



No-Load Insurance Planning, Design & Comprehensive Strategies

Volume 10, Issue 3

Fee Advisors Network Newsletter

August 2008

~ Montage ~

By: Joseph W. Maczuga, LIC, CFIS

Our Life Analyzer is the hottest buzz with faculty and students at the Financial Planning department of Texas Tech University (TTU), which is considered to have the premier CFP Board Certified Financial Planning curriculum in the country. Over the past few weeks, we have held one demo for the faculty and one demo for advanced students (PhD and Masters program) and the excitement has been overwhelming. Our joint educational venture with TTU is opening a new paradigm of risk management/life insurance realities and thinking. The class projects being creates will analyze existing policies held by the university's foundation.

In addition, our scheduled demos with interested advisors has also had great response, and our positioning through county-exclusive territories in a number of states has been growing. The experience has been very interesting, as we have gleaned some additional insight as to the stronghold that old-paradigm thinking still has in the advisor community. Some get it, and some don't. The Life Analyzer is not just a tool for analysis, but the application clearly points to the jeopardy that the insurance industry has placed upon us. To understand the shift of risk and fiduciary pricing that was transferred from the underwriting company to us, as advisors, and to our clients, is undoubtedly the most important component of reality that we need to understand.

I believe that Universal Life and Variable Universal Life are great planning tools, but ignorance on their style, characteristics, and cost/return assumptions is rampant. As the pressure of fiduciary language and responsibility increases, you will see a major impact on how these policy styles will change with regard to marketing and commission-based distribution.

Trust Owned Life Insurance (TOLI) policies are becoming and increasing asset of litigation exposure. Based on experience, we, and other advisors who are involved with policy analysis, have found that well over 80% of UL and VUL policies have not been reviewed or monitored since the sale was made. This is an outstanding record of professional malfeasance and validates the old "hit-and-run" mindset.

There will be a teleconference on September 25th that will address the litigation exposure that trustees currently face, how some trustees have been duped by firms that present fiduciary fluff, and how our new *firm-180* fiduciary compliant program (which uses the Life Analyzer as its centerpiece) can present an option to pro-actively diminish

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« « « « NETWORK UPDATE » » » »

Welcome New Members

Jonathan Froude (CA) Thomas Mack (NC)
 Ted Gregory (CA) Bradford Parks (IA)
 Jeffrey Little (CA) Jeremy Portnoff (NJ)

Membership Information

Please visit our website at www.feeadvisorsnetwork.com for explanation of membership and information on membership benefits.

In Our Next Issue

To submit articles, letters-to-the-editor, or questions:

E-Mail to: FeeAdvNtwrk@aol.com
 Or, Fax to: (248) 524-0868 / Attn: Janell

Website

* Check out the [Sponsoring Firms](#) link and the [Network Affiliates](#) link on our homepage as they both have been updated.

* To find out more about the 'CFIS Designation' or the 'Universal Life Analyzer', please visit the new [Advisor Tools for Fiduciary Process](#) link on our homepage.

Note: On the homepage you will find an "updated" tag under each link, so you can see 'at a glance' if there have been changes since your last visit.

Meetings & Events

Educational web-casts and a possible workshop are currently in discussion for scheduling. Please check our website link [Meetings and Events](#) periodically, to see if/when these events have been listed.

Important Upcoming Telephone Conference

Fiduciary Risks Revealed—Trust-Owned Life Insurance - See Information on Page 7

~ Stinger Reports / Topical Index ~

Stinger Reports are e-mail strategies for members of the Network that are both informative and educational and can catch our newer members up-to-speed quickly. Members can and should feel free to request any of our past Stinger Reports. To receive a Topical Index of Stinger Reports from 2004 - 2008, please call (888) 854-0931 or e-mail a request to: FeeAdvNtwrk@aol.com.

**** SPONSORING FIRMS & B / D 's ****

LVM Capital

(Advisory Firm)

Portage, MI

www.lvmcapital.com

McKinley Carter Wealth Services

(Advisory Firm)

Wheeling, WV

www.mc-ws.com

U.S. Wealth Management

(Broker/Dealer)

Braintree, MA

www.uswealthcompanies.com

Attention: All Registered Representatives with Sponsoring B/D's.....

As your broker / dealer is a sponsor of the Network, all registered representatives are automatically subscribing members.

Important:

Subscribing Members who want a more 'proactive' approach to this market need to contact the Fee Advisors Network and ask to be put on our "Active" Subscribing Member database to receive the following:

- ♦ **Access codes** - to the "Members Only" section of the Fee Advisors Network website.
- ♦ **Additional materials** - to aid your transition into this exciting market.

We look forward to hearing from you!

« « « « NETWORK SPONSORS » » » »

**** CORPORATE SPONSORS ****

Ameritas Advisor Services

Fee-Based Life Insurance & Annuity Products

For more information, contact Ameritas Advisor Services at (800) 552-3553

www.lowload.ameritas.com

**** NETWORK AFFILIATES ****

Schechter Wealth Strategies

Advanced Planning / Insurance

For more information, contact Joseph Maczuga at (248) 524-4140

www.schechterwealth.com

Alliance of Cambridge Advisors, Inc.

Association for Fee-Only Advisors

For more information, contact Amy Fenton at (888) 834-6333 / Ext-701

www.cambridgeadvisors.com

InsMark

Planning Software for Comprehensive Wealth Preservation and/or Retirement Planning

For more information, contact Julie Nayeri at (925) 543-0514

www.insmark.com

ASHAR Group, LLC

Life Settlement Specialists

For more information and/or discussion on this unique conduit to all areas of the secondary market, contact Jon Mendelsohn at (800) 384-8080

www.ashargroupllc.com

Bob Veres: Inside Information

Monthly Newsletter and Weekly E-Messages

For more information, please visit:

www.bobveres.com

Back Nine Financial

Independent Organization that partners with the RIA & provides a myriad of services with a focus on the client's retirement income phase.

For more information contact: Dave Zander: (260) 615-0078
Joe Rajchel: (260) 417-1736

www.backninefinancial.com

Advanced Regulatory Compliance, Inc.

Compliance & Regulatory Guidance Fiduciary Program

For more information, contact Patrick J. Burns, Jr. at (310) 275-7300

www.advreg.com

Sun Life Financial

Private Placement Life Insurance

For information and/or discussion, contact Trent Davis at (832) 725-6102

www.sunlife.com

FI360

Investment Fiduciary Program

For more information, contact David Palascak at (412) 741-8162

www.fi360.com

Exceptional Risk Advisors, LLC

A Resource to Advisors for High-Net-Worth P&C Risk Management

For more information, contact Ted Tafaro at (866) 512-0444

www.exceptionalriskadvisors.com

ProFinancial Services

Fee-Based Disability Policy

For more information, contact Jamie Burns at (800) 832-8000

www.pfsins.com

The Cambridge Alliance

E&O Insurance For RIAs and IARs

For more information, contact Tony Bougere at (800) 691-1515

www.cambridgealliance.com

To find out more about the benefits of becoming a Corporate Sponsor, Network Affiliate, Sponsoring B/D or Firm, please contact us by phone (888) 854-0931 or by e-mail: FeeAdvNtwrk@aol.com

(Montage Continued . . .)

the trustees exposure for asset management neglect. Anyone who is interested in attending, or has contacts with trustees that should attend, may contact Joseph W. Maczuga at Jmacz71173@aol.com.

Buy Term? Consider the Complete Approach.

There are still a number of advisors, especially CPA's, who believe that it is best for the client to buy term and invest the difference. Term insurance does have it's place, but the professional community has too often recommended term insurance without the full realization of what impact such a recommendation will have on the future or how to professionally monitor a term policy.

Here are some things to ponder:

- 1) When term insurance is up for consideration, both the client and the advisor have to agree that there is an assumption of where the client will be at the end of the term period and the conditions that will exist. If those assumptions turn out to be incorrect, the term approach has placed limited control and flexibility on both parties to adjust to future changes. This is especially true if the health of the client has changed, which will drastically impact choices and options.
- 2) Therefore, the advisor must clearly understand, design and communicate what "exit" strategies might be available at that point in time. If there is still a need for insurance (death benefit focus or otherwise), what are the options. Of course, if the client is in good health, a new policy can be obtained. But, since health is not part of the controllable computerized projection, we have to assume, through proper risk management, that health may be a negative in an underwriting relationship. That assumption takes us to the point of examining the options of (a) continuation of the existing term policy at horrendous annual increases of premium, or (b) electing to convert the term to another form of policy style that is permanent (which is the only option available—you cannot convert to another term policy). Look at, or make some assumptions as to what the cost of conversion may be at the date in which the conversion option allows. What you will find is that the client has to convert to a heavily loaded, cost-inefficient policy.
- 3) If you know that the term recommendation is absolutely locked into a specific objective (i.e., debt reduction that will extinguish at a stated time period, education for children, etc.), than an exit strategy may not be as important. But, if the term recommendation is for an undefined risk management (replacement of income, estate preservation, Buy & Sell arrangements, etc.), I suggest that you look at a no-load term policy because the exit strategy of conversion is to a no-load policy style, which is proven to be more cost and capital efficient.
- 4) Monitor the policy. The advisor should re-shop the policy every 3 to 4 years. Very often, pricing on term is more competitive, or restructured, so that the client can obtain some annual savings in outlay. However, even more important, if a quote is just a little less, the same as, or slightly more, the advisor should calculate the savings of the new extension of coverage (another 4 years beyond the current policy). Hence, if my client has to pay \$300 a year more, but I have extended the new term period another 4 years, I compute the premiums over that additional 4 year period in which the current term policy will require those very high and increasing costs against the new policy annual premium over that same 4 year period of extension—the savings are dramatic. In addition, I have pushed back the "conversion" date and provided some additional time for planning activity.

Buy term and invest the difference has been a basic mindset for those who only read the headlines but don't get into the details of the story. A good advisor will suggest term when it absolutely fits, examine the exit strategies, and continue to monitor the policy against market availability. If you are not doing this, you need to raise the bar of competency.

~ END ~

~ Are You Looking for a B/D - RIA Firm that is a “Cut Above” the Rest? ~

U.S. Wealth Management is a Network sponsoring firm for good reason: They share in the same mission and philosophy that we do in the Fee Advisors Network. In addition to the information below, consider the fact that it is more than difficult to find a B/D that supports the use of no-load life insurance (and annuities) as well as a venue for fee-engagement insurance planning. This includes the “big” names that have done a great job of marketing themselves as being Independent and Client Focused – but – when it comes to the fiduciary responsibilities of total financial planning / risk management issues – it is the same old, same old environment.

So we are pleased to provide insight to a firm that we believe is a cut-above the rest in total commitment to their advisors and the professional community as a whole. We asked them to present their relationship position and why they should deserve your consideration. Also, ask them about their Paragon Advisor program.

Wealth Management is a part of our name for a reason. Our firm is affiliate and employee owned, with a passion for wealth management and building a network of fiercely independent financial advisors. Not everyone is a good fit for U.S., Wealth, but for those with a passion for independence and the burning desire to grow the value of their wealth management business, there isn't a better place. At U.S. Wealth Management, we are committed to and take pride in offering a personalized level of service that resonates with those who offer a high level of service to their clients. But it's more than treating people right. It's developing a culture of advisors that share the same values.

We are building a culture of financial professionals who want to add greater value to their clients by serving in the most significant role: the Wealth Manager, or as we like to call it, the Personal Financial Head Coach. Our advisors all understand the significant role that they have in overseeing and assisting every significant financial and life decision that clients face. We want advisors that have a passion for financial planning; a commitment to client service (to do what's right and in the best interest of their clients); a strong belief in their Fiduciary role and responsibility; a willingness to charge a fee for their advise and planning services to offer complete disclosure on how they get paid to their clients.

Since we are actively looking to grow our advisor base, we are looking for licensed advisors with a current and transferable book of securities and investment business. Our ideal advisor has 5 to 7+ years of [retail] financial planning experience; focuses 100% of their efforts within the financial services industry; wants to operate their own financial planning or wealth management business; and is in a coaching program, or has a willingness to engage in one.

I'm confident in saying that as you begin to examine the details of USWM, you will find that when comparing the total package – support, technology, coaching, operations, product selection, etc. - USWM is on par with or will beat the majority of companies in the independent channel, while still maintaining a personalized approach to customer service aimed at our advisors. How are we different? It comes down to our focus on the 4C's:

1. **Coaching** – enabling our advisors achieve *their* life and business goals
2. **Culture** – building one cohesive group of like-minded advisors with a passion for financial planning
3. **Commitment** – helping our advisors build value in *their* business
4. **Control** – allowing affiliates to retain ownership of their business and their clients

We realize every advisor is unique, with their own set of criteria, so instead of trying to “sell” someone on us, we think the best approach is to explain our culture (philosophy) and see if it matches what the advisor is looking for in a Financial Services Partner. We believe that there needs to be a mutual commitment if both parties are to be

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(Are You Looking for a B/D - RIA Firm Continued...)

successful. We will be as active and involved as the advisor wants. We provide the motivation, inspiration and accountability that most companies do not offer.

We also look for advisors who want to be independent IAs of an RIA, or even those who want to establish an RIA for their own firm. It's not an "all-or-nothing" proposition with USWM. In fact, we actually encourage advisors to establish their own RIAs at a certain point, since it helps build their brand and adds credibility within their communities.

We want to speak to anyone who is interested in growing their business with an advanced hybrid RIA/BD like us.

I hope this illustrates and helps you further understand what type of company we are.

~ END ~

For more information, contact Dan O'Neil at (781)849-9200 X-244 or doneil@uswealthcompanies.com.

~ Inspirations ~

*Change has a considerable psychological impact on the human mind.
To the fearful it is threatening because it means that things may get worse.
To the hopeful it is encouraging because things may get better.
To the confident it is inspiring because the challenge exists to make things better.*

- King Whitney Jr.

*If your success is not on your own terms,
if it looks good to the world but does not feel good in your heart,
it is not success at all.*

- Anna Quindlen

*Character is like a tree and reputation like its shadow.
The shadow is what we think of it; the tree is the real thing.*

- Abraham Lincoln (1809 - 1865)

Fiduciary Risks Revealed

Trust-Owned-Life-Insurance (TOLI)

Do you have any life insurance policies in your trust accounts?

If so, read onLitigation exposure is real and present! Lawsuits are happening, because life insurance policies have not, and are not, performing as presented and projected when sold. **That's the problem!**

What you need to know!

- ✓ What are the real issues and why?
- ✓ Why are trustees overlooking the problem?
- ✓ What situations would initiate litigation against a trust department?
- ✓ What are the related costs?
- ✓ What actions can be taken to reduce your exposure?
- ✓ Why financial advisers are in unrecognized legal jeopardy?
- ✓ How to correct the problem!

Understand the potential problems ----learn potential solutions!

- *Join us for a 'live' no-cost telephone interview with THE expert!*
- *Bonus #1 - a copy of the expert's Investment News article just published - 'New Fiduciary Language'*
- *Bonus #2 – exclusive attendees-only Q&A session on 10/08/08*
- *Bonus #3 - The 'live' interview on CD-Rom for \$15 (a \$59 value)*

[Click here](#) -- Register now! Telephone capacity is capped at 250 attendees.

Moderator: John Cotton, CEO of IntegratedQSG

Date: Thursday --- September 25, 2008

Time: 11:00 a.m. Eastern ----- 10:00 Central ---- 9:00 Mountain ---- 8:00 Pacific

Call-in: number and pass code will be emailed as soon as you register

We have blocked 1 hour for the entire call, including Q&A

Your Guest Expert:

Joseph W. Maczuga, CFIC is a nationally recognized expert and leading authority in the field of policy analysis in a fiduciary environment. He is President of Comprehensive Planning and Insurance Analytics, a fee-engagement consulting and analysis practice. For 35 years, Joe has served the industry as author of CE insurance courses and is a Nationally Registered Instructor for CPE, ChFC, CLU and CFP continuing education. He has practical, real experience in the life insurance industry as a corporate and business planner, and in executive benefits and estate planning. Most recently, Joe's analytical expertise was featured as the lead story in the September 2007 issue of Financial Planning Magazine and in the August 2008 issue of Investment News.

You do not want to miss this interview! [Click here to register!](#)

KEEP YOUR CLIENTS' RETIREMENT ON THE *right track.*

Help them avoid the detours by offering flexibility, low cost and a guaranteed source of income.



Announcing the addition of the Guaranteed Lifetime Withdrawal Benefit (GLWB) Rider to the Ameritas No-Load Variable Annuity (NLVA).

Don't let your clients go it alone when it comes to retirement planning.

Instead, coach them to the finish line with the Ameritas NLVA now featuring our competitively priced GLWB Rider. Designed with the fee-only advisor in mind, the rider helps your clients avoid the risk of outliving their income *and* stay

on pace to meet their financial goals with a customizable strategy.

The Ameritas NLVA is a low-cost, no withdrawal charge deferred annuity that offers professionally managed investment options, a guaranteed death benefit and payment options to help meet your clients' long-term investment needs, especially for retirement.

There's no GLWB Rider charge until your client elects to activate it; so they can

choose to focus on low-cost tax deferral, guaranteed accumulation for retirement income or guaranteed withdrawals for life.*

Retirement isn't a sprint — it's a marathon. Ask an Ameritas Advisor Services professional how the Ameritas NLVA and GLWB Rider can help your clients finish strong. Visit AmeritasDirect.com or call 800-552-3553 today.

THE AMERITAS GLWB... FOR THE ~~LONG~~ RUN



*Any gains withdrawn are taxed as ordinary income and withdrawals prior to age 59 1/2 may be subject to additional penalties.

The No-Load Variable Annuity (form 6150) is issued by Ameritas Life Insurance Corp (ALIC) and underwritten by affiliate Ameritas Investment Corp. Ameritas Advisor Services is a division of ALIC. Rider may not be approved in all states and is available on new issues only. Guarantees based on the claims-paying ability of the issuer. Variable annuities are suitable for long-term investing and are subject to investment risk, including the possible loss of principal. **Before investing, carefully consider the investment objectives, risks, charges and expenses, and other important information about the policy issuer and underlying investments. This information can be found in the policy and investment option prospectuses. Contact us for a prospectus and read it carefully before investing.**