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Seattle Police Enforcing new plastic straw laws

Adam Carolla has a great commencement speech on the removal of freedom through useless rules at the end of this video:

https://www.youtube.com/watch?v=8i6LA-7mi9M

Open MIC is free and available to all: Our 26th Year.

Housekeeping: Take a look at www.annuity.com, see the top offer for our book and follow it....new design, click through on the banner ad and see our new lead generation marketing. www.annuity.com **Leads from here are free to crew members**

In September we will roll out our new program to help you be successful with your credentials, exciting stuff, and it is free to members! In today's notes we will give you a glimpse at the new expanded **Invited Authors** marketing system. This will be an opportunity for agents to market themselves with powerful new tools.

Numerous additions are being added to this very successful program. If you want to move your business to the next level.... **here is your opportunity**. BTW, it takes most agents about 8 hours a year for this, we do the rest.

My editorial came from a meeting with a new agent to our crew. His background had been in finance and now he is converting his business to selling FIAs. I was very impressed by his approach, get as much education as possible, become a professional with certified credentials. My editorial is how I have always felt, education is the key, without education there will be **"hip"** shooting.

Below I mention how I joined the Washington State Bar Association (affiliate), once when I attended a seminar on estate planning, a lawyer in the audience from Olympia saw me. She was very impressed with my attendance (as a non-attorney) and over the years gave me numerous referrals, just because I had elevated myself above the other agents in the area. BB

If you want to be better than the competition, do more than the competition. I am speaking of professional advancement through education.

How many of you belong to your local life underwriters association? How many of you belong to the *Million Dollar Roundtable*? How many of you do as little as possible to keep your license in force? Do you do the continuing education yourself? (I would guess most agents do not.)

I joined the *Washington State Bar Association* as a non-attorney member, I was able to go to conferences and learn things far beyond my educational experience. I was a member of the *MDRT* (Top of the Table) and this allowed me to go to meetings with the top agents in the insurance business. How many of you have taken the *Life Underwriters Training Council* (LUTC) classes?

How many of you subscribe to Morningstar product support system, and happily pay the $1,400 a year, because you know access to the information will benefit your business?

CLU? MBA? What are you doing to build your credentials?

Why am I picking on all of you, I prefer to call it a challenge instead, be better, be better than the competition. I know that some of you realize this and are educating yourself and rising in prestige and sales success.

If you do not build the foundation, in situations where your knowledge is challenged, you could tend to lie (hip shoot) to cover up your shortage.

Why Salespeople Lie to their Client

(Colleen Francis engageselling.com)

It's said we are living in a post-truth world. While politicians today may be the single most untrusted profession, insurance salespeople might not be far behind.

Ask most people to describe an insurance agent, pictures of past insurance people come to mind' words like "huckster," "snake oil peddler," "fast talker," "con artist" and, of course, "untrustworthy," "arrogant" and "dishonest."

The less education an agent has translates to using short cuts to keep going. Because of these "bad apples" we are also herded into those boxes as being possibly the same. Unfortunately, the fact of the matter is, people who sell for a living do so in an environment that is polluted by a few unscrupulous - but highly visible - individuals, who are more interested in making a short-term buck than they are in creating long-term profitable relationships with their clients.

Even the most well-meaning salespeople lie, to save face or to cover for the agents lack needed information, on occasion, and when they're caught (as they almost invariably are), this only serves to further poison their relationships with their customers - and the selling environment for all of us.

There are three key reasons why salespeople lie to their clients:

1. They don't know their product. Some salespeople lie by accident because they're **unsure or uninformed** about the products they're selling. In many cases, they lie simply because they're too embarrassed to say, "I don't know."

2. They're too empathetic. Some salespeople lie because they're **insecure** about themselves, or their relationship with their prospect. They just want the **customer to like them**, so they stretch the truth to tell the customer what they think they want to hear. Hip shooting then becomes an inappropriate vehicle to build a friend first, and a customer second.

3. They're only focused on the money. Some salespeople see lying as an easy way to make a **quick buck.** Salespeople who lie for this reason do it because they want the prospect to move too quickly, so that they can make a quick sale, pocket the commission - and move on to the next prospect before the first customer can have any second thoughts.

Did you know that prospects also use a lie to manipulate the sales process?

Of course, when it comes to sales, truth telling (or the lack thereof!) works both ways.

- They'll lie to avoid an annoying sales pitch.
- They'll lie to protect themselves against overly persistent phone calls and email follow-ups, or to avoid being pressured into making a decision.
- They'll lie to protect their reputations, their accounts, their time and their jobs.

Think about how salespeople are commonly portrayed in popular culture. Movies like Glengarry Glen Ross doesn't exactly paint a sterling portrait of salespeople. The result is that we who do want to excel legitimately in our chosen profession have a pretty swift current to row against.

But while it may be difficult, it's not an impossible challenge. Gaining the trust of your prospects just takes a little extra effort and forethought - as well as complete dedication to honesty in how you conduct your business.

If my business is still growing, why should I care?

Think of this category.

1. A recent survey found that only **10%** of insurance sales people are the best educated, write the best business, get the most referrals and are the happiest as humans. These are the top performers, we all know who they are.... Chad, Brad etc.
2. At the other end of the spectrum are another **20%** comprised of under performers, as well as those who are new or on their way out. These are the ones who do the LEAST to help their business, computer games are more fun than actually taking a segment of a CLU class.
3. The remaining **70%** of salespeople fall into a broad category that is best described as the "**average majority**." To be fair, being an average performer isn't a terrible thing - these sales reps will make a living and are happy to just be in the business,

however these are the folks who would ask Chad at every opportunity how he does it.

But few sales professionals would ever choose to be average, especially when the tools to become a top performer are so easily within their grasp.

The secret to sales success

Successful salespeople all use a range of different styles and techniques, but they also all share one key thing in common: they know that honest communication is the single most important secret to increasing sales, and commissions.

The great ones all have the same thing in common, is it that they see more prospects and their numbers would be better? Is it because they spend more money on leads? What sets them apart.

So, what's the "secret" to establishing and maintaining credibility in the eyes of your clients?

Almost without question it can be only one identifiable thing: **education.** Education does not need to be a college course, it is a commitment to be the best they can be and to help become that person, they study, they work hard, they become relentless.

When was the last time Brad didn't start his day early reading and learning? When was the last time Chad didn't have a training session on a podcast to listen as he was driving his daily 300 miles in Texas?

With education comes credibility, credibility gives you, the agent, the confidence to answer any question with full honesty. If you know the answer, you answer, if you don't you say so. That is what education does for you and your business.

In addition to the lost sales and revenues that these breakdowns represent, there are also numerous hidden costs. Losing prospects that cost $300 a lead because of lack of trust can dramatically reduce your success and your happiness.

Worse yet, it can permanently ruin your reputation - and your ability to earn future business.

Don't lie, don't guess, don't hip shoot.

Education:

CLU (3-5 years) is the pinnacle: https://www.theamericancollege.edu/designations-degrees/CLU

LUTC (2 months) is a must: https://www.naifa.org/professional-development/pdp/lutcf

Ed Slott IRA Elite is a solid move: $6,500 a year plus time commitment. https://www.irahelp.com/EliteGroup

Join Million Dollar Round Table (MDRT): https://www.mdrt.org/

Best's Special Report: U.S. Insurers Increasing Use of Derivatives for Liability Risk Management

OLDWICK, N.J.–(BUSINESS WIRE)–U.S. insurance companies are increasing their usage of derivatives in hedging and portfolio management to manage risks or to achieve objectives for their asset-liability portfolios, according to a new A.M. Best report. The Best's Special Report, titled, "Growing Use of Derivatives [...]

Here is the definition of derivatives: A **derivative** is a financial security with a value that is reliant upon or derived from an underlying asset or group of assets. The **derivative** itself is a contract between two or more parties based upon the asset or assets. Its price is determined by fluctuations in the underlying asset.

Warren Buffett said that derivatives are dangerous because: they are a weapon of mass destruction.

"I regard very large derivative positions as dangerous. We inherited a modest sized position at [Berkshire's reinsurance vehicle] Gen Re in a benign market and we lost about $400m just trying to unwind it with no pressure on us whatsoever."

Warren Buffett, one of the world's most storied investors, has issued a fresh warning that the complex derivatives lurking on banks' balance sheets are a **"potential time bomb"** that could explode in times of stress.

13% of life and annuity companies use derivatives, 2% of PC companies…I hope they are well experienced in "risk" management….BB

3 Ways U.S. Households' Life and Annuity Use Looks Weird

Many economists think the way U.S. households use life insurance and annuities looks a little strange. Most U.S. economists working today start with the "classical economic model." That model implies that households should buy enough insurance now to maximize what […]

Q: Bill, how do I learn about the IRS 1035 exchanges?

A: Here is an article I wrote a while back, it might be able to help.

https://www.annuity.com/use-the-irs-section-1035-to-find-the-highest-yield-for-your-annuity/

Use The IRS Section 1035 To Find The Highest Yield For Your Annuity

By Bill Broich| July 29th, 2018| Annuities

The popularity of tax-deferred annuities has increased since the 1970's into a natural choice for safe money alternatives for many Americans. The primary reason is the lack of exposure to market risk and the contractual guarantees provided by these products. Many of the benefits that first attracted consumers to annuities, tax deferral, and probate avoidance, have been replaced with the need for guarantees and having funds fully risk-proof. With the large volume of funds available in annuity contracts, the need for managing the expected yields of these products falls directly on the back of the consumer or annuity contract owner. Insurance companies plan for funds

in annuities to remain intact, and they base their investment portfolio of long-term earnings.

However, as an annuity ages, the yield can be reduced to the contractual minimum by the insurance company. What tools are available to the consumer to maximize yield without exposure to tax liability due to the tax deferral of accumulated funds within the annuity?

The answer is simple; an IRS allowed Section 1035 IRC Tax-Free Exchange.

How is this annuity ownership right and tool and how can it be utilized most effectively in this current volatile financial environment?

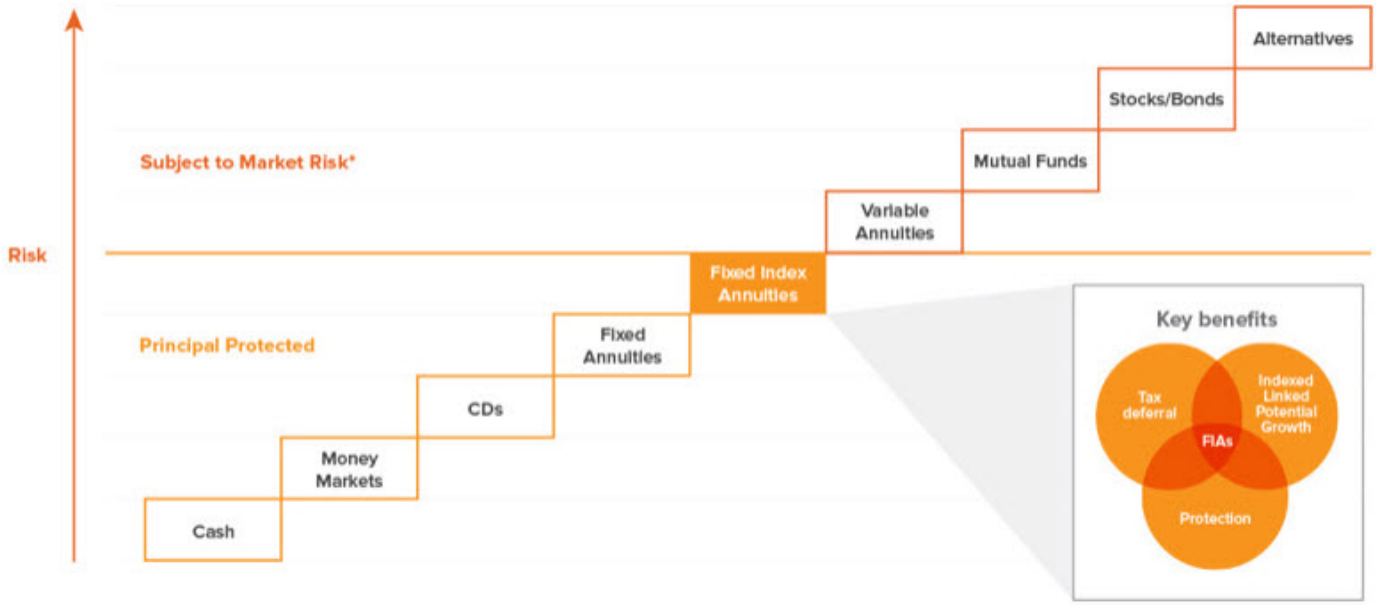
The Section 1035 exchange permits the annuity owner to preserve the tax-deferred status of the account and exchange without tax liability to any other company's available annuity product. The marketplace then will dictate what interest rates are available and the current company may still be able to match the newer offered interest rates. Competition is the key and competition should provide higher interest rates to the annuity owner. Failure to look at new options for interest rates puts the annuity company at an advantage and the annuity owner at a disadvantage.

The fixed annuity that you currently own could be entering into a time period where the volatility of interest rates could provide you with higher yields. It is essential to be aware of what your options are and to manage your annuity. Make your current annuity company be competitive with what is available in the marketplace and remember, the only loyalty that should be considered is to you.

Find the highest possible yield for yourself and use the IRS Section 1035 to move your funds without tax liability.

Q: Bill, a while back on Open MIC you shared a graph that explained risk very simply, can you share it again?

A: Sometimes a picture can be worth 1,000 words. Explaining risk to a prospect can be difficult. This graph is a simple visual tool to help put sectors of investing into perspective.



Recently, we had an inquiry from a crew member about very high interest offered in a newspaper ad. I called these folks, identified myself and an owner of Annuity.com and asked questions. I will explain my conversation.

I have no clue who this firm is, I have no relationship with them. BB

Notice the **"credibility"** patches on the bottom of the ad? I will explain.

How does it work?

When CD Rates Seem Too Good to Be True: **the companies, the rates, the warning**

A Sound Mind Investing member in Texas recently sent us two newspaper ads for CDs with surprisingly attractive rates. One, from a company called First Fidelity Tax and Insurance, offered a 5.39% APY rate on a 3-month CD. The other, promoted by Sun Cities Financial Group, touted a 4.25% rate on an FDIC-insured CD with a 6-month term. How can these companies offer such high rates? What's the catch?

The Companies

The firms running the ads are quick to state they are not banks. Instead, they "help consumers *locate* insured banks nationwide" or are "a leader in locating superior banking and insurance products."

Technically, they are "CD brokers." The **Sun Cities** web site explains the company is "engaged in the business of placing deposits or facilitating the placement of the deposits of third parties with FDIC-insured depository institutions." The FDIC and SEC have some words of warning about this type of activity, which we'll get to shortly.

On the surface, their supposed ability to locate superior financial products looks to be of questionable value. After all, websites such as **Bankrate.com** turn anyone with an Internet connection into "a leader" in locating banks offering attractive rates. However, if you search Bankrate.com's national database of banks, you **won't find CD rates anywhere close to 4%-5%.** Currently, the best 6-month CD at Bankrate has a yield of only 1%—and 0.45% was the best they could come up with for a 3-month rate. So, again, how can the companies advertising in *The Houston Chronicle* provide CDs offering so much more?

The Rates

It turns out that the advertised rate *isn't* the CD rate. One ad hinted at this by stating, **"Yield may include a *bonus*."** The other was more explicit, stating: "Yield includes an interest **bonus of 3.00%,** plus 1.25% annual percentage yield."

Here's how it works. First—taking a page from the time-share marketing playbook—you have to go to the company's office. There you will be told about two or three banks they have "located" offering CDs at attractive rates (more in line with what you'll find through **Bankrate.com**.)

Once you open a CD at one of the banks, the company promoting the high rate will pay you the difference in the form of a bonus, in some cases sending the bonus money along with your check to the bank where the CD will be held.

For example, say they locate a bank offering a 6-month CD paying 1.25% APY. If you deposit $10,000, in six months you will have earned $62.50 ($10,000 x 1.25% = $125, which is then divided in half based on the 6-month term). The **CD broker covers** the remaining **3%, or $150.**

The Pitch

Of course, the company hasn't made any money from you yet. **In fact, they've *spent* $150. When we asked one such company about this, the CD was described as a "loss leader."**

They compared it to a grocery store that promotes $2 steaks with the hope that you'll buy other things while you're there. And what might those "other things" be in a case such as this? Insurance products.

While you're in the office availing yourself of the company's "superior bank product location service," **you'll be pitched on life insurance or an annuity**.

From their perspective, you're a perfect candidate for such high-commission products. You're in the market for a conservative, guaranteed rate of return and you've proven by buying the CD that you have money to invest. The fact that it's a *short-term* CD means it won't be long before you'll have that money available for the product they'd prefer to sell you.

This is exactly what CBS MoneyWatch writer Allan Roth found when he **checked out a similar CD offer**. His contact at the firm conceded he "only made money when he sold an insurance product."

The Warning

According to the FDIC, a deposit broker "**can be anyone** from one person working alone from home to someone affiliated with a major financial-services firm. There is **no federal or state licensing or certification process to become a deposit broker,** and the FDIC does *not* examine, approve or insure deposit brokers." It adds, *"CDs sold by brokers can be complex and may carry more risks than traditional CDs sold directly by banks,"* and *"There have been a few cases reported of unscrupulous deposit brokers allegedly misleading or defrauding investors."*

The SEC agrees: *"Since brokered CDs are sold through an intermediary, you'll need to take extra steps to **avoid fraud**."* Recommended precautions include: thoroughly check the background of the deposit broker, identify the issuer

CBS' Roth found the bank he was steered to had the *lowest* "Safe & Sound" rating from Bankrate.com, only one out of five stars), ask about your deposit broker's record-keeping, and find out what happens if you need to withdraw your money early.

Better yet, just say no to any CDs that come with sales-pitch strings attached. The small interest bonus you'll get in exchange for hearing them out likely isn't worth your time—or the risk of them convincing you to buy their high-commission products.

When a Broker Offers a Bank CD: It Pays to Do Some Research

You must be SEC/FINRA registered to sell Bank CDs....NOT! Anyone can sell them if you can find the basic information. But you cannot earn a commission unless the volume is massive.

Why do you think these guys are offering a product that pay no comp, offers above market returns and the broker even pays for the advertising, why would they do that?

How to beat bank cds with annuities. First, we need to **gather background information**

A **certificate of deposit** account (CD) at an FDIC-insured bank is one of the safest, most reliable investments available because it provides a predetermined fixed- or variable-rate interest computation for a set time period (usually three months to five years) and deposit insurance protection of up to at least **$250,000 per depositor**.

Recently, you may have seen or received **advertisements** from deposit brokers offering FDIC-insured CDs. While using **deposit brokers** has grown in popularity because brokers often can negotiate higher interest rates, the CDs they sell may **involve more risks** than working directly with an insured bank.

FDIC Consumer News has previously cautioned readers to be careful when **buying CDs from third parties** but given the increased consumer interest and ongoing reports of complaints, here are tips and information.

Use a reputable deposit broker. The FDIC does not have the authority to examine, approve or insure deposit brokers, who can be anyone from an individual transacting business alone from a home office to a major financial services firm.

If you're thinking about an offer from an unfamiliar deposit broker, research that person's credentials and experience. If the person claims to

hold any professional licenses or certifications, verify his or her background and standing with the issuing agency, such as FINRA (the Financial Industry Regulatory Authority at www.finra.org or 1-301-590-6500). In addition, or your state's consumer protection office (www.consumeraction.gov/state.shtml) may be able to provide information about whether an individual broker or a company has a history of actual or alleged misconduct.

Whenever you use a third party to establish a bank deposit account, you place your funds at risk if that person does not put your money in an FDIC-insured bank.

Be skeptical if the interest rate on a brokered CD is significantly higher than other advertised rates. Some unscrupulous brokers advertise above-market rates on CDs solely as a **ploy** to get a consumer in the door. They then try to sell investment products that are not FDIC-insured and not in the consumer's best interest.

In one recent case, a high-rate brokered CD was issued by a foreign bank and therefore **not protected** by FDIC deposit insurance. However, the marketing materials for the CD included multiple **misleading references** to an FDIC-insured bank, and that led consumers to **mistakenly believe** that the investment was subject to FDIC insurance. In reality, the role of the FDIC-insured bank was limited solely to wiring collected deposits overseas to the issuing bank.

Another example previously reported in ***FDIC Consumer News*** involved a deposit broker who offered an exceptionally high interest rate on a **short-term CD by adding the broker's own money to the interest rate paid by the issuing bank.**

(carefully read the ad above, what is the minimum they need? Why is it so low? Answer that question yourself, why?)

Once that short-term CD matured, no similar high-rate CD offer was made, and instead the broker aggressively pitched a non-insured investment product that may have been a **poor choice** for the consumer but **lucrative for the broker.** Moreover, if the bank that issued the CD had failed during the term of the CD, deposit insurance would only cover the

principal plus accrued interest at the bank's stated interest rate, **not the broker's advertised rate.**

It is worthwhile to familiarize yourself with the current interest rates for both traditional and brokered CDs from FDIC-insured banks. If a broker is offering you a CD rate significantly higher than the general market rates, that broker is probably trying to **lure you** in to sell you another financial product that may not be FDIC-insured.

Make sure all of your deposit will be fully insured. To protect a brokered CD from loss if the bank fails, follow these steps to confirm that your money is placed in a properly titled deposit account at an FDIC-insured bank and that all of it is within the deposit insurance limits.

First, get the name of the bank where your money is to be deposited and verify that it is FDIC-insured by calling the FDIC toll-free at 1-877-275-3342 or searching BankFind, the FDIC's database of insured institutions at http://research.fdic.gov/bankfind.

(Agents: use this next information to help your prospects not to lose money)

Second, ask your broker to confirm that the deposit account records for its brokered CDs reflect the broker's role as an agent for its clients (for instance, by titling the account "XYZ Brokerage, as Custodian for Clients"). That way, each client who owns the CD can qualify for up to at least $250,000 in deposit insurance. This coverage is generally referred to as **"pass-through" insurance** because it bypasses the broker and is calculated based on the ownership interests of the individual depositors.

Also with pass-through insurance, a consumer's brokered deposits are added to any traditional deposits he or she has at the same bank for purposes of calculating coverage. So, if your combined brokered and traditional deposits at a single bank exceed $250,000, you should call the FDIC to discuss your coverage.

Learn whether your only option to withdraw early from a brokered CD is to sell it. Traditional CDs obtained directly from a bank often allow the depositor to pay a penalty to withdraw the money before the CD matures. However, brokered CDs, which typically have **much longer**

maturities (up to 10 or 20 years), rarely have that kind of early withdrawal feature. For them, your only option for early withdrawal may be to have the broker sell your ownership interest to another investor at the prevailing market value. If CD interest rates have increased since you acquired your brokered CD, the value of your deposit may have declined, and you could have a loss of principal that would not be insured by the FDIC. But if interest rates have fallen since you purchased your CD, the value may have risen, and you may be able to sell the CD at a gain.

(longer maturity brokered CDS are much like bonds with a changing value during the accumulation period...BB)

If you buy a CD directly from a bank and it fails, you will receive the FDIC payment faster than you would if you purchased it through a broker. With brokered CDs, the FDIC must first obtain from the broker the name and deposit amount for each CD investor. Then the FDIC will ******send the deposit insurance check to the broker, who in turn is responsible for distributing the payment to the consumer**, and that can result in further delays.

Note that the **FDIC does not supervise** or become involved in the arrangements between brokers and consumers.

More help here: If you have a problem with a CD sold by an investment firm, you have a couple of options. To submit a complaint against a salesperson, contact FINRA. If your complaint is about a CD or another financial product sold by an investment firm, consult the U.S. Securities and Exchange Commission (www.sec.gov or 1-800-SEC-0330).

Here is important information for your reference:

Certificates of Deposit (CDs)

Certificates of deposit (CDs) are time deposits. When you choose a CD, the bank accepts your deposit for a fixed term—usually a preset period from six months to five years—and pays you interest until maturity. At the end of the term you can cash in your CD for the principal plus the interest you've

earned or roll your account balance over to a new CD. But **you must tell the bank** what you've decided before the CD matures.

(this change on rollovers was made during the Reagan Administration, it added a benefit to the bank, auto rollover)

Otherwise the bank may automatically roll over your CD to a new CD with the same term at the current interest rate. And you might earn a better interest rate with a CD that has a different term, or one offered by a different bank.

CDs are less liquid than savings accounts. You can't add to or withdraw from them during the term. Instead, to buy a CD, you need to deposit the full amount all at once. If you cash in your CD before it matures, you'll usually **pay a penalty**, typically forfeiting some of the interest you've earned. To make up for the inconvenience of tying up your money, CDs typically pay higher interest than savings or money market accounts at the same bank, with the highest rates for the longest terms—though there are exceptions to this pattern. Like other savings accounts, bank CDs are insured by the FDIC, with your CD account balances counting toward your total insured amount.

Take Care With Long-Term CDs and Call Features (like some bonds, here is a link to my article about the escape hatch:

https://ezinearticles.com/?Use-the-Back-Door-Escape-Hatch-to-Compare-Bond-and-Annuity-Benefits&id=1920045)

CDs are usually described, quite accurately, as conservative investments because of their FDIC insurance and relatively short terms. However, not all CDs are alike. In addition to regular CDs, whose terms are rarely longer than five years, banks may offer long-term, high-yield CDs that pay a much higher rate of interest for terms as long as **10 or 20 years**. These CDs may be callable, which means that the bank has the right to terminate the CD and pay you back your principal plus the interest earned to that point. This usually happens if your CD is paying higher interest than CDs currently on the market, and it means you would have to reinvest your principal at a lower rate than your old one paid. However, unlike the bank, you don't have the right to end a CD contract if the situation is reversed and your CD is paying less than the current market rates.

In fact, you may want to think twice about any long-term CD because of the early withdrawal penalty. Generally speaking, investments that cost you money simply for changing your mind are rarely the best alternative.

Brokered CDs—Not Always FDIC Insured

You may also be offered a brokered CD by a stockbroker or other investment professional who serves as a deposit broker for the issuing bank. Brokered CDs may have a longer holding period than a CD you purchase directly from a bank, and they may be **more complex** and carry more risk. Although most brokered CDs are bank products, some may be securities—and won't be FDIC insured.

Brokered CDs differ in other ways from traditional CDs. For example, you may have to **pay a fee** to buy a brokered CD, either as a fixed amount or as a percentage of the amount you are investing. If the fee is modest and the CD is paying a higher rate than you could find on your own, you may come out ahead. But you should take the fee into account. You may also have to invest a minimum amount, such as $10,000 or more.

If the bank issuing the CD is FDIC-insured and if the CD is a bank product, your account value should be insured for up to $250,000. Keep these two things in mind, though: To be eligible for insurance, you must be listed as the CD's owner, so you'll want to confirm that it's registered to you or held in your name by a custodian or trustee.. Second, if the issuer happens to be a bank where you already have money on deposit, the total value of your accounts could be higher than the amount of the insurance. If the bank fails, you might be vulnerable to loss.

Unlike a traditional CD, **brokered CDs can't simply be cashed in** with the issuing bank. As a result, some firms that offer brokered CDs may maintain a secondary market—but these **secondary markets tend to be quite limited.** If you want or need to liquidate your brokered CD before maturity, you may be subject to what's known as **market risk**.

This means the CD may be **worth less** than the amount you invested because other investors are not willing to pay full price to own it. This might happen if the interest rate that new CDs are paying is higher than the rate on your CD.

Questions to Ask About CDs

Before you buy any CD, you should ask several questions:

- What interest rate does the CD pay and what is the annual percentage yield (APY)?
- Is the rate fixed or variable, and if it's variable, what triggers an adjustment and when does the change occur?
- When does the CD mature?
- What's the penalty for early withdrawal and are there exceptions to the early withdrawal fee?
- Does the bank have the right to call the CD, and if so, when could that occur?
- Is the issuing bank FDIC insured?

And if you purchase a brokered CD through a deposit broker, you should also ask the following additional questions:

- Is the brokered CD a bank product or a security?
- What is the name of the issuing bank?
- Is the issuing bank insured by the FDIC?
- Is the deposit broker someone you know—whose credentials you have checked?

Bank CDs. Is There a Tax Advantage to Moving the Money? Here is a Great Tip.

If you consider your responsibility to your client that your job is to provide the highest possible rate of return without any exposure to risk. That is how I see myself and my business plan is based on just that goal.

What happens when a bank CD's rate of return is below market and higher rates are being offered in other vehicles such as annuities?

What is the advantage to moving the bank money? How can you reposition your products without causing a loss due to surrender penalties from early movement in the bank CD?

Easy, just remember this!

Surrender penalties suffered on the early removal of a bank CD are fully tax deductible! Would you like me to repeat that? **Deductible.**

"Mrs. Jones, your interest rate at the bank is currently 2%, you can move your funds to an annuity paying 5% but you will be charged a penalty by the bank to do so. ***Were you aware that the surrender penalty charged to you at the bank is fully tax deductible to you?"***

I never suggest you never give tax advice, but this is an easy one. Just mention to Mrs. Jones she might want to call her tax preparer to confirm it.

Easy Sale and A Solid Argument

To find current interest rates for bank cd products, look here:
www.bankrate.com

I found 3% 5-year rates.

To find the best rates for annuity MYGA look here:
www.annuity.com/agenttools

I found 3.8% 5-year rates

3 Important difference between annuities and bank cds.

1. Interest paid to Bank CDs is taxable even if the funds are left on deposit, tax liability is the same as ordinary income.
2. Interest paid on MYGA are tax deferred if the funds remain untouched in the annuity.
3. Because of federal rules, banks are allowed to rollover your CD without your permission. Annuities merely sit on deposit and wait for further instruction.

Smart agents would make this a handout for prospects and clients, this is a great example of someone who knows nothing about annuities pretending to be an expert. I have made our side of the argument in **blue** text, their nonsense in **red.**

It makes me crazy to think that writers actually write these half-truths and that they can even be published. Just like I mentioned on Open MIC a month ago, this stuff is "air pollution", how can a respected publication like *US News and World Report* do this?....BB

8 Myths About Annuities in Retirement

https://money.usnews.com/money/retirement/baby-boomers/articles/2018-07-25/8-myths-about-annuities-in-retirement

"The goal of annuities is to provide a steady stream of income beginning either immediately or at some point in the future."

These payments can be carried out in a number of ways. Depending on the type of annuity you choose, you might make a lump-sum payment and then receive payouts from the insurance company during your lifetime or a set number of years. And while some annuities are set up to give you an established rate of return, others include a minimum investment return or a rate that can fluctuate.

With so many different types of annuities to choose from, figuring out the details and options available in today's market can quickly become confusing. That's why we've sorted through the most common misnomers about annuities and identified the realities behind them.

1. **All annuities are the same.** Like stocks and bonds, there are a wide range of options for annuities. These selections tend to fall into **two basic categories**: an immediate annuity and a deferred annuity. "With an immediate annuity, you make a lump-sum deposit and immediately start drawing income," says Brad Bertrand, an investment advisor representative and president of Retirement Solutions in Oklahoma City. With a deferred annuity, on the other hand, you give an insurance company money and the company promises to return your money, with the agreed-upon interest rate, at a later point in time. This payout period usually begins much later down the road, such as 10 or 15 years in the future.

Partially true I guess, but the two different types of annuities are these: variable sold by brokers and fixed sold by insurance agents. Variable are securities, fixed are insurance products. Both can be deferred, and both have income options, variable has fees, fixed none (income rider can have a fee)

2. **Annuities have a low rate of return.** Some annuities include a set interest rate, which makes it easy to calculate the earnings. "**A traditional fixed annuity is like a certificate," (no they are not, see my Bank CD presentation)** Bertrand says. "It has a fixed term or maturity and a fixed rate, so you know how much you will have when that term is up." If you opt for a variable annuity, its performance will usually be based on the stock and bond markets it is invested in. This means it could have a positive or negative performance, based on market conditions. Alternatively, a fixed index annuity acts as a hybrid of a fixed and variable annuity. "Like a fixed annuity, the term is fixed, and like a variable annuity, the rate of return can vary," Bertrand says.

Shameful explanation. FIA can earn more than the guarantee amount, FIA and fixed have no fees (income rider maybe), nothing is deducted form an annuity owners deposit. Variable is very high in fees.

3. **Annuity fees are always sky-high.** You'll want to understand the expenses involved with an annuity you're considering before signing anything. Keep in mind that the fees can vary depending on the

features involved. Variable annuities will generally include management fees and a mortality and expense risk charge, which is calculated based on factors such as life expectancy and the cost of ensuring the insurance company is compensated if the individual lives longer than statistically expected. **"The fees in variable annuities can range from 2 percent to 4.5 percent,"** says Dan White, founder of Daniel A. White & Associates in Glen Mills, Pennsylvania. Both variable and other types of annuities may also include a fee for a guaranteed lifetime income benefit rider, which ensures a certain amount will be provided as income, regardless of how the investment performs. Ask your financial advisor for a detailed list of fees and ongoing expenses to anticipate, and then request an explanation for anything that **isn't clear in the fine print**.

Once again, because our products are annuities, we get thrown into the hopper with one of the worst products Wall Street ever created.

4. **When I die, the insurance company keeps my money**. If your annuity plan calls for life-only payouts, you can expect larger payments from the insurance company during your lifetime. When you pass away, however, the balance within the annuity goes back to the insurance provider. Read the terms and conditions listed with an annuity, as they will spell out where the remaining money will go after you pass away. And if beneficiary terms are not listed, ask your agent to explain how the payout will work.

Any remaining funds in an annuity are available without probate expense or time delay to the named beneficiary. I don't remember any annuity I have sold that wasn't life income with a balance refund when used for income.

5. **I won't be able to access my money if I need it.** Many annuities are set up for a certain time frame, often between three years and a decade. During that time, if you want to withdraw a significant amount of the funds, you'll likely face a **surrender charge**, which is a fee required for taking out funds early or canceling the contract. To access a small percentage of your allocated funds, however, you might not encounter any fees.

10% free withdrawal without penalty in most products we represent, plus free withdrawal in the case of terminal illness or need for long term care. Our products can be converted to income at anytime without fees.

6. **A deferred annuity isn't worth the wait.** If you set up a deferred annuity, it's true that you won't immediately start receiving income. You will, however, be able to factor in future expected payments into your retirement plan. "A deferred annuity may be an ideal investment for those planning retirement or for those already retired because it can provide a lifetime income stream," Bertrand says. If you are 55 years old and get a deferred annuity to start using when you retire at age 65, you could have the advantage of knowing how much you will receive when retirement begins.

Annuities for income use mortality credits and risk pooling, only a very naïve person would go it alone and try and "annuitize" their funds themselves.

Don't you love how they use the word investment when ours are actually "deposits."

7. **An annuity will cover all my retirement needs.** While an annuity can provide an income stream, you'll want to have additional accounts with funds that are easy to access. Keep an emergency fund in place for unexpected costs.. Also factor in other ongoing sources of income, such as Social Security benefits and distributions from retirement accounts, to establish a retirement budget. When considering your retirement portfolio, aim for balance and assess the risks that you are comfortable with. Annuities tend to provide high layers of protection for your investments. "They can leave your invested dollars unaffected by market fluctuations," says Andy Whitaker, a financial planner at Gold Tree Financial in Jacksonville, Florida. For a well-balanced portfolio, you may want some exposure to equities or other higher-risk investments.

Annuities are a tool to be used with other segments for the prospect to make certain income will live as long as they do,

8. **If my financial advisor recommends an annuity, it's right for me.** To establish a retirement strategy that best fits your situation, you'll want to work with a professional who focuses on the big picture**. "An advisor might be totally honest and not have a clue** about a whole list of things that should be considered when assisting you with your life savings," Whitaker says.

What more can I add, most planners and brokers are just that, clueless.

Like all agents, we also need leads. Our approach has always been building and developing marketing systems. We strive for new and better ways to get in front of "target" marketed prospects.

Our systems are tried and true, they work.

"Time Invested Marketing"

Disclaimer:

David Townsend and I own Annuity.com, but we have many marketing friends, friends that you might be better off if you knew them. Sherilyn Orr at *Retire Village* and *Infofuel*, Chad Owen at *Eagle Shadow*, Anthony Owen at *Annuity Agents Alliance*, Carl, Darin, Tom and all the crew at *First Annuity*....and many more.

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Bill Broich