
JULY 2015

Gone 'Fishing'

Did you ever hear of if 'something sounds too good to be true, it usually is?' This is just as true in the retirement planning world as it is anywhere. Many people I have spoken with are reluctant to use any type of 'guaranteed' based plan to be a strategic part of their retirement income plan. Over the last few years the internet, and financial cable shows have been plastered by stockbrokers who promise: 'no fees, you will never run out of money, and we never take one dime of your money to make money.'

Recently a person I knew who had his money with another broker called me and said: "I'm moving all of my money to this guy from the internet! He told me annuities and all insurance was a rip-off! He said he could take my retirement funds from the guy I'm with, and double it in three years! He also said I would pay no fees!' The little alarm bell in my head went off. I had known this person for a long time. He said he wanted to move his money from his current

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advisor, but was waiting for the right time. We had intensively discussed his need for lifetime guaranteed income. We also had discussed his need for safety, given his age, and time when he wanted to retire.

Now, after seeing an ad on TV, he decided to place all of his funds with this firm. His current advisor could not talk him out of the transfer of his mutual funds and annuities. I could not inform him that at his age, the place all of his money in the stock market without any safety net was not a good idea. I pressed him on the origin of this decision. The man said: 'this guy on the phone said never to have an annuity or life insurance, they cost too much. **He also said that people who sold annuities and life were just in it for the commissions and did not care about me.** When I looked at the fees I was paying my current advisor, I had to agree.'

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WHAT IS YOUR MOST BASIC RESOURCE?

by Tom Hopkins

The seconds of your life -- and that's the way you live it, one second at a time -- can be invested in countless ways that will bring you a future return. Many of these ways will give you repeated returns stretching over many years. You can invest your seconds in the creation of future income, in gaining new knowledge and acquiring useful skills, in making contacts, in enhancing your personal life. The methods of gaining future benefits from present time are myriad. And so are the ways of wasting time. The seconds you squander vanish forever with no potential return. If you don't invest your daily treasure of 86,400 seconds wisely, in essence you hand them back at the end of each day to the force that gave them to you. So, invest your time wisely!



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"Others will underestimate us, for although we judge ourselves by what we feel capable of doing, others judge us only by what we have already done."

-- Henry Wadsworth Longfellow

4 WAYS TO MASTER CHANGE **by Sheila Murray Bethel**

We are living in exciting age of unprecedented change. Today's accelerated rate of change presents us with unique challenges and opportunities. Once you learn to handle change, you can take your skills, talents, and abilities and help others change. Let's look at four ways to enhance your mastery of change.

1. Don't Fight It. The natural tendency is to protect what you know and value, what has become familiar and comfortable. Unfortunately the world will change with or without you. So you must adapt again and again. You make your life so much more complicated when you fight the change. You cause yourself stress and can actually become ill. Remember the old Serenity Prayer: God grant me the serenity to accept the things I cannot change, The courage to change the things I can and the wisdom to know the difference.

2. You don't have to like the Change. No one ever said you have to like the changes you are experiencing. However, you do have to understand them so you can progress. Life is not always about "liking." It is about doing the best you can, with what you you've got and getting on with it--right now!

3. Know what to defend against change. There are some things we should resist changing because change does not always translate into better. Change for the sake of change alone can destroy valuable situations, assets, and relationships. Many values deserved to be defended. Ask yourself what you will change and what you will defend.

4. Have a Sense of Humor. Humor can give you a momentary "emotional vacation." A sense of humor can conquer pretense and diffuse anger and hostility. It can take an impossible situation and change it into an acceptable one. The old axiom, "If you take yourself too seriously, no one else will," is key. The most effective people are spontaneous and can use humor to express their feelings, and to encourage others. When you set out to be a change master and to make a difference in this world, there is no guarantee that it will be easy. By learning about change, serving others and helping them to learn to change, you will indeed be making a difference.

...he unrolled the scroll, and found the passage where it was written: "the spirit of the Lord is upon me, to bring glad tidings to the poor....proclaim liberty to captives...to let the oppressed go free..."

He handed the scroll back to the attendant. He said "today this scripture passage is fulfilled in your hearing"
Luke, 4, 17-21.

(Gone Fishing, cont'd)

Now, in full disclosure I knew he was paying very high fees with his current advisor, and the annuities he was in were very expensive, without the real guarantees he sought. I had recommended he bring his annuities to me, where he would get the guarantees he sought (guaranteed income growth), the safety he sought (no stock market losses), and the fee structure he sought (ZERO).

I asked him how much he was going to pay in fees to this TV person. He said Zero. "How do they make money?" I asked. He said 'They don't take any of my earnings or principal.' I asked is there an asset fee? The man replied "no fees, and I can take my money out at any time and there are no fees."

After our conversation, I looked the company up on the internet. I got their sales material. Aside from slashing and burning against ALL ANNUITIES, they stressed the stock market was safe. And they charged no fees. So I called them. 'How do you get paid?' 'We make money when we grow' I asked again, and they were cagey. 'What if the market goes down?' I asked. "You will never lose with us" was the answer on the phone.

I had gone 'fishing.' The only thing I caught was a rash against annuities and life insurance and a vague promise of 'safety and security.'

So I looked them up. They were charged a \$5,500,000, fine from the SEC for unsuitable sales to seniors, \$2,388,000 settlement of lawsuits of people who lost everything in the 2007-2009 crash. Add to that a \$555,000 settlement with a family where the 86 year old woman cashed out her annuities and life insurance and lost it all in the 2007-2009 correction. The settlements and lawsuits went on and on. Yet, the ads are still there: 'do you have an annuity or life insurance? Did you know your advisor made money?' My advice, don't **Fish** with your savings. Work with someone with a track record, someone you can see and trust. Work with someone who is looking out for YOU.

FINANCIAL INDEPENDENCE

by Tom Hopkins

Do you worry about money? I'd bet that at least 90% of people worry about money. Today people squabble about money, mismanage money, families are divided, divorces occur, and trouble runs amok. Money doesn't really make you happy, but it does give you the freedom and opportunity to find out what will make you happy. Money plays a powerful role in our lives today. It influences our relationship with our spouse, children and others we associate with. It has an effect on the level of stress we experience as well as how we communicate with others. We need to get disciplined and learn how to handle this necessary commodity well in our lifetime. Controlling our finances is a simple matter--it's just hard to do! It takes a lot of discipline to sit down with all the paperwork and summarize it all in one place so you can see where you stand financially. However if you don't, years may go by and as you approach your golden years and start checking into your financial situation, you'll wonder where all your money went. So where does all the money go? It's not hard a hard question to answer. We can find out simply by keeping track of our personal cash outlay for one full week or month. How does one define financial independence? My definition is: Living comfortably off the annual income generated by your net worth at a given date in time. To achieve your chosen level of financial security you must first determine what amount of money you would be comfortable with on a monthly basis and multiply that by 12 for the annual amount. Divide your annual amount by an average interest rate (e.g., 5%). Once you have determined this figure, you need to have a plan for acquiring it. Discipline number one may sound rather trite, but it is true. How many people really live within their means? Available cash makes you financially prepared. Do this by setting up an emergency savings account. Learning to live on less than you make prepares you for "rainy days" and relieves stress. Discipline number two I call, "Pay yourself first." I suggest you first write a check to yourself every month. Just like you write a check to the electric company, I want you to write a check to yourself that you save or invest.

UPCOMING EVENTS:

1. Chart House, Lakeville, July 21 and 23, Dinner Seminar, 6pm.
2. Lakeside Supper Club, August 5 and 6, 5pm, Dinner Seminar
3. Buca Di Peppo, St Paul, Mn, August 18 and 20, 5pm, Dinner Seminar

Contact us through our website at www.srins.com to register.

Tools for Thought.

I recently met a woman who needed my help, badly. She was convinced, unfortunately; however she didn't need my help. After a few minutes of explaining the quandary she was in, she simply thanked me and packed up her statements and left my office. She has been victimized. She was a widow, and when she retired, she answered a TV ad from a financial group explaining they 'would make her a lot of money with no risk'. She met with a representative from this company who happened to be in the area, and turned over all of her retirement savings to him. This representative placed her in a series of annuities bearing high fees with all of her money left in the stock market inside of these annuities.

When it was time to get her statements she tried reading them. Each time she called them she was shunted off to a person who did not sell her the products. Finally she went to a person in her faith community who read the statements and explained them to her. When she realized the 'promises' made the TV salesman were options she was paying for, and the plans were loaded with fees, she wanted out. After interviewing several other financial people she ended up in my office, looking for the same things she wanted: safety of principal, full death benefit, and reasonable rate of return. I told her the only way to accomplish this without a heavy fee structure was to use an Indexed Annuity. She packed up her stuff and got ready to leave. "I was traumatized by the TV guy. I won't do another annuity, but thank you". It was sad. My opinion: get your advice from somewhere other than TV and Internet Advertising. Stay at home.

Taxation Issues with Life Insurance

The cash value accumulations in cash value life insurance grow on a tax-free basis until the policy is surrendered. If the policy is surrendered and the proceeds exceed the total premiums paid, the difference is taxable in the year received.

If a policy pays dividends, the dividends are considered a return of premium and are not taxable until total dividends plus all other amounts that have been received tax-free under the policy exceed an amount equal to the policyholder's basis in the contract, at which time excess dividends are taxable income. A policy loan is not considered a distribution and, as a result, is not taxable. Cash withdrawals are tax free until the policy owner has recovered his/her investment in the contract, after which excess withdrawals are taxable income. Loans and withdrawals will reduce the policy's death benefit and cash value available for use. Life insurance death benefits paid in a lump sum are received income tax free -- a unique benefit. If the death benefit is taken as income under a settlement option, there is an interest element in each payment received. The portion of each payment representing principal (the death benefit) is received income tax free and the portion representing interest is taxable.

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