……15 Years and still rolling…….

Open MIC is open for anyone.

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

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CALL OR EMAIL

ANTHONY OWEN

888-74**AGENT** (24368)

tony@annuityagentsalliance.com

OR VISIT OUR WEBSITE

Annuity | Agent's Alliance

Real Help From Real Agents.

Phyllis and I live here, Grapeview Washington. This photo was taken in 1942. We live on the inside bay, the island (Stretch) on the top of the photo was nearly 100% planted to wine grapes. (gone now) The winery existed prior to prohibition until closing in 1965. (St. Charles Winery) The building now houses a museum. Our house sits on the open triangle you see across (below in photo) from the island. It is now in timber mostly.

I would hate to be in the cross hairs of the SEC….You?

According to the ***Financial Times***, the **SEC** has asked credit ratings agency Standard & Poor's to disclose which employees knew of the U.S. debt downgrade before the announcement. **The SEC suspects insider trading**. Identifying employees with prior knowledge of the downgrade is a starting point, according to the agency source who spoke with the newspaper… The SEC is also investigating whether that information was leaked.

Stanford Fraud Victims:

Why this is important to us and our target market!

http://www.msnbc.msn.com/id/43848444/ns/business-us_business/

Guarantee: Who is guaranteeing what?

The SIPC, a four-decade-old nonprofit corporation funded by brokerages, has helped to collect billions of dollars for victims of Bernard Madoff but has maintained that Stanford investors aren't eligible for restitution. But they refused here because Stanford didn't steal, he sold worthless Bank CDs….

Why would anyone buy these? The answer is simple….Greed. The investors wanted more interest and they bypassed the risk. There is a lot to learn here….I suggest you read the article.

Tips on working the “scrubbed” internet leads.

Always use the qualifiers name and the advisorworld.com or www.annuity.com name since the lead knows who has called them initially

- Read the comments on the lead as there may be useful information on how they want to be communicated with, this is commonly referred to as the **“hook”.**
- Acknowledge the information that they've already given us, do not start with a clean slate as it'll be a slap to their face. The agent is a continuation of the call, the **“expert”** who will help them to the next step.
- Realize that 99.9% of our leads need to be **educated** and not sold. The sale comes as a result of the education. Giving information is giving value. Value builds relationships.
- Have an e-mail template handy in the event the lead wants an e-mail and can't be reached. Email cos@advisorworld.com for a copy.
- When you leave voicemails and send e-mails always have a call to action/hook to encourage/excite them to call you back. **“I have the information you have requested!”** This puts it back to them.
- When you arrive at the appointment, be flexible enough and have the resources available to you to accommodate the leads desires/needs. Remember the purpose of this first meeting is to collect facts and find out how the prospect **feels** about their situation.
- Be yourself, you are an annuity salesperson. Remember, the prospect is interested in annuities, not how **“smart”** you are.
- Always listen to what the lead has to say no matter how absurd it may be. This will lead into the **fact finder**.
- Remember….what the client thinks they want still has to be **“suitable”** for their situation and the key is understanding their **“facts”.**
- **A fact finder is essential.**

From Herb Hickmore

Excellent points well made. **EDUCATION** is the biggest thing here…..get a meeting set up so you can see them “belly to belly” and develop a relationship. Great advice, and besides, **no one will EVER** understand an illustration or a brochure or anything you e-mail or mail a suspect or prospect…….**go for the meeting**………even if it takes you a year! We have closed two large cases (radio leads) this year we have worked on for more than one year just to set up the initial meeting.

Sincerely,
Herb Hickmore CLU, ChFC

Market Volatility White Paper

I would normally enclosed this as a link, but I found it very informative, really worth a study….BB

Source Emerald Marketing

Holding Steady in the Face of Market Volatility

Anyone who has even a passing interest in financial news and the investment world knows that we are in a period of unusual events and uncertainty. Although some recent developments are unprecedented, and the headlines can be alarming, history counsels against overreacting. It's important to approach the tumult in the financial markets with an eye toward the practical and not the emotional.

Because so much has happened in a relatively short period, you may have had trouble keeping track. This summary may help bring you up to speed.

What Happened

Over the past few months, the nation watched anxiously as lawmakers wrangled over a proposed increase in the debt ceiling, a statutory limit on the amount the U.S. Treasury can borrow from the public to cover the gap between what Washington spends each month and the amount it collects in tax revenues. Ordinarily, raising the debt ceiling is a fairly routine process but this time was made more contentious by an earlier warning from Standard & Poor's Ratings Services of a possible credit downgrade. In April, the credit rater lowered its outlook for America's long-term credit rating from "stable" to "negative," warning that the country was at risk of having its triple-A credit rating downgraded if the government could not agree on a plan to lower its long-term deficits.[1]

Soon after a debt-ceiling compromise was reached on August 1, the stock market entered a highly volatile period, as investors focused on other troubles that had been eclipsed by the debt-ceiling debate, such as continuing disappointment in the job market, eurozone sovereign debt problems, and weak growth in U.S. gross domestic product. The Dow Jones Industrial Average ended the week down almost 6%.[2]

After the market closed on Friday, August 5, Standard & Poor's downgraded — for the first

time in history — the U.S. government's credit rating to AA+, one notch below AAA, the highest possible credit rating. S&P noted that the debt-ceiling compromise had not gone far enough to address its concerns.[3]

When the markets opened on August 8, trading was volatile, as expected, but also aggravated by S&P's downgrade of Fannie Mae, Freddie Mac, and 10 of 12 Federal Home Loan Banks that were propped up by the federal government after the 2008 financial crisis. The Dow fell more than 600 points, the worst one-day point loss since December 2008 and the sixth biggest point drop in its history.[4–5]

The following day, August 9, the Federal Reserve pledged that it would leave benchmark interest-rate targets near zero for at least two years — an uncharacteristically specific time frame — and hinted that it may take further steps to prop up the economy, which the Fed chairman acknowledged could be slow to recover.[6] The Dow closed up 4%, the biggest gain since March 2009.[7] But volatility resumed the following day and may continue until it becomes clear how Washington plans to deal with the debt crisis, or until the economy shows stronger signs of recovery.

The Finer Points

Because the S&P downgrade of U.S. creditworthiness was unprecedented, some investors have reacted with panic. Here are some lesser-known points that may help put the situation in perspective.

How or whether you will be affected — or whether you should consider making adjustments — will depend on your specific circumstances and risk tolerance.

- **When a borrower's creditworthiness is downgraded, the interest rates it pays to borrow money could be expected to increase.** But it's not clear whether or when this will actually come to pass. Yields on Treasury debt — the very same downgraded by S&P — fell to an all-time low in the wake of the downgrade as investors searched for protection against volatility.[8] Yields move in the opposite direction of prices, so falling yields can signal increased demand as investors bid up prices. This is a reminder that investors — not credit-rating agencies — determine bond yields.
- **Standard & Poor's said the United States failed to go far enough in drafting a debt plan to address the nation's borrowing trajectory**. Although the United States clearly has a debt problem, so do other wealthy nations. The United Kingdom and some European Union nations are also facing sovereign debt troubles yet retain their triple-A ratings.[9] Sovereign debt problems in other nations mean that U.S. debt may still appeal to many investors.
- **The difference in credit risk between AAA and AA+ is negligible.** Both indicate very low risk

of default. However, the fact that the world's largest economy, issuer of the world's reserve currency, was downgraded can be tremendously important from a psychological standpoint. It's not clear what the long-term effects will be.

• **Moody's Investors Service and Fitch Ratings, the other two major credit-rating agencies, have not downgraded the U.S. credit rating.** This means they still consider the United States to be among the most creditworthy borrowers in the world.

• **After S&P told Treasury officials about its decision to downgrade U.S. Treasury debt, Treasury officials contended the calculations included a $2 trillion error.** The fact that S&P changed its rationale for the downgrade after this was pointed out, but proceeded anyway, has led to accusations that **S&P's actions were politically motivated**.[10]

• **The downgrade, the debate over spending and taxes, and volatility in the global financial markets are good indications that solutions may be forthcoming.** Investors are telling policymakers that it's time for structural reform and to stop papering over budget imbalances with debt.

• **Treasury bills are backed by the full faith and credit of the U.S. government as to the timely payment of principal and interest. This has not changed**.[11] (The principal value of bonds may fluctuate with market conditions. Bonds redeemed prior to maturity may be worth more or less than their original cost.)

What Should You Do?

As mentioned earlier, it's important not to let emotion determine how you may react in the near future. This is not to say that the wise approach is to place one's head in the sand and wait for the calm to arrive. But time has demonstrated that a solid defense against market volatility is to be prepared for it — and expect it. Preparation in this case means having a long-term financial strategy based on your particular circumstances and sticking to it, even when it feels as though it's time to panic. Panic is not only ineffective, but it can be costly. Fleeing a declining market carries the risk that you may not be in a position to take advantage of a recovery.

Sound advice such as maintaining an appropriate asset allocation and a well-diversified portfolio might be of little consolation when see your account balance falling. But the alternative, selling when prices fall and waiting for them to recover before you venture back into the market, may only worsen the situation. Asset allocation and diversification do not guarantee against investment loss; they are methods used to help manage investment risk.

Of course, how or whether you will be affected — or whether you should consider making adjustments — will depend on your specific circumstances and risk tolerance. In fact, the current situation may represent an opportunity for your portfolio.

Although it's understandable to be concerned when you see the kind of market volatility we have witnessed recently, be careful not to let your emotions take over. We can help address

your questions and concerns.

1, 3, 9) Standard & Poor's, April 18, 2011 and August 5, 2011
2, 5, 7) Yahoo! Finance, 2011, for the period 10/1/1928 to 8/10/2011. The performance of an unmanaged index is not indicative of the performance of any particular investment. Individuals cannot invest directly in an index. Past performance is no guarantee of future results. Principal value and return will vary over time, particularly for long-term investments. Actual results will vary. Shares, when sold, may be worth more or less than their original cost. Investments seeking to achieve higher rates of return also involve a higher degree of risk.
4) ABC News, August 8, 2011
6, 8, 10) *The Wall Street Journal*, August 10 and 7, 2011

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Here is more from another source. Strong points here.

http://www.ft.com/intl/cms/s/0/3319e6c8-c1b0-11e0-acb3-00144feabdc0.html#axzz1V79FPYXM

More

TIAA-CREF, New York Life, The Northwestern Mutual!!!!! Downgraded?

This is silly at a spectacular level.

http://articles.economictimes.indiatimes.com/2011-08-09/news/29867201_1_credit-rating-long-term-rating-rating-actions

Downgrade article....says no impact on insurers

http://www.iii.org/articles/understanding-the-us-debt-downgrade-no-significant-impact-on-insurers.html

Strong article in Forbes

States the importance of annuities for long term financial health...

Forbes: http://www.forbes.com/sites/cfainstitute/2011/08/08/managing-your-tail-end-risk-part-1-the-risk-that-you-may-outlive-your-assets/

Long overdue!

State regulators are close to adopting new rules to combat what they have been called "unrealistic" illustrations that companies offer with fixed annuities.

Just this week I had a prospect complain that earning 3-4% wasn't enough. She had a proposal form a broker showing future possible scenarios at 8% and 12%..... (it clearly said that it was not guaranteed)

What would the prospect remember?

What do you think I said?

http://insurancenewsnet.com/article.aspx?id=272081 NAIC Illustrations

Little Knowledge and Living too Long

http://theconversation.edu.au/dazed-confused-and-uninformed-self-funded-retirees-bear-the-brunt-2834

OK article, agent written, might be something here you could show your prospects...just fodder.

http://www.slideshare.net/arnaldog1/pros-and-cons-of-annuities-investments

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Chad Owen and family in Florida….

Here is your chance to ask a real live $20 million annuity premium producer REAL questions….Here is mine!

Chad….How are you handling the uncertainty of what the market is doing to people trying to make decisions about annuities?

Hello Bill,

I joined Annuity.com in January and it's been a great experience listening to you on open mic and having Retire Village.

I was hoping you could help me answer a question concerning taxation on an existing non-qualified annuity when it is inherited.

I'm working with a woman who purchased an annuity in 2006 using **$700,000.00** that came out of **non-IRA cd's**. Current value is **$828,000.00**. Can you tell me how this will be taxed when the children inherit?

Answer:

$828,000 value
$700,000 basis

$128,000 taxable event

The full amount can be taken over a period of time and the tax liability is spread over that time period.

Gain over deposit is taxed as ordinary income tax rates. The beneficiary may take the funds out over a payment period (5 years as an example) and the tax liability is spread out over the time period (exclusion ratio)

Case Preparation 1

Question to Annuity.com this week.

I decided to buy a variable annuity, the reason I decided to buy a variable annuity is because I wanted to accumulate as much money as possible for my heirs. I decided to use the variable annuities enhanced death benefit rider to maximize my eventual account value. What is your opinion?

Answer: I might be the wrong person to ask for a simple reason, I am not a fan of variable annuities. The reason is simple, I buy and own annuities for one basic reason, they are safe. The competition would argue that variable annuities are also safe….if you die.

Variable annuities will return at death one of two values: 1. the full accumulated value if higher than the original deposit or 2. The amount of the original deposit should the accumulated value be lower due to market losses.

But now variable annuities have added "enhanced" death benefit riders to the basic variable annuity. These riders will guarantee and increase in death benefits paid to the beneficiary (in event of death of the annuitant). This would guarantee the eventual amount to be greater than the original deposit. Sounds great until you look at the fees being charged for the enhanced death benefit rider.

As an example: Let's assume the original deposit is $100,000. The enhanced death benefit is adding $5,000 additional per year to the account which would pay out as additional death benefit at some future date. Let's now move forward for 10 year and the enhanced death benefit is now $150,000 ($100,000 original deposit plus $50,000 enhanced benefit)

Assume the annuitant dies in exactly 10 years. The variable annuity will pay either the accumulated account value or the "enhanced" death benefit. If the account value is greater than the enhanced death benefit it is paid, so again let's say the account value is exactly $150,000. The beneficiary is paid 100% with the annuitant's own money which had accumulated within the variable annuity. Cost to the company is ZERO.

How much did the actual "enhanced" death benefit rider cost? It depends, but a very well-known West Coast variable annuity provider which I spoke to directly said their costs average .75% (of account value).

%100,000 times .75% equals $750 the first year. Future years would be different based on the actual account value at the end of the year to determine what times .75% would be. If you assume a flat growth of the accumulated value and $750 per year, the 10n year total is $7,500 for a death benefit of $50,000 (assuming no growth in the VA)

$7,500 premium for an eventual benefit of $50,000.

Is this like a life insurance rider?

NO.....the reason it is not is simple: taxes.

Death benefit riders on variable annuities are fully taxable at ordinary income rates. So assuming an average tax return of 25% (use your own rate) the actual net benefit would be **$40,000 for a premium deposit of $7,500**.

Here is some more ammunition. The death benefit rider is always approved regardless of heath issue s of the annuitant (age limits will apply and occasionally a health questionnaire is requested) How can they assume all that risk?

Simple: There are two reasons why they do. 1. The rate is not standard insurance rates but a minimum of **table 4** (4 times the actual rate charged for life insurance, and in some cases higher) and 2. All death benefit on variable annuities is **reinsured**. (Reinsurance life company)

Death benefits paid as a life insurance policy is tax free, no taxes are due.

Case Preparation 2

Proprietary (pro·pri·e·tar·y)

Definition: Of or relating to an owner or ownership. On that possesses or holds exclusive (legal) rights, copyrighted or patented.

Proprietary mutual funds are offered for sale by the financial institution - such as a bank, investment company, or brokerage firm - that sponsors the funds. Characteristically, the funds' names include the name of the institution.

An example:

First Bank of Iraq Mutual Funds, FBI Core Investment Fund (name of fund). This fund would be a proprietary fund.

If you buy proprietary funds and change direction on your advisors, these funds are not moveable. In order to move the funds, you would need to liquidate them and that can create a taxable event.

This strategy is designed to keep the investor where they are and by not allowing movement of their proprietary funds, they keep control over the funds and the fees.

Recently, we had a client who wanted to change brokers (advisors). The client was invested in "proprietary" funds and was unaware of the lock in the funds held. Some of these funds had been accumulating for 20 years and when she was told of the fees she had been paying, **Civil War** broke out.

Here total deposits over 20 years were $40,000.

The total account value had grown to $65,000 over 20 years.

Here fees had been as a front end load of **5.75%** (on all purchase)

Expense ratio of **1.80%** on all account values annually which included 12 b-1 fees of **.25%.**

She was outraged and demanded her funds be transferred to her new annuity (EIA). The problem was simple; the retained tax liability (including capital gains and ordinary income) was over $6,000.

This reduced her transfer amount to under **$60,000**. She had two options, transfer and exposed herself to the tax liability or keep the funds exposed to the expenses and fees.

When you find clients and prospects who own **"proprietary"** funds, make sure they fully understand the restriction placed on them.

The best advice I can give anyone is this: Be informed

Disclaimer: 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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