

**ANNUITY AGENTS PODCAST**

**BILL BROICH**

- Annuity.com, Co-Founder
- Safe Money Radio Marketing, Co-Founder
- \$150 Million+ Producer

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- Annuity Agents Alliance, President
- Annuity Innovation Systems, President
- Safe Money Radio Marketing, Co-Founder & Creator

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**Annuity Agents Alliance**  
Marketing • Sales Process • Case Design

*.....Over 25 Years and still rolling.....*

**Open MIC is open for anyone.**

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

**IF YOU WOULD LIKE TO FIND OUT MORE ABOUT US**

**CALL OR EMAIL**

**888-74AGENT (24368) Ext. 100**

[info@annuityagentsalliance.com](mailto:info@annuityagentsalliance.com)

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# TOP PRODUCER EXPERIENCE

## RIVIERA MAYA

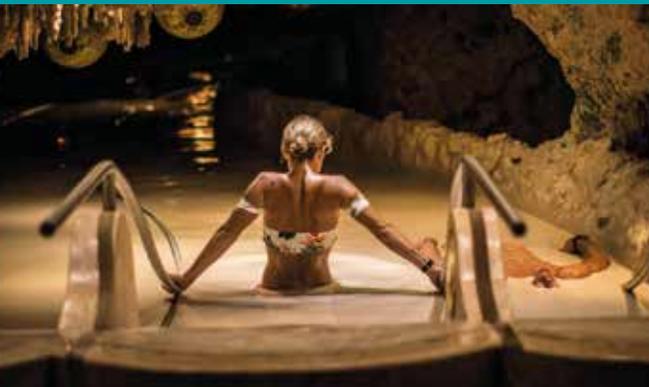
December 5<sup>th</sup> - 9<sup>th</sup>

HIT THE FOLLOWING PRODUCTION TARGETS AND YOU AND A GUEST WILL BE EXCLUSIVELY INVITED TO JOIN ANNUITY AGENTS ALLIANCE AND OTHER QUALIFYING TOP PRODUCERS FOR THE ULTIMATE RIVIERA MAYA VACATION. EXPERIENCE THE BEST OF HOTEL XCARET, BREATHTAKING LONG BEACHES ALONG THE CARIBBEAN COASTLINE, AND THE PRESERVED RUINS OF AN ANCIENT MAYAN CITY.



HOTEL XCARET

MEXICO



## QUALIFICATION TIERS FOR OUR TOP PRODUCER EXPERIENCE

### Tier I

- \$2MM in issued-and-paid indexed annuity premium
- \$100,000 in issued-and-paid annualized targetlife premium
- OR a combination of the two

### Tier II

- \$4MM in issued-and-paid indexed annuity premium
- \$200,000 in issued-and-paid annualized target life premium
- OR a combination of the two

CREDIT WILL BE EARNED FOR APPLICATIONS ISSUED AND PAID BETWEEN JANUARY 1st TO SEPTEMBER 30th, 2021. Invitation at discretion of Aegis Financial to producing agents only. NON-TRANSFERABLE. Agents must be in good standing and currently appointed with company. Includes airfare, accommodations, and selected activities. No financial or other considerations available in lieu of attendance.



## Time flies when you are having fun!

With the Fourth of July just around the corner, we are going to go on summer Hiatus after this week (June 24). I was looking back at years of Open MIC notes and reminiscing about the evolution of Open MIC to its present form of our **Podcast**.

When the original Open MIC started almost 30 years ago, it was nothing more than a couple of friends (agents) looking for mutual support in a lonely business. Annuities were not respected and being an annuity salesperson was not a dignified occupation. It is very interesting to me how the evolution of our industry from small to giant has happened. We lifted ourselves from our lowly space to the top of the heap. Not only is our industry-respected, but our products have become the central most important segment of retirement planning.

What I have enjoyed the most is the securities sign doing everything they can to immolate our product with new creation after creation.

This December will be our 30<sup>th</sup> anniversary of Open MIC/Podcast. It never occurred to me to save any of the early notes or even to record anything. David started the recording about 14 years ago, and I have notes back to 17 years.

About 10 years or so ago, we decided to host it 42 weeks a year, and to begin a couple of years ago; we decided not to host it during the summer. (summer hiatus)

Also, the original Open MIC was for an hour (notes and topics), then moved (for sanity reasons) to 30 minutes, and finally in its current form of 20 minutes, although that is only a guideline. (last week, it ran 33 minutes).

We have about 500 recordings and over 700 Open MIC Notes. This body of work has followed the industry as it has evolved, sort of a long-term history of our evolution. I wish it had occurred to me to keep the notes from the early years; that would be quite a landscape painting of our annuity world.

From here, we made more changes; we have moved to podcasts so any agent can have access to it. We will eventually be gleaning parts of older recordings and adding them to the Podcast. It will grow and grow.

Anthony has joined as co-host (Thank you!), and once again, we pivot and evolve.

Can you teach old dogs' new tricks? I think so because we have people with new ideas, new concepts, and new directions. Christina has joined us, as has Amy and Linda; add to that the marketing machine at Aegis, and you have a new view of where we are going.

Now what? It is the future, and we will find our place in it because of our fabulous products and our incredible industry.

Thanks to all of you, and together lets' look proudly at our future. It will be brilliant!

David, Anthony, and Bill

We will be back in September; we hope you enjoy your summer, and thanks for being part of our journey.

**Hiatus**

## **Information is King. Using it properly is the professional spin.**

Having good solid, useful information can lead to a relationship that will provide sales and referrals. Almost without exception, being a source of helpful information can expand relationships.

I spent a great deal of time and effort learning new and different things to be able to expand my prospects and client's information sources.

## **My Personal Philosophy**

- Selling is easy.
- Marketing is hard.
- Selling is order taking.
- Marketing is finding the order.
- Selling has a limited income.
- Marketing has an unlimited income.
- Selling is easy if the focus is on Marketing.

## **Be a marketer, not a salesperson, is more profitable, and with a system, it becomes second nature.**

Everyone wants **“just”** to sell, and very few want to do the marketing. The difference between the two is the difference between night and day, black and white, box wine, and Lafitte, well, you get the idea.

Which one will you choose? **Selling or Marketing?** Those that choose Selling without Marketing work as **tellers at the bank**. (A teller at the bank will earn more money than a real estate salesperson, who only sells and doesn't market) Those that focus on Marketing before Selling **own** the bank.

**Information** is a terrific way to market because marketing is the key to success. You can be informed and not expose yourself to any legal liability, **be the conduit!**

Here is a great way to explain to a prospect the easiest, the least expensive, and the most effectual way to pay future Estate Tax liability.

The interesting point about estate tax liability is almost no one knows how it works and what the actual and eventual liability would be. The reason, it is a constantly evolving target.

**PS: This is not hard to understand nor explain. Learn the basics and make it as simple as possible.**

The Estate Tax exemption changes, the tax rate changes, the rules change all because congress and the administration changes. The actual liability is unknown because of so many factors.

- Exemption: \$23.4 million, per couple, in **2021**. ... For estates that exceed this amount, the **estate tax** starts at 18% and goes up to 40%. This has been much lower in the past and will also be in the future. The amount of the exemption is a political football and, depending on which administration is in power, will set the exemption.
- Use a tax rate of 40%. Why? Because it is realistic.
- 100% of all estate tax returns are audited.
- The final tax return is due within 9 months of the tax year.

Here is what I use: **\$5,000,000**. I explain to the prospect that this is going to change, higher or lower but for the sake of planning, use this number.

You need to know the gross value of the estate. Here is a recent case I worked on in Washington. Their estate was \$15,000 000. Mostly real estate, so if an estate tax were due, assets would need to be sold to cover the liability.

Use 4% as a growth factor. Why? Because it is realistic.

Project the value of the estate in 20 years. Why 20 years? Because this is standard estate planning calculation period.

\$15,000,000 in 20 years has a value of \$33,000,000.

Subtract the exemption of \$5,000,000.

Taxable amount is \$28,000,000.

Estate tax due is (40%) \$11,000,000.

Most people try and find ways to reduce this through GST, advanced gifting, foundations, or FLP. My way is simple, easy, and tax free.

Here is more information: You can use your exemption during your lifetime, give it to anyone you wish and simply file a Gift Tax return. In addition, you can gift anyone anywhere \$15,000 a year.

Gifting is an easy and natural way to help reduce a future tax liability.

Most people do not want to give away their money; they want to control it.

Here is what I explain. Set up an Irrevocable Life Insurance Trust (ILIT). Name your intended beneficiaries as the beneficiaries of the trust. Name their attorney as the trustee, or if they wish, a beneficiary can also be the trustee, no big deal either way.

Estate tax liability is due at the second death, no liability at the death of the first.

Have a preliminary opinion of life insurance rating done prior to an application. This is easy, call the underwriting department and send them the medical release form from the couple. **DO NOT** take an application yet.

Once the estimated rating is known, shop for the policy. What kind? Minimum Funded Second To Die. Proceeds paid at the second death (when the tax liability is due). Price the policy for \$11,000,000. What if one is uninsurable? No big deal as long as one of the couple is insurable.

In this world, best price wins.

Premiums: Use MINIMUM Funded policies; why give the insurance company any more than needed?

The application MUST be signed by the trustee of the ILIT.

Here is the assumption. The policy is available, and the premium is \$150,000 a year. How do you pay the premium?

Remember about gifting? If the beneficiaries are 2, then you can only gift \$30,000. Right? Wrong? Each of the couple can give \$15,000 each times 2 children equals \$60,000. What if they are married? Now it is \$120,000. Suppose the adult children each have 22 children. How much can be gifted? 2 kids, 2 spouses, 4 total children times 2 at \$15,000 each. You can see how tax-free money can be gifted to the trust.

Suppose they do not have enough annual gifting value. They simply remove part of their lifetime exemption (\$5 million in our example) and gift that to the ILIT. They file a gift tax notice with their tax return.

Details. The gifting is to the trust; the trust pays the life insurance premiums. The trust is the owner of the policy and the beneficiary.

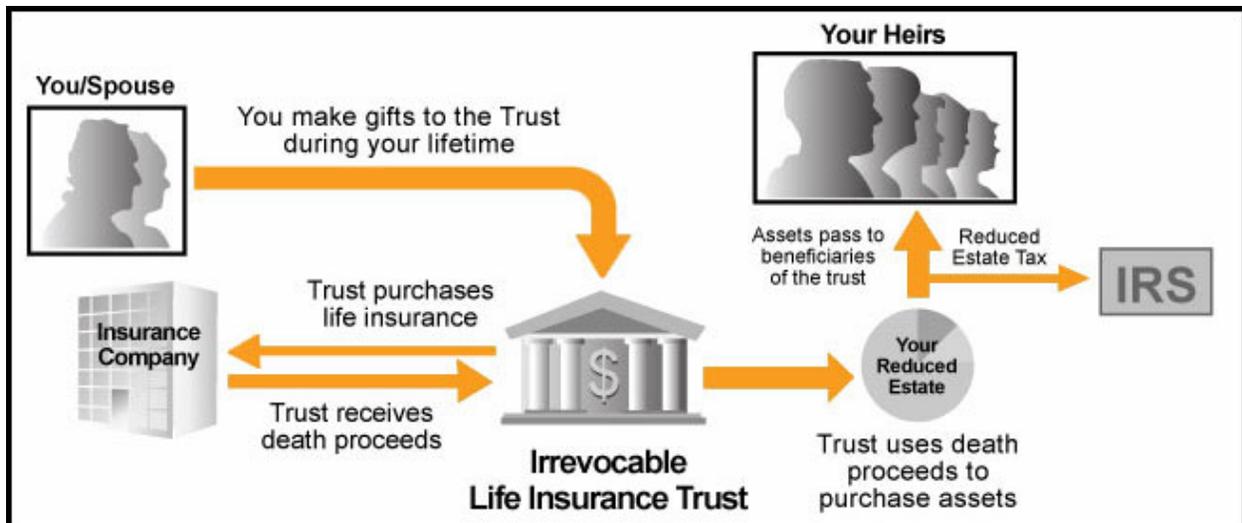
More Details: The gifting needs to follow a specific type of rule called the *Crummey Powers Notice* ([The Crummey Notice Requirement](#)). The funds must remain in the trust for 20 days then the premium is paid by the trustee.

This goes on until the death of the couple. When the funds are paid by the insurance company, they are tax-free to the trust. The trust loans the money to the beneficiaries who pay the tax liability.

Once completed and assets are transferred to the beneficiaries, the trust is closed.

Tax free, easy to fund, and no property must be sold to cover the liability.

**Easy Peasy**



This is easy to learn; you will sound professional and capable. Always bring in an attorney who is licensed and authorized to handle this. NEVER offer legal advice unless you are authorized.

Learning this advanced information and using it when needed will separate you from the competition. It also might gather a few ILIT sales for you.

I have done about 30 of these in my career by being the Insurance Professional and staying in my lane, and handling the transaction. The attorney assumes the liability, not me.

Good source of information about ILIT: [Irrevocable Life Insurance Trust |](#)

More: [Understanding Life Insurance Trusts](#)



We have a few questions accumulated that we will get answered before Hiatus.

**Q:** Bill, how do you get the prospect to understand how safe our product is?

**A:** I carry this handout, and if the question arises, I refer to it. You can make a copy of it for yourself.

**Safety.** Annuities are among the most guaranteed and safe investments available.

1. Free from danger or attack: *a secure fortress.*
2. Free from risk of loss.
3. Free from fear, anxiety, or doubt.
4. Reliable; dependable: *secure investments.*
5. Assured; certain:
6. Secure from danger, harm, or evil.
7. Free from danger or injury; unhurt: *safe and sound*
8. Free from risk; sure: *a safe bet.*

I always say that annuities are the **most boring products** in the world because, in fact, they are boring. Many people I talk to really want nothing but boring, and the appeal of safety and security is paramount.

Safety and security, what does that really mean? Annuities are safe because they are backed 100% with liquid dollars. Every time an insurance company sells an annuity, they must put an amount equal to the surrender value of the obligation in an asset that would guarantee those funds. As an example, if the annuity has an accumulation value of \$100,000 and a surrender value of \$90,000, then the lesser amount is set aside in an asset that could be liquidated to cover the obligation. Most of these funds are invested in US Treasuries and corporate bonds. This ratio of assets will also help determine the credit rating of the insurance company from such raters as A.M. Best etc.

**For the agent,** this is not to be used unless the annuity is issued and you are delivering. You may use it: In addition to the asset backing up the annuity, there is also a state guarantee fund as an underlying guarantee. Each state will guarantee the value of the annuity against financial devastation. (there are individual limits) The way this works is that each insurance company guarantees each other's product.

**I will provide by narrative.**

**Q:** Bill, awhile back, you explained bonds and how to learn about category risk. Could you repost that section?

**A:** Category risk (abbreviated)

### **Understand How Bonds are Rated and Their Default Rate**

I am not picking on bonds. I feel they have their place and are great for any portfolio. If you review the bond section of this manual, you can find basic information.

The truth is that bonds have historically higher failure rates than people recognize, and you and your client need to know that there is exposure to loss when investing in bonds. Oftentimes a bond failure doesn't actually mean the bond is worthless. It could simply mean a restructuring or a delay in an interest payment.

When a bond fails to make the interest payment, the value of the bond (how much it could be sold for) will decrease. The rating of the bond by bond raters (Moody's) can also weaken and drop.

It is important to know how this could affect your prospects portfolio, and it could strengthen the need for more safety and security that an annuity can provide.

#### **This is basic information regarding bond defaults and failures by category:**

- U.S. Treasury: no chance for default.
- Municipal bonds: investment grade bonds that have only a slight chance of default (one analysis showed less than 0.05% over a 30-year period).
- Corporate bonds: investment grade bonds have a higher risk but are still low.
- Junk bonds: below investment grade and have a much higher risk.
- Foreign bonds: may have a high risk.
- Unrated bonds: Highest risk of all.

**The lower the rating, the greater the chance of a bond default or failure.**

Here are numerous sources for finding additional information about bonds:

- Moody's (watch list)
- Standard and Poor's
- Bloomberg (they charge for the daily update report)
- Bond Default Newsletter [Weekly Bond Bulletin | J.P. Morgan Asset Management \(jpmorgan.com\)](http://www.jpmorgan.com/weekly-bond-bulletin)

My favorite is Moody's. They will supply a bond default list that has enormous information available to us, and it is free. Just log on and go to the **'Watch List'**, and you will be amazed how many companies I know well are on this list.

Ratings from Financial Oversight companies can be very important.

Bond Rating			
Moody's	Standard & Poor's	Grade	Risk
Aaa	AAA	Investment	Lowest Risk
Aa	AA	Investment	Low Risk
A	A	Investment	Low Risk
Baa	BBB	Investment	Medium Risk
Ba, B	BB, B	Junk	High Risk
Caa/Ca/C	CCC/CC/C	Junk	Highest Risk
C	D	Junk	In Default

Here is a good source for basic bond category understanding: [How Are Bonds Rated?](#)

**Q:** Bill, you used to have a reference chart to find quick answers. Do you still have the one about Bank CDs?

**A:** This one?

### **Bank Deposits:**

CDs, bank accounts, savings accounts, and money market accounts are all considered deposit accounts. A deposit account earns interest and does not lose value. If your bank is a member of the Federal Reserve Bank System, your accounts are insured by the **FDIC**.

- Deposit Account and Investment Accounts? Know the difference! (A deposit is anything where the principal is guaranteed, an investment has the principal at risk.)
- Are your CDs and other bank accounts FDIC insured? (get FDIC Brochure from bank)
- What is the interest rate are you currently enjoying on your bank deposits? (best way to find out what interest rates they earn)
- What is the “yield” you are earning on my CDs? (banks earn interest based on daily compounding, insurance companies quote interest rates based on the annual yield, big difference)
- What is the third-party financial rating of my financial institution? (Financnail Rating Services, Weiss Research ratings are the best)
- Do you know how to ladder your CDs for maximum yield? (Cds with different maturing dates)
- USA Today for rates has weekly rates nationally. (Fridays edition, section d)
- What is the best place to search for CD rates? ([www.bankrate.com](http://www.bankrate.com) has numerous options)
- How do you roll over your CD? Do you know what not to do? (automatic rollover rates are lower than a bank promotional rate)
- Should I buy CDs from a stock broker? (Stockbrokers sell callable CDs, avoid, always buy direct and never through a middle man)



**Annuity.com**

**David Townsend**

**Introducing the Market Intel Exchange Digital Chart Pack**

The new [Market Intel Exchange](#) digital chart pack – from **Lincoln Financial** – provides quarterly investment insights designed to help you become stronger consultants to the financial professional.

**Tune into OneAmerica’s New ‘Leading Tomorrow’ Series**

We have selected a variety of inspiring and entertaining thought leaders for our next series. [Register Here](#) to view all our speakers and the wide variety of topics we will cover each month through October!

**Want GUL Strategies to Leverage Now? Register Today!**

In today’s uncertain economy, clients are craving certainty when it comes to their financial future. A GUL like **Protective’s** Lifetime Assurance UL can provide that certainty, with guaranteed protection clients can’t outlive. [Sign up for our webinar](#) this Thursday at 2:00 pm EST, where you’ll learn how guarantees can be the cornerstone of a sound financial plan, no matter how markets perform.

**Advisor Approved! Family Meetings Can Provide Opportunity**

As more families are getting together with their loved ones, it’s a perfect time to reach out to your clients and see if they would like to set up some time with you to help them navigate the important discussion of wealth transfer with their family members. Get the Guide – from **Securian** – [CLICK HERE](#)

**It’s All About the Business**

Small businesses. Big opportunities. Explore 20 business-planning strategies integrated with life insurance to help clients accomplish retirement, business, and estate planning goals. Download the comprehensive brochure – from **Pacific Life** – [here!](#)

**Intimidated by Social Media?**

If you're active on social media to build your brand, gain customers and interact with your current ones, it can be a little intimidating coming up with new content all the time. Luckily, National Life makes it easy for you with our pre-approved posts, plus our tips for creating your own content. [Watch the video.](#)

## **More Information**

### **F&G Introduces New Category-Defining Annuity Product with “FILA”**

DES MOINES, Iowa, June 21, 2021 /PRNewswire/ — F&G, part of the FNF family of companies and a leading provider of annuities and life insurance, today announced a new annuity product category – the Fixed Index-Linked Annuity (FILA) with the launch of Dynamic [...]

### **Lincoln Financial Group Helps Provide Control Over Investment Outcomes Through First-Of-Its-Kind Annuity Solution**

RADNOR, Pa.–(BUSINESS WIRE)–Lincoln Financial Group (NYSE: LNC) is expanding its broad portfolio of annuities with the launch of Lincoln Investor Advantage Pro® variable annuity featuring Lincoln Defined Outcome Funds. This unique annuity solution provides clients with a platform of more than 125 funds, enabling [...]

### **Insurers See Record Returns With Riskier Bets, NAIC Reports**

Insurance companies had the best return on assets in 10 years in 2020, despite last year's volatility and persistent low interest rates, according to a National Association of Insurance Commissioners report. Carriers made 7.7% on their cash and invested assets [...]

### **Best's Market Segment Report: Individual Annuity Providers Still Challenged by Low Interest Rates**

OLDWICK, N.J.–(BUSINESS WIRE)–Despite COVID-19's operational and sales impacts on the U.S. individual annuity industry, the bigger issue for writers remains the low interest rate environment, according to a new AM Best report. The Best's Market Segment Report, “Individual Annuity Providers Still Challenged by [...]

## **OneAmerica® Emerges From “Pandemic Year” with Strong Capital Position and Profitable Growth**

INDIANAPOLIS, June 15, 2021 /PRNewswire/ — As the pandemic experience continues to recede and the world regains some normalcy, OneAmerica® looks back on the past year with noted achievements, including strong capital levels, profitable growth and nearly \$98 billion in assets under administration. The mutual [...]

## **Women of Color, Millennial Women Take Outsized Financial Hit from Pandemic**

The pandemic has affected women’s finances more than men’s, with women of color and millennials bearing the brunt of the impact, according to a recent survey. In fact, around 40% of women surveyed expect 2020 to leave a lasting impact [...]

## **Generation X Turning to Annuities at Higher Rates in Search of Protection as Private Sector Pensions Disappear**

WASHINGTON, June 21, 2021 /PRNewswire/ — Today, the Alliance for Lifetime Income and CANNEX released the first installment of the Protected Retirement Income and Planning Study, a joint research effort with both investors and financial professionals, designed to better understand and forecast retirement [...]

## **Gen X Wants To Talk Annuities, Study Shows**

Gen Xers know the value of creating their own pension as company pension plans fade and they realize they are on their own more than their older siblings and parents are, according to a new report. A large majority (71%) [...]

## **The NAIC’s Top 10 Annuity Issuers of 2020**

COVID-19 may have reshaped the U.S. population, but about 38 million baby boomers are on track to turn 65 over the next eight years. The pandemic, low interest rates, worries about inflation, and the loss of defined benefit pension plans [...]

## **Treasury Secretary Fears the Attack of the Bad Interest Rate Benchmarks**

Treasury Secretary Janet Yellen wants to see banks, life insurers and other organizations preparing now to shift away from the Libor interest rate benchmark Jan. 1, 2022. Yellen and other top federal regulators are calling for U.S. companies to tie [...]

## **What's Behind the Soaring Social Security COLA Estimates for 2022?**

As inflation rises, the cost-of-living adjustment (COLA) that Social Security recipients can expect rises along with it. The easing COVID-19 pandemic has led to some unusual increases in certain components of the price index on which COLAs are based. That index, the Consumer Price [...]

## **SEC Plans More Changes to Accredited Investor Definition**

The Securities and Exchange Commission plans to further amend rules pertaining to the accredited investor definition as well as the agency's whistleblower rules, according to its just-released Regulatory Flexibility Agenda filed with the Office of Management and Budget's Office of [...]

## **'Financial Freedom' More Appealing Than 'Retirement': Survey**

A big majority of respondents in a poll released Monday by Franklin Templeton said retirement now looks different for everyone and there is no single path to retirement today. Respondents were more likely to find the concept of financial freedom [...]



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”*

