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

Open MIC is open for anyone.

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

IF YOU WOULD LIKE TO FIND OUT MORE ABOUT US

CALL OR EMAIL

ANTHONY OWEN

888-74AGENT (24368)

tony@annuityagentsalliance.com

OR VISIT OUR WEBSITE

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

HELP WANTED!

Internal Annuity Agent Recruiting Wholesaler

Compensation: **$30,000 Plus Bonus with Six Figure Income Potential**

Annuity Agents Alliance is a family owned and operated national insurance marketing firm established in 2007 and located in Thornton, CO. We provide a variety of support mechanisms and industry leading life insurance and annuity products for independent retirement planning advisors nationwide.

POSITION SUMMARY
Our rapidly growing firm is currently seeking an energetic, highly motivated business savvy individual to fill the position of **internal annuity wholesaler**. This position is part sales, part client manager.

RESPONSIBILITIES

- Build your own group of adviors to contribute to overall production of the company
- Recruit advisors through a variety of methods including by phone, mail/email and in person to sell fixed annuities through our firm
- Build/support/maintain relationships with advisors and their practices nationwide
- Provide advisors with case design, insurance product information, and quotations to aid in agent sales process
- Some travel required
- Some cold calling required

QUALIFICATIONS

- College degree in business/finance/marketing or related field - *Recent college graduates are encouraged to apply!*
- Driven with strong work ethic
- Ability to grasp advanced sales concepts and ideas
- Ability to maintain accurate notes in company database
- Ability to communicate clearly with clientele and staff
- Must work well alone and within a team
- Customer service mentality
- Superb telephone skills
- Computer literate! Strong working knowledge of MS Office products
- Must own, or be willing to purchase, Windows based laptop computer
- FICA above 600 and be able to pass financial and background check
- No bankruptcies in past 7 years & no current unpaid judgements
- *Ideal candidates have 1 or 2 years industry experience, but not required*

STATUS

- Full-time position
- First year salary is $30,000, plus bonus

This is a fun, fast paced, and competitive work environment in a recession proof industry. **Internal annuity wholesalers average $50,000+ in their first year**, so we expect the same from new candidates. Six figure income potential beginning years 2-3. Complete training provided. No experience necessary, but qualified candidates must have a basic understanding of business/finance. Must be self-directed and motivated. Work from home or office location of your choice once training is complete.

Annuity | Agents Alliance
Real Help From Real Agents.

Annuity.com

"Our brand can be your brand"

Annie and her friend Alyssa have been friends since diaper time, they just returned after 6 months in South America. Now they are spreading out once more, Annie to St. Louis and Alyssa to the Peace Corp in South Africa. Paul, Gwen, Phyllis and I are so proud.

Thank you for joining us on Open MIC

9:00: AM Pacific Thursday 800 504-8071 Code is 2554567#.

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ACTION ALERTS Confirm Your 98511-4571 Go!
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TAKE ACTION NOW ON THE UNWORKABLE DOL FIDUCIARY RULE

2
g+1

NAIFA GovAlert

July 6, 2015

Act now!

Action Is Urgently Needed: The Department of Labor (DOL) needs to hear from you ***TODAY*** about your clients' right to continue to work with you.

http://capwiz.com/naifa/issues/alert/?alertid=66962626

Take Action

Thank you for using National Association of Insurance and Financial Advisors (NAIFA) Mail System.

Message sent to the following recipients:
Secretary Perez
Representative Heck
Senator Cantwell
Senator Murray

Bill Broich
PO Box 14571
Olympia, WA 98511-4571

July 6, 2015

Dear Secretary Perez:

I'm writing to express my concern with the Department of Labor's proposed fiduciary rule. While I support the Department's goal, the **fiduciary proposal is complicated, costly and difficult, if not impossible, to operationalize.** There are many provisions in the rule that will have the unintended consequence of leaving many retirement savers without access to professional education, advice and services.

Employers need advice on the design and investment options of their retirement plans. The DOL rule prohibits an advisor from providing advice under a commission arrangement - meaning that the employer must pay using a fee for services arrangement.

Businesses that sponsor retirement savings plans often rely on advisors to help implement the plan, design plan features such as auto enrollment to encourage employees to participate in the plan, as well as assistance in selecting the investment options available to participants. Affordability is a crucial issue, especially for small plans.

The DOL specifically prohibits advisors from being paid via commissions, 12b-1 fees or other fee-sharing when advising employers on their plan provisions. The DOL should revise the final rule to permit third party compensation models when working with businesses who sponsor retirement savings plans.

Employees need to be educated on the importance of saving early for retirement, on determining their risk tolerance and what investment options are available in their

work-place retirement plan. The DOL proposal narrowly defines investment education, which will limit the assistance advisors can provide without triggering fiduciary obligations.

The proposed rule **does not allow** an advisor to identify specific investments, even as an example of the type or class of investment that meet the employee's retirement objectives. As such, the rule transforms true education into fiduciary advice so early in the process that it would reduce access to necessary educational information, and likely result in less savings and riskier choices.

The DOL must broaden the education provision, especially with respect to the timing of an advice conversation proceeding to the mention of specific investment products. Advisors and their clients/prospects must be able to discuss specific investment choices prior to the point at which a recommendation is made and a specific choice is contemplated.

Employees need advice when rolling or transferring plan assets to another plan or to an IRA, as well as advice on taking distributions from their plan in retirement. The DOL rule, as currently drafted, does not allow advisors to receive third party compensation when advising plan participants on distribution options.

The DOL proposed new prohibited transaction exemption, called the **Best Interest Contract Exemption** (BIC), allows an advisor to receive third party compensation if certain conditions are met, including that the advisor and his/her financial institution (e.g., broker-dealer, insurance company, and bank) must enter into a contract with specific provisions. However, the rule, as drafted, does not include advice on plan distributions or roll-overs to individual retirement arrangements (IRA).

Only half of 401(k) plans have systematic withdrawal provisions, and only 15% have an annuity to provide guaranteed lifetime income as an investment choice, necessitating the employee roll the plan assets to an IRA, where an annuity can be purchased. It is less expensive for the advisor to be paid a commission in this circumstance than to pay an on-going asset management fee.

The DOL must clarify the language of the BIC exemption to encompass advice on plan distributions and rollovers. It must be clear that advice in these situations can be compensated by commissions, 12b-1 fees, and fee sharing if the terms of the BIC exemption are satisfied.

The **Best Interest Contract Exemption (BIC) cannot be operationalized as currently drafted.** A new exemption (that would allow otherwise prohibited

compensation such as commissions and 12b-1 fees) is complicated, confusing to consumers, costly and in some respects, impossible to comply with.

ERISA does not permit investment advice fiduciaries to have conflicts of interest, yet 98% of all IRA accounts are served under a commission model that the **DOL considers to be conflicted.** Therefore, the DOL must provide an exemption to accommodate third party compensation.

The new BIC exemption requires a contract between the advisor, the financial institution and the retirement saver. Under the rule, the contract must be executed before any recommendations are made, which is simply unworkable. Retirement savers will be intimidated by the need to sign a legal document before deciding any course of action, and financial institutions will be reluctant to be a party to the contract before having any oversight or client profile.

The contract increases the legal liability and exposure of the advisor and institution and increases the costs of doing business as a result. The BIC exemption also requires the institution to maintain a public website with copious amounts of data and information and in a format that may be impossible to accomplish.

The DOL must simplify the contract requirements and eliminate the burdensome data retention and cumulative disclosure requirements. The contract should be executable once a full review of the client circumstances, goals, objectives and financial options has been discussed and a decision has been made as to a course of action.

Thank you for the opportunity to share my concerns. I urge the Department to make these necessary changes to achieve the goal of helping American retirees achieve a secure retirement.

Sincerely,

Bill Broich
360 701-6209

Do it!

Here's Why the DOL Fiduciary Proposal Would Have a Huge Impact on Advisors and Investors

The Department of Labor has proposed new regulations that will have serious consequences for insurance and financial advisors and their clients planning for retirement. The proposed rule would redefine a retirement investment advice fiduciary under the Employee Retirement Income Security Act (ERISA) and the Internal Revenue Code.

As a result, many NAIFA members who have operated effectively on behalf of clients under a suitability standard would now be considered fiduciaries and subject to fiduciary-specific restrictions under ERISA and the tax code. As currently written, the proposed rule is unworkable for retirement savers and their advisors. It would fundamentally change the way advisors do business, disrupt long-established client-advisor relationships, increase costs for advisors and consumers and prevent advisors from providing retirement investors with certain types of important advice and services.

The regulations would certainly reduce the availability of services and advice as some advisors would either shift their practices away from the retirement sector or would drop middle- and lower-market clients who would not be able to afford the increased costs. Consumers may find themselves unable to continue working with advisors they know and trust and may be unable to receive advice in a number of common, yet complicated, retirement-investment situations.

Increasing Costs

A leading concern for NAIFA, our members and their clients is that the proposed rule would drive up the cost of retirement investment advice and services.

Advisors receiving commissions, revenue-sharing and other third-party compensation would be required to sign a complicated and potentially confusing **"best interest contract**" with clients. The contract would require advisors to act in the best interest of the retirement investor (as defined by ERISA), adopt written policies to mitigate conflicts of interests (such as a policy creating only level commissions that do not vary based on which products the advisor recommends), and complete increased disclosures and paperwork with each transaction.

The exemption would also require advisors to complete a (potentially lengthy) annual disclosure document for each client detailing all transactions, fees and expenses, and the advisor's direct and indirect compensation. On top of that, financial institutions would have to maintain and update web sites that show the amount of compensation advisors would receive for each of its product offerings. This would be particularly burdensome for smaller firms with limited resources. They may choose to exit the market, resulting in decreased competition and consumer choices.

The increased paperwork, record-keeping requirements and disclosures combined with

the need for financial institutions to create and frequently update web sites with data would drive up the cost of advice and services. The best interest contract would increase advisors' liability and potentially expose them to frivolous lawsuits. Advisors could be sued in state courts for alleged contract violations and in federal court for alleged violations of fiduciary duty under ERISA. In these suits, the burden of proof would be on the advisor.

With this **huge increase in liability**, the cost of advisors' errors and omissions insurance would inevitably go up. These costs would need to be passed along to consumers. Some advisors and smaller financial institutions would exit the market rather than deal with the new regulatory and liability burdens.

Limiting Access

But even advisors who continue to serve retirement investors would face restrictions making it difficult or impossible for them to perform some service clients have grown to expect from them.

For example, the proposed rule would prohibit advice on plan distributions, including individual retirement account rollovers.

Any advisor affiliated with a plan service provider, such as an insurance company, would not be allowed to sell a variable annuity from that provider. The advisor would still be allowed to sell fixed-rate annuities, but this would obviously limit the clients' choices.

It is unclear how the advisor would be able to work in the best interest of the client under this situation. What if a variable annuity product would be in the best interest of a client but the rule prohibits the advisor from selling that product? Similarly, would an advisor not licensed to sell securities violate his or her fiduciary duty simply by limiting advice to non-securities solutions? The rule is unclear on this. What is clearer is that the rule would limit consumers' options.

The proposal would ostensibly allow advisors to provide consumers with retirement investing education without triggering fiduciary liability, but the rule's definition of education is extremely narrow. Advisors would not be allowed to give specific product examples. It is unclear whether web sites that include retirement investment calculators would trigger a fiduciary liability.

These are just a few of the problems the proposed rule would present for advisors and their clients.

What Is NAIFA Doing?

NAIFA is uniquely positioned to represent the interests of all insurance and financial advisors, whether they are captive, affiliated or independent, and their middle-market clients. NAIFA's goal is to help regulators create a workable best interest standard that

is business-model-neutral and preserves access for middle-income people and small businesses.

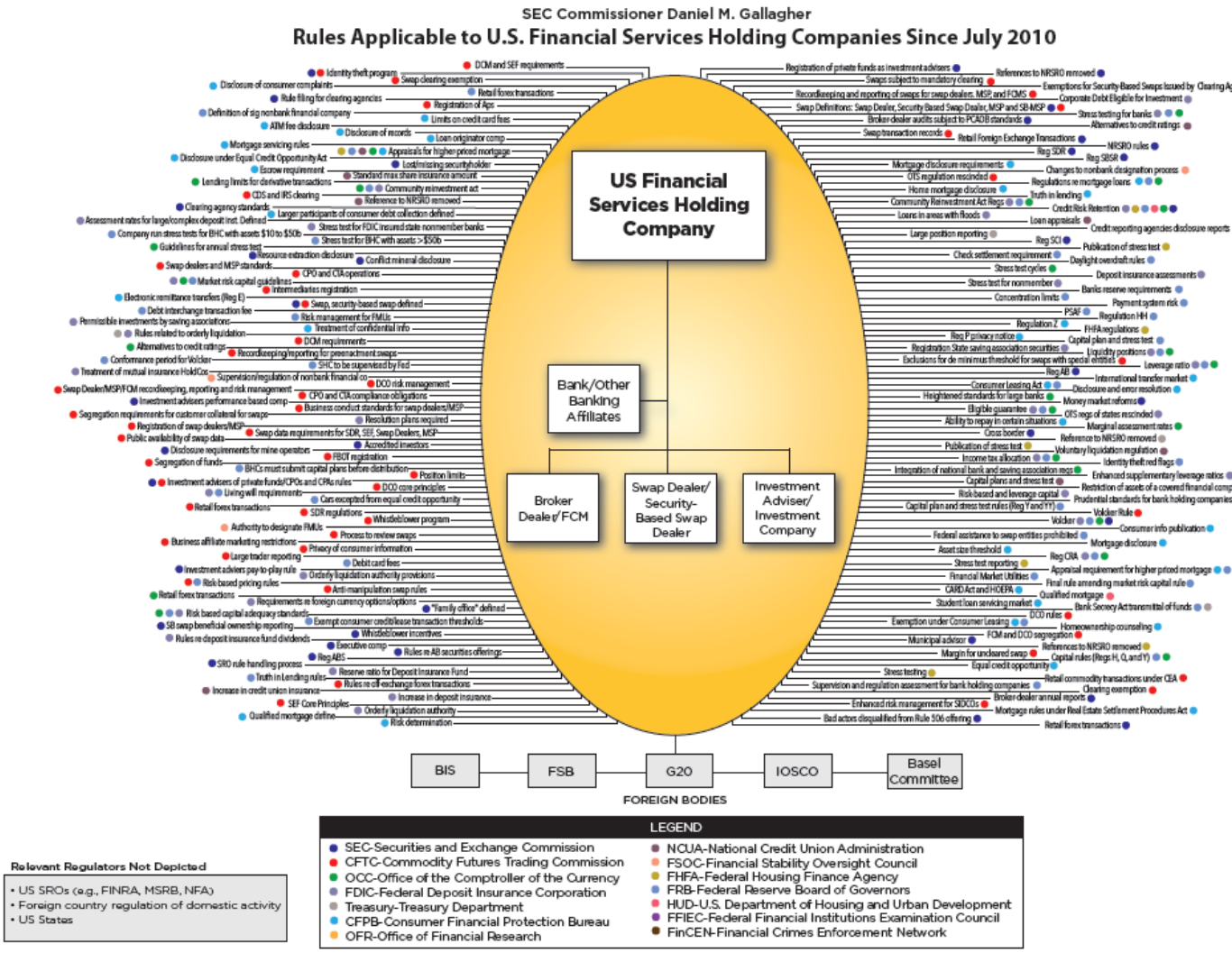
The DOL has begun a public comment period on the proposed rule that runs through July 6. NAIFA is preparing a survey of members that will collect specific information on how the rule would affect advisors and their clients. We will then prepare a detailed comment letter. We may also have an opportunity to testify at a public hearing on the proposed rule.

Recently, NAIFA President Juli McNeely and past-President Terry Headley along with several members of NAIFA's government relations team met with White House and DOL staff and explained how the proposed rule could harm advisors and consumers. Look for a future NAIFA Blog post with more details on that meeting. NAIFA will continue to work with DOL on possible changes to the rule before it becomes final, and is exploring potential legislative options with members of Congress.

What Can Advisors Do?

NAIFA's success depends on the engagement of our members and other advisors. We encourage all advisors to join NAIFA or renew their memberships to add to our clout with regulators and legislators. Spread the word among your colleagues about the DOL proposal, and make sure they understand the great damage to their practices and their clients that could result from this rule. You can also educate your clients to make sure they are aware of what is going on.

Kim O'Brien has a great article on the DOL rules:
http://www.producersweb.com/r/pwebmc/d/contentFocus/?pcID=f94218fa7c6efe1e489451972db92c9a&utm_source=EditorsSpotlight&utm_medium=eNL&utm_campaign=ProducersWeb_eNLs



Fortunately the graph is as big as I can make it. Just look at the regulatory agencies that have their mitts into this regulation. Have we created the monster that will finally destroy us? I think that monster is already alive and well, it is in place and exactly what has long been planned....**ROBO** Advisors using pre-set algorithms....Hope I am wrong....BB

From IRI meeting discussing how the DOL ruling will expand regulation. One of the burning questions among attendees at this year's Insured Retirement Institute's

Government, Legal & Regulatory Conference wrapping up today was how heavy the proverbial elephant in the room actually weighed.

Among the regulatory updates surrounding details of variable annuities, contingent deferred annuities, qualified longevity annuity contracts, starter individual retirement accounts and target date funds, one comment stuck out more than the others, encapsulating what the insurance distribution chain faces in the future.

When Vartanian threw up a slide put together earlier this year by outgoing SEC Commissioner Daniel M. Gallagher of all the rules applicable to **US Financial Services Holding Companies**., some attendees looked on in disbelief.

DEFINITION of 'Financial Holding Company (FHC)'

A financial institution engaged in nonbanking activities that offers customers a wide range of financial services, including the opportunity to **purchase insurance products** and invest in securities. Financial Holding Companies (FHCs) were created by changes in legislation brought about by the Gramm-Leach-Bliley Act of 1999 that first allowed bank holding companies to affiliate with securities firms and insurance companies.

(Investopedia)

Just when you thought you had heard it all……BB

ROBO…..here they come!

http://www.lifehealthpro.com/2015/06/25/axa-is-selling-annuities-through-atms-in-china?

AXA is selling annuities through ATMs in China

Jun 25, 2015 | By Emily Holbrook

Asia as a whole will have 4.9 billion people by 2030, with GDP growing three times by that year, to $38 trillion.

Shanghai is the **Silicon Valley of Asia**. That's what AXA executives stressed recently.

I was in China's most populous city just last month, attending the annual AXA Global Media Summit. As part of the event, we were taken on a guided tour of a branch of ICBC, the largest bank in the world. And you wouldn't believe what I saw.

Within the spacious, sun-filled lobby there are several ATM-like machines where customers of the bank can, of course, take out money and make deposits. But what's ingenious and innovative is they can also **purchase a life insurance policy or an annuity** — all within just a few minutes time, with no human interaction and no overly-complicated jargon.

But no one's really buying these things through an ATM, right? Wrong. Chinese consumers are loving it. Asia represents **17 percent** of the overall growth in AXA's life division.

I guess that's exactly how AXA predicted it would happen when the insurance giant joined forces with ICBC in mid-2012. Now, AXA is selling its insurance and retirement products to ICBC clients in the most populated country in the world with a society that, some might argue, is most in need of financial planning and retirement preparation. AXA's lofty goal: reach 100 million customers by 2030. And I think they're taking risks in all the right places to do just that.

Open MIC is sharing; Welcome!

ABM: Always Be Marketing

More

Chicago Tribune

And it mentions **annuity.com**!
http://www.chicagotribune.com/business/sns-201506302000--tms--savingsgctnzy-a20150630-20150630-story.html

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More

Big Increases In Health Insurance Premiums Planned for 2016

By Bill Broich

I wrote about this several weeks ago, the real danger to our Baby Boomers, an increase in the cost of health insurance premiums for those using the Affordable Care Act. This was poised to happen because the cost of health care has a never ending increase in expense. With Medicare trying to hold prices down, you will be seeing more and more doctors deciding not to work with this level of patient.

The source for this article is mainstream (NY Times) and it shows clearly what if going to happen, overall government cost of insurance will skyrocket, Medicare reimbursements will slow or edge down and those most in need will be the ones who suffer.

An increase in premiums means a hard ship on lower income families, that in turn means fewer and fewer will be able to afford affordable care. Blue Cross and Blue Shield which are mainstay health providers in many states are seeking an **increase in average of 20%.**

It doesn't stop with the Blues, other companies are asking for an increase to help offset the cost of insuring people who many have never been to a doctor and are the poorest health risk.

In the NY Times article a study was quoted from the **Kaiser Institute** that found that: *"consumers would see relatively modest increases in premiums if they were willing to switch plans. But if they switch plans, consumers would have no guarantee that they can keep their doctors. And to get low premiums, they sometimes need to accept a more limited choice of doctors and hospitals."*

The simple problem of the Affordable Health Care Act is basic, too many sick people have applied for coverage, too many healthy people have not. Combine that with the

increase in health care costs and guess what? Premiums are going to sky rocket and nothing is going to stop them.

"*Healthier people just keep their plans*" according to the article and a quote from Amy L. Bowen of the Geisenheimer Health Plan in Pennsylvania. Geisenheimer has requested and increase in premiums for the AHCA of 45% just to maintain a break even position and to be able to continue to offer health care.

Premium increase are all over the country, some plans have had to ask for increases well above the 50% level, there is nothing in place to provide any other options. Either increase the premiums paid under AHCA or turn away patients.

Needs are not limited to emergence room visits by those who finally after years are seeing a doctor, they are far more advanced medical treatments such as hepatitis c, cancer, hearth issues and many other deadly and expensive treatments.

Here is the link to the NY Times article: Part of the article is blow, click link for entire article.

http://www.nytimes.com/2015/07/04/us/health-insurance-companies-seek-big-rate-increases-for-2016.html?_r=1

Health Insurance Companies Seek Big Rate Increases for 2016

By ROBERT PEARJULY 3, 2015

WASHINGTON — Health insurance companies around the country are seeking rate increases of 20 percent to 40 percent or more, saying their new customers under the Affordable Care Act turned out to be sicker than expected. Federal officials say they are determined to see that the requests are scaled back.

Blue Cross and Blue Shield plans — market leaders in many states — are seeking rate increases that average 23 percent in Illinois, 25 percent in North Carolina, 31 percent in Oklahoma, 36 percent in Tennessee and 54 percent in Minnesota, according to documents posted online by the federal government and state insurance commissioners and interviews with insurance executives.

The Oregon insurance commissioner, Laura N. Cali, has just approved 2016 rate increases for companies that cover more than

220,000 people. Moda Health Plan, which has the largest enrollment in the state, received a 25 percent increase, and the second-largest plan, LifeWise, received a 33 percent increase.

Jesse Ellis O'Brien, a health advocate at the Oregon State Public Interest Research Group, said: "Rate increases will be bigger in 2016 than they have been for years and years and will have a profound effect on consumers here. Some may start wondering if insurance is affordable or if it's worth the money."

President Obama, on a trip to Tennessee this week, said that consumers should put pressure on state insurance regulators to scrutinize the proposed rate increases. If commissioners do their job and actively review rates, he said, "my expectation is that they'll come in **significantly lower than what's being requested."**

The rate requests, from some of the more popular health plans, suggest that insurance markets are still adjusting to shock waves set off by the Affordable Care Act.

It is far from certain how many of the rate increases will hold up on review, or how much they might change. But already the proposals, buttressed with reams of actuarial data, are fueling fierce debate about the effectiveness of the health law.

A study of 11 cities in different states by the Kaiser Family Foundation found that consumers would see relatively modest increases in premiums if they were willing to switch plans. But if they switch plans, consumers would have no guarantee that they can keep their doctors. And to get low premiums, they sometimes need to accept a more limited choice of doctors and hospitals.

"People are getting services they needed for a very long time," Ms. Williams said. "**There was a pent-up demand**. Over the next three years, I hope, rates will start to stabilize."

Blue Cross and Blue Shield of New Mexico has requested rate increases averaging 51 percent for its 33,000 members. The proposal elicited tart online comments from consumers.

"This rate increase is ridiculous," one subscriber wrote on the website of the New Mexico insurance superintendent.

In their submissions to federal and state regulators, insurers cite several reasons for big rate increases. These include the needs of consumers, some of whom were previously uninsured; the high cost of specialty drugs; and a policy adopted by the Obama

administration in late 2013 that allowed some people to keep insurance that did not meet new federal standards.

The rate requests are the first to reflect a full year of experience with the new insurance exchanges and federal standards that require insurers to accept all applicants, without charging higher prices because of a person's illness or disability. The 2010 health law established the rate review process, requiring insurance companies to disclose and justify large proposed increases. Under federal rules, increases of 10 percent or more are subject to review.

Federal officials have often highlighted a provision of the Affordable Care Act that **caps insurers' profits** and requires them to spend at least 80 percent of premiums on medical care and related activities. "Because of the Affordable Care Act," Mr. Obama told supporters in 2013, "insurance companies have to spend at least 80 percent of every dollar that you pay in premiums on your health care — not on overhead, not on profits, but on you."

In financial statements filed with the government in the last two months, some insurers said that their claims payments totaled not just 80 percent, but more than 100 percent of premiums. And that, they said, is unsustainable.

At Blue Cross and Blue Shield of Minnesota, for example, the ratio of claims paid to premium revenues was more than 115 percent, and the company said it lost more than $135 million on its individual insurance business in 2014. "Based on first-quarter results," it said, "the year-end deficit for 2015 individual business is expected to be significantly higher."

BlueCross BlueShield of Tennessee, the largest insurer in the state's individual market, said its proposed increase of 36 percent could affect more than 209,000 consumers.

"There's not a lot of mystery to it," said Roy Vaughn, a vice president of the Tennessee Blue Cross plan. "**We lost a significant amount** of money in the marketplace, $141 million, because we were not very accurate in predicting the utilization of health care."

Julie Mix McPeak, the Tennessee insurance commissioner, said she would ask "hard questions of the companies we regulate, to protect consumers."

After public hearings and a rigorous review, Ms. Cali, the Oregon insurance commissioner, found that the cost of providing coverage to individuals and families in 2014 was $830 million, while premiums

were only $703 million. She directed some carriers to raise rates in 2016 even more than they had proposed.

Health Net, for example, requested rate increases averaging 9 percent in Oregon. The state approved increases averaging 34.8 percent. Oregon's Health Co-op requested a 5.3 percent increase. The state called for a 19.9 percent increase.

Of Interest

Boy, talk about feeding (feasting) at the public watering trough....BB

Aetna Buys Humana

In Florida, the combined new company would control **43 percen**t of the existing Medicare Advantage market and **17 percent** of all Medicare eligible residents, Carroll noted.

Medicare Advantage is a type of Medicare plan offered by private insurance carriers, like Aetna and Humana, that contract with Medicare to provide hospital services and preventive care.

With baby boomers signing up for Medicare in record numbers, health insurers covet the Medicare segment and executives said Humana would add **4.4 million stand-alone Medicare Part D members.**

In a conference call with analysts Monday morning, Aetna and Humana executives said that by the end of the year, revenue from government health care programs **— Medicare and Medicaid — will make up 56 percent of the $115 billion** pouring into the combined company.

The remainder would come from commercial accounts and other programs.
Aetna, based in Hartford, Connecticut, derives 38 percent of its **$61 billion in revenue from Medicare and Medicaid** and 49 percent from commercial accounts.

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1 agent last week, but he got a whopper sale! Don't you need help?

Also congrats to Dan Barnard for his huge sale in Virginia, Joe helped him.

We can help:

Need help on case prep? Have questions about mutual funds, stocks, bonds? Need help fact finding? We can help you put you case together.

Sometime just a little adjustment is all you need; sometimes just knowing where to find specific information is all you need. We can help!

Call or email me. 360 701-6209.....bbroich@msn.com

Sales and Marketing

Feel free to email me questions to put on Open MIC...bbroich@msn.com

Questions this week regarding beneficiates, tontines and leads, BTW...**Thanks for the questions**, they help all of us!

Q: Is interest on a life insurance policy loan deductible?

Taxation of policy loan

A: No, but it can be taxable.

You can borrow against your life insurance policy, and the loan proceeds are generally not taxable to you (unless the policy is a modified endowment contract (MEC.

What is a MEC? A life insurance policy purchased after June 20, 1988, is a modified endowment contract if the accumulated premiums paid at any time during the first seven years exceed the sum of the net level premiums for a policy that would be paid up after seven years. A single premium policy is one example of a modified endowment contract.

A loan from a MEC is treated as a distribution from the MEC. A distribution from a MEC is subject to the income-out-first rule. As amounts are distributed, they are treated as consisting of taxable income to the extent that they do not exceed the excess of the cash surrender value of the policy over the investment in the contract (generally,

premiums paid less tax-free distributions). The taxable income will also be subject to a 10% penalty tax unless the distribution is made after age 59½, on account of disability, or as part of a series of substantially equal periodic payments.

Example: You have a MEC with a cash surrender value of $100,000. You have paid premiums of $50,000. You take a policy loan for $60,000. The first $50,000 ($100,000 cash surrender value - $50,000 investment in the contract) of the loan is taxable income to you.

Q: Is there is a law that requires charities to spend a certain percentage of their income on programs and services.

A: No, there is no law and charities have had a free range to make their runs up as they needed to. There is a list that can be checked to see how much actually goes to a charity, here is the link which is affiliated with the BBB: www.give.org.

Agent Share:

Crew! Send me your shares and we will put them on Open MIC notes, that way we help each other in our **Agent Community!**

Jeremy Nason sent this: (www.insuranceproshop.com)

If you listen to the people selling stocks, bonds and mutual funds; brokerage firms; and magazine articles; just about all of them want you to believe that you can **average** around 10% a year investing in actively managed funds. However, there is a significant problem with what they are telling you.

Consider, if you were to look at the **S&P 500 Index** 10 year actual annual return, ending December 31, 2012, you will find that it was only 4.95%. (**Note:** Very few funds outperform the **S&P 500 Index** in any given year, let alone over a long period of time.)

Now consider... **NerdWallet** investigated the actual outcomes of investing in actively managed funds, verses passively managed funds. (Note: passively managed funds mirror an index such as the **S&P 500 Index**.) The study looked at more than 24,000 mutual funds and ETFs available to U.S. investors for the ten-year period ending on

December 31, 2012. **Note:** Only 7,943, less than one third, were in existence for the full ten years.

The asset-weighted **average** return of the actively managed mutual funds in those 10 years was 6.50%, while the passively managed index funds averaged 7.30%. Similarly, for equity funds the **average** return was 7.19% for active managers, and 7.65% for passive funds. In this, and in numerous studies Index funds outperformed actively managed funds, regardless of whether returns were measured by asset-weighted **average**, median, or a simple **average**.

Now, did you notice that the actual 10 year return for the **S&P 500 Index** was only 4.95% in 2012, and the **NerdWallet** study is comparing **average** returns of over 7%? Part of the reason for the difference is because **NerdWallet** is using **'Average'** annual returns, verses actual annual returns.

Consider, if you have a 100% return one year and a -50% return the next year, then they will tell you the **'Average'** return for those two years is 25%. {(100%-50% = 50%) / 2 = 25%} However, the actual return is quite different. Let's do the calculations... ($1 + 100% = $2), ($2 - 50% = $1). So, the actual return is 0%, not the average 25% they want you to believe.

Obviously, for the 10 year period ending December 31, 2012 mutual funds and ETFs did not come close to the **average** 10% return people are being told about. And the **actual** return is quite a bit lower than the **average** return being touted.

Let's take a look at the actual returns of the S&P 500 Index for the past 10 & 15 years...

...the **S&P 500 Index** actual 10 year annualized return, Dec. 31, 1999 - Dec. 31, 2009 was (02.72)%.

...the **S&P 500 Index** actual 10 year annualized return, Dec. 31, 2004 - Dec. 31, 2014 was 5.44%.

_____

...the **S&P 500 Index** actual 15 year annualized return, Dec. 31, 1999 - Dec. 31, 2014 was 2.27

So, what is a realistic expectation for money in the market?

At the recent ETF Conference, January 24-27, 2015 a presentation by **Joe Davis**, chief economist from Vanguard, warned that advisors need to set realistic expectations with their clients for lower investment returns over the next few years. According to **Mr. Davis**, Vanguard's outlook is the most guarded it has been since 2006. He warned that ultra-low rates on bonds as well as high US stock valuations portend nominal rates of return for a 60% stock/40% bond portfolio of only 3-6% over the next 5 years.

Big Truck Partners

Chad is here today to share and answer questions,

Steve,

Great question so I am emailing everyone on this.

There is one case where this was done via an IRS private letter ruling (I sent an email on this about a two years ago I think) but to my knowledge it has not become IRS law.

http://www.irs.gov/pub/irs-wd/1330016.pdf

Here is a good article that explains the PRL better (notice that inherited annuity distribution rules still apply which may limit what products you could sell the person inheriting the annuity):

https://www.kitces.com/blog/irs-opens-door-in-plr-201330016-for-1035-exchange-by-beneficiary-of-fixed-and-variable-inherited-annuities/

Basically a PRL is an agreement between the IRS and one individual for one situation. It is kind of like "case law" in the legal world that it can be relied upon to some extent but not guaranteed to apply to other individuals. In order to guarantee the right to 1035 an inherited annuity the daughter in question would have to get her own PRL until the IRS makes this tax law.

That being said, the lawyers at the insurance carriers will or will not allow inherited 1035's based on their interpretation of the PRL as it applies to other people. There is nothing requiring carriers to allow inherited 1035's. Also, a carrier allowing an inherited 1035 does not release tax liability from the client. If at a later time the IRS disallows the client from an inherited 1035 even though the carrier allowed it the client is solely responsible.

Unfortunately, this puts us in the position where we are "offering tax advice" if we tell the client they can do an inherited 1035 exchange.

The best thing to do is to find a carrier that will allow it. Then provide the PRL to the client and tell them to ask their accountant if it is ok to do an inherited 1035 exchange. The accountant might file a PRL request for that client or just tell them they are good to go based on the PRL issued on 4/16/13. Either way you are off the hook for providing tax advice.

Thanks for the biz,

Anthony R. Owen

Partners,

It is getting harder and harder to justify a securities license.

https://www.youtube.com/watch?v=AoxLbhIeAUU

The Money Guys....shut down by Maryland Attorney General

Thanks for the biz,

Anthony R. Owen

Product Information:

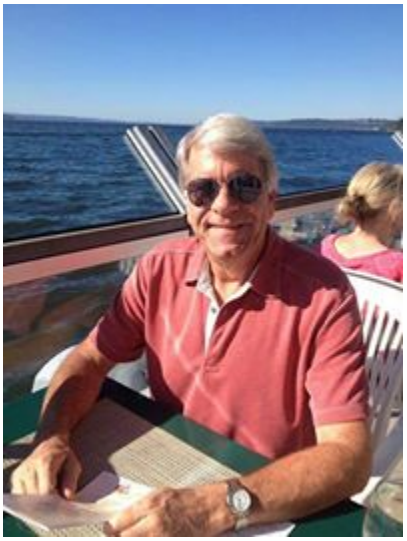
Ron Barrett
Vice President National Accounts
Fidelity & Guaranty Life
M 480-213-0176
1001 Fleet Street
Baltimore, Maryland 21202

I will be covering the **FG Retirement Pro**. High level, key selling features and where it fits in the income planning solutions.

15 years of extensive experience working in the Insurance and Financial Services industries. I offer comprehensive industry knowledge, market vision and sound business leadership to effectively identify new opportunities, strengthen market presence, build productive industry relationships, develop top-performing teams and maximize revenues.

A broad background of working with multiple distribution channels including the largest carriers in the world, independent marketing organizations / brokers dealers, and retail advisors gives me keen insights into all aspects of our industry.

Present an enthusiasm for life, a passion for people and a relentless pursuit of achievement.



Dave Townsend

Annuity.com

Help capitalizing on a huge market, a smart way to boost IUL sales and more in this week's newsletter.

Phone: 253-381-2328

Week of July 6, 2015

View in Browser

Marketing Concepts

Need Help Capitalizing on the $11 Trillion Women's Market?

Women are playing a bigger role in their family's financies. 44% are their family's primary breadwinners and collectively control $11 trillion of the nation's investable assets and they are looking for advisors like you for help. Check out this new online library of Brainshark presentations that can help you grow your business in the women's market.

MORE

A SMART Way to Boost IUL Sales

Smart money is money your clients want to control ad be able to access during times of need. While there are several places to store smart money, one option to consider is life insurance because it provides death benefit protection, potential cash value growth and access to funds.

MORE

Product Updates

The Triple Play

Protection UL with Vitality and the Long-Term Care rider is a powerful combination. They can help secure your client's financial future no matter what life brings, while also rewarding them for maintaining a healthy lifestyle.

MORE

5 Things You Need to Know About Value+ IUL

Value+ Index Universal Life insurance is a unique and flexible protection-focused product design to serve your clients' long term needs for personal and business financial security. But that's just the beginning. Check out these 5 things you need to know about Value+ IUL!

MORE

Underwriting Updates

Nicotine? No Problem. SBLI's Rates are Great.

Have a lot of nicotine business? Not only are SBLI's new term rates among the lowest for non-nicotine fortysomethings and pre-retirees, nicotine users ages 20-55 are also in luck.

MORE

Underwriting Improvement for Older Ages

Continuous improvements to underwriting and the latest medical research are resulting in liberalized ranges for Prostate Specific Antigen (PSA) values for older ages. More of your clients who have had PSA values outside the traditional range may now be eligible to qualify for coverage.

MORE

AIG

The AIG Power Select Builder opportunity just got stronger. American General will be increasing caps and decreasing spreads on the Power Select Builder strategies effective 07/06/15. Policies issued on or after 7/6/2015 will receive the new rates. **Call for details!**

ALLIANZ LIFE

Allianz Life: Great news! Allianz announces rate increase effective July 7th.
Click Here for July Rate Watch

FIDELITY & GUARANTY LIFE

F&G is increasing the Prosperity Elite 10/14 bonuses, the Safe Income Plus bonus, and the roll-up on Safe Income Plus for any app issued with the July 15th buy date and later.

Click Here for Vesting Premium Bonus and GMWB Roll-Up Rates

The Short List:

Updated Indexed UL illustration guidelines to take effect Sept. 1

The National Association of Insurance Commissioners (NAIC) on June 18 approved updated, more reasonable guidelines for the illustrations that insurers, agents and brokers can use to market indexed universal life (IUL) products. The new guidelines are set to take effect Sept. 1. Adoption of Actuarial Guideline XLIX for Indexed Universal Life Illustrations (AG 49) represents [...] The post Updated Indexed UL illustration guidelines to take effect Sept. 1 (http://www.looktowink.com/2015/06/25931/) appeared first on Wink (http://www.looktowink.com) .

Advisors Fear Fiduciary Rule Will Harm Client Relationships

Advisor-client relationships will be harmed to the point where advisors will be unable to serve their clients if the investment advice fiduciary rule proposed by the Department of Labor (DOL) is approved. That's according to a survey the National Association of Insurance and Financial Advisors (NAIFA) conducted of its members. According to the

survey, two-thirds [...] The post Advisors Fear Fiduciary Rule Will Harm Client Relationships (http://www.looktowink.com/2015/06/advisors-fear-fiduciary-rule-will-harm-client-relationships/) appeared first on Wink (http://www.looktowink.com) .

NAIC Closing the Loop on Illustrations

On June 18, 2015, the Life Actuarial (A) Task Force of the National Association of Insurance Commissioner's (NAIC) Life Insurance and Annuities (A) Committee adopted new Actuarial Guideline 49 governing indexed universal life (IUL) illustrations. The new guidelines are in response to overly aggressive marketing practices and are intended to make illustrations more reasonable. Despite insurance companies [...] The post NAIC Closing the Loop on Illustrations (http://www.looktowink.com/2015/06/naic-closing-the-loop-on-illustrations/) appeared first on Wink (http://www.looktowink.com) .

These 4 Types of Annuities Are Worth Knowing

Annuities draw a lot of controversy in the financial world for such a simple financial instrument. An annuity is a contractual arrangement with an insurer to exchange an upfront premium for future payments. Yet while some see annuities as a perfect solution to many different financial issues, others focus on some of their weaknesses, which [...] The post These 4 Types of Annuities Are Worth Knowing (http://www.looktowink.com/2015/06/these-4-types-of-annuities-are-worth-knowing/) appeared first on Wink (http://www.looktowink.com) .

Annuity Technology: The 30,000-Foot View And The 30-Foot View

For Mitch Wein, a consultant steeped in the technological habits of individual annuity carriers, 2015 is a watershed year. It's the first time that millennials will about equal the number of baby boomers in the workplace. From here on, every year will see more millennials than baby boomers in the workforce. This makes 2015 a [...] The post Annuity Technology: The 30,000-Foot View And The 30-Foot View (http://www.looktowink.com/2015/06/annuity-technology-the-30000-foot-view-and-the-30-foot-view/) appeared first on Wink (http://www.looktowink.com) .

Retirement optimism running at 7-year high

The Wells Fargo/Gallup Investor and Retirement Optimism Index continued to hold steady in the second quarter of 2015, tracking at a seven-year high for investors' faith in the markets and their ability to save enough for retirement. Of the 1,000 investors surveyed in May, confidence remained equally high among retirees, whose median age

was 68, [...] The post Retirement optimism running at 7-year high (http://www.looktowink.com/2015/06/retirement-optimism-running-at-7-year-high/) appeared first on Wink (http://www.looktowink.com) .

Pacific Life Strengthens New Channel With FIA Launch

Pacific Index Dimensions, a new fixed index annuity launched earlier this month by Pacific Life, is the company's new FIA designed specifically for distribution by Pacific Life's Producer Alliance Program, a distribution channel launched three years ago. Adding the Producer Alliance Program channel has made Pacific Life's products available to a broader range of retail [...] The post Pacific Life Strengthens New Channel With FIA Launch (http://www.looktowink.com/2015/06/pacific-life-strengthens-new-channel-with-fia-launch/) appeared first on Wink (http://www.looktowink.com) .

Labor Chief Signals Changes to Fiduciary Proposal

The Labor Department is considering changing some aspects of exemptions in its proposed fiduciary standard expansion, the department's secretary said on Tuesday. The department is focusing on additional data retention and point of sale disclosure requirements in the best interest contract exemption because of comments on the rule, Secretary Thomas E. Perez said during a [...] The post Labor Chief Signals Changes to Fiduciary Proposal (http://www.looktowink.com/2015/06/labor-chief-signals-changes-to-fiduciary-proposal/) appeared first on Wink (http://www.looktowink.com) .

How Hybrid Annuities Might Fit Into LTC Reform

Hybrid insurance products, such as deferred annuities with long-term care (LTC) riders, would be eligible for a LTC subsidy program proposed in a paper released this week by The Hamilton Project at Brookings, Washington, D.C. The paper also proposes modifications to the Employee Retirement Income Security Act (ERISA). These modifications would allow for penalty-free withdrawals [...] The post How Hybrid Annuities Might Fit Into LTC Reform (http://www.looktowink.com/2015/06/how-hybrid-annuities-might-fit-into-ltc-reform/) appeared first on Wink (http://www.looktowink.com) .

Magic Johnson Adds Life Insurance To His Business Empire

Retired basketball superstar Earvin "Magic" Johnson has added a $14.5 billion life insurance company to his growing business and sports empire, Magic Johnson Enterprises. Tuesday, MJE, which Johnson founded in 1987, said it completed its planned acquisition for a majority, controlling interest in EquiTrust Life Insurance Company, which manages $14.5 billion in annuities, life insurance [...] The post Magic

Johnson Adds Life Insurance To His Business Empire (http://www.looktowink.com/2015/06/magic-johnson-adds-life-insurance-to-his-business-empire/) appeared first on Wink (http://www.looktowink.com) .

Study shows immediate annuities need bigger place in retirement

Are plan sponsors and participants giving immediate annuities short shrift in designing income distribution strategies? One Harvard PhD and veteran retirement wonk has published a working paper suggesting that may be the case. Mark Warshawsky, a visiting scholar at George Mason University's Mercatus Center, a think-tank dedicated to market-oriented policy solutions, has been testing the [...] The post Study shows immediate annuities need bigger place in retirement (http://www.looktowink.com/2015/06/study-shows-immediate-annuities-need-bigger-place-in-retirement/) appeared first on Wink (http://www.looktowink.com) .

Selling is not telling: 4 tips to offer better insurance solutions

They say insurance is a relationship business. How do you forge and maintain relationships with your customers and prospects? Consider the answer as a question. Click here to read... The post Selling is not telling: 4 tips to offer better insurance solutions (http://www.looktowink.com/2015/06/selling-is-not-telling-4-tips-to-offer-better-insurance-solutions/) appeared first on Wink (http://www.looktowink.com)

We Recommend:

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.

Disclaimer:

David Townsend and I own Annuity.com, but we have a lot of marketing friends, friends that you might be better off if you knew them. Joe Rych at Retire Village, Anthony Owen at Annuity Agents Alliance, Sherilyn Orr at Infofuel, Kevin and Allison at FinAuction....and many more.

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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. Boise State did play in the Fiesta Bowl and end 12-2...another fabulous year.

Did you know that since 2000, Boise State is 92-4 at home? In the past 10 years, Boise State is the winningest football team in division 1. 113 wins.

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...

Also, our daughter Annie made it home safe from 6 months in South America, ready to start the next chapter of her life, in St. Louis.