.....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

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Real Help From Real Agents.

July 14, My Dad would have been 99 today....he made it to 96.

Allianz White Paper about what is ahead in retirement. This paper is important to you because it examines via survey what many people want and are searching for at retirement. 20 pages and worth an hour's study.

https://www.allianzlife.com/Variable/content/public/Literature/Documents/ent-1154.pdf

Government Accounting Office suggests that annuities should be mainstream in financial and retirement planning. This is important to us because it is from a legitimate government agency and it is covered in the mainstream media. Making copies and using as handouts for your prospects at seminars and mentioning on the radio show will give you a powerful message.

Two links, one form consumer point of view and from the advisor point of view

http://www.investmentnews.com/article/20110710/REG/307109999

http://www.benefitspro.com/2011/07/05/gao-retirement-advice-delay-social-security-buy-an

And in Forbes: http://blogs.forbes.com/kerryhannon/2011/07/06/how-not-to-outlive-your-money/

US News and World Report pro annuity article about annuities. This article is important to you because it options other than annuities for safe retirement. It does list annuities as also a viable option. I would make copies (with permission) and show it to prospects as a list of their options. This gives you a great chance to pitch the benefits of your product while still being unbiased. A very nice sales tool and it comes with credibility, US News and World Report.

http://money.usnews.com/money/blogs/planning-to-retire/2011/07/07/how-to-prevent-outliving-your-retirement-savings

Doubting Thomas: Recently I had a referral from an existing client. Bob and Joanne were interested in safety and security but had heard numerous bad things about annuities. After visiting for an hour and getting a handle on their situation I suggested we meet again but only after they did some homework. They agreed (I really didn't think they would) I suggested they visit the link below and only IF they were still interested then they could call me and we would set a time to have a serious discussion.

http://fixedannuityfacts.com/articles-insights/article2/

They did call and the appointment is set in August, now I am back in control and I did so only by letting them loose and giving them an option to call me. I never would have called them….You might try this technique sometime when you have **"Doubting Thomas's"** in front of you. This is now a guaranteed sale.

Here is a second link that is also good:

http://fixedannuityfacts.com/articles-insights/article3/

Case One

This case is about listening to the prospect, adjusting your thinking regarding how to provide the benefits and being able to understand which product makes sense.

Not all our children are doctors, lawyers or for that sake successful people. Many adult children have financial, heath and emotional issues. As we age as parents, a child unable to cope can be both stressful and financially challenging.

Listening to the prospect and being able to understand how they "feel" about a specific situation is the most important part of building a relationship and eventually earning a new client.

Her name is Mary. And she is 84 with a dependent 57 year old son. She owns a house, has money in the bank and income of $3,000 a month.

- **Home valued at $150,000**
- **Cash in bank: $300,000 (CDs, savings, cash)**
- **Some miscellaneous assets: $50,00**
- **Income from SS and pension of $3,000 a month**
- **No debts and an inexpensive life style**

The case is an 84 year old widow who helps support her 57 year old son who she claims is one step away from being a street person. She shares her income with him on a monthly basis. She fears and she knows if he was to inherit funds in a lump sum that he would blow it in a hurry.

Mary had enough income (for their lifestyle) and assets to provide for herself and her son, the concern was what would happen to him when she was no longer available to help.

The question was asked:
"Mary, what is the purpose of your money and what would you like to accomplish?"

The answer was she was afraid of what would happen to her son and how would he cope. Her only concern was her son, never herself.

She was open to investing $100,000 of her available $300,000 in an annuity but wanted some type of guaranteed monthly payout to him when he inherits it. She did not want him to inherit a lump sum, she wanted to provide some degree of guaranteed monthly income so he had a level of financial security.

I suggested and placed her with a life annuity product with a Future Provider Bonus. (because of compliance I am no longer allowed to mention the product's name so call David, Joe, Tony or Jared for product info and details)

The product is a typical fixed indexed with a **4% bonus** on all premiums paid the first contract year . Issue age 0-85.

The unique benefit with this company is on the application marked #13 RIDERS. The rider is a **"Death Benefit Rider"** of which there is no fee. It gives **the owner of the annuity** a choice as to how their beneficiaries receive the funds they inherit.

There are two choices. By accepting the rider the money will be paid out over **15 or 25 years** only, Annually-Semi-Annually-Quarterly-Monthly. If the owner elects a 15 year payout the beneficiary receives equal periodic payments over 15 years equal of the Death Benefit multiplied by no less than 130%.

Right now the payout is 140%. If the 25 year payout is elected the Death Benefit payout is multiplied by no less than 150%. Right now the company is paying out 170%.

It is not a trust, there is no cost for it, it does not have to be administered by anyone. The owner makes the selection on the application and that is it. What a great way to provide a legacy for a loved one.

The danger of course is tying up funds long term for the beneficiary and occasionally the client will want to control their money from the grave...but in this case both the client and the beneficiary were in favor of this plan, it made greats seen for them. In addition to this guaranteed monthly income, the beneficiary would still inherit other assets to help with short term needs and housing needs, but the fact this income was guaranteed and would be the financial base for the beneficiary made it a stress free decision.

Mike Davis engineered this case, feel free to contact him for any specifics.

Mike Davis
Host of Safe Money Radio
mdavis@myretirementresources.com
Cell # 615-714-3331

Very good job and a very good sale....Call Dave, Joe, Tony or Jared for product help and details.

Case Two

This case is about information and understanding how to access information and how to use a third party as a legitimate source. By using third party experts you are removing yourself from liability, from the "he said she said" scenario and you are adding credibility to your relationship with your prospect.

This case is about investing important funds in categories that not having enough information could be a mistake. There is nothing wrong with "bond mutual funds" as long as the investor understands the performance, the volatility, the fees and expenses and the fund objective.

Also, over time the fund owner's needs and goals may change.

George and Marguerite, age 79 and 78

Retired pharmacist, own home, own business building being rented, small IRA and other investments, cash assets, sufficient income.

Have owned bond mutual fund for 18 years, purchased as their retirement vehicle.

The bond mutual fund has fees and expenses, returns quoted are before fees deducted. The fund was purchased from a family friend who is now deceased, no real update in their holdings have been reviewed since the purchase of the bond fund 18 years ago.

- Cash in bank: $150,000 (for emergency, travel etc)
- Home: $200,000 (paid for)
- Business building: $500,000 (rented for $4,000 a month but in poor part of town and its future is limited, be very hard to sell, fully depreciated asset)
- IRA $40,000 in bank CDs
- Bond Mutual Fund $600,000

As they reached retirement time, investing in safe and secure bonds seemed like a smart move. Bonds are interest bearing and income was the goal. What was never explained or more probably forgotten over the years were some key facts:

- Bond mutual funds do not have a fixed rate of return
- Bond mutual funds do not have a guarantee of principal
- Bond mutual funds have fees and expenses
- Bond mutual funds are exposed to the volatility of overall market interest rate movement. Both positive and negative

Here is a description of the bond fund goal.

Description

The investment seeks to generate income and price appreciation without assuming undue risk. The fund normally invests at least 80% of net assets in fixed-income securities. It expects to invest in readily marketable fixed-income securities with a range of maturities from short- to long-term and relatively attractive yields that do not involve undue risk of loss of capital. The fund expects

to invest in fixed-income securities with a dollar-weighted average maturity of between three to ten years and an average duration of three to six years. It may invest up to **50%** of its net assets in **below** investment grade bonds.

George and Marguerite did not know or may have forgotten about the **"below"** investment grade bonds. Generally the term used for this category of bonds is called "junk" which can mean two things....**higher risk and higher yield**.....

As an example, their original investment of $400,000 is now $600,000. At one time the value was only $200,000. The reason for this volatility is the swing in general interest rates over the past 18 years, as interest rates increased, the value of their bond holding reduced. Now as interest rates are lower, their bond fund is worth more ($600k)

Sell and Reposition? Taxes?

So should they sell their holding? What about taxes? How much would the tax liability be on the gain from the original investment of $400,000 if they sold it for $600,000 today?

The answer may well surprise you; they could sell their bond fund and have virtually NO tax liability?

Why?

Because over the years they have always paid tax on the gain produced within the fund as the fund manager bought and sold the bonds. Their tax cost basis will always increase each year as they pay taxes on the unrealized gains. They are unrealized

because they are part of the mutual fund and George and Marguerite are only shareowners.

Here is the “trailing performance” for their fund

Trailing Performance
Bond Fund US Agg Bond

07-08-11

	Total Return %	
3 Month	2.81	
6 Month	3.31	
1 Year	4.67	
3 Year*	4.47	
5 Year*	4.49	
10 Year*	4.22	
15 Year*	**3.99**	--

Trailing returns are often used as an investment comparison tool and commonly used as an economic indicator. The data for a trailing return will show how a stock, mutual fund or other security has performed in relation to other funds over a definitive time period.

Investors should certainly be aware of the trailing period of their investments. However, the information can prove to be deceptive. Trailing returns can virtually **mask how volatile and risky** an investment can be. Investors really need to educate themselves on an investment’s rolling time period returns to understand the full breadth of what their mutual fund or asset class is.

Here is an example for this fund about volatility....how can there be volatility in a bond fund?

Best 3 month return	**+7.91$**
Worst 3 month return	**-10.25%**

Fees and Expenses

I am sure George and Marguerite were well aware of the fees, commission and expenses when the fund was purchased. But 18 years is a long time and people seem to always remember differently. Since the fees are deducted prior to any crediting or yield, they assumed there were no expenses. In fact the expenses are **.85%** of their fund value per year.

Here is an Epic Sales Tip for you....explain this to your prospects....a major eye opener...

Think of the expense ratio not as a percentage of your account value but as a percentage of your overall yield.

If you look at the 15 year positive yield of 3.99% which is net of fees, the percentage of expenses (.85%) in relationship to their yield is around 20%.

Key statistics

Total assets	535.94M
Front load	4.25%
Deferred load	-
Expense ratio	0.85%
Management fee	-
Fund family	Name Withheld, email Bill for ticker symbol

You should self-educate….here is a good link for more bond fund information.

Link for evaluating a bond fund

http://personal.fidelity.com/products/fixedincome/fievaluating.shtml

Since the purpose of the bond fund was lifetime safety, security and income, I suggested repositioning the bond fund into an equity indexed annuity and enjoying the benefits.

- The $600,000 was liquidated with almost no tax liability
- The EIA bonuses 8% so the beginning value was $648,000.
- The income rider virtually guaranteed income that was greater than the bond fund and without any association with risk.

George and Marguerite are now worry free and have enough income to live a solid retirement. Stress is reduced.

George and Marguerite are real people, living in Emmett Idaho.

Early 1950's in Emmett Idaho, Marguerite, George, My Dad, My Mom and Ralph Blair at a dinner dance....

Now you can associate real life people with this case prep.

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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.

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