F&G

F&G Increases Roll-Up on Safe Income Plus to 7.5% compounded rate! Click here for more details.

Guggenheim

Guggenheim is changing rates **effective May 1, 2018** on the TriVysta on the below strategies. Please see the attached rate sheet for more details.

CROCI Sectors II 5.5% VC Index

1 year Pt-to-PT w/Spread = 2.4%

2 year Pt-to-Pt w/ Participation = 80%

North American

North American has announced rate increases on both their FIA and MYGA products **effective Tuesday, May 15th**. Their MYGA high-band rates will now begin at $100,000 and will benefit from rate increases. Also, the RetireChoice and Income choice products will experience rate increase along with some of their other indexing options. Click this link for details on the updated North American rate sheet.