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**Phillip M. Scheiber,**  
**Scheiber & Associates**  
**111 W. Main St**  
**New Prague, MN 56071**  
**(952) 649-0504**  
[www.srins.com](http://www.srins.com)



## PIGS GET FAT.....Clients get Slaughtered

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### EVERY CIRCUMSTANCE HAS TWO SIDES

*By Vic Johnson*

"Your difficulty is not contained, primarily, in the situation which gave rise to it, but in the mental state with which you regard that situation and which you bring to bear upon it." - *Byways of Blessedness* It is one of the most difficult lessons to accept, understand and learn. Circumstances are not negative or positive, circumstances are neutral. It is our thinking, our mental state, our perspective, that makes a circumstance positive or negative. Bob Proctor does some of the best teaching on this subject, using a universal law he refers to as the Law of Polarity. "Everything in the universe has its opposite. There would be no inside to a room without an outside. You have a right and left side to your body, a front and a back. Every up has a down and every down has an up. The Law of Polarity not only states that everything has an opposite -- it is equal and opposite. If it was three feet from the floor up to the table, it would be three feet from the table down to the floor. If it is 150 miles from Manchester to London, by law it must be 150 miles from London to Manchester; it could not be any other way. If something you considered bad happens in your life, there has to be something good about it. If it was only a little bad, when you mentally work your way around to the other side, you will find it will only be a little good." Here's a good example of this. While the flat tire you have seems to be a negative circumstance to you, it's a very positive circumstance for your local tire dealer. Looking even further, it's possible that while changing the tire the dealer discovers a much more serious problem that would have cost you a large sum of money if discovered later. So it's even more clear from Bob's teaching that every circumstance can be viewed two ways. It's the way we view a circumstance that determines its impact on our thinking and mental state. And we know from James Allen's teaching that that determines the quality of life that we live. No matter how bad the circumstance appears to be, taking another look, from another perspective, reveals to us the good. Or, as Napoleon Hill author of the classic "Think and Grow Rich", wrote, "Every adversity, every failure and every heartache carries with it the seed of an equivalent or a greater benefit." And that's worth thinking about.

Human Nature is a funny thing. When all of persons' life experience and knowledge are discounted, bad things happen.

Here are some examples. We touch a burner on the stove. Lesson Learned. We drive our bicycles too fast and crash. Lesson Learned. We mouth off to our parents. Lesson Learned. We blow our savings on a car that fatally breaks down a week after we drove it off the lot. Lesson Learned.

It escapes me. People who were burned by the crash of 1999-2001 believed all of the media hype and 'financial advice' from advisors. 'OK,' people said to themselves, 'fool me once.' Yet, the advisors kept pushing people to buy more stocks bonds mutual funds, and variable annuities and variable life insurance.

The market began to recover. The risky advice was not based on reason for people nearing retirement.

Then the crash of 2007-2009 occurred.

These same clients lost up to 50% of their retirement funds. Who didn't lose? Stockbrokers, Financial Advice Companies, Financial Advisors. They made out just fine. Because there was no 'skin in the game', they profited from this environment; they got fat, their clients got slaughtered. For some it was a breach of trust. Billions of retirement funds moved from these companies and advisors to safe havens.

## **PIGS GET FAT (cont'd)**

Since 2012, the stock market has recovered. Discounting the false premise of this recovery, there is still a problem. The value of those retirement accounts is now worth LESS than they were in 2007, even though the stock market might say the client has recovered his or her losses. WHY? The time value of money and inflation. That \$100,000 in 2007 that fell to \$50,000 in 2008 is not the same \$100,000 today.

But who made money during this time frame, and is not responsible for the loss of purchasing power the client experienced? Stockbrokers, Financial Advice Companies, Financial Advisors. The Pigs got fat, the clients got slaughtered.

This is serious business. Yet, many people believe they have 'recovered'. I pose the question; if you were able to keep from losing these funds in the first place, and have a guaranteed increase on your funds, would you be better off today? This is especially true for those who were in retirement or nearing retirement.

Yet, trust in advisors who lost *Trillions* remains.



*This is a broken trust.*

Recently I met clients who had several hundred thousand dollars with their financial advisor. During our conversation I discovered they had twice that amount of money in 2007. They had lost over 40%, but as of April of 2016 had recovered only 80% of their former account. They shared with me that during this big downturn, their Advisor never called them.

After much discussion and review of their current accounts, it was discovered most of their retirement money was in high fee low return variable annuities. Because the advisor was a

## **PIGS GET FAT (cont'd)**

captive agent (only allowed to represent his Financial Advice Company), he was only able to put them into one of the worst rated, worst performing highest fee products available in our state.

The clients decided to change their plans to one that (a) Prevented further losses, (b) Provide 100% safety, (c) Give them a higher income guarantee, (d) Give them a higher death benefit, and (d) Provide an estate planning Benefit for no additional charge.

### **These Clients were going to get fat, but not get slaughtered.**

Each piece of the new plan was designed to offset the risks, costs (up to 6%), and poor performance of their current plan.

Now it was time for the Pigs to come out of the pen.



It was inevitable. The hitherto absent Financial Advisor called my new clients. He was frantic; throwing personal insults at me and actionable disparaging remarks at the company we were using to secure the clients' funds. The Pigs were in the hunt. Suddenly the pen door was open and the Pigs were afraid their 'captive clients' might get out. Knowing this company, and how its Advisors are trained, I warned the new clients the Advisor would say anything, twist anything, misrepresent anything, and personally attack anyone who threatened his book of business. After much consternation, the new clients agreed to meet with this Advisor, citing 'personal reasons.' I counseled them again, going over every point. They were solid. Nothing was going to happen; they had made up their minds.

Five days later, on a routine follow up contact, the clients told me they were backing out of their deal with me, and there was no reason to meet to discuss it. They told me he had said the market was on a tear, and would continue to go up because all economic indicators were positive, and they would be fools to give up on his (high fee, underperforming, worst rated) Variable Annuity. They bought it. What can we draw from this experience?

### **Pigs get Fat, Clients Get Slaughtered.**

Don't be that Client led down the path of the yellow brick road. The key here is that even after the recent gains, these people were still behind their purchasing power. When the next correction hits, they will be even farther behind. Does that affect their Advisor? No. By keeping the plans in force he has secured commissions, fees, management fees, and asset fees for the rest of his life. Does it matter if the clients' plan falls apart? Nope.

**This PIG stayed fat.**

## **AMERICA, A DEPOSITORY OF THE GIFTS OF THE WORLD**

*by Jim Rohn*

One of the major challenges for all of us in this new Millennium will be to learn to live together on this one planet we all share. Hopefully we will all discover that by living and working together, we will all benefit.

I believe America is a great example of this. Guess what has made America powerful? The blending of many ethnic streams that have come to America over the last 200+ years. No country has been such a depository of the gifts of the world like America. For over 200 years, people have come from all over the world to America, bringing with them their recipes and their food. Their music and their dance and their artistic ability. The gift of law and the gift of government. The gift of medicine and the gift of healing. The gift of religion and the gift of the work ethic.

All of this did not start here. All of it came here from all the countries of the world. In fact it is an incredible list - how many people outside their native countries live in America. The most Japanese outside of Japan live in America, the most Italians outside of Italy live in America, the most Koreans outside of Korea live in America, the most Puerto Ricans outside of Puerto Rico live in America. You can go right down the list, country after country. The list is so long it's unbelievable, but that is what has made America so unbelievably powerful. The contribution of all the ethnic streams that have been coming here for over 200 years is incredible.

We must all now recognize what an incredible opportunity we all have before us, as this giant planet seems to get smaller all around us. And remember that it is our diversity that when mixed together can create genius. It is the combination of the soft sound of the flute and the crash of the cymbals that make up the brilliant sounds of the symphony orchestra. In our challenges to learn better how to live together, let us also find new opportunities to create future genius and miracles in our world and with each other.

## UPCOMING EVENTS:

1. May 24<sup>th</sup> & 26<sup>th</sup>, Retirement Planning Workshop Spassos Restaurant, 5pm, Excelsior MN.
2. June 14<sup>th</sup> & 16<sup>th</sup> Retirement Planning Workshop, Weiderholz, 5pm, Miesville MN
3. June 23<sup>rd</sup> and 28<sup>th</sup>, Retirement Planning Workshop, Chart House, Lakeville, 5pm
4. July 19<sup>th</sup> & 21<sup>st</sup>, Retirement Planning Workshop, Dangerfield's Restaurant, Shakopee, 5pm

Contact us through our website at [www.srins.com](http://www.srins.com) to register.

## **TOOLS FOR THOUGHT**

*The other night I was doing one of my retirement planning workshops. In one part of the workshop I bring up the nature of the US debt and deficit. Sometimes people contest this; saying that in terms of the economy it is meaningless.*

*I disagree. Here are some opinions, and facts. The first fact is that since 2007 our debt has grown by 13 TRILLION DOLLARS. No problem, we have a presidential candidate who wants to add another 18 TRILLION! No problem again. Raise taxes, increase spending, give away free stuff. That's the model for economic growth liberty, and freedom.*

*Since 2007 our economy has not posted an annual GDP gain over 3%. Yet, the stock market is up over 150% of its low point in the spring of 2009. I see a massive disconnect between government spending, Fed overreach and Government regulation crushing true value in our markets and in our pursuit of happiness and prosperity.*

*Because of government interference and overspending/regulating/misappropriation of assets one doesn't see the job not created, the plant not built, the addition that wasn't financed, the business that wasn't started, or the person whose idea was not developed.*

*This has to change. All of the kites in the sky won't fly unless the winds of TRUE prosperity are returned to the base of the economy. Our current Plutocracy has to go. Pray for change. Please.*

## **REAL RESOLUTIONS**

*by Beth Pugh*

I recently took my 15-year-old son out of school for the day and took him to a conference on success. It was a great thing for us to do together and started a conversation about plans and goals. He now sees the need for developing a plan to get what he wants vs. just wishing life would be the way he wants it to be. Goals are intentional. They are a strategy, a map, and a blueprint for having what you want in life. It's often been said that 'those who fail to plan, plan to fail.' Bill Cole says, "A dream without a goal is just a wish." It is with this spirit that I am challenging you to think about both your short-term and long-term goals. It is important to understand that often the short-term goals are the stepping stones to the bigger ones. What were your resolutions back in January? Do you recall? Have you attained them? If so, congratulations! If not, you still have the rest of the year to make them a reality. Why not start now? What do you want life to look like at the end of this year? Will it be chaotic and lose all significance in the Holiday rush? Will you overspend or charge when you shouldn't? Take the time now to plan out a strategy to take you through the rest of the year. Is this going to be the year you lose that extra weight? Stop smoking? Find a job you love? Develop a healthy relationship?

### **WHAT DO YOU NEED TO DO TO GET WHERE YOU WANT TO GO?**

People fail because they do not have a strategy for achieving their goals. They may take action, but not have a plan. Or they may have a plan, but take no action. Now is the time to begin thinking about what your goals are, making a plan to achieve them, and developing an action strategy so that you create the discipline necessary to sustain them. The pole vaulter, Bob Richards, puts it this way, "Goals give purpose. Purpose gives faith. Faith gives courage. Courage gives enthusiasm. Enthusiasm gives energy. Energy gives life. Life lifts you over the bar."

SCHEIBER & ASSOCIATES  
111 West Main St.  
NEW PRAGUE, MN 56071

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