President’s Comments

New Policies & Procedures

Eric G. Meyers

It is important to share with you the content of several announcements I made at our 19th Annual CFG MasterMind Conference recently held at Westfields Conference Center in Chantilly, Virginia.

I know I do not have to tell you that the last few years have been turbulent ones for the financial services industry. Maintaining close relationships with clients during volatile markets, while fulfilling ever-increasing regulatory requirements, has been challenging to say the least. All of us at CFG/H. Beck have spent innumerable hours during this time considering what it will take to be able to service the needs of advisors now and into the future. We have received extremely valuable input from our associated professionals about what it takes to successfully operate an independent financial practice, and have endeavored to incorporate that information into a vision of the broker-dealer of the future.

Part of our analysis has been to maintain in the forefront of our vision, the concept of truly “independent” advisors; who are fully supported in their endeavors, but who are also empowered to be able to select the tools that best meet their needs. So our goal was to create a baseline technology package that would meet the needs of the majority of our representatives, but would also work with much of the software which other representatives may want to continue to use. We also quickly recognized that rather than create a totally proprietary system, our job should be to focus on the best technology available from a variety of vendors, but then combine those tools together into a cohesive package.

Accordingly, over the next year, we will be phasing in a number of carefully thought out steps that are necessary and reasonably prudent in order to assist you in meeting the distinct challenges of the industry’s continuing evolution.

NEW TECHNOLOGY

One of those steps is the implementation of our new technology. Our FAC and others have urged us to create a platform which would allow an advisor to enter a client’s detailed information only once – and then have that information automatically input into Direct as well as to Pershing business. We are pleased to announce that Phase 1 of our system which fulfills that goal was previewed at the MasterMind by Jim Dresselaers, Trinity Grall and Christina Cicon.

In addition, it is exciting that the MyCFG system includes integration of Client Relationship Management (CRM), form filling, new account opening (again, both Direct and Pershing) as well as data aggregation and performance reporting.

Subsequent phases will introduce document storage and retrieval,

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President's Comments cont'd from Cover

digital and electronic signatures as well as ACH functionality that we hope, and frankly expect, the Mutual Fund companies will soon embrace. Please be aware that the American Family of Funds will be beta testing this in the near future. There can be no doubt that technology remains a fundamental requirement for success in our business, and that we are aggressively moving forward in this arena.

ASSOCIATION FEE

Next, for some time, many of you have asked for a way to enable you to better budget the expenses associated with operating your practice (other than your annual renewal fees with FINRA and the individual states each of you may be licensed in). So, in response, we are also introducing a monthly Association Fee that will encompass virtually all of the fees involved in being associated with CFG/H. Beck, including Errors and Omissions Insurance. Those of you who attended the 2010 MasterMind meeting will recall that at that meeting more than a year ago, I specifically referred to the eventuality of such an arrangement. What I stated then was that “Obviously, implementing all that is necessary to create the required improvements in services, support, technology, and to further comply with the myriad of new regulatory burdens imposed on all of us as the industry continues its evolution, will create increased costs as well as increased benefits. While many of these costs will be borne by the Home Office, there will certainly come a time when a monthly ‘association fee’ will be necessary that will include most of these expenses, including Errors and Omissions insurance.”

Please note that we are, to the best of my knowledge, the only broker-dealer to offer the choice of either Investigo or Albridge as part of the firm's technology platform. That is unusual in and of itself, and will make a difference in the pricing of the Association Fee. As of July 1, we will implement a scenario wherein if you choose to utilize Investigo, the monthly Association Fee will be $400. If you choose to utilize Albridge, the monthly Association fee will be $550. The Association Fee for a registered and licensed Assistant will be $125 per month for Investigo, and $275 per month for Albridge. An unlicensed assistant who needs only a logon for our back office systems will have a monthly fee of $75 per month. Because we allow both programs on our platform, Albridge was not amenable to the idea of extending an extra and volume-oriented discount. But that is what it means to be independent. And that is what it means to have independent choices. Please also recognize that our new “Association Fee” will also include, in addition to E&O insurance, Continuing Education (CE) costs, the SIPC fee, one Smarsh email account, LaserApp and Redtail, as well as your choice of Investigo or Albridge. Due to the great variation in our advisors' styles of practice, we are not including financial planning software, but most leading packages will interact with Investigo and/or Albridge.

The fact of the matter is that, today, there is more competition, more services to be provided, and a higher and continuing velocity of change throughout the industry. We believe that the benefits to be derived from these improvements now being implemented will far outweigh the costs.

In addition, and as has often been discussed at previous Conferences, in newsletters, and in other publications, for several years we have been critically considering the need to take over formal supervision of the sales of Equity Indexed Annuities (“EIAs”). Let me review a little history on this subject. The National Association of Securities Dealers first recommended that we do so back in 2005, and although many of our peer broker-dealers initiated the process of bringing these sales “in-house” at that time, we did not rush to do so. Since then, however, we have been continually asked by state regulatory authorities to justify the EIA sales made by our advisors.

Then, in January of 2009, the SEC adopted Rule 151-A, which would have mandated treatment of EIAs as securities and thus would have “required” bringing those sales under the supervision of the broker-dealer. However, in July of 2009, that rule was remanded by the U.S. Court of Appeals back to the SEC for further action, and then in July 2010, the Rule was overturned by the Court. Further, the Dodd-Frank Act of 2010 included language which further limited the SEC’s ability to take jurisdiction over EIAs. But this did not end the pressure on broker-dealers to take responsibility for sales of EIAs by their registered representatives.

More recently, FINRA revised its rules regarding Outside Business Activities of registered representatives. Under Rule 3270 (which replaces former NASD Rule 3030), we are required to review all Outside Business Activities to determine, among other things, whether the activity will “be viewed by customers or the public as part of the firm’s business based upon, among other
factors, the nature of the proposed activity and the manner in which it will be offered.” We have concluded that the sale of EIAs is typically done by our registered representatives in such a manner that it can be assumed that we are responsible for and supervising that activity. In fact, we have already been named as a party in legal actions claiming that indexed products were sold as investments as part of portfolios for which we should be held responsible.

We therefore believe it necessary and appropriate to begin supervision of all EIA sales, effective July 1, 2011. This means that as of that date, all EIA sales must be processed through us according to our policies and procedures. I want to thank the many of you who have helped us in navigating this very difficult and controversial rule. We are working to ensure that this “shift” will be as easy as possible. It is obvious that we have spent an incredible amount of time and effort analyzing this issue, and in obtaining critical input from you...our advisors...and from the various insurance carriers, as well as representatives of many different Field Marketing Organizations (FMOs).

**FMOs**

In order to be efficient, and to offer the best service and tools that are available to assist in growing your business, we have to initially limit the number of FMOs available. Please know that in limiting the specific number, we have emphasized different options and have placed a premium on ensuring that financially stable and appropriate insurance companies were included. These FMO organizations will be National Brokerage Associates, Creative Marketing (also known as CMIC) and GamePlan. We also have “direct” contracts with Midland and Jackson National. More details on the arrangements that have been made will be forthcoming, but there is one more very important item that you need to be fully cognizant of. And that is for most of you, your compensation will not be impacted in any way; you will still be paid fully 100% of agent compensation! If you are part of an OSJ or other “production” group, your group leader will be in contact with you to discuss and implement their plans. Please note that because we will be paying out 100% of Agent compensation, EIA production will not count toward an increased securities pay-out, but will be counted for Conference qualification purposes.

**THIS IS JUST THE BEGINNING**

We recognize that this is a great deal of new information to digest, and there will be many questions and issues that need to be addressed. Over the next couple of months, we will be sending out a number of emails with FAQs and other materials, and will be offering many training sessions by webinar and also on the CFG website. Announcements will be made by email, so be sure to closely monitor your SMARSH-enabled email account.

Finally, we understand that even if all of the changes outlined above will not make everyone totally happy (change is never easy), we believe that the changes are necessary and proper, and will ultimately benefit – and protect – the business of the vast majority of our advisors. On the other side of all of these changes is a better, more efficient, more compliant method of doing business. And you can rest assured that all of us at CFG will continue to work very hard to keep you at the forefront of your chosen profession.

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**President’s Comments**

*cont’d from pg. 2*

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**CFG ALL STAR CALL**

Please join us for the CFG All Star Call on Wednesday, July 20th.

Charlies Massimo, a CFG Top Producer, will be discussing his techniques and experiences. Live Q&A will follow a brief description of his practice. This is a great chance to learn from one of the CFG All Stars.

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**ALL STAR CALL**

with Charlie Massimo

Wednesday, July 20th

3:00pm EDT

For more information contact:

Seth Meyers or Glen Jackson

Toll Free: 800-333-6884

Seth Meyers ext. 1327 sjmeyers@cfginc.com

Glen Jackson ext. 1387 gjackson@cfginc.com

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**Save The Date: Upcoming Advisor Focus Education Series**

**Wednesday, June 8th**

Columbus, Ohio

**Thursday, June 9th**

Akron, Ohio

**Friday, July 29th**

Milwaukee, Wisconsin

Contact Seth Meyers at:

sjmeyers@cfginc.com or by phone at the home office 800-333-6884 x1327 for more details.
We are all back from one of the best MasterMinds ever. Congratulations to the FAC and our conference team for putting together an incredibly informative, energetic and educational event.

Many of you are inquiring about or incorporating the ideas you heard in the panels and at the roundtables.

Our excitement is growing here as we are closing in on rolling out Phase I of our upgrade to the MyCFG platform.

I have posted the MyCFG Technology MasterMind presentation on our website in the Explore Updates section on the right-hand side of the Home Page.

I invite those of you who did not get a chance to attend the series of presentations at MasterMind to listen in on the Webinars and conference calls we will be holding over the next few weeks to discuss our vision of the future of the independent broker-dealer.

**Pershing Updates**

**Option Fee Increase** – Please note that effective June 6, 2011, Pershing will increase the transaction fees on option trades to $.0225 per contract from $.0140 per contract. This fee is charged to the client and found in the Transaction Fee section of the confirm. The reason for the increase is the new fees imposed by the NYSE and passed on by Pershing.

**New Forms** – Pershing has updated their Account Transfer and Corporate Resolution forms. They are available on our website under Forms-Pershing.

**NetX360 via Android** – NetX360 Mobile is now available in the Android Market. Pershing charges a $10 monthly access fee. Please contact our Trade Desk for entitlement.

**IRS Form 5498** – On May 31, 2011, Pershing sent Form 5498 to your clients who hold IRAs, SEPs or SIMPLE plans. You can access your client’s Form 5498 in the e-document Suite in Netx360.

**2010 IRA Contribution Deadline Extended**

The IRS has extended the IRA contribution deadline until June 30, 2011 for 18 counties in North Carolina, eight in Alabama and one in Oklahoma due to storms on April 14, 15 and 16, 2011. Please contact Brokerage Ops with any questions.

**New Form W-9 and S Corporations**

The IRS has updated Form W-9 to allow for the differentiation of S and C corporations as well as establishing new requirements. Pershing will begin reporting an S Corporation’s sale of covered securities acquired on or after January 1, 2012.

Pershing is putting together a report to identify which accounts are categorized as corporations for which an updated W-9 will be required.

We will provide further information as we receive it.

**OnBoard Update**

OnBoard is our online New Account and order entry books and records system that will be at the core of the new MyCFG Platform. We will be introducing this system in July and an email with dates for training will be going out later in June. Please note that we will not require that everyone start to use this process right away. Training will continue every week throughout 2011 to allow your practice the opportunity to understand and incorporate the new process per your needs.

**Redtail (CRM), LaserApp and Investigo**

Effective July 1, 2011, every representative will have access to Redtail (CRM), LaserApp and Investigo. The Advisor Development Team will be setting up training times for those who are interested.

Carpe Diem
In the last newsletter, I explained the idea of funding a cross-purchase buy-sell agreement with the use of a “split-dollar” life insurance plan.

Well, the split-dollar approach also offers a way to fund the payment of premiums to provide an irrevocable life insurance trust (ILIT) with tax-free dollars sufficient to pay taxes or other obligations the trust may have due at the insured’s death.

The most flexible method of split-dollar use for this would be that of a “non-equity collateral assignment” plan using a trust-owned policy with the employee taxed under the “economic benefit regime” (where the employer is entitled to all cash values).

Let us suppose that an employee establishes an ILIT and that the ILIT applies for a life insurance policy on the employee’s life payable to the trust. From then on, at the employee’s request, the employer and the trustee of the ILIT enter into a split-dollar agreement providing for allocation of premiums, cash values, and death benefits of the trust-owned insurance policy. By virtue of a “limited collateral assignment” from the trust, the employer pays all the premiums due on the policy and is entitled to all of its cash value.

Then, income is imputed each year to the employee in an amount equal to the “economic benefit” of the insurance protection received by the trust. This same amount is imputed as a gift to the trust. Provided that the trust is properly funded and the beneficiaries of the trust are given the appropriate “Crummy” withdrawal powers, these implied gifts will qualify for the gift tax annual exclusion for the employee.

When the employee (or the second-to-die, if a survivorship insurance contract was used) dies, the proceeds of the policy will be split between the employer and the trust. The employer gets the greater of the cash value or the total of all premiums paid, and the trust receives the balance of the policy proceeds both free of income tax and estate tax. The trust can then use the funds received to exercise the trust provisions which might include paying off any loans, payment of taxes and eventual distribution to the beneficiaries of the trust proceeds.

So, you have again used a split-dollar regime to solve a common, yet complicated, problem for your affluent client with a very cost effective, tax effective solution. Please feel free to call me at the Home Office for any back-up or further explanation concerning this idea.

**National Brokerage Associates**

Write More Premiums, Get Paid Faster & Spend Less on Gas

National Brokerage Associates (NBA) is excited to announce iGO e-App, an intelligent fillable form that enables you to improve efficiency and productivity by eliminating errors and producing 100% “in good order” case submissions! The bottom line is that you will cut 10-14 days from the life application process, write more premiums, and get paid faster.

This innovative e-App is available to all H. Beck representatives through the NBA website (www.nbainc.com) at no cost to you. iGO e-App provides a streamlined and paperless process for your life insurance and annuity sales. Not only can you illustrate your own proposals comparing carriers and products, but the system also provides several “needs analysis” models to cater your quotes and output for each of your clients. And yes, all of these reports are compliance-approved!

A pre-underwriting tool assists in determining the appropriate rate class for your clients. We know that trying to re-sell a case with a higher than quoted premium is a daunting task, so this feature will help to improve closing sales by accurately illustrating client costs up front.
There are very few regulatory rules that make independent broker-dealers more nervous than those relating to the outside business activities of their registered representatives. Most B/Ds are challenged enough navigating the “map of regulatory landmines” relating to their own securities business, let alone the non-securities related activities of their registered representatives.

As some of you heard during the MasterMind conference in May, significant changes to the FINRA outside business activities rule went into effect at the end of last year, and other parts of the Rule become effective on June 15, 2011. Here are the highlights:

- You must now tell us about an outside business activity before beginning it;
- We have to know about any business activity you are doing away from H. Beck;
- We need to ask you more questions about those activities than in the past;
- When we identify potential conflicts between outside activities and H. Beck, we will impose restrictions on, and in some cases prohibit, those activities; and
- We are required to review, by June 15th of this year, all the outside business activities that were previously disclosed to us by all of our registered representatives.

Clearly, the task of complying with the new rule is monumental. To address all of the requirements, and keeping in line with our commitment to improve processes through technology-based solutions, we have developed an online tool to manage the procedure. The tool was developed to assist you in telling us about outside business activities you are currently involved in and any you may be thinking about. The tool was also designed to help us in our review process of those activities.

One of the important components of the tool is showing you those activities that you have told us about over the years. The online tool will display the activities currently on your Form U4, which you and the public can view on FINRA’s BrokerCheck.com website. By reviewing these activities within the tool, you will be able to quickly determine if they still apply and if they need to be updated. We do need to ask you more questions about the activities than in the past, and be prepared to spend anywhere from five to ten minutes per activity – depending on the complexity of each one.

We are frequently asked “What types of outside activities do I need to tell you about?” For example, would you need to tell us about your volunteer activities at a local civic organization, or being a soccer coach for a group of seven-year-olds on the weekends? Would you need to tell us about selling fixed insurance products through a business other than H. Beck, or that you have your own registered investment advisor? The answer is “Yes, we have to know about all your business activities outside of H. Beck.”

Even though you may have to challenge your imagination to contemplate why we would care about some of these activities, I can assure you that we have an obligation under the new Rules to review them for potential conflicts on interest. Some of the questions that we are required to consider include:

- Could your activities be viewed by the public as an extension of H. Beck’s securities business;
- Would these activities prevent you from performing your investment responsibilities for your customers; and
- Is it possible that these activities could be categorized as private securities transactions?

Something to keep in mind is that the definition of “Outside Business Activities” under the new FINRA Rule is not the same as “Other Business” in Section 13 of the Form U4, so the disclosure requirements are different. And, not everything that you tell us about in the online tool (think “soccer coach”) will end up on your Form U4. Whether we are talking about outside business activities or something else, I always encourage you to review FINRA’s BrokerCheck website (www.finra.org/brokercheck) to make sure that what the public sees about you is accurate.

To help you in telling us about your outside activities through the online tool, we have prepared detailed but easy to understand instructions, and compiled a list of frequently asked questions (FAQs) to be distributed with the rollout. If
Your Greatest Asset

Brian Richardson

The Advisor’s Role in Consumer Education & Needs Analysis

First and foremost, I would like to thank each and every one of you who attended our roundtable presentation at MasterMind this past month. If nothing else, I hope that it succeeded in letting you know how easy it can be to bring up the subject of income protection with your clients during the planning process.

As Disability Insurance Awareness Month draws to an end, the flow of information stemming from consumer surveys is at its peak. Every day it seems I get a new e-mail stressing the importance of educating the consumer on the topic of disability insurance and each e-mail looks strikingly similar to the last one.

The conclusion this brings me to is that the perception of the public has not changed in decades even though the risks have only increased. When asked their opinions on what could potentially cause an extended disability, they cite far-fetched accidents or health problems created by an unhealthy lifestyle; neither of which are very accurate.

The glimmer of hope in all this is that the perception of the public is that the insurance is NOT what they want to hear, making it critically important that this message is conveyed both clearly and confidently by us as financial professionals.

The only trick is figuring out when is the most appropriate time to ask it. For some this is much easier than others. Those in the business of preparing written financial plans merely have to ask as part of the fact finding step and bump it up on the “Recommendations” page to achieve increased success. In other cases, registered representatives position themselves as investment advisors and are not accustomed to having the risk management conversation as a part of every client interaction. In both cases one thing remains constant: clients are looking for help in creating and maintaining a level of income necessary to support their standard of living. A simple conversation at the initial meeting or annual review about retirement income.
This year’s MasterMind conference was a huge success. The collaboration and presentations developed by a number of our H. Beck Registered Representatives and Sales Assistants were a major contributing factor. For the first time we included an administrative portion to the MasterMind. These sessions were planned and lead by the Administrative Advisory Committee (AAC). Topics covered were client services, office management, preparing for office inspections, technology and business processing.

Those in attendance found the sharing of ideas and information beneficial. Each session provided suggestions for ways their offices could become more efficient. It was very evident that the AAC is a valuable resource available to representatives and their administrative staff. The Committee was formed to work in partnership with the Home Office to provide administrative assistants the opportunity to learn from others about best practices for office management and business processing. The members would like to hear feedback from representatives and assistants who attended MasterMind as to the value of the topics discussed and any recommended changes or additions. The AAC also welcomes suggestions for topics for future webcast presentations and conference calls. The Committee members’ individual contact information can be found under the “AAC” tab on the CFG website or you can email them at AAC@cfginc.com.

At the conference there was a couple items discussed that several attendees indicated they were not aware of. The first one is that UPS discounts are available to H. Beck representatives. You can sign up for the UPS discount by completing the “UPS Account Discount Rate” form found on the CFG website under “Forms>Administrative.” The completed form should be faxed to Sue Gibson at 301-816-5541 or emailed to sgibson@cfginc.com.

The next item mentioned that some were not aware of is the availability of Pershing straight-through-processing. Straight-through-processing is a Pershing entitlement which allows representatives and their assistants to enter requests for checks, wires, and journals in Pershing’s Net Exchange Pro (NetXPro) platform. This eliminates having to send an email to the H. Beck Cashiering Department. Most of you enter your client trades in NetXPro, but are continuing to email requests for checks, wires, and journals to the Cashiering Department. The Pershing training manual for the Straight-Through-Processing of checks, wires, and journals is on the CFG website. It provides step-by-step instructions for each of the straight-through-processes. It is located under the “CFG University” tab and then “Instructional Material.” I encourage you to review these procedures and see how they may benefit your practice. If you have questions or need help in getting started, please contact the Cashiering Department at cashiering@cfginc.com.

In closing, I want to invite any representative or assistant who has never attended one of our Home Office orientations to our next one being held on Monday, June 27, 2011, from 9:00 A.M. to 3:00 P.M., in Rockville, Maryland. This meeting allows new representatives and assistants to come to the Home Office and meet the employees who are responsible for approving and processing their business. There will be presentations by each department and time allowed for questions at the end of each session. I would encourage any representative who is new to H. Beck, or if you have a new assistant, to plan to attend this next Home Office Orientation. Anyone who is interested in attending should email Jae Haynes at jhaynes@cfginc.com by June 20, 2011. Also please email Jae if you need help in scheduling your travel arrangements or hotel accommodations.
Part II - The Showdown: Variable Annuities vs. Equity-Indexed Annuities

“What’s the Benefit of the Benefits?”

As I mentioned in my last article, I have watched as Variable Annuity (VA) costs have increased and benefits have decreased. I have also seen how surrender periods for Equity-Indexed Annuities (EIAs) have decreased and their living benefit riders have increased at a low cost, relatively speaking. This prompted me to explore how EIA returns hold up against their expensive VA counterparts. In last month’s article, I took a look at these parameters over a 20-year time horizon. In this month’s article, I will explore these parameters over a 10-year time horizon.

As in my last article, I will take a look at the Nationwide Destinations B Annuity, with their lifetime income rider run with a $100,000 contribution. The rider offers an accumulation benefit of 10% simple interest per year and no stacking over a 10-year period. After 10 years, the benefit base simply locks in the highest anniversary value if greater than the benefit base. The fees are as follows: M&E, 1.10%; Administrative fee, .20%; Underlying fund expense, .93% (American Funds Asset Allocation fund, which is currently about a 66/34 stock/bond allocation); and 1.20% for the Lifetime Income Rider. The total fees equal 3.53%. In this hypothetical, the money was invested in June 2001. As of April 30, 2011 (almost 10 years later), we have a contract value of $114,370 with an average net annual return of only 1.36%. The chart below shows the returns for each year. With regard to the living benefit rider, we have a guaranteed value of $190,000. Assuming a lifetime income payout of 5.25% at age 65, this client can receive $9,975 per year for life. It is doubtful that the client will receive another step-up since the contract value is so far below the guaranteed amount, especially if the client begins to take withdrawals.

<table>
<thead>
<tr>
<th>Year</th>
<th>Return (net of annuity fees)</th>
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<tbody>
<tr>
<td>2002</td>
<td>-4.57%</td>
</tr>
<tr>
<td>2003</td>
<td>-8.88%</td>
</tr>
<tr>
<td>2004</td>
<td>8.80%</td>
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<td>2005</td>
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<td>2006</td>
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<tr>
<td>2007</td>
<td>14.21%</td>
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<tr>
<td>2008</td>
<td>-6.47%</td>
</tr>
<tr>
<td>2009</td>
<td>-27.34%</td>
</tr>
<tr>
<td>2010</td>
<td>9.95%</td>
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Next, I will once again look at Jackson National, one of the few annuity companies that does not restrict the asset allocation of their contract. For this proposal, again I chose their Perspective II (B-share annuity) with the Freedom Flex rider. I started with a $100,000 contribution. The rider version I chose was the 7% simple interest accumulation benefit with stacking and annual step-ups. The fees are as follows: M&E, 1.10%; Administrative fee, .15%; average fund expense, 1.0625% (75% to American Funds Growth and Income, and 25% to American Funds International); Lifetime Income Rider, 1.1%. The total fees equal 3.4125%. This illustration dates back to June 2001. After all expenses, through April 30, 2011, I found an Average Net Annual Return of 1.41% with returns as follows in the table below. The guaranteed income amount is $163,000 with a contract value of $119,851. (Note this contract did not double in 10 years because I am assuming that the client is 65 now. Jackson’s product will only double in 10 years if the client is 70+.) Again, assuming an income payout at age 65, this client can receive lifetime income of 5% per year which comes to $6,520 per year for life.

<table>
<thead>
<tr>
<th>Year</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>-8.57%</td>
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<tr>
<td>2003</td>
<td>-11.04%</td>
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<tr>
<td>2004</td>
<td>20.67%</td>
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<td>2009</td>
<td>-32.79%</td>
</tr>
<tr>
<td>2010</td>
<td>11.02%</td>
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</tbody>
</table>
Lastly, I will look to see how the EIA did in these last 10 years. Like in my last article, I ran a hypothetical using the ING Secure 7, which has a 7-year surrender schedule. With EIAs, there are no internal costs, so the client starts off ahead, right there. The Guaranteed Income for Life rider is a 6% compounded accumulation for 10 years flat, with 5% for life starting at age 65. For this illustration, I looked at two different cap rates using point-to-point on $100,000; the first is capped at 5.5% and the second at 7%. The current cap rate with ING is 6% for their point-to-point, but looking at the history of renewal rates, this typically falls into the 4% or 5% range and then jumps back up to 7% or so (note that even since my last article the cap rate has fallen from 7% to 6%). First, looking at the 5.5% cap rate, and starting in April 2001, the EIA came to an ending contract value of $125,967 (2.55% average net return). This number is based on the S&P table from the ING illustration below. However, the guaranteed amount is $179,085 with the client receiving $8,954.25 per year for life. Now, looking at the 7% cap rate illustration, I ended up with a contract value of $135,542 (3.3% average net return) and, again, the same guaranteed amount of $179,085 (since the contract value never outpaced the 6% compounded rider) with the client receiving $8,954.25 per year for life.

As can be seen in this decade, the real winner (if your client was ready to take income) was the product with the highest living benefit guarantee, which was Nationwide. The highest contract value was the ING EIA, though not outpacing either of the other annuity choices by much. In summation, while an EIA can protect a client’s contract value during severe downturns in the market and make for a smoother ride on the contract value side, the contract will grow very slowly and clients will rely heavily on the accumulation side of any rider that they choose to add to it. But, I think this also shows that VAs, even with all of their expenses, are still a great way to prepare for and maximize retirement income for both the long and the short run. It is important to educate your clients so they truly understand how the rider works and how it will benefit them and their income potential. Also, remember, I am assuming a growth or aggressive growth model within the VA to try to maximize market gains, since the rider is the back-up plan if the market underperforms. Though EIAs provide protection in a down market as well as guaranteed income which is great for some clients, to truly maximize a client’s retirement income, I still believe the VA is the way to go. For copies of the illustrations and the yearly returns, email or call me, and I will be happy to provide these tables and hypotheticals to you.

The Capital Financial Group/H. Beck is growing and your cooperation would be greatly appreciated to help continue our growth. Through your efforts, you can earn a sizable referral fee if you refer a prospect to CFG/H. Beck. You will be paid 2% of the prospect’s (individual or group) first year GDC up to $1 million in production. For example, if you refer a $200,000 producer to us, you would earn $4,000 over the first year. If you refer a $1 million producer or group to us, you would earn $20,000 over the first year.

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Product Updates

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- Steben & Company announced that effective May 1, 2011, the Aspect Global Diversified Fund, LP was changed to a multi-manager program and will be known as the “Seneca Global Fund, LP” Steben added two new CTAs to the fund, Estalander & Partners Ltd. and Blackwater Capital Management LLC. Please contact Steben for more details at 240-631-7600.

- Pershing has added new families to their Fundvest program. Invesco Funds (class A), TIAA-CREFF funds (retail class) and First Trust Mutual Funds (class A) can now be purchased without a ticket charge.

- As of May 1st, several annuity companies changed some of their offerings. Here is a summary of a few of the changes that were made:
  - **Met-Life** added a new GMIB MAX rider costing 1%, which is 6% dollar-for-dollar withdrawals at age 60 or older. Asset allocation has been restricted to four models.
  - The **Met-Life XTRA** (bonus product) was discontinued.
  - Jackson National increased the cost of their **AutoGuard 5** and **AutoGuard 6**, but the step-ups went from annually to quarterly, until the first withdrawal is made.
  - The **Jackson Select Rider** became the **Jackson Select Protector**. The rider fee was increased and they deleted the double in 10 years and the quadruple in 20 years, nor any annual increases.
  - **Jackson National** also discontinued their GMAB rider.
  - **As of June 1**, **Minnesota Life** will no longer offer their Multi-option Advisor VAL series.

- **PIMCO** launched two new funds in April: the PIMCO Emerging Multi-Asset Fund and the PIMCO EqS Emerging Markets Fund, offering seven share classes for each (A, C, Adm, D, Institutional, P, and R). For questions contact PIMCO at 888-663-0233.

Upcoming Events & Webinars offered by Advisor Development

**Tuesday, June 14th 2:00pm EDT**  
*Sales Idea of the Month*

**Monday, June 27th 9:00am EDT**  
*H. Beck Home Office Orientation*  
Contact Jae Haynes to reserve your seat at 800-333-6884 ext. 1428

Please contact Jennifer Hutchins with any questions you may have: 800-333-6884 ext. 1352 or jdent@cfginc.com
With the rolling out of the new technology package, I thought it would be appropriate for me to offer suggestions about how to use the technology to increase business. Nothing matters more to a representative than their bottom line, and nothing hurts our bottom line like costs generated from new policies from our friendly neighborhood regulators. However, some of this technology is truly a value-add. Let me explain.

At the heart of our new package is Redtail CRM. Redtail opens with a dashboard that displays your calendar. This calendar can be synced to your Outlook calendar so that everything you add to your Redtail calendar electronically ends up on your Outlook calendar and everything on your Outlook calendar will end up on your Redtail calendar. This can be done by using a free program called Retriever. (I know the word “free” is a word that many of us like to hear these days.) Within your database, client birthdays and anniversaries are stored. Simply click “birthday reminder” and presto, client birthdays and anniversaries will appear on your calendar. Redtail can be used to schedule client appointments, print labels for mailings, assign tasks to your assistant, and establish a workflow so that your staff knows what to do with each client. Redtail will also hold all of your client positions through Investigo. When a client calls, you can go to that client’s records and see every position that the client owns.

You also have unlimited space to record client notes. No longer do you have to rely on yellow pads and napkins. (I can hear some of our top representatives saying that they built their business writing on yellow pads.) Certainly you can continue to do so if you wish, however in this highly regulated environment, we wanted to offer a slightly more modern solution. I know that Ruth’s Chris Steakhouse has great napkins in their rest rooms to write down client referral information; however you can type that contact into Redtail and use the napkin to wipe off béarnaise sauce from your fingertips, as the napkin was designed to do.

Redtail integrates with Albridge, MoneyGuidePro, Financial Profiles, E-Money, Peter Montoya’s Marketing Library, Mobile Assistant, Laser App, Mail Chimp and several other software solutions. You do not have to use Redtail, although even if you are using another CRM or database, Redtail would be happy to load that data into their system for you. Simply email support@Redtailtechnology.com and they will set up a time to help you.

This valuable tool will help you to consistently follow up with prospects and referrals, remember important dates and appointments, stay in meaningful contact with clients, service your clients, protect yourself against compliance issues, and assign activities to others in your office. Each of these activities is critical in adding to your bottom line. Investigo adds value in that it provides performance reporting, data aggregation, and creates a trade blotter. Laser App saves loads of time by providing the latest investment forms and filling out such forms electronically. Form groups can be created so that with one click of a button, all the necessary forms for a piece of business load on your screen and are all pre-populated with data from the database.

You may be wondering how to use all of this new technology. Everyone cannot pick up the phone and call me at once. I’ll never survive that. Dates for training sessions on each piece of our technology package will be emailed out to you. Check your email regularly. We know change is difficult, but I want to make this as smooth as possible, offering practical solutions to keep you in business. May you live long, and prosper.