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TALKED TO LIKE A CHILD – WHO NEEDS IT?

Have you ever had an experience where you felt treated like a child? This happens from time to time. There is usually one person more intimidating than many Doctor Office visits. My sources tell me it isn't going to see the doctor, or even the dentist. One of their greatest anxieties is dealing with their financial advisor.

Having conducted thousands of interviews during my 23 years in the financial services industry, the comment I have heard the most often is: "I have to run this by my Financial Advisor". . When I hear this from a prospect I drill down and find out what the real issue is. Why would someone go ask an advisor about something the advisor never brought up to them? Do we, when a Doctor says: "exercise and lose weight" do we run off and find a doctor who will disagree?

Recently I had a couple in my office. They had attended one of my retirement planning workshops. After reviewing what they had, and asking questions about what was pertinent to them, I asked: "How do you feel about where the market is going?"

In unison, they answered. "Big Losses". They paused. "VERY BIG LOSSES!" they repeated.

I sat back in my chair. I knew the company they were with, and its' very high fee structure. I leaned forward. Their entire portfolio was with this company. In 2015 they had already taken huge hits. I showed them how an Indexed Annuity might be more efficient for them. I went over the advantages of no risk to principal, no losses, the value of an income account, and all of the features of this particular indexed annuity. Here are some observations:

a. Many Clients do not understand what they have or why. They resist change because they are afraid of their advisor. In many cases, financial advisors 'talk down' to their clients, dazzling them with statistics, charts, computer graphs, fund histories, their particular stock picking genius, Callan Charts, Ibbotson Charts, and the glittering temple on the hill that belongs to the client if they just follow every instruction.

FACING THE ENEMIES WITHIN
By Jim Rohn

We are not born with courage, but neither is we born with fear. Maybe some of our fears are brought on by our own experiences, by what someone has told you, by what you've read in the papers. Some fears are valid, like walking alone in a bad part of town at two o'clock in the Morning. But once you learn to avoid that situation, you won't need to live in fear of it. Fears, even the most basic ones, can totally destroy our ambitions. Fear can destroy fortunes.

Fear can destroy relationships. Fear, if left unchecked, can destroy our lives. Fear is one of the many enemies lurking inside us. Let me tell you about five of the other enemies we face from within.

The first enemy that you've got to destroy before it destroys you is indifference. What a tragic disease this is. "Ho-hum, let it slide. I'll just drift along." Here's one problem with drifting: you can't drift your way to the top of the mountain.

The second enemy we face is indecision. Indecision is the thief of opportunity and enterprise. It will steal your chances for a better future. Take a sword to this enemy.

The third enemy inside is doubt. Sure, there's room for healthy skepticism. You can't believe everything. But you also can't let doubt take over. Many people doubt the past, doubt the future, doubt each other, doubt the government, doubt the possibilities and doubt the opportunities. Worse of all, they doubt themselves. I'm telling you, doubt will destroy your life and your chances of success. It will empty both your bank account and your heart. Doubt is an enemy Go after it. Get rid of it.

The fourth enemy within is worry. We've all got to worry some. Just don't let it conquer you. Instead, let it alarm you. But you can't let worry loose like a mad dog that drives you into a small corner. Here's what you've got to do with your worries: drive them into a small corner. Whatever is out to get you, you've got to get it. Whatever is pushing on you, you've got to push back.

The fifth interior enemy is over-caution. It is the timid approach to life. Timidity is not a virtue;
It's an illness. If you let it go, it'll conquer you. Timid people don't get promoted. They don't
advance and grow and become powerful in the marketplace. You've got to avoid over-caution.

Talked to Like a Child (cont.)

b. They feel intimidated. Because they are often 'talked down' to, they assume the financial advisor is looking for their best interests, and they feel unable to ask the right questions, or provide a competent critique. They just heard me do it, but because they are used to their financial advisors' way of doing business, they don't have the courage to make necessary changes.

c. They feel confused. Because a great deal of Financial Advisors promote so many plans and products, their clients stumble trying to understand what it is they have, and why. Almost without exception, people coming to my office with their statements have the same classes of mutual funds in two or three separate companies (This is known and commission maximization), some kind of stock portfolio in market segmented companies, a variable life policy, a small LTC policy, and in most cases an expensive and underperforming Variable Annuity. They don't remember WHY they put their hard earned money in to these instruments, and they are ill-equipped to challenge or seek clarification from the advisor.

d. When they do get an explanation, they remain confused, but hesitate to ask follow up questions out of the anxiety of looking dumb in front of the advisor.

My practice works differently. At every workshop, I tell them they need to shed their preconceptions about the role of a financial advisor. I look at the relationship this way; it is **THE CLIENT'S TIME AND THE CLIENT'S MONEY**.

My job is to make them better, if I can. I will tell them if their money is in good places, and congratulate them on THEIR good decisions. If I find places where I can improve or fix a problem I will tell them and make a recommendation IN WRITING. I know I don't like being talked to like a child. Why should a client put up with it? I'll buy the coffee. Let's talk like adults.

"Do not be intimidated by your opponents in any situation. Their opposition foreshadows downfall for them and salvation for you. All of this is as God intends, for it is your special to take Christs' part – not only to believe in him, but to suffer with him. "

Phillppians, 1:28

Traditional IRA Taxation

Contributions (2016): Deductible up to $5,500 (up to $11,000 for a married couple; additional $1,000 contribution available to workers age 50 and older in 2016) unless the individual is an active participant in an employer-sponsored qualified retirement plan, in which case the tax deduction is gradually phased out. In 2016, this phase-out begins at adjusted gross incomes in excess of $98,000 for married couples filing jointly ($61,000 for single taxpayers) and ends at $118,000 for married couples ($71,000 for single taxpayers), at which point there is no IRA deduction.

The spouse of an active participant in an employer-sponsored retirement plan who is not covered by his or her own plan can make fully-deductible IRA contributions, if the couple's adjusted gross income is below $184,000 and partially-deductible IRA contributions if between $184,000 and $194,000 in 2016.

Growth: The earnings on IRA contributions (whether deductible or non-deductible) accumulate tax-free until distributed.

Distributions: IRA distributions are taxed under the rules of IRC Sec. 72. This means that the taxpayer is entitled to recover any non-deductible IRA contributions tax-free when distributions begin. Other than this tax-free return of the "investment in the contract," all IRA distributions are includable in gross income in the year received. In addition:

v **Premature distributions** made prior to age 59-1/2are subject toa10% excise or "penalty" tax in addition to the regular income tax on the amount of the distribution. (Exceptions to the penalty tax include payments made on account of death, disability, to cover certain medical expenses, to pay qualified higher education expenses, for the purchase of a first home ($10,000 lifetime limit), or in a series of substantially equal periodic payments over the taxpayer's life expectancy.)

v **Minimum distributions** from an IRA must begin by April 1 of the year after the year in which the taxpayer attains age 70-1/2, or a 50% excise tax is levied on the difference between what was paid out and what should have been paid out under IRA minimum distribution rule.

UPCOMING EVENTS:

1. February 9th and 11th, Retirement Planning Seminar, Buca's, St. Paul, 5pm
2. February 23rd and 25th, Retirement Planning Seminar, Axels' Bonfire, Savage, 5pm.
3. March 10th, and 15th, Retirement Planning Seminar, Redstone Restaurant, Eden Prairie, 5pm.
4. March 30th, 31st, Retirement Planning Seminar, Lakeside Supper Club, Montgomery, 5pm
5. April 1st.Client Appreciation Event, Chart House, Lakeville. 6pm.

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

TOOLS FOR THOUGHT.

I never thought this would happen. Here I am, minding my own business, and I look at the calendar on my wall. There it is. Right there. February 2nd. My birthday is here, again.

The most important issue here is this: I'm getting closer to the days when I should start thinking seriously about when or where we would retire.

Don't get me wrong, I'm not thinking any time soon. Yet, I have people in my office every day who haven't taken their planning seriously enough to retire when they want to. Last night I had a couple in my office who wanted to retire. They could not. They had too much money tied up in their house. They had every toy in the book. There was no savings except for an underperforming high fee 401k. They had an average social security benefit. None of the social security or potential pay out from their 401k would get them close to a retirement income they needed.

I showed them how to reposition some of their 401k funds into an account that would guarantee them additional income for life. They admitted they had taken a beating in the stock market. Yet, they wanted safety AND 20% growth they believed was coming in the next few years.

They would not change their habits. This couple was going to make the perfect the enemy of the good, and fail. Some birthdays do not make some people smarter.

AskYourself…

- ☐ How long can you survive financially without a regular paycheck?
- ☐ How will your regular bills be paid?
- ☐ Will you have sufficient funds available to pay for:
- ☐ Any insurance co-payments and deductibles;
- ☐ Alterations to your home and/or automobile to meet any special needs;
- ☐ Out-of-town transportation and lodging for medical treatment;
- ☐ Additional household and child care expenses;
- ☐ Treatments not covered by traditional health insurance; and/or
- ☐ Shorter-term home health care during your recuperation?

These are issues for which there are very good solutions. Considering the fact we are living longer, the chances of having some type of critical illness is growing. These illnesses can ruin a retirement plan or legacy. I can help you avoid the financial pitfalls of this happening to you!

Stop in for a coffee and let's talk!

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