

MDRT The Premier Association of Financial Professionals®
THURSDAY June 26, 2008

DAILY NEWS

Day 3: 'Always Strive To The Next Level'

By **Linda Koco** and **Warren S. Hersch**

Sahara Desert adventurer, author, drummer, and storyteller Steve Donahue kicked off Day 3 of the Million Dollar Round Table annual meeting with a thought-provoking question: "What would you do if a nomad with a 10-inch dagger in his robes approaches you in the Sahara Desert and says to you, in French, "come with me."

From that point on, Donahue played drums, showed photos, and recounted numerous experiences that he and his friend Tallis had while journeying across the Sahara in search of warm beaches, all the while urging the audience to take risks in their own lives.

To illustrate, he told of how he and Tallis traveled with no map and no particular destination, using only a compass as their guide. The two hooked up for a while with some Frenchmen who were crossing the Sahara too, but Donahue said they had maps and specific destinations. When a possible roadblock seemed likely, the Frenchmen turned back but he and Tallis went on. That's

when they encountered the nomad approaching their tent.

They felt fear, said Donahue. They scrambled up the dunes and down the other side, and then felt even greater fear when they saw 7 or 8 other nomads below. But suddenly, he said, the two detected the smell of food cooking. That's when they learned they were being invited to join the nomads for a meal.

See You Next Year At The MDRT Annual Meeting In Indianapolis June 7 - 11

"That changed my life," Donahue said, in a message that resonated with MDRT's convention theme of Changing Lives. "Sometimes," he said, "you have to step away from the safety of your campsite to have a feast under the stars with nomads."

Those who open themselves to journeys without a compass, including travel through Africa, will also be



changed, he predicted, adding that "where you end up will be better than any destination on a map."

Margie Hall Daniel, a 3-year MDRT member from Houston, Texas, with 3 Top of the Table qualifications, reinforced the message of moving beyond the comfort zone. "Don't let yourself be content," she said. "Always strive to the next level. There is no glass ceiling for what we do."

Many of her remarks were drawn from the "words and wisdom" that she said she acquired from her father, while growing up in Texas. Financially, she said, the family was "dirt poor," but she described her father as being the "richest man in the world" because he was blessed with so much wisdom.

It wasn't always easy for her to

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The Daily News reports of the last 4 days were put together by Linda Koco, Warren Hersch, Don Heyl and Steve Piontek, all staff members of *National Underwriter Life & Health*. Most of the photographs in these issues were taken by The Photo Group, which can be reached at www.thephotogroup.com.

President-Elect Rogers Outlines New Initiatives

By **Warren S. Hersch**

MDRT President-elect Walton Rogers took the stage during the Main Platform to outline 5 initiatives the organization will be kick-starting in the year ahead for the benefit of its members.

The Executive Committee's first initiative, he said, will be to promote the importance of relationships among MDRT members and find new ways to enhance them. To that end, he said, MDRT will encourage the formation of study groups, among other forums, to afford members more opportunities to share expertise and advance themselves



▲ MDRT President-elect Walton Rogers

professionally.

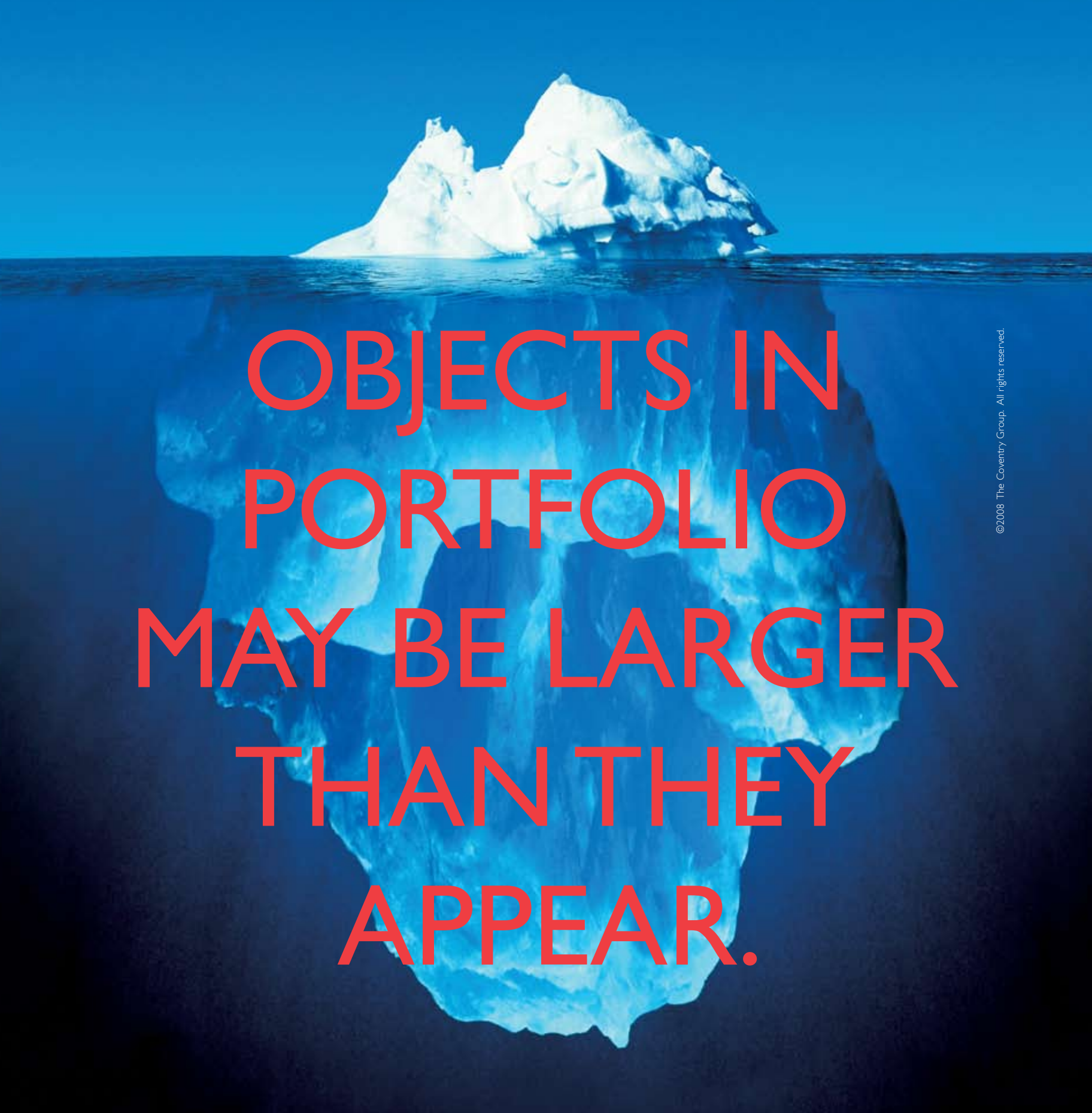
A second undertaking will build on MDRT's mentoring program, which currently encompasses some 200

mentor-aspirant teams. Rogers cited his own experience to illustrate the program's value. Of the 6 agents he has coached in recent years, all have now achieved the production requirements to secure membership. And Rogers is now working with a 7th aspirant.

"Mentoring helps to reinforce the good selling habits we learned ourselves," he said. "When you enter a mentoring team, you feel a sense of accomplishment. And your production will go up."

Rogers added that MDRT intends to make the mentoring program more

Rogers, continued on page 4 ▶



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Getting The Right Clients

By Warren S. Hersch

What's the tried-and-true formula for securing a continuous stream of referrals to top-notch prospects? To hear Thomas Henske tell, it consists of several components, including an ability to offer comprehensive financial planning services, a rigorous client selection process, effective marketing techniques and a planning model that focuses on the client's "whole net worth."

Henske, a certified financial planner and partner at Lenox Advisors, a wholly owned subsidiary of New York City-based National Financial Partners, addressed these points during a focus session on Wednesday at the MDRT annual meeting.

Soup-to-nuts services

To get the best return on the time they invest in clients, said Henske, advisors need to maintain the individuals' loyalty and provide a broad spectrum of products and services, including insurance, asset management, financial planning and wealth management. He cautioned, however, against becoming a jack-of-all-trades.

"Stick to what you are good at and what interests you, but align yourself and build your service capacity to support each of these disciplines," he said. "The collection of good specialists will always beat out one generalist. We've all heard the adage that one person cannot be all things to all people; however one organization can be all things to the right clients."

An infrastructure to support a full-service model, he added, should consist of a financial planning division, headed by a CFP or ChFC; an insurance protection division led by a CLU; and an asset management division directed by a CFS or CIMA.

Your marketing strategy should mirror your client acquisition strategy. Market to the right audience—to clients you would enjoy working with, and with whom you share similar values.

Using a sports analogy, Henske said such a multi-discipline practice is as much about "defense" as it is "offense:" offense because advisors can greater client wallet-share; defense because offering one-stop shopping for financial services insulates advisors from client-poaching.

Producers lacking expertise in particular disciplines should team up with reputable advisors

who can provide the needed skills. Henske counseled producers to consult with "centers of influence" and clients to learn about other professionals these individuals work with or refer business to. Producers can then approach these professionals about forming an informal partnership or strategic alliance to assist each other in their respective practices.

Getting the right client

To secure the right clients, said Henske, advisors need to be selective, having the "confidence and fortitude" to turn away prospects who don't fit their client profile. As part of the filtering process, producers should

ask themselves whether they would enjoy working with the prospects; whether the prospects would be profitable; and whether they would help to generate new clients.

Individuals who don't intend to leave a legacy for children won't likely have much in common with him, Henske said. Likewise, people who express a desire to jettison a current money manager because they're only receiving a 20% return on their investment will probably be all too hard to please. Advisors should favor, by contrast, those individuals who need multiple products and services, including life insurance, disability and long term care insurance, asset management, and financial planning; and who will refer business to families, friends and colleagues.

Those prospects who generally fit the client profile should then be categorized by order of priority, 'A' clients being those with the greatest revenue potential and 'C' clients having the least. The ranking, said Henske, should be based on six areas: opportunities for ongoing revenue; potential for new revenue over the next 24 months; lines of business; referrals; assets under management; and maintenance.

The interview process

Key to the client selection process is the initial interview with prospects. While such tête-à-têtes provide a forum to pitch one's services and expertise, they also offer an opportunity to identify prospects who may or may not be suitable for the practice.

"Your first meeting with prospects is as much about you interviewing them as it is about them interviewing you," said Henske. "Remember, you are choosing to work with them, and if you go in with that mindset, position it appropriately by putting your cards on the table from the outset. They will realize they will be lucky to work with you."

As part of the interview, he added, advisors should ask prospects why they value money; how they would judge success in reaching financial goals in 5 years time; and on which points prospects and their spouses agree or disagree in respect to financial-related priorities.

"The answer to each question reveals much about the prospects," he said. "It tells you what is important to them. It helps you determine if they are a good fit for you and for your firm. It also gives you insight into their whole net worth."

The last, he said, encompasses "innate assets," "learned assets," "networking capital" and "financial assets." The first he described as natural talents, such as athletic ability or gift for speaking. The second include one's formal education, skills and experiences. Henske defined networking

capital as the prospect's personal and professional connections; and financial assets as the movable and immovable property the prospect owns.

Henske emphasized that advisors should not think about financial assets as "dollars and decimal points," but rather as "a means to an end." By working with clients to understand and appreciate their whole net worth, he said, advisors can distinguish themselves from other wealth management firms focusing only on the financial dimension.

Money constitution

At Lenox Advisors, Henske's firm, client couples are asked to articulate financial values they have in common by creating a "money constitution." Similar to a corporate mission statement, this document summarizes, in writing, what is important to them. And, said Henske, it serves as a guiding blueprint for financial decisions.

"Once you have a money constitution, you can strategize with clients about how to achieve their hopes, dreams, and goals," he said. "The best way to do this is to go back to basics, using a simple little prop: the money-savvy piggy bank."

This piggy bank, he added, has 4 chambers: save, invest, spend and donate. The 4 chambers serve as a good visual reminder of the balance clients

need to strike between competing priorities. The value they put on philanthropy, for example, will impact the other chambers—and vice versa.

Marketing

Henske said advisors' marketing strategy should mirror their client acquisition strategy. They should therefore target prospects with whom they would enjoy working and who share similar values. The 'A' clients that Lenox Advisors markets to, he noted, care especially about their kids, health, and wealth.

Children come first on this list, a fact reflected in the parents' desire to provide their kids with a quality education that prepares them for a life of independence and good decision-making. To aid in this effort, Henske said, Lenox Advisors developed a "Money-Smart Kids" program that provides parents with tools with which to raise financially literate children.

Be happy

The single most important thing advisors can do to improve their business, said Henske, is to be happy and joyful.

"Enjoy going to work every day and greet your staff and your clients with vibrancy and enthusiasm," he said.

"That can come from only two things: loving what you do; and enjoying the people you work with, including clients."



▲ Thomas Henske

Criteria For Ranking Prospects

Prospects should be ranked on these 6 areas:

- Opportunities for ongoing revenue.
- Potential for new revenue over the next 24 months.
- Lines of business.
- Referrals.
- Assets under management.
- Maintenance.

► Day 3, continued from page 1

grasp the meaning of his words, she allowed. For instance, her father used to say, "prior planning prevents poor performance." She said the words puzzled her, quipping that "if you don't understand the message, the words are just blowing in the wind." However, in time, she said she got it—"people don't plan to fail, they fail to plan." Now, she added, she shares this expression and more with others, including her MDRT colleagues.

Another teaching from her father was about growth. "Don't just go through life, grow through life," she said he had told her. "If you stop growing, you will die."

And this: "If you love yourself first, you can love others."

When Daniel told her father that she planned to go into the life insurance business 20 years ago, she said responded with yet another piece of

wisdom: "Sell to Betty what Betty wants to buy." That puzzled her until the day a woman came into her office, seeking a product. Daniel said she sold the



woman what the woman had wanted, and that the woman seemed satisfied. But later, the woman came back, asking about investments. When Daniel asked for the source of the funds to be invested, the woman opened up a bag she was carrying—in it, said Daniel, was \$178,000 that the woman had been saving in her safe deposit box.

Nando Parrado, a businessman and television producer from Punta del Este, Uruguay, closed the Main Platform session with a spellbinding account of how he and 15 others survived a plane crash in the Andes mountains in 1972. The plane had started out with 45 aboard, but 16 died after the initial crash, including Parrado's own mother and sister; 13 others died later on.

It was 72 days before the 16 were

rescued, recalled Parrado. To survive for that long in the cold, snow, -40 degree nights, and an avalanche, took teamwork, perseverance and physical strength, he said, noting that when facing matters of life and death, "the results of your actions are not measured with money, position, and other such things; it is measured in your core essence."

Situations like this "peel away the thin layer of civilized being," he added. "You find things about yourself that you may not know. Your real character comes out when you are alone and (think you) are dying"

After 62 days, the group decided that 3 should go out to seek help. One had to turn back, but two others, Parrado and Roberto Canessa, continued a trek for 65 miles through the cold, rocky, frozen terrain to find help. He has since married and has

children—people he said would not be in his life had it not been for the others.

The 16 survivors remain close friends, he said. In the end, he added, "the only thing that matters is love."

MDRT members were treated to a view of the earth from space by David Williams, a recently retired astronaut of the Canadian Space Agency who had logged more than 687 hours in space, including 3 space walks. The spectacular photos on view—of the Brazilian rain forest, the Northern Lights, Dubai's man-made islands, among other regions—took attendees' collective breath away.

But Williams' purpose was less to impress than to impress upon them the need to protect our ever more fragile planet. In photo after photo, Williams noted the destruction that humanity is wreaking on the environment by contributing to global warming, increased water and air pollution, ecological devastation and loss of habitat.

"The decisions we make today affecting the environment will have a lasting impact," said Williams. "We here at MDRT have the power to change the legacy we leave future generations. We must become better stewards of the earth."

Melissa Wandall's story was a reminder that a beautiful day can turn into tragedy without a moment's notice.

It was on October 24, 2003, that she learned a traffic accident claimed the life of her husband, Mark. The cause: A fellow motorist failed to heed a red light, ramming into Wandall's car and killing him instantly.

"We all have the power to love, to let go and live on," said Wandall. "This means having the power to embrace our tragedy, to rise above it and to turn a painful experience into a positive one so that others can learn and grow."

From this tragedy emerged the Mark Wandall Foundation. The organization's mission, Wandall said, is to reach out to those who have experienced challenges in life to support, nurture and provide enrichment. The foundation does this by aiding local charities and funding student scholarships at Sarasota (Florida) High School. Ultimately, said Wandall, the foundation will create a camp for children who have



experienced loss in their lives as a tribute to Mark Wandall's first child, two-year old Madison Grace, who was born just two weeks after his accident and who joined her mother on stage.

Wandall's "second great cause" following her husband's death was to find way find ways to prevent motorists from running red lights. Thus was born the Stop Red Light Running Coalition, whose mission is to make Floridians knowledgeable of how widespread the problem is and to discourage the practice through legislation, enforcement and education.

Wandall closed her presentation by noting the causes to which she is now devoted, her current financial security and the legacy that will ensure her daughter's future would not have been possible without "the gift of life insurance"—a gift that Mark Wandall, a financial planner in life, had the foresight to buy.

"I would not be here today if it were not for Mark's advanced planning. Madison and I are grateful for being a small part of what you do daily. I want to thank you for changing lives and saving lives."



► Rogers, continued from page 1

accessible to its global membership by giving the initiative more structure. Before year-end 2008, he noted, MDRT hopes to release a redesigned mentoring and marketing kit its members can use with MDRT aspirants.

A third initiative will encourage members to complete their own succession plans so their clients can be serviced without interruption when they retire.

A 4th effort highlighted by Rogers is MDRT's Boomer Retirement Initiative. An outgrowth of its Boomertirement Summit, held in New York in 2007, the endeavor will comprise a series of road shows, as well as the development of point-of-sale mate-

rials and tools to aid advisors in servicing older clients with income distribution and legacy planning needs.

The 5th and final initiative will seek to promote pride among members in their MDRT affiliation—and to leverage that pride in client engagements. To that end, said Rogers, MDRT has created brochures that explain the organization's mission, the high standard required to join, and the exclusivity of its membership.

"When I'm with clients, I have them read the brochure," said Rogers. "I tell them, 'You should be pleased you're dealing with one of the best.' Your clients, too, should know how wonderful you are and the special place MDRT holds in our profession."



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The Details Matter In Estate Planning

By Linda Koco

Financial professionals who have a grasp of key legal concepts affecting the senior population will be better able to serve their clientele, Cynthia Sharp told a focus session here at the annual meeting of Million Dollar Round Table.

An attorney who practices estate planning and elder law with Sharp Bratton Attorneys at Law, Haddon Heights and Lawrenceville, N.J., zeroed in on some common mistakes she has seen in the estate planning arena. This was part of an extensive talk on asset protection planning, Medicaid qualification and Medicare.

Sharp did review estate plan basics with which MDRT members are already familiar—the will, the powers of attorney (e.g., the general durable power of attorney or a springing power of attorney), and advance health care directives (living will or health care power of attorney or both).

But she also covered another document which but with which some may not yet be familiar—the HIPAA release document. She said her firm routinely suggests that clients execute a HIPAA Authorization form as part of the estate planning “package.”

Not doing so could result in problems for not just the client but also for those who hold powers for the client, she indicated.

Here is why: under the Health Insurance Portability and Accountability Act, health care providers are subject to federally imposed sanctions and monetary fines for unauthorized disclosure of private health information, Sharp pointed out. In response, many providers have clamped down on release of medical records and related information to anyone other than the patient, she continued.

But this has “made it more burdensome, and sometimes impossible,” for agents holding advance health care directives or durable powers of attorney for health care and trustees under revocable living trusts to carry out their duties, Sharp cautioned.

She illustrated this with a story about a woman with Alzheimer’s disease.

When the woman could no longer manage her financial affairs, family members sought to have the trustee appointed under her living trust take over management of trust assets, Sharp said.

“However, due to the lack of the proper HIPAA documentation authorizing the release of the woman’s protected health information, the family was not able to get her doctors to issue a letter certifying the elderly woman’s mental incapacity.

“This was because the doctors felt that providing a certification letter without a HIPAA authorization would violate the provisions under HIPAA. This placed the family members and the successor trustee in a Catch-22. The woman did not have the mental

capacity to execute a HIPAA Authorization form authorizing the release of her medical information, but without the form the doctors would not issue letters certifying the woman’s incapacity so that the successor trustee could take over the management of her affairs,” Sharp said.

“This dilemma forced the family members to petition the probate court to have the successor trustee appointed. The delay and cost of this probate court

proceeding could have been avoided easily had an executed HIPAA Authorization form been available to give to the doctors,” she continued.

Sharp also reviewed some common mistakes in estate planning documents:

Inadequate power of attorney. She cautioned against relying on using standardized power of attorney forms downloaded from the Internet.

Those boilerplate documents, which are also used

as well as consumers, often do not cover the client’s very specific issues, she warned. “Medical powers of attorney are not always included, nor are clauses about gifting, real estate transactions, or the ability to make asset transfers to affect Medicaid eligibility.

“If the appropriate clauses are not included, a guardianship proceeding may be necessary so that the agent may take action that needs to be taken,” she said.

Inappropriate tax allocation clause. One of the most important provisions in a will is the tax allocation clause, said Sharp.

This clause allocates a decedent’s estate or inheritance tax burden among the estate beneficiaries by specifying the source or fund from which the death taxes are to be paid, she explained, adding that allocation of taxes among beneficiaries is generally governed by a testator’s will, a nontestamentary instrument passing nonprobate property, or the default rules under applicable state law.

The tax allocation clauses can dramatically alter the dispositive provisions of a client’s estate plan, she noted. But practitioners who rely on general “boilerplate” tax clause provisions for all clients do not fully examine the impact that such clauses have on a plan, she said.

A tax clause contained in a will generally “charges the estate’s tax burden to the residuary estate or apportions the tax burden among the estate beneficiaries in proportion to their share of the estate tax liability,” Sharp explained. “Often, a boilerplate tax allocation clause commonly found in wills charges

the testator’s residuary estate under the will with the burden of all taxes imposed on both probate and non-probate property.”

Such clauses can result in presumably unintended results, she indicated.

To illustrate, she referred to the estate of the late journalist Charles Kuralt. His will said all estate, inheritance, and other death taxes imposed by reason of death “would be paid, without apportionment, by his residuary estate,” said Sharp. The residuary beneficiaries included his surviving spouse and 2 children. However, a handwritten codicil, which was admitted to probate, left his Montana ranch to his longtime companion, said Sharp.

Since the terms of the will were that the taxes were to be paid from the residuary estate, “the residuary beneficiaries (his wife and kids) bore responsibility for payment of taxes attributable to the property that passed to the companion,” said Sharp.

Failure to establish special needs trust. If a potential beneficiary is entitled to government benefits such

as Supplemental Security Income or Medicaid, consider establishing a special needs trust, said Sharp. Why? Direct receipt of funds will cause that individual to be disqualified, she said, so the funds will need to be spent down before the person can requalify. This is particularly harmful for those incurring substantial medical expenses, she added.

To illustrate, she described what could happen if Medicaid beneficiary in a nursing home receives an inheritance. This will disqualify the person from Medicaid, she said, so he/she must pay the nursing home bill directly until only \$2,000 remains.

Failure to plan for state estate taxes. “Since the state death tax credit was repealed at the federal level through the 2001 tax act, many states have imposed their own estate tax,” Sharp pointed out. But the planning focus is often on the federal estate tax, with many erroneously believing tax planning is no longer necessary in light of the current federal estate tax exemption of \$ 2 million. Her point: “state estate tax can be avoided in many cases, at least for married couples.”

Failure to update documents on a regular basis. Major events that can spur updates to the plan include marriage, new life partner, divorce, birth of a child, desire to change beneficiaries, desire to change who should handle the estate, said Sharp. However, many have failed to do the updates since enactment of the Economic Growth and Tax Reform Reconciliation Act of 2001, she said.

This is a mistake, she continued, and it “has caused many surviving spouses to unnecessarily incur state estate tax liability at the death of the first spouse.” Most states with estate tax legislation require computation of the state estate tax in accordance with the Federal estate tax in effect through 12/31/2001.



▲Cynthia Sharp

AVOID THESE COMMON ESTATE PLANNING MISTAKES

- Inadequate power of attorney.
- Inappropriate tax allocation clause.
- Failure to establish a special needs trust.
- Failure to plan for state estate taxes.
- Failure to update documents on a regular basis.

Boilerplate estate planning documents often do not cover the client’s very specific issues

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What's Behind The Surge Of Living Benefits In Variable Annuities

By Warren S. Hersch

For a peek preview of where variable annuities in Canada are headed, advisors need only look to that country's giant neighbor to the south. The addition of guaranteed living benefit riders to VAs, which are so widely available in the U.S., are now steadily being integrated into Canadian products, known as segregated funds.

John Huggard, a certified financial planner, attorney and senior member of Huggard, Obiol and Blake PLLC, Raleigh, N.C.-based law firm, tracked the product's evolution and pointed up the advantages of the GLB riders during a Monday focus session at MDRT's annual meeting.

Investment challenges

Among the concerns faced by individuals planning for retirement, said Huggard, are longevity and the sequence of returns on one's investments. The first touches on whether the retiree's assets will be sufficient, if properly invested, to last until retirement. The sequence of return issue raises the question of how the retiree's nest egg will fare if the stock market decreases as the individual enters retirement.

Traditional retirement vehicles

Individuals who plan for retirement typically have their money allocated to one or more of six financial vehicles, said Huggard. These include a defined benefit (or pension) plan, self-funded retirement, non-qualified nest eggs (such as stocks, and mutual funds); non-qualified bonds non-qualified fixed accounts (including money market funds and CD); and real estate investments.

"Today, variable annuities with living benefits can provide all of the benefits of [these] six asset classes," said Huggard. "And [VAs] often eliminate the negative aspects of these same asset classes."

Among the product advantages he cited: a guaranteed minimum income stream for life of at least 5%, spousal protection, reduced stock market risk and no Social Security offset. Still other benefits include income payouts that can ratchet up in a rising stock market, inflation and principal protection through equity investing, a death ben-

efit, tax-deferral and, with respect to qualified accounts, creditor protection.

Living benefits

The three major VA living benefit riders marketed in the U.S., says Huggard, include a guaranteed minimum accumulation benefit (GMAB), a guaranteed minimum income benefit (GMIB) and a guaranteed minimum withdrawal benefit (GMWB).

The GMAB rider, when added to a variable annuity or segregated fund, provides a money back guarantee at maturity. The rider allows the client to invest in stocks and/or bond sub-accounts for a period of years (usually 10 to 15). At the end of the investment



Individuals who plan for retirement typically have their money allocated to one or more of 6 financial vehicles and VAs with living benefits can provide the benefits of these 6 asset classes

period the owner gets to keep all of the gain (less the costs of investing). If, observed Huggard, the owner's account value declines at the end of an investment holding period, the issuing company will refund 100% of the investor's original investment.

The GMIB rider, which Huggard noted is not offered in Canada, generally has a 10-year holding period. At the end of this period the investor is entitled to all of the gain if the stock market rises (less any costs of investing); plus a stream of income that will be paid to the owner for life if the stock market goes down.

"These payments guarantee that annuity holders or their families will recover at least their initial investment in 8 to 10 years once payments start," said Huggard. "After this period, payments continue for life or a minimum number of years, whichever is longer."

To obtain a lifetime stream of income, he added, VA owners must annuitize the product. That means irrevocably surrendering the account value in exchange for a stream of income provided by the insurer.

The guaranteed minimum withdrawal benefit for life (GMWB-

Life), he said, lets individuals past a certain age invest in stocks and bonds to receive at least 5% of the amount invested each year (based on the individual's age) for the rest of their life, even if the stock and bond markets decline over time.

If the stock and bond markets go up, said Huggard, the 5% annual income stream can increase but not decrease. Account holders may also be able to leave a significant death benefit or continue to provide a lifetime stream of income to their spouse or family should they die before life expectancy. If withdrawals are not made immediately, the account value ratchets or resets at a fixed rate of return on which future withdrawals are based.

Holders of VAs that carry a GBWB for life rider, Huggard said, do not need to annuitize the product. An owner can secure

the annuity's cash surrender value, provided the rider may be liquidated at any time.

Living benefits in action

Huggard invoked the financial considerations of three hypothetical individuals—Margaret, Sam and Sara—to illustrate where each of the 3 guaranteed living benefit riders is most appropriate.

Margaret

Margaret, 55, has \$350,000 to invest for the next 10 years. She desires an investment that will allow her to be in the equities markets but she requires that:

- The entire \$350,000 investment go to work for her without a reduction in up-front costs or expenses;
- The investment be held predominantly in equities;
- She receive professional financial advice on the investment for the next 10 years without cost.
- The investment not have an annual cost that would inconsistent with a typical equity investment of \$350,000.
- When she withdraws her money from this investment, she is able to keep all of her gain, less her investment costs.
- At the end of 10 years, should Margaret's account value be less than

the \$350,000 she originally invested, she wants the financial institution involved to return all of her \$350,000 investment without making any charges.

Given these requirements, said Huggard, Margaret should consider a VA or segregated fund carrying a GMAB rider.

Sam

Sam is 59 and is 10 years away from retirement. He wants to invest \$500,000 in an investment that, said Huggard, will give him the following benefits:

- Sam wants his investments to be held predominately in the equity markets;
- If the account goes up dramatically over the next 10 years, he wants to be able to close the account and withdraw the funds;
- Should the market go down significantly over the next 10 years, he wants a guarantee that in 10 years he will receive a check for \$62,500 a year for the rest of his life, guaranteed for a minimum of 20 years. Should the stock market spike during this 10-year investment period, Sam wants his lifetime payments based on the higher spiking value of the market rather than the base value).

In this situation, a VA with the GMIB rider (which Huggard pointed out is not available in Canada) should be considered.

Sara

Huggard's final example involves Sara, who 65 and a recent widow. She has \$700,000 to last her for the rest of her life. She wants an equity based investment that will guarantee her a minimum of \$35,000 a year starting immediately with a chance for that income to increase (but not decrease) should the stock market move up.

Sara also wants to know that her stream of income will last for her entire lifetime, even if she should live to well over one hundred. In addition, Sara wants to know that if she dies prematurely, any remaining account value will be paid out to beneficiaries. She does not want to annuitize her investments; and she wants the option to withdraw against the account balance at any time.

For Sara's \$700,000 investment, Huggard recommended a VA with the GMWB for life option.



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