It’s Time to Take Another Look at Annuities

Using Non-Traditional Partners to Expand Your Practice

Advisors Experience Business Growth

Study Busts 5 Investing Myths About Millennials
The Advisor Today Blog


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AT Asks!

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- Leads from lead companies
- Seminars
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archives
If you are looking for the strategies you need to move ahead this year, you might want to revisit the cover story of the September 2018 issue of Advisor Today, where the winners of NAIFA's Four Under Forty Award shared the steps they took on their way to the top.

Below are their tips for success in today’s highly competitive market.

(From Benjamin Yin, MBA):
• To achieve maximum success, you must cater to a specific group of clients. Otherwise, you cannot truly cater to their needs and understand their objectives and concerns.
• Make good use of study groups, which offer the following benefits if structured properly:
  - Accountability.
  - Motivation.
  - Education/case studies.
  - Friendships: it’s a lonely business and only people truly understand the ups and downs you face daily.
• Other factors for success:
  - Activity, activity, activity. You can’t control if people meet with you or if they buy from you, but you can control how many calls you make, how many emails you send and how many hours you spend on Facebook.
  - Internal drive to be the best. “I can make one promise to you,” Yin said. “You are not going to outwork me.”
  - Mentorship. Whenever Yin is in a new city, he tries to visit the top advisor in that city to gain one idea.
  - Resilience. All of us get kicked in the teeth. It’s how you respond that makes you great in this business.
  - NAIFA. NAIFA members are like a support system to him because he knows no matter where he is in the country, there’s a NAIFA association, and each member understands his struggles and challenges.
• Never stop prospecting.
• Avoid negative thoughts. Those with resilience are the ones who find success.

(From Carmelo Barbaro):
• You must know why you want to build your practice, he said. It must be meaningful and motivating. Our business is difficult to build and we need something to keep us moving forward every day and every year, especially in the first three years.
• You need mentors, a coach and a consultant—and you must understand the differences among these professionals. Mentors are the big brothers or big sisters you seek advice from. Coaches ask you to talk through challenges and opportunities and guide you to solutions. And consultants understand your practice deeply and give you detailed feedback on what you are doing. Don’t be afraid to invest in yourself and hire people like these professionals early in your career.
• NAIFA advocacy. “I joined primarily for the advocacy and I thank NAIFA for the work they have done and continue to do,” he said. “Clients see that we are NAIFA members, which demonstrates a commitment to our industry and to continuous learning, which, in turn, benefits them.”

(From Charles Olson II, LUTCF):
• NAIFA. The association provides me with a sense of camaraderie. I know that help is only a phone call away. NAIFA operates in a truly collaborative environment that allows us to share best practices, which enhance our practices and our client experiences.
• Early in his career, Olson heard something that has stuck with him: “You will make the average of your five closest friends. It’s important to surround yourself with good people, and early in my career, I knew I needed a few good friends; so, I joined NAIFA.”
• You can’t control what happens to you, but you can control your reaction to it.
• You can have tremendous success if you keep your priorities straight. Faith, family and friends will get you through anything in life, he said.
(From Kathleen Owings, LACP):

- "I would advise young agents to identify their “green light tasks” and go after them,” Owings said. There will be red light tasks as well, she adds, which are those they do not enjoy doing, or those at which they do not excel. They can partner with another advisor to fill those gaps. If they can’t find a more experienced advisor on their own, they should seek experienced advisors through their local NAIFA associations.

- Follow your passions. “I allow my passions to guide me and help me decide where I place my energy and efforts,” Owings said. “When I bring passion to any project or task, I know it shines through and energizes other people around me.”

- Set big goals and you will be amazed at what you can achieve. Owings can look back at many instances in her life when the odds seemed insurmountable, but she began those journeys with one step.

- Success requires patience, persistence, tenacity and grit.
An Older, Wiser and New NAIFA

We need your ingenuity and imagination to build a NAIFA that has an enduring presence and a positive view of the future.

By Jill Judd, FSS, LUTCF

“It had long since come to my attention that people of accomplishment rarely sat back and let things happen to them. They went out and happened to things.”
—Leonardo da Vinci

How do you feel about growing older?

Last year, I spent the Thanksgiving holiday with two women both 85 years of age. It was a challenging day but quite rewarding. We were blessed to have time with two highly educated individuals who had inspiring careers and lives. But the difference in attitude between the two was astounding. Where Jane was engaged and interesting, Diane was morose and negative.

Indulge me for a moment to share my observation about each. Jane was curious about the world and felt she still had much to offer. She asked questions, was a very good listener and kept up with the latest technology. She has taken good care of herself and has an uplifting attitude. Conversely, Diane refused to maintain her health, was disengaged in the conversation and didn’t see the value of learning about new ways of communicating. She had lost interest in growing and was giving up. Although both are the same age, clearly one was having a much better experience than the other.

The adage, “Growing older is not for the weak,” took on a new meaning. It’s definitely not for the weak spirit or the disengaged mind.

I’ve always been especially fond of octogenarians. Imagine living 80 years on this earth! They have stories to tell. How wonderful it is if you live to be 80 and have the opportunity to become wiser, thanks to all you have seen and done!

The rebirth of NAIFA

Imagine living to be 129 years old like NAIFA! That’s a long time to go from crawling to running while working through the growing pains. NAIFA has also seen and done a lot in its years. NAIFA has taken good care of itself and great care of the insurance and financial-services industry. There have been great stewards of the health and wellness of our organization—leaders who have questioned and listened and maintained an exceptional attitude.

While many organizations of the same age would be on life support right about now, NAIFA is having a rebirth. It’s exciting to think that an organization that is grey around the temples would have such an opportunity.

Our NAIFA renaissance is one of rejuvenation. We are doing something extraordinary by creating a bold new spirit to move us forward as we deliver exceptional value to all members. It’s our own bridge between the old and the new. We are not starting at the beginning and we do not have to suffer through the teenage years. Instead, we have the benefit of having wisdom that was gained over time and the fresh energy and vitality of our new-found direction.

We are already experiencing some of the greatest innovations of our time. As each of us engages in the endeavors of our industry and profession, we can be proud of the fact that we are a part of creating this new identity. I ask that you not sit on your hands wondering what happened; instead, offer your fresh perspective. As you step up to lead, teach or attend, do so with gusto. We need your ingenuity and imagination, combined with your care for NAIFA.

In one of my old Art History books, I read that during the 15th century, Leonardo Da Vinci had an insatiable curiosity and a “feverishly inventive imagination.” This view of life led to masterful production in art, math, science and literature. The approach was as important as the result.

I suspect we’ll never have a chance to live life a second time, but NAIFA is doing so brilliantly. Let us age together with a positive view of our future and call on our wisdom, intellect and imagination to build an enduring presence.
Jill Judd, LUTCF, FSS, is president of the National Association of Insurance and Financial Advisors and a State Farm Insurance agent in Capitola, California. Contact her at jill.judd.jyt0@statefarm.com.


CI Insurance

CI Policy Redesigned with New Benefits
By Ayo Mseka

Aflac recently launched its latest lump-sum critical illness (CI) insurance policy, which has been redesigned to include new riders and a wider range of benefits to offer a holistic approach to recovery and care.

With this policy, Aflac is expanding its direct-to-consumer portfolio, further opening up the voluntary insurance market to millions of Americans by expanding the way consumers can access benefits, Aflac notes.

Other Aflac plans available directly for consumers to apply for include cancer, accident, life, dental and specified health event, with more planned this year.

As more American workers build careers outside the traditional workplace as freelancers, contractors, self-employed solopreneurs and in startups, Aflac is making more and more plans available to everyone, no matter where or how they work, the company notes.

“At Aflac, we believe everyone deserves care and coverage,” said Wendy Herndon, second vice president of Product Development and Implementation at Aflac. “As the market evolves, we remain committed to finding new ways to meet the needs of our current customers while also reaching consumers across the nation. We’re thrilled to offer Aflac agents a competitive critical illness policy that enables them to sell where potential customers may be.”

This latest lump-sum critical illness plan offers competitive coverage, with benefits for up to nine conditions when paired with Aflac’s cancer protection assurance policy.

Highlights of the plan include:

- **Lump-sum payment** upon diagnosis, allowing policyholders to focus on recuperation.
- **Building benefit**, which means the policy increases every year for up to 10 years, to be paid out when policyholders need it the most.
- **Hospitalization rider**, providing additional benefits to help policyholders with everything from ambulance costs to physical therapy, easing the financial stress often associated with an unexpected illness.
- **New Event Recovery Rider**, paying a lump-sum benefit for up to three months to help cover expenses from being out of work.

To learn more, visit Aflac.com.

(Coverage is underwritten by American Family Life Assurance Company of Columbus.)

Aflac

New: Guaranteed Plus Whole Life with Funeral-Planning Services

United of Omaha, a Mutual of Omaha Company, recently announced Guaranteed Plus Whole Life insurance, an innovative new life insurance policy with a no additional cost rider, which helps simplify the funeral-planning process for consumers.

Created through a strategic alliance with Everest Funeral Concierge Service, Guaranteed Plus includes the benefits of a Guaranteed Whole Life policy from United of Omaha, plus funeral-planning services from Everest, including 24-hour personalized funeral planning assistance, secure online planning tools and online will preparation services.

Guaranteed Plus is available for consumers to purchase online or over the phone in select states.

“After spending a great deal of time listening to our customers, we learned they want to make funeral planning simple and affordable, both for themselves and for the loved ones they leave behind,” said Brian Poppe, Senior Vice President at Mutual of Omaha. “Guaranteed Plus was designed with these needs in mind. Through our collaboration with Everest, we’re excited to be able to offer this innovative new solution that makes the funeral planning process more simple and affordable. Not only will it provide our customers added peace of mind, it will allow their families to grieve rather than worry about all of the little details that go into planning a funeral.”

In February, Mutual of Omaha surveyed life insurance consumers to learn more about their needs. The results of the survey showed 81 percent of consumers want a more simplified funeral planning process, while 76 percent want help in finding a funeral home that offers fair prices for their funeral.
“Everest exists to advocate for families, to be their champion and to offer support and independent advice during one of life’s most challenging times,” said Mark Duffey, President and CEO of Everest Funeral Concierge. “We’re very pleased to collaborate with Mutual of Omaha to help make funeral planning simple and affordable for life insurance customers.”

Highlights of Guaranteed Plus include:

• Available in face amounts of up to $25,000
• No medical exam required
• Guaranteed death benefits as long as premiums are paid
• 24-hour funeral concierge assistance to help consumers with funeral decisions, including gathering and presenting funeral pricing in an easy-to-understand format and negotiating prices with funeral homes and other funeral-related service providers
• Cost comparison tools to help consumers compare costs at local funeral homes
• Secure online planning and storage tools, which allow consumers to put wishes in writing and communicate those wishes to family members
• Online services to help create a will, healthcare directive or power of attorney
• Expedited payment of life insurance proceeds to help cover funeral costs

For more information, visit www.mutualofomaha.com/life-insurance.
Advisors Experience Business Growth

Eight out of 10 report significant gains in gross income over the last few years.

By LIMRA and EY

A LIMRA and EY study finds significant growth of advisory services in financial professionals’ business mix across multiple types of advisor channels.

The largest growth of fee-based advisory services comes from full-service broker-dealer advisors, which grew nearly five times—from 10 percent in 2008 to 48 percent in 2018.

“As competition grows, consumers now expect their financial advisor to offer a broad range of products and services to meet their individual financial needs,” said Laura Murach, LIMRA associate research director for distribution. “As a result, we are seeing similarities across all practice models in terms of their service and product offerings. And by offering a wider array of services, advisors can deepen their relationships with clients.”

This increased emphasis on providing advisory services (as well as other products) has affected the sale of life insurance by career insurance professionals, the study notes. Once the dominant product line for these financial professionals, today it accounts for less than half of their business.

Advisors focus on other markets

Other LIMRA research confirms that career insurance agents now receive less than half of their first-year commissions from the sale of life insurance. Annuities, investments and other products and services now make up a larger percentage of the business mix for career insurance professionals.

Survey respondents reported 22 percent growth in their client base over the two-year period.

In 2008, independent broker-dealer (IBD) advisors were primarily investment-product focused (53 percent), with advisory services representing just 14 percent of their business. Today, IBD advisors report that their business is almost equally divided among investment products (31 percent), insurance products (31 percent) and advisory services (37 percent). Advisory services have almost tripled in this channel over the past decade.
Growth in income
The study finds that 8 out of 10 advisors report significant gains in gross income over the last few years. Income growth rates exceeded double-digit numbers across all types of practice models over the two-year period.

While many advisors benefited from market gains that increased the value of their book of business and the volume of assets they manage, half of the survey respondents reported that the increase in their income was due to growth in the number of clients. As a whole, survey respondents reported 22 percent growth in their client base over the two-year period.

“Not surprisingly, almost all advisors (99 percent) rely on referrals to expand their client base and it is considered the most effective way to get new clients,” said Murach. “Interestingly, advisors’ websites and social media accounts are considered the next most valuable tools to market to new clients, which were rarely used 10 years ago.”

Growth in digital
Digital tools have become essential to all types of advisors and survey results indicate their continued adoption. To a large degree, the survey notes, this is merely a reflection of consumer preference. Clients expect to interact with advisors in any media, anywhere and anytime.

As a result, advisors have adopted digital communication methods for prospecting and ongoing client relations. In fact, almost 8 in 10 advisors see digital solutions as being the most impactful for marketing, client acquisition and ongoing client management.

<table>
<thead>
<tr>
<th>Practice Areas Where Digital Tools Would Help the Most</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing and client acquisition</td>
<td>46 percent</td>
</tr>
<tr>
<td>Ongoing client engagement</td>
<td>31 percent</td>
</tr>
<tr>
<td>Financial Planning</td>
<td>11 percent</td>
</tr>
<tr>
<td>Practice Management</td>
<td>9 percent</td>
</tr>
<tr>
<td>Insurance Planning</td>
<td>3 percent</td>
</tr>
</tbody>
</table>

The 2018 results were based on an online quantitative survey of nearly 1,500 financial advisors, insurance and investment professionals by LIMRA and EY. The data from 2008 were based on a joint survey of 1,200 sales professionals and financial advisors from July 2008 to November 2008 by LIMRA and McKinsey & Company.
Nominate a Rising Star Now

Someone you know is a leader. He or she is successful, of course, but also committed to their community, family and team. They’re already a great example for their peers. Nominate them for Four Under Forty Awards. It’s the recognition they deserve and the next step in their amazing career.

Winners will appear on the cover of the September/October 2019 issue of Advisor Today. But that’s just the beginning. Past Four Under Forty winners have a proven track record of continued success through industry leadership roles, speaking engagements and increased peer recognition.

How to Nominate

All NAIFA members are welcome to nominate a rising star for Four Under Forty. Nominees must be NAIFA members in good standing and 40 years of age or younger.

All submissions are due by May 11, 2019
2019

Nominee:
Name: ___________________________
Title: ___________________________
Age: ___________________________
Local NAIFA Association: ___________
Designations: ____________________
Company Name: __________________
Primary Carrier: __________________
Email: ___________________________ Phone: _______________ Cell: ___________
Address: _________________________
City/State/Zip: ____________________

Nominator:
Name: ___________________________
Email: ___________________________ Phone: _______________ Cell: ___________
Company Name: __________________
Address: _________________________
Local NAIFA Association: ___________
Supporting Data:

Please explain why the nominee should be considered for a Four Under Forty Award. Explain how the nominee made it to the top and the obstacles, twists and turns he or she overcame on the way to success. The more compelling the story is, the better. Also indicate if the nominee is a member of MDRT or any other industry association, and describe any industry and civic honors received.

Three Ways to Nominate

1. Mail this form, along with the supporting data, to:
   Advisor Today
   2901 Telestar Court
   Falls Church, VA 22042
2. Fax it to: Ayo Mseka at 703-770-8471
3. Email this completed form to amseka@naifa.org

Entries emailed or faxed must be received no later than May 11, 2019.
Mailed entries must be postmarked by May 11, 2019. Nominations not received or postmarked by May 11, 2019 will be discarded.

For more information, contact Ayo Mseka at 703-770-8204 or at amseka@naifa.org.
Call for Excellence
The John Newton Russell Legacy
Outstanding Character, Dedication to the Profession, Meritorious Service

Do you know anyone who possesses these outstanding qualities? If you do, now is the time to submit his or her name for the John Newton Russell Memorial Award. This is the industry's highest honor.

In 1945, John Henry Russell provided the original endowment to establish this prestigious award to honor his father, John Newton Russell. A staunch proponent of informed, ethical marketing practices, Russell was agency manager for Pacific Mutual. He served as president of NALU (now NAIFA) during World War I and was one of the incorporators of The American College of Life Underwriters. His high standards are perpetuated in this award, which seeks to recognize someone with outstanding personal qualities, unstinting loyalty to the business and exemplary leadership.

Eligibility requirements
The award program is open to anyone you believe is highly qualified, and exhibits the character, leadership qualities, contributions to the profession and American families exemplified by John Newton Russell. Any member of a NAIFA local association is eligible to nominate a worthy candidate. Nominees must be insurance and/or financial-services professionals. Standards for consideration are extraordinarily high. The characteristics of past recipients have included unwavering loyalty and a high level of professional accomplishment and community service.

How to apply
When you send in your nomination, provide the award selection committee with sufficient information about your nominee and explain the basis for putting forward the person you chose. Nominations will be accepted through March 5, 2019. Your nomination contains the only information the selection committee will have as a basis for their decision, so please be thorough in your description.

The 2019 recipient will be announced in early May and will be honored at the NAIFA Performance + Purpose Conference in Orlando, Florida, in September 2019.

Follow the instructions of the application form on the next page and submit it by the deadline indicated. Membership in your local association is required for participation in the award program.
Recommendation for the

2019 JOHN NEWTON RUSSELL MEMORIAL AWARD

**Recommendation**

In my opinion, the following living person has rendered service to the institution of life insurance which, viewed in retrospect, is so outstanding and beyond the call of duty as to merit consideration for the John Newton Russell Memorial Award.

Name __________________________________________________________

Volunteer position ______________________________________________

Address ________________________________________________________

Phone number and email __________________________________________

**Supporting Data**

On a separate sheet of paper, in 500 to 800 words, give a biographical sketch of your candidate, listing the individual’s industry and civic accomplishments and honors received. Please indicate the specific accomplishments that, in your opinion, demonstrate that your nominee deserves the award.

Nominator ______________________________________________________

Volunteer position ______________________________________________

Address ________________________________________________________

Phone number and email __________________________________________

**Mail this form to:**

John Newton Russell Award Committee  
c/o Executive Office  
National Association of Insurance and Financial Advisors  
2901 Telestar Court  
Falls Church, VA 22042-1205

Supporting data must accompany the nomination. Deadline: **March 5, 2019.**
While She Was Sleeping
Disability can happen to anyone and at any time, as this story vividly demonstrates.
By Mark Briscoe

The following story shared by Jeff Kyle with attendees during an educational workshop at NAIFA’s Performance + Purpose Conference last September underscores the importance of working with your clients to obtain disability income (DI) insurance for themselves and their loved ones.

On September 20, 2014, Kyle’s wife, Suzie, a 40-year-old mother of two with no known risk factors, had a stroke as she slept in a vacation cabin near Mount St. Helens in Castle Rock, Washington.

Kyle and a family friend rushed Suzie to the hospital, where doctors determined that she had previously suffered an initial stroke that no one had been aware of. Suzie and her loved ones faced a long and difficult recovery to health. “I realized I went from having a spouse and a partner to a dependent, overnight,” Kyle said.

Suzie required more help than Kyle could provide while he was still working full-time. As a result, he asked his mother-in-law to move into their home to help out for a month. For about three months, Suzie slept 18 to 20 hours a day and had no energy to do anything else while her brain “re-wired itself,” according to her doctor.

Today, the effects of Suzie’s stroke linger, though fortunately, she has made a 90 to 95 percent recovery. Kyle, the owner of The DI Solution in Mill Creek, Washington, told this story to illustrate the responsibility that advisors have of stressing the importance of DI insurance to their clients.

“We all have stories and experiences and we need to be sharing them with our clients,” Kyle said. “Everyone knows someone who has become disabled and how it affected their life.”

The disability problem
Disability is a critical issue that adversely affects the lives and financial security of many Americans. The statistics are chilling:
• By age 65, a person is seven times more likely to be disabled than to die.
• Every working adult has a 30 percent chance of being disabled.
• Disability is the leading cause of personal bankruptcy and mortgage defaults.

Expanding the market
Despite the enormous risk disability presents, penetration into the DI insurance market is a mere 6 to 8 percent. Brokerages’ average close ratio for DI insurance is only 35 to 40 percent. Kyle noted that these low numbers
indicate either that advisors are not having DI insurance conversations with their clients or “we are very ineffective.”

“Death, disability, and chronic illness are our competition, and it’s our job to get to our clients before the competition does.”
—Jeff Kyle

Advisors need to do better, he said. They have a responsibility and a duty to talk to their clients about DI insurance. “It’s the hardest conversation we’ll ever have with our clients,” he said. “No one wants to talk about death and disability. But if we don’t have that conversation, who will?” It is a problem that advisors throughout the industry should work together to solve, Kyle said.

Advisors who do not offer DI insurance or who are not DI insurance experts need to work with those who do to make sure that their clients are adequately covered. DI insurance is the centerpiece of all insurance coverage plans because “everyone’s greatest asset is their ability to earn an income. Income is king. “You don’t need to know everything about every line of insurance that you sell,” Kyle explained, “you just need to know someone who does.”

“The other insurance and financial advisors in this room are not our competition,” Kyle said. “Death, disability, and chronic illness are our competition, and it’s our job to get to our clients before the competition does.”

Mark Briscoe is Senior Director, Strategic Communications, NAIFA. Contact him at mbriscoe@naifa.org.
With interest rates on annuities rising, the growth potential compares very favorably against vehicles like one-year Treasuries.

By Chris Conklin

Overlooking annuities could be costing your clients money.

These words might prompt an eye roll since many brokers and advisors have strong feelings about annuities. Some of your clients also tend to overlook them, perhaps choosing instead to pin their hopes on rising interest rates. Or they might assume that annuities don’t offer the same potential for return as short-term vehicles do, such as savings accounts, money market accounts, or one-year Treasuries.

But times may be changing, according to LIMRA, which expected all annuity sales to increase 5 to 10 percent year over year in 2018, and to improve up to 5 percent this year.¹
Why? LIMRA cites a continued rise in interest rates. This means that insurers can offer a higher guaranteed interest rate for many annuities, giving clients the opportunity for more return on their purchase. Also, the Department of Labor’s fiduciary rule was recently struck down, making annuity purchases less cumbersome for all involved. Finally, some see a down stock market in 2019, which could have investors looking for a secure way to lock in recent gains and protect hard-earned principal.

Maybe after learning all of this, your eye roll just became raised eyebrows.

### The benefits of annuities

With interest rates on annuities rising, the growth potential compares very favorably against vehicles like one-year Treasuries. That’s especially true when you consider that even if Treasuries sometimes carry a higher interest rate initially, there is potential for those rates to significantly decrease over time.

#### Signs point to solid growth for annuities.

To illustrate that point, in 2007, the one-year Treasury’s interest rate was 5 percent—a rate that enticed many to put money into that option. If you had guided a client to put $100,000 into a one-year Treasury at that time, looking at the available yields at the beginning of each year for the next five years, he or she would have seen that money grow to a respectable $109,568.

Now, consider that at the same time, you advised another client to put $100,000 into an annuity that carried a 4.25 percent interest rate, which was guaranteed for five years. Five years later, that investment grew considerably more, to $123,135.

While the interest rates on the one-year Treasury started higher, they actually decreased markedly over the five-year period, ending at a paltry 0.29 percent. The annuity, with its locked rate, continued gaining at 4.25 percent over the same period, resulting in $13,567 more growth as demonstrated by the chart below.

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>One-Year Treasury</th>
<th>Five-Year Annuity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>5.00 percent</td>
<td>4.25 percent</td>
</tr>
<tr>
<td>Year-End Balance</td>
<td>$105,000</td>
<td>$104,250</td>
</tr>
<tr>
<td>2008</td>
<td>3.17 percent</td>
<td>4.25 percent</td>
</tr>
<tr>
<td>Year-End Balance</td>
<td>$108,329</td>
<td>$108,681</td>
</tr>
<tr>
<td>2009</td>
<td>0.40 percent</td>
<td>4.25 percent</td>
</tr>
<tr>
<td>Year-End Balance</td>
<td>$108,762</td>
<td>$113,300</td>
</tr>
<tr>
<td>2010</td>
<td>0.45 percent</td>
<td>4.25 percent</td>
</tr>
<tr>
<td>Year-End Balance</td>
<td>$109,251</td>
<td>$118,115</td>
</tr>
<tr>
<td>2011</td>
<td>0.29 percent</td>
<td>4.25 percent</td>
</tr>
<tr>
<td>Year-End Balance</td>
<td>$109,568</td>
<td>$123,135</td>
</tr>
</tbody>
</table>

**Difference in ending balance** $13,567

Source of Treasury rates: rates on the first day of each calendar year, obtained from Board of Governors of the Federal Reserve System (US), 1-Year Treasury Constant Maturity Rate [DGS1], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/DGS1

Annuity rate: indicative of a typical five-year guaranteed annuity rate available in January 2007

### Get clients thinking longer-term

Your clients look to you as a trusted partner; consequently, they rely on your expertise to help them evaluate their long-term options and determine the best ways to protect and grow their money. For many, when looking at the numbers above, it makes sense to look beyond the typical one-year Treasury or certificate of deposit options in favor of annuities in order to meet those goals with potentially better results.

Consider focusing on two key areas when providing strategic counsel to clients on annuities:

1. **Education.** Many clients simply don’t understand annuities and prefer to stick to options more familiar to them, like savings accounts and certificates of deposit. However, annuities are similar to these instruments in their safety. Additionally, clients who are willing to make the longer-term commitment that an annuity requires can be further protected from risk, such as dramatic fluctuations in interest rates as demonstrated above.

2. **Timing.** It’s easy for clients to fixate on what interest rates are at the moment or speculate how they might increase or decrease in the near future. Take the opportunity to explain how those rates are set, as many incorrectly assume they are being set by the government. While government-set interest rates for banks may influence annuity interest rates, that’s where it ends; so, they shouldn’t deter clients from looking at an annuity.

Looking at this, counsel your clients on the timing of purchasing an annuity. It shouldn’t be solely based on what they’re seeing or expecting from interest rates, but rather about their missing out on potential earnings.
Signs point to solid growth for annuities. Be prepared to get your clients out of their comfort zone so they can realize the opportunity an annuity can provide for growing their money.

Chris Conklin is vice president of individual annuities at The Standard, where he has full P&L responsibility for the individual annuities line of business. Besides being a Fellow of the Society of Actuaries, Conklin is a licensed agent, has sold insurance and annuities, and co-owned a national marketing organization.

References

Working Consumers Are Open to Buying Annuities

Consumers who are the most likely to be interested in annuities are younger and still working, according to LIMRA SRI.

LIMRA SRI wanted to take a closer look at those who debated buying annuities but decided not to purchase and find out why.

The study looks at investors who had a discussion with their advisors about deferred annuities within the past 3 years but then decided not to buy.

The research found the consumers who didn’t purchase fit into three categories:
• More than 4 in 10 consumers say they would be open to buying an annuity.
• Four in ten consumers who think annuities are good but just not for them.
• Less than 2 in 10 consumers say they would most likely never buy an annuity.

Forty-two percent of consumers who didn’t purchase were open to the idea of annuities. They feel annuities are good products and would consider purchasing in the future.

The top reason for not buying annuities for this group was that it wasn’t the right time (44 percent). Nearly two-thirds of this segment is not retired and only 3 in 10 of the non-retirees plan to retire in the next 10 years. Also, within this group of consumers, 61 percent say having enough money to last through retirement years is their single most important objective for their assets in retirement.

On the opposite side of the spectrum, 18 percent of those who didn’t buy an annuity would most likely never own one. They most identified with the statement they do not like annuities and would likely never consider buying one. About half of this group is already retired and one-third plan to retire in the next 4 years.
Another characteristic of this group is they give the highest importance on control over how investments are managed and are more likely to have guaranteed income through their pensions, which is not the case with younger workers.

Prior research shows retiree annuity owners feel more confident that they are more likely to afford their preferred retirement lifestyles—even if they live to age 90 or older—than retirees who do not own an annuity. Seventy-three percent of retirees who own an annuity believe they will be able to live the retirement lifestyle they want, compared to just 64 percent of retirees who don’t own annuities.

Additionally, 69 percent of retirees who own an annuity are more confident that their savings and investments will not run out if they live to age 90, compared with 57 percent of retirees who don’t own an annuity.

**Implications for advisors**

This research shows that most consumers who didn’t buy an annuity are open to possibly buying them in the future, especially if they are younger and still working. Possibly a follow-up conversation down the road and additional education could help the consumer with the decision to purchase.
Though often overlooked, the business partners described in this article can help you grow your practice.

By Brian Haney, CLTC, CFS, CFBS, LACP

When most financial advisors think about partnerships with another professional, they often consider CPAs and estate planning attorneys. Many of them are taught to do this, and the value alignment seems obvious. These are great professionals to partner with, as their client base generally includes individuals who would match your ideal client profile. But they can also be difficult to partner with since many advisors want to do the same.
If you’re looking to grow your firm through a business partnership, are there other centers of influence (COIs) you might consider? Before you start, examine your business for COIs.

When I think of COIs, I think of brand ambassadors, that is, people who become champions for myself and my practice. In that context, a COI can be anyone who can have a positive impact on your business through favorable introductions, networking opportunities, and positive word of mouth.

**Opportunities for partnerships**

Rather than spending your time and energy chasing CPAs—a group known to be cautious and reluctant to give referrals—stop and ask yourself this question: Based on my business and the clients I’m trying to attract, who else could make a good COI for me?

If you’re still having trouble answering this question, below are three partnership opportunities I would encourage you to pursue:

1. Attorneys are still great targets, but I have had more success approaching a different part of the attorney market: Business transactional attorneys. These are attorneys who support business owners in forming, buying or selling their practices.

   Their role is generally to provide the right legal framework for business success, and often to help their clients maximize their value at the time of sale. The good ones are also well-networked with Private Equity and Business investors, as well as with M&A (Mergers and Acquisitions) firms that also make great contacts.

   **No one will become an advocate of yours more quickly than someone you have already helped to grow their own business.**

   I have found them to be great partners because they understand the need to protect business owners from risk, appreciate the right financial perspective on how to grow a business successfully over time and understand complex compensation structures (such as 162 Bonus and Non-Qualified Deferred Compensation).

   They can also be great advocates for advisors to introduce their own clients who are selling a business and will need a financial advisor to help them with their capital.

2. Another great opportunity is to work with Business Bankers, specifically those who do a lot of lending to newer businesses, and those who do larger commercial lending and deposits for local businesses.

   These bankers see more of the day-to-day operations of local businesses better than any other financial professional. They often have good personal relationships and would value a financial advisor who knows how to help improve their client’s business cash-flow and overall business viability.

   Bankers aren’t typically investing or insurance experts; so, having a good advisor partner they can count on can be a big asset for them.

   Additionally, many small-business loans through the SBA or private commercial loans require life insurance (and possibly disability income insurance) as part of their criteria for closing; so, advisors can be a valuable resource to the banker who needs the insurance to get the loan closed.

   I have developed several key relationships with bankers at a variety of banks, both locally and nationally, a resource I also regularly leverage on behalf of my clients.

   When a client is in the early stages of growth and needs help in seeking out lending options, or might want to switch banks, I can connect them with the right banker I know might be an ideal fit.

3. Finally, look for CFOs-for-hire (they may also be considered Bookkeepers). Different from most CPAs who give tax advice and do filing and tax planning, a bookkeeper or a CFO-for-hire tends to help support a variety of industries in day-to-day cash management and accounting, and may also help manage operations.

   Many businesses and non-profits prefer to hire a bookkeeper rather than pay a full-time employee, because they can control cost and reduce their overhead. Like bankers, bookkeepers see much of the day-to-day operations, especially since they help reconcile all of the payments. Making a bookkeeper one of your advocates can open significant opportunities to help businesses or organizations with anything from employee benefits, to retirement plans, to insurance and protection strategies.

   And if they are true CFOs-for-hire, you can be an advocate for them and refer them to clients who might need their services but aren’t ready to hire someone full time.

**Getting started**

If you examine your current business and your natural network, you may find several opportunities to develop these key relationships.
These COIs are likely to be much less tapped out than CPAs and estate attorneys and perhaps more open to
learning about how you help people.

Because it’s critical that your relationship starts off on the right foot, here are some tips to get you started:

• **Take a “pick-your-brain” approach and ask a potential COI for help.** I have had a lot of success by contacting a
potential COI and asking her or him the following question: “Can I buy you lunch and pick your brain? I could use
some help with my practice and would really value your opinion. Can we meet for coffee or lunch next week?” I
have never been turned down.

Most people love sharing their opinion and love being asked for help even more. The key is what you do at this
meeting in order to position things with the COI:

• Be sure to take a notepad to write down answers. This shows you’re serious and you value their opinion.
• Start with the objective line: “I’m trying to grow my practice in a few key areas and really need your insight.
Can you tell me what you think would work as you see it, and help me with some ideas about how I can grow
successfully?”

This approach, also known as the Financial Opinion Survey approach, has significant benefits. When done
right, you should walk away with one of two major benefits.

First, you’ll likely have gotten invaluable insight into growing your practice. Second, you may have developed a
new brand ambassador, because when you genuinely approach someone for help, they inherently want to see you
succeed after they have taken time to give you good advice.

• Don’t always make it about business. Learn all you can about the COIs. Do your homework before, during, and
after your meetings. Who are their families? Do they have pets? What schools did they attend? What are their
hobbies and community involvement? You’ll uncover a lot of valuable information during this conversation, and
they’ll learn a lot about you, too. Try to connect on a personal level and take a genuine interest in what they like
and what is valuable to them.

• Involve your clients. Ask who their professional advisors are, especially the ones they have a strong relationship
with, and just ask the simple question, “Wow, he/she sounds like they have been a big help to you. Could we go
out for coffee or lunch so I could meet them?” The professional is likely to accept the invitation when it comes
from your client, and you now have some common ground, as well as an advocate for you at the table.

When you meet this professional, make the meeting about them and let them share their story. Ask about their
value proposition and why they do what they do.

But also come prepared with an idea for solving an issue that you know your client faces and find a tactful way
to bring that into the conversation. It helps to start making the connection between what the COI is good at and
what you might be able to do as a potential partner of theirs.

Finally, bring them business first! Take the giver’s gain philosophy and ask them about how they are trying to
grow their business and who their ideal clients are, and then work hard to introduce them to someone. No one
will become a faster advocate of yours than someone you have already helped grow their own business. The law of
reciprocity bears this out—people naturally want to return the favor.

I’ve worked with many new agents, as well as with some seasoned advisors looking to grow their business, and
there’s one thing I know for sure: There are different ways to be successful. The key is to find what works best for
you and your practice.

If you’ve already formed a great working relationship with a CPA or two, then that’s great. But if not, don’t
beat yourself up. Instead, try to look at your practice in a different way. By expanding your COI pool beyond
traditional financial professionals, you may also come to know and understand your clients better, enabling you to
fine-tune your work with them.

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New Opportunities to Shape Policy

By Diane Boyle

With dozens of new members of Congress, now is the perfect time to build new relationships and become champions of our industry and the clients you serve.

Now that the campaigns have ended, and all the votes are cast, NAIFA looks forward to working with the senators and representatives of the 116th Congress and serving as a resource on the important legislative issues affecting advisors, their clients, and the American public.

There are dozens of new members of Congress who may not be fully aware of the vital role that insurance and financial advisors play in ensuring the financial security of 90 million American families. This makes our advocacy efforts and grassroots outreach as important as ever.

And we have a new group of House committee chairs. Fortunately, NAIFA members have existing relationships, as constituents and activists, with returning members from both parties in the House and the Senate; so, we are poised to hit the ground running.

Congress looks a lot different this year than it did last year. The majority-white, majority-male body saw an influx of women and minorities, altering the composition of the 116th Congress.

As the demographics in Congress diversify, it is essential that we have advocates with whom our legislators can identify. NAIFA’s Diversity and Inclusion initiative has positioned us to mirror communities across the country and advocate effectively.

With over 100 women, and significant additions to the Congressional Black Caucus and Congressional Hispanic Caucus, this is an excellent opportunity for NAIFA members to build new relationships and become champions for our industry and for their clients.

NAIFA actively collaborates with various industry organizations, including Women in Insurance and Financial Services (WIFS), the National African-American Insurance Association (NAAIA) and the Latin American Association of Insurance Agencies (LAAIA) to ensure diverse advocacy representation. With members in every congressional district, NAIFA identified more than 1,500 relationships with members of the 115th Congress—an average of three advisors per member of Congress!

NAIFA is looking for advocates willing to develop relationships with the new legislators elected in November.

However, NAIFA is looking for advocates willing to develop relationships with the new legislators elected in November. If you have a relationship with a legislator or would like to establish a connection, let us know!

Here are tips for getting more involved in the political process:

Volunteer and Vote. If recent elections across the country have taught us one lesson, it is that your vote has the potential to make a big difference. If you are interested in taking that a step further, and there is a candidate you support, you can also spend a few hours volunteering for their campaign and Get Out the Vote efforts. Encouraging others to vote can make all the difference.

Become a Resource. Elected candidates are expected to vote on myriad issues in which they may have little or no knowledge or expertise. Members of Congress and their staff often rely on constituents who have offered themselves as issue experts to help them understand the implications that specific legislation could have in their districts.

Introduce yourself to the congressional office staff (even if your favored candidate did not win), let the staff know that you would like to be a resource for the legislator, and follow up with them if there is a bill on which you believe you may be able to offer insight.

Attend the NAIFA Congressional Conference. If you’re looking to experience lobbying first-hand, attend the NAIFA Congressional Conference from May 14-15, 2019, in Washington, D.C. Each May, hundreds of agents and advisors from all 50 states come together and go to Capitol Hill to meet with their senators and representatives to educate them on the vital work done by their industry.

Get to Know Your Members of Congress. Like your relationships with your clients, relationships with your legislators are built over time and through repeated interaction. Take the time to attend community events where your legislator is present and try to meet with them either in-district or in Washington, D.C., on a quarterly basis.
Don't miss your opportunity to take part in the political process. Not only will your participation result in better legislative outcomes for your business and your clients, it can also be fun and may help introduce you to a new group of prospects.

Diane Boyle is NAIFA's Senior Vice President of Government Relations. Contact her at dboyle@naifa.org.
Study Busts 5 Investing Myths About Millennials

Are millennials lazy and laconic? Not quite, according to this new study.

By Cindy Dash

On track to be the most educated generation to date,¹ it wouldn’t be a stretch to assume that millennials have a grasp on retirement planning and investment basics. But surprisingly, that’s not the case.

A cross-generational survey from Broadridge Financial Solutions and The Center for Generational Kinetics (CGK) reveals that millennials still make some incorrect assumptions about investing but do yearn for more active and tactile communication from financial professionals who can help get their retirement on track.

Back to basics

When asked about their preferred investment vehicle, millennials expressed the most confidence in savings accounts—a preference that could cause them to miss out on stock market gains throughout their lifetime. But assuming they are simply risk-averse wouldn’t tell the full story. When asked about their confidence in other investments, 30 percent of millennials favored riskier private equity more than 21 percent of Gen X and 16 percent of boomers.

The gap between their perceived risk and reward could spell trouble down the road—which they will readily admit. Nearly half of the millennials surveyed foresee the possibility of a future market crash impacting their investments. Their preference, though, for the low-interest savings account effectively puts a portfolio’s growth potential on hold. The survey revealed that 66 percent of millennials have the most confidence in investing in savings accounts, compared to 58 percent in a workplace retirement plan.

Looking for advice

The disconnect between millennials and investment knowledge underscores their need for professional guidance—and it’s something they’re asking for, too.

But with only 31 percent relying on financial advisors, the majority of millennials have been depending on themselves, friends and family for investment decisions. Twenty-nine percent of millennials trust friends and family more than financial advisors, compared to 25 percent of Gen X and 24 percent of boomers.
Seventy-three percent of Millennials prefer in-person communications with a new advisor.

Not only are millennials at undue risk by holding selections that are inappropriate for their investment timeframe, financial advisors will also miss major opportunities by not building relationships with this enigmatic yet ever-expanding cohort. As they continue to surpass boomers in size and influence, they will assume more financial responsibilities and clout in the marketplace. The average millennial is now aged 30 and entering his prime earning years, while the oldest are already past 40.

It’s inevitable that millennials and investment professionals should engage more meaningfully, according to CGK President, Jason Dorsey, in Decoding the Millennial Mindset, a white paper based on the survey.2

“This newly dominant generation is as impossible to overlook as yesterday’s boomers,” he said. “Those advisors who help them make the first key retirement and investing decisions of their lives will build a new, loyal client-base as millennial clients gain wealth and influence.”

What millennials want in an advisor
In another surprising irony, while millennials may turn to friends and family first, they also said that experience is the most important factor they consider when choosing a financial advisor. Slated to inherit some $30 trillion over the next decade, many will find themselves in close proximity to the very professionals who helped make their parents financially successful. While only 20 percent of them said they have met their parent’s financial advisor, more than half said they might consider using the same expert.

Ready to engage
As they get to know an advisor, the communications preferences of this generation are more person-to-person than digitally-driven. Seventy-three percent of millennials said they prefer in-person communications with a new advisor, followed by periodic phone calls and regular emails for market performance updates, tax information tips and financial education.

The survey also showed a surprising degree of millennial interest in Health Savings Accounts (HSAs). More than half expressed interest in HSAs, while only 30 percent actually invested in them. This provides an opening for an advisor to discuss HSAs’ triple tax advantages while exploring other investment needs as well.

While the survey indicated that millennials had the least amount of confidence in ideas gained from social media forums, they still wanted social media access at four times the rate of boomers and Gen X.

High-touch plus high-tech
The good news is that advisors and wealth management firms don’t need to reinvent their business model to engage with their next generation of clients. Teaching prospects the basics of investment risk, long-term strategies and asset allocation will pay dividends to advisors and retirement specialists.

By employing a blend of high-touch capabilities and high-tech services, a financial firm can deliver cost-effective, targeted communications that encourage interactions among advisors and investors or plan participants.

One top provider we know built a compelling retirement communication strategy around three outcomes: participation, contribution increases, and diversification that resulted in an attractive surge in asset growth, as well as a 3 percent increase in plan participation.

Financial firms that use their experience to help educate millennials about the basics of investing will discover a trusting and intelligent client base that is somewhat naïve, yet age-agnostic and hungry for their knowledge.

By utilizing new technology like cognitive investment education content platforms, financial firms will find they can attract not only fast-emerging millennials, they can also improve their retention strategy for boomers and Gen X.

Cindy Dash is General Manager and Senior Vice President, Matrix Financial Solutions, Broadridge.

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Top Financial Goals of U.S. Consumers

The need to build an emergency fund is still the No. 1 goal of U.S. households.

By Ayo Mseka

The strong link between consumers’ understanding of what personal financial advice is and seeing the value of paying for professional help is one of the top trends in consumer attitudes in 2018. This trend was identified in the latest report by Hearts & Wallets. The report, titled "Attitudes & Sentiment: Goal-Centric Consumers, the Advisory Relationship and Dreams of Retirement," is an insight module drawn from the latest nationwide survey of over 5,000 U.S. households in the Hearts & Wallets Investor Quantitative Database.

The research provides a window into the consumer’s mindset on saving and investing goals, top concerns and attitudes about advisory relationship, legacies, and the connection between banking and investing.

What unlocks the consumer’s wallet?

Understanding what a financial advisor does is so closely linked to seeing the value for paying for professional advice that it is almost a prerequisite, the survey notes.

Among consumers who strongly agree that they see value, 87 percent agree that they understand what a financial advisor does. It is only once a consumer understands what a financial advisor does that the consumer can make an informed choice.

Nationally, among consumers who strongly agree with the statement, "I understand what a financial advisor does," 53 percent agree/strongly agree that they "see value in paying," compared to 17 percent of consumers who strongly disagree that "I do not understand what a financial advisor does."

“Firms and financial advisors must explain to consumers more about what advisors do on their behalf so that they can make informed choices,” Laura Varas, CEO and founder of Hearts & Wallets said. “When consumers make informed choices, they trust more, and as a result, they are more likely to take the actions that advisors recommend, which can lead to better outcomes.”

Top consumer goals

In 2018, more consumers have multiple financial goals. Over two thirds (70 percent) of consumers have two or more savings and investing goals, as Americans renewed their focus on retirement and making money over the past year.

Build up an emergency fund continues to be the No. 1 goal nationally, up 6 percentage points from 2015, and
cited by 48 percent of all U.S. households.

More affluent consumers cite “generate investment income” as an investing goal.

Two retirement-focused goals are in the top five goals, both increasing in importance since 2015. At No. 2 is “work less when older,” which is up 4 percent at 38 percent. At No. 4 is “stop work/retire when older,” which increased by 6 percentage points at 35 percent.

Rounding out the top five was No. 3, “take a vacation,” at 37 percent and No. 4, “buy a new car,” at 23 percent. Among the 12 goals measured, the only other goal to increase in importance since 2015 at the national level was an investing goal, “gain capital appreciation.” This was up 4 percentage points to 16 percent.

Looking at specific consumer groups, more affluent consumers with $500,000 or more in investable income, and especially $2 million-plus, cite “generate investment income” as an investing goal.

“Goals give consumers concrete saving and investing metrics,” according to Beth Krettecos, Hearts & Wallets subject matter expert and the report’s co-author.

“Firms can help consumers define success and track progress with a goals-based wealth management approach. Consider celebrating important milestones, such as reaching $100,000 in investable assets, which has been shown to be an important hurdle to building household wealth. In the arena of advice and guidance, experiences are just beginning to expand to address multiple goals, in addition to retirement.”

The ability to bank and invest at the same firm is important to almost half of consumers (43 percent), especially to younger consumers.

“Strong opinions on specific attitudes provide insights to design products, advice and messaging for specific consumer groups,” Varas said. “Identify what is close to the hearts of specific consumers—from legacy motives to the bundling of services, to tailor solutions.”

Attitudes & Sentiment: Goal-Centric Consumers, the Advisor Relationship and Dreams of Retirement is a report drawn from the insight module in the Hearts & Wallets Investor Quantitative™ Database. The report provides a comprehensive overview of U.S. consumer general sentiment, key concerns, financial goals, investing experience and general investing and savings attitudes.

Hearts & Wallets is a data and consulting firm focused on understanding the drivers behind retail investor decision-making. It works with leading financial providers to improve the effectiveness of their marketing communications, solution design and service delivery. For more information, visit www.heartsandwallets.com.
Moving the Retirement Needle

Managed services provide a cost-effective balance between technology and tailored support to provide enhanced client outcomes.

By Ken Waineo

How many times a day do you ask your smart speaker a question? Or stop a conversation to Google something? The ability to get the answers to pressing questions with a voice command or a Google query has changed the way we get information. It’s also changed what plan sponsors want from their retirement plan.

Balancing technology and retirement outcomes

As you meet with plan sponsors, I’m sure you’re asked more often than not about the types of technology-based solutions each plan provider can offer. This desire for tech solutions goes beyond smart phone apps and online account portals. Plan sponsors are hoping that the flashiest innovations could be just the thing that helps their workforce get on track for retirement.

While clients may be wowed by these new offerings, what often isn’t addressed when considering providers is that this type of technology may not benefit every plan participant, or it may not move the needle when it comes to a plan participant’s retirement balance.

As an advisor, your biggest value proposition is helping clients create better plans. When positioning options, consider how today’s managed services can provide a cost-effective balance between technology and tailored support to provide enhanced outcomes.

As an advisor, your biggest value proposition is helping clients create better plans.

Moving the retirement needle

Today’s managed services leverage technology and a provider’s support staff, enabling some to offer low-cost solutions to employers and employees. This approach can help address the needs of each individual participant and build a plan around his or her unique situation. This includes considering a plan participant’s risk tolerance, personal savings goals, retirement timeline and projected retirement income needs. Managed services can provide support in five important ways:
• **Creating personalized savings and investment plans.** Managed services allow plan participants to have as much or as little of a role in customizing their savings strategy as they’d like. For some participants, it’s important to be in the mix of choosing their preferred investment options and determining how their money is invested. For others, a more hands-off approach may be preferred, wanting to leave the investing and decision-making in the hands of experts and pre-existing investment options. Regardless of the approach used, managed services can implement a specific investment strategy based on goals, investment styles and life stages.

• **Providing a look at the big picture.** A comprehensive retirement strategy is the most successful when all the pieces of a plan participant’s financial puzzle are accounted for. Whereas target date funds only take into account a participant’s estimated retirement date, some managed services provide a complete picture of a plan participant’s situation, including other retirement savings accounts like an IRA or their spouse’s assets. This makes the plan more concrete and can result in better recommendations to help keep an employee on track for retirement.

• **Adjusting funds as necessary.** Managed services will periodically review each plan participant’s portfolio to ensure they are on track for retirement. To help meet retirement goals, the portfolio managers may rebalance investments or swap out investment options to ensure a plan is performing in the best interest of the participant.

• **Boosting a plan participant’s contributions.** Some employees are unaware of the need to increase their contributions, thinking they can meet their retirement goal by saving 3 percent of their paycheck. That’s where a managed service can come into play. By providing annual automatic deferral rate increases—which are often just a 1 percent increase each year—managed services can help plan participants get and stay on track for retirement.

• **Access to advisors.** While contribution amounts, investment options and balance updates are all available with the click of a mouse, there are some questions that are better addressed offline. When a plan participant wants to better understand their plan’s performance or is curious about changing their asset allocation, some managed services have a team of dedicated and licensed advisor representatives available. This human interaction can serve as an important resource for participants who prefer to talk about their options.

**Creating the right balance**

As you continue to have these client conversations, remember that it’s about finding the right balance between technology and tailored support. Presenting these options to clients and demonstrating how both complement each other can help ensure that plan sponsors will create retirement plans with proven solutions that move the needle.

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Ken Waineo is the senior director of business development and sales operations at The Standard. He has more than 15 years of experience working with 401(k), 403(b), and defined benefit and 457(b) plans. In this role, Waineo helps cultivate, strengthen and broaden channel relationships in addition to looking for ways to improve the sales process.

Follow the steps outlined in this article if you want to find success in prospecting this year.

By Connie Kadansky

As an advisor, initiating contact with potential buyers on a consistent basis is vital to the long-term growth of your practice. Prospecting includes every type of activity designed to discover new opportunities, including telephoning, networking, seeking referrals, hosting seminars, upselling/penetrating existing accounts and leveraging relationships.

Keep in mind that you are a professional lead generator who happens to sell insurance products and/or financial services. This statement often creates consternation among the ranks of those with prestigious degrees and certifications like MBA, CFP, and CLU.

But admitting that you are a professional lead generator does not diminish your education or status. It is simply the truth. In order to monetize your expertise, you need people who will buy into you, your financial process, and your plans.

Prospecting mindsets

To prosper, you need to become comfortable with, and learn how to prospect and sell yourself consistently. In general, advisors tend to have two types of prospecting mindsets:

1. Skepticism
   - Inclination to doubt.
   - Suspects deception.
   - Doubt with attitude.
   - What it can’t see isn’t good.
   - Has self-protective roots.
   - It expects little from any endeavor because having high hopes often leads to disappointment.

2. Curiosity
   - Just wants to know.
   - It is neutral.
   - It turns doubt into fuel for learning and discovering.
   - Has a strong desire to learn and explore.
   - Has the secret ingredient that makes revenue generation an adventure.

Most of us are uncertain when we prospect. We do not know how receptive the prospect will be to our efforts. But if we allow this uncertainty to prevail, it fuels anxiety, which leads to stress.

Stress, in turn, stimulates fear, which creates doubt, and doubt wastes energy. We get hijacked by our amygdala, the fear center in the brain. Our animal instincts kick in, we get angry with ourselves or with our prospects, or we avoid prospecting activities and focus on non-essentials.

Making peace with prospecting can make all the difference in 2019.

Other advisors turn to destructive habits, or freeze—shutting down and feeling stuck. The last stress behavior is to merely cope with the fear and bump along as best we can.

Overcoming uncertainty

How do advisors outgrow their need for certainty? They do so being curious. How curious are you about your prospects, your niche, or learning how to sell yourself effectively?

A successful heart surgeon can fix the heart because he understands how it works. Similarly, the way to overcome Sales Call Reluctance is to understand how your emotional buttons get pushed and how you are limiting yourself by your assumptions, perceptions and limited beliefs and by allowing the “inner critic” to berate you.

Most importantly, you must learn how to become emotionally resilient. When you have a disappointing setback, it is essential to process the situation emotionally. Let’s say you have a high-net-worth prospect who has expressed
interest in retaining your services. Then, he stops answering your calls and does not respond to your email messages.

Sit down and think about the situation. What are the sensations in your body when you reflect on this situation? Clenched jaw? Tightness in your throat? Allow yourself to notice these sensations.

Next, identify your emotions. Are you angry, scared, insecure, resentful or deeply disappointed? Allow yourself to identify your emotions, which will help you to become more emotionally resilient.

Then ask yourself: “What story am I telling myself?” Are you telling yourself you screwed up, the prospects don’t like you, they are liars, or HNW people are not easy to work with? This is a healing exercise if you allow yourself to follow through on all four steps.

In doing so, you’ll find out that it is your “story” that is throwing you down the self-doubt spiral. It is truly miraculous how the process will help you get neutral.

**Other success factors**

Apart from conducting this exercise, prospecting is also strategic and requires:

1) A vision for your life and business that you are willing to take complete ownership of
2) Planning plus Emotional, Technical and Marketing Skills
3) Process Control and feeling gratified that you are helping your clients achieve their goals
4) Measurement/Resources. You cannot manage what you do not measure. What are the Key Performance Indicators that put you in front of at least 10 prospects a week? Do you have the Resources you need to keep your pipeline full (Three Lead generation channels)?
5) An Action Plan and Time Allocated to prioritizing your prospecting. What if you made a deal with yourself to make 10 calls before 10 or five calls before 5:00 p.m.?

Sales Call Reluctance is nothing to be embarrassed about; living with it needlessly is. Making peace with prospecting can make all the difference in 2019. For more information see www.exceptionalsales.com and www.roadmaptorevenuemastermind.com.

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Connie Kadansky, Sales Call Reluctance coach, helps salespeople get their ASK in gear. *She was a speaker at MDRT Global Meeting in June 2018 and at NAIFA's Performance+Purpose Conference in September 2018.*
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Leading by Example

Start by volunteering, which helps you develop trust with your clients and prospects.
By Marvin H. Feldman, CLU, ChFC, RFC

As part of the NAIFA community, we have a responsibility that goes beyond simple membership. We need to lead by example and it can start with something as simple as volunteering.

You can support your association by volunteering at your local or state NAIFA. You can also support your local community by volunteering your time, energy and money to organizations that matter to you and the people you serve in your business.

Not only are you doing good where you live and work, you are also supporting your business in an unseen way. When you help those in your community through your volunteerism, you develop a level of trust with your clients and prospects as they begin to see you as the type of person they’d want to rely on for leadership—and the type of person they can look to for guidance on the products and services they need for their financial security.

Ask the right questions
In addition to better serving your community, there are ways you can better serve your clients and prospects. It’s time to start asking them the right types of questions—disturbing questions that they cannot answer with a yes or no.

Insurance companies do a good job of training us on how products work. What they don’t do as well is train us to find and solve problems with clients. And that is the key. Until your clients understand they have a problem—and that you have a product or service to solve it—they are unlikely to take action.

We don’t talk often enough about the power of the living benefits that life insurance offers.

Telling them about a product first isn’t going to work, because they aren’t looking for a solution; they don’t even know they have a problem. You must use probing questions to first establish that there is a problem—one that you can solve with a product or service that you provide.

So, what does asking the right types of questions mean? Over the 50-plus years I’ve been in business, I’ve refined a list of open-ended questions that get clients and prospects to open up so that I can ask them even more questions, such as:

• Do you have enough confidence in your advisors to let me give you a second opinion?
• What are your key concerns?
• What does financial security mean to you?
• What’s important about money to you?
• What is your overall financial and investment strategy or game plan?
• What are your goals?
• Most people do not seem to understand life insurance very well. Tell me, what do you know about life insurance?
• What financial formula did you use to determine how much life insurance to buy?
• How do you feel about life insurance on your spouse?
• How do you feel about life insurance on your children?

And this is just the start. I’m happy to share the special report that I authored with dozens more questions.

These questions work once you have the client or prospect in your office. But how do you get them there in the first place? I like to use Life Happens videos that get to the heart of what we do. We just developed a new video that has brought agents and advisors to tears (and consumers, too). It’s called Life Is for Living, and you can view it at www.lifehappens.org/lifeisforliving. View it and then share it with clients and prospects.

And if you are like me and work with businesses, I’d recommend the brand-new Real Life Story video that highlights how the cash value of a permanent life insurance policy saved Michael Jaap’s company during the economic downturn. It kept both of his “families”—the one at home and the one at work—financially secure. You can view it and share it at www.lifehappens.org/jaap.

I think we don’t talk often enough about the power of the living benefits that life insurance offers. Life Happens has a host of these stories that you can share, and I encourage you to do so.
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When it comes to college, families are often faced with the challenge of how to plan and pay. Sallie Mae is the nation’s saving, planning, and paying for college company. Our tools and resources can expand your business and help your clients take control of college financing.

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- New NAIFA college funding sweepstakes

To learn more about new college planning tools and resources available to you through NAIFA, visit NAIFA.org/CollegePlanning

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