Quick Start Guide For The "3-Step Postcard System™"

Plus a Guide for a Shoe String Budget

Please Read This Guide First Before calling our office435-563-4749

This "Quick Start Guide" is for those agents who want to implement "The 3-Step Postcard System" today, and study the other spokes of marketing tomorrow.

Step 1: Buy a prospect **list**. You can forward the list to your printer. If you need help choosing a list, call our office and we would be happy to help you. I recommend our niche widow leads for final expense, Investors list of 401 (k), IRA, CD and Mutual Fund Holders for annuities. For term quotes I recommend a niche list of prospects between 30-55 with incomes over $40,000.

Step 2: Order an **800 number**, for the postcard responses. Prospects will call an 800 number before they will call a local number.. We have included a recorded message script that you can use. Our office uses Freedom Voice. Their service includes capturing the prospect's phone number. To use Freedom Voice go to http://www.fvsystems.com/33019 Cost is $9.95 to $29.95 a month depending on the program.

Step 3: Choose a **postcard** and have it **printed** and **mailed.** We have included some of our favorites with their corresponding reports. You can find all of our postcards and reports in our system at http://www.ultimatesellingsystems.com . You can go to your local yellow pages and look under Mailing Services and Printers. Our favorite paper colors are, Yellow, Goldenrod, Pink, and Salmon. A good paper weight is 67-90lbs.

Step 4: When a prospect responds to the postcard, send them a **cover letter** and **free report.** We also encourage you to send a **"Client News Letter"** at the same time. Our members have found our "**Client News Letter"** is the best tool they have ever used for sales and referrals. We have given you a sample news letter and cover letter. To find out more about our Client News Letter go to http://www.pmrsystem.com

Optional: We recommend that you hand deliver the report and newsletter if at all possible. It's a great way to introduce yourself. If you have time drop
Off report to those that haven't responded to the postcard but that live in the same neighborhood. Use our door approach which we have given you.

<u>Step 5:</u> Mail a 2nd postcard to those prospects that didn't respond to the first postcard 30 days after the 1st mailing. Notice the 2nd notice stamp on the sample postcard we gave you. It works.

<u>Optional</u>: Call those prospects (when phone numbers are available) that have not responded to the postcards. Offer them a newsletter and several free financial report. We have included a phone script. Let us assure you that calling pays off. You can increase your response by 50% if you have already spoken to the prospect, even if they are not interested right at the moment. You can ask them if you could keep them on your mailing list to send any updated information about tax savings and protecting their assets. According to the National Sales Association it takes seven contacts before people respond. Remember, frequency builds trust.

<u>Step 6:</u> Mail a 3rd postcard to those prospects that haven't responded yet. Stamp 3rd notice on it in red. You can have these stamps made up at any office supply like Staples.

<u>Tips:</u>

You have to mail the prospect at least 3 times to get the best results. You can change the postcard and mail the same list for months.

If you have an IRA, CD, or Affluent Widow's list you should drip on them at least 7 times, using different postcards, direct mail letters, and our Client News Letter. Samples are in our marketing material.
Also, check out our "World's Smallest Smart Money Newsletter" (which is a postcard) then it directs prospects to a newsletter webpage.

Mail out approximately 1,000 postcards per week. If you have 4,000 names you will go through these names in four weeks. You should continually mail these people a postcard or one of our letters every four to six weeks. You'll find by mailing the same list you will increase your response dramatically.

We have found that our returns are higher if the address is printed on the postcards instead of putting a label on.

Once you get going you can hire a telephone consultant to offer free reports to non-responders on your mailing list. We prefer the consultant to be a mature person working at home. We have given you a simple ad to put in your local classifieds.

Agents ask, “How many postcards should I mail out? We tell them to mail 1,000 a week if they can afford it and to test it for 3 months. We have learned it takes an average of $425.00 in marketing cost to generate one annuity sale with commissions of $4,000. That is a return on your investment of 841%.

Here’s a marketing secret…The top money makers in the annuity business reinvests about 25% to 30% of their commissions back into marketing.

Facts:

We highly recommend you mail out our newsletter along with a postcard insert to your lists of CD holders, IRA holders, and affluent lists. 85% of all your prospects have no personal relationship with an Insurance agent or broker. An annual birthday card doesn’t do it. We had two brand new agents without a client base buy an IRA list. They started mailing out 250 newsletters a week. After two months one agent wrote $263,000 in annuities and the other agent made $11,000 in commissions. The point; they didn’t mail one time.

Frequency builds trust…It also separates you from about 95% of all other agents who only make one contact and if they don’t make a sale they dismiss that prospect.

One $10,000,000 a year annuity producer spends a minimum of $3,800 a month on postcards alone. He understands that after he gives his first appointment or second appointment and doesn’t sell them; he continues to mail them postcards, letters, and newsletters through out the coming years until they’re ready to buy or die.

Do not, do not say to yourself, “This agent is rich, he has the money to spend on marketing”. Instead say to yourself, “This agent at some point in his life believed **Frequency Builds Trust!!!!** He most likely started on a shoe string budget. What we do know is; he reinvested 30% of his earnings back into marketing. It was a building process. You can learn about this agent’s other spokes of marketing in our Ultimate Insurance System.

Phone Approach
For those prospects that have not responded to a postcard

"Hello Mary, this is Russ Jones with the Senior Benefit Center here in downtown Smallville and the reason for my short call is recently you **responded** *(when I use the word responded I mean they pulled my postcard out of the mailbox)* to information about how to cut your Social Security taxes, or how to increase your retirement income by 20%, or 10 Ways To Cut your Taxes, or whatever. I want to **apologize** for not calling you back sooner, but we have just been swamped with getting our retirement benefit kit information out to people . *(A retirement Kit is two or three reports in a file folder, latest SS information and newsletter).* However, I did **promise** my manager that when I'm out in the Lonesome Creek Neighborhood I would drop off your retirement benefit kit to you."

Then I might say, "I have 6-8 other kits to drop off tomorrow morning or afternoon in the neighborhood. What does your schedule look like tomorrow? Would it be a bother to you if I dropped one off, introduced myself, and shake your hand?" *If they say*, "No, you can't come by," *then ask them,* "Would be alright to have our office mail a monthly newsletter and special report to you?"

Ok, that's a quick approach I used for over 27 years and it works. It actually works even better when you map out an area and go out and hand deliver the reports using those three magic words**: Responded, apologize and promised**. I could go to any town in the USA and use my postcard system using a list of IRA, CD or affluent widows and I could give 3-4 presentations everyday using the above approach. In my younger days when I was fulltime in the business I would average 17 presentations per week using the above approach along with working 20-30 leads per week.

<u>Phone Approach</u>
<u>For those prospects that responded to the postcard</u>

"Hello, is this the _______________ residence? Hi, Mr. / Mrs. _____________ this is Russ Jones with the Senior Financial Services. I was calling to ask if you received the FREE report that you requested. It was the one with the "dollar bill" attached to it (*If you used the $1.00 route*). Great! What motivated you to order the report? *Whatever they say, you agree and say*, "That's fine… what I wanted to do is set a time maybe on Tuesday or Thursday that I could stop by and go over any concerns you may have about your retirement income or financial concerns. Are mornings or afternoons best? *Now, if they say they've read it, and they're not interested—or they haven't read it, and they're not interested, you can say something like:* "That's fine. Would it be ok if I send you my monthly newsletter called "Smart Money News and Facts You Should Know!*"* It's a great newsletter with lots of helpful financial tips and personal tips you can use.
Great have a nice day!

"Hello, is this Mr./Mrs.________? Mr./Mrs._________ about a week ago you requested a Free Report Titled, "___________" Did you receive it? Great. What motivated you to order the report? Well, the reason I'm calling is to schedule an appointment to analyze your present situation? Would Tuesday or Thursday morning be better for you?"
Never ask if someone has read it. Ninety percent of the people will have not read the report. And you really don't care. The purpose of the report is to introduce yourself, build your credibility as an expert, and to proceed to your first appointment. The purpose of the report is not to educate them, although it does have some helpful information. The real key to these calls is to ask relevant questions and get your prospect talking about their wants and desires. Make sure you listen closely. Let them do most of the talking. What you want to do is give them advice about long-term care, review the benefits of an annuity and show them how to protect their assets.

Door Approach

For those prospects that have not responded to a postcard

"Hello Mary, my name is Russ Jones with the Senior Benefit Center here in downtown Chicago. The reason for my short visit today is recently you **responded** *(again when I use the word responded I mean they pulled my postcard out of the mailbox.)* to information about how to cut your Social Security taxes, or how to increase your retirement income by 20%, or 10 Ways To Cut your Taxes, or whatever. I want to **apologize** for not contacting you sooner. We have just been swamped with getting our retirement benefit kit information out to people like yourself. *(A retirement Kit is two or three reports in a file folder, maybe the latest SS information, plus our Client News letter)* However, I did **promise** my manager that when I was out in the Lonesome Creek Neighborhood I would drop off your retirement benefit kit to you."

Door Approach

For those prospects that responded to a postcard

Good morning Mary, I'm Russ Jones with Senior Benefit Group. Recently you called our Senior hotline requesting a free report titled, <u>10 Things your Banker Won't tell you</u>. I wanted to personally come out here and hand deliver this report because we have had problems with disgruntled postal employees delivering our financial reports. I also wanted to personally thank you for calling our hotline and shake your hand. In addition, is there any other concerns or financial matters you may be worried about?" At this point make an appointment for later in the week or the following week. You might say, "I will be in your neighbor on Tuesday, would that be a good day for you, or would sometime next week be better?"

When I went out to the house I would park my car in front of their house, leaving the car running, the window down and the radio playing very loud to some country music. *(Of course, if you're in an area where you have gangs, or high crime I wouldn't leave my car running unless you have an 84 Dodge Lancer or something older.)* I would get out of my car and wave at the house like someone was looking out at me. Then I would also look at something in my hand and also at their address. I would always have a gift in my hand like a special report or monthly client newsletter. I always appeared to be delivering a gift. *(Yes, I know some of you big shots who sit in your wood panel quiet offices with less than five appointments per week think this is below you.)* This Approach works…Now you have no excuse sitting in your office when you should be on the phone or out in the field being active and calling on prospective clients!

800 NUMBER RECORDED MESSAGE SCRIPT

How to record your voice mail telephone message.

1. Use the simple Voice mail scripts found below.
2. When you record it, don't talk too fast or too slow.
3. It should sound like an informative public service announcement.
4. We like Freedom Voice service at www.fvsystems.com/33019
5. They can capture all the phone numbers from your callers!
6. If you mess with this formula you will mess up your responses.
7. If you use your local number count on your responds drop by 50%.
8. The only purpose of this message is to get people to leave their name and address.

Use this message on your 800-voicemail line.

"Thank you for calling our information hotline, for your Free Special Report, "The Secret Alternative to CDs" (*name the report*) please give us your name, address, city and zip code. Please spell out your full name, address, and speak clearly and slow. Thank you and wait for the tone."

Or This Script

"Thank you for calling our information hotline. Many retires face a 100% chance of financial disaster. How? They must bear the cost of long term nursing care, if one ever requires such care. The Government can and will, force you to use your CD's, home, Social Security, pension checks, IRA's, and just about everything else of value to pay for your long term care. To get your copy of your free report to protect your assets, Please spell out your full name, address, and speak clearly and slow at the tone. Thank you again for calling."

ULTIMATE INSURANCE SYSTEM

Mailing Count Request and Order Form

Mail to Sure Fire Marketing Group LLC., P.O. Box 176 Richmond, Utah, 84333

Name_______________________________ Address ____________________________________

City ____________________________ State _______________Zip code ___________________

Phone __________________________ Fax ________________

Email ____

(Please print clearly because we email you the list)

AFFLUENT AMERICAN LIST

Affluent Americans age 55 to 65 age group with incomes over $100,000. Pulling the pre-retired market, getting a large percentage with IRA and (401) K. Only homeowners on this list. This file is pulling from a large database of 115 Million updated monthly. Or you select age group_______________
I want Affluent Americans $100,000 incomes within a 20 mile radius of the following zip code ____________ .

____ Yes, I want 1,000 affluent Americans for $350.00 (Phones where available)
____ Yes, I want 2,000 affluent Americans for $400.00 (Phones where available)
____ Yes, I want 3,000 affluent Americans for $500.00 (Phones where available)
____ Yes, I want 5,000 affluent Americans for $600.00 (Phones where available)

HIGHLY TARGETED LISTS

Affluent Widows age 65-78 with assets over $150,000 within a 20 mile radius of the following zip code ____________ List is compiled with 8 different profiles.
____Yes, I want 1,000 affluent widows for $350 (Phones where available)
____ Yes, I want 2,000 affluent widows for $400.00 (Phones where available)

Credit card #____________________________________ Exp. Date__________
Signature __________________________ Last 3-Digit code on back of CC _________

All orders are final. No refund on lists. You own these lists, not rented Fax back to 1-800-397-3840 for list count or to order. Allow 1-2 days for results or delivery. Lists are emailed to you in Excel Program.
Questions call: Russ at 1-435-563-4749

The following postcards are samples for you.

Sample Postcard #1

Investors Frustrated And Disgusted With 1% Return on CDs, Say They Are Victims Of Bank Greed…Free Report Reveals What To Do!

Today's consumers who are trying to protect and build their retirement nest eggs are frustrated and angry. They feel that banks are taking advantage of the economy to create obscene profits. The banks want people to keep their money tied up at these disgusting low rates and know a lot of us will not move our money because of the fear of the unknown.

A free report call ***"The Secret Alternatives to CDs"*** has just been made available. This report explains, in simple language, a popular option on how to take care of your money and shows you how to stop being at the mercy of the bank.

Call toll-free at **1-800-000-0000,** 24 hours for your free recorded message and request your free report. Call now and find out what the banks hope you never hear about! Or website at www/Promoneyreports.com/username

Sample postcard #2

FREE REPORT!
"Discover 10 Things Your Banker Won't Tell You About Those Low CD Rates."

Your City – A few weeks ago we send you a postcard about low CD rates. Maybe you missed place it. So here's another postcard. Are you sick of those lousy 4.0% CD rates. A new FREE Report Reveals the Simple, But Little Known Secrets about CD's that will make you sick to your stomach.

A FREE REPORT called, ***"10 Insider Secrets Your Banker Doesn't Want You to Know About Your CD's,"*** has been made available for the first time. The report explains, in simple language, the almost unheard of methods to take care of yourself, and tells you how to stop being at the mercy of the bank.

Toll free 24 hr. recorded message 888-88888888, or www.promoneyreport.com/username To Get Your Copy of the Report Your Banker Hopes You Never Learn!

Sample postcard #3

"(Your City) Citizen Goes Crazy and Attacks Her Banker…Frustrated Over 1% CD Rates…Free Report

Mabel, who is a fragile grandmother of ten, was finally pushed over the edge after hearing that her CD renewal rate was only 1%. "How could a bank, I have been a loyal customer to for over 15 years, give me a miserable 1% interest and I even have to pay taxes on the interest I receive. And you soak me with a whopping 17% on my credit cards?

Cancel my account and give me my money now!" Mabel had enough, she didn't mean to hit the banker with her purse…it was just a reaction of frustration and down right disgust.

Now, Mabel had her money back, but what was she going to do with it? Invest in the Stock Market? No Way! She wanted something safe.

She wanted something with a guarantee, and better pay more than a lousy 4%. Fortunately, her daughter introduced her to a new report that helped her find an alternatives to low interest rates.

When she finished reading the report; she felt peace of mind for the first time since speaking to the ungrateful banker, and she's got a guarantee! Want to know Mabel's secret? Turn over card.

If you haven't reviewed your CD's in a while…
Please don't read this report…You may go crazy too.

Information Center
Address
City, State, Zip

Call for our FREE report:

Earn more interest and still get a guarantee!

Call our 24hr. free, recorded message at
1-800-XXX-XXXX
and get your copy TODAY!

Do you want to know Mabel's secret?
Call for our FREE report:

"Discover 10 Secrets Your Banker Doesn't Want You To Know."

Information Center

Address

City State, Zip

FREE REPORT: "10 Things Your Banker Doesn't Want you to Know." For Your Free Report just call our record message hotline

(800) 000-0000 24 hours a day.

Information Center

Address

City State, Zip

SECOND NOTICE

FREE REPORT: "10 Things Your Banker Doesn't Want you to Know." For Your Free Report just call our record message hotline

(800) 000-0000 24 hours a day.

Sample Postcard #4

How to Keep the IRS From Taking More than Half of Your IRA or Annuity Value…

Recent Tax Laws and IRS Rulings May Affect Your Assets; Learn How To Keep and Increase Your Assets Now!

- Discover How You Can Maximize Your Tax-Free Transfer of Wealth While Maintaining Control and Access to Your Cash in The Event of an Emergency.
- Learn how you can get an immediate increase of your estate.
- Get **100% tax-free payment** of death benefit to heirs
- Tax deferred interest accumulation.

Free report on ***"How to Avoid the Little Known Tax Traps The IRS has Set for Unsuspecting IRA Owners."*** Call our 24-Hour recorded message for report. **800-XXXXXXXX or www.prommoneyreports.com/username**

Sample Postcard #5

The IRS is waiting to Grab Up To 80 Percent of Your Hard-Earned Retirement Savings…

Think your retirement money will be there when you need it? Better take a second look. You will learn help to:

- ***Protect your retirement plans from excessive taxation.***
- ***Tap retirement funds for emergency cash without penalty***
- ***Pass on greater assets to loved ones and keep money in the family for generations to come.***
- ***Take advantage of the latest tax laws to best distribute, roll over, withdraw, and secure your IRA, 401(k), or similar retirement plan (and your inherited nest egg)***
- ***Discover how you can create the perfect estate plan.***

For a free report the IRS hopes you never see please call our 24 hour recorded message at 800000000 or go to our website:www.prommoneyreports.com/russjones

A Representative will deliver your special report on request.

Address side

Information Center

Address

City State, Zip

How to Keep the IRS From Taking More than Half of Your IRA or Annuity Value…

For Your Free Report just call our record message hotline

(800) 000-0000 24 hours a day. Or at www.Promoneyreports.com/username

Sample Widows Postcard #6

The Great Retirement Betrayal!

"(Your City) Citizen Goes Crazy Over the Lies, Lies, Lies of Her Broker and Banker...Frustrated Over Hidden Fees and Charges!

Your City, Mabel, a fragile grandmother of ten, was finally pushed over the edge when she learned that her mutual funds were loaded with hidden fees that didn't show on her statement. Not to mention her banker charging her 19% on her credit card while paying her a miserable 1% interest on her CD's plus she had to pay taxes. She wanted something with a guarantee, and it better not have hidden fees and better pay more than a taxable 1%. Fortunately, her daughter introduced her to a Special Retirement Report that showed her how to be smarter with her hard earned money

and also how to live better. She also learn:

*The Six mistakes retirees make with their annuities (And how to fix them.)

*Position your assets so you don't outlive your money.

*How to increase your retirement income by 20%.

*Reduce or eliminate paying taxes on Social Security

*How to get triple compounding on your CD's and Money Market funds.

*How you may avoid probate and leave a living legacy for her children and grandchildren.

Call 800-00000 24 hour recorded message for the special report.

Free report reveals how you can avoid being a victim of greed and avoid your own RETIREMENT NIGHTMARE!

Address side

Information Center

Address

City State, Zip

Call now for your FREE report on *"How you can stop being a Victim of Greedy Brokers and Bankers."*

For Your Free Report just call our record message hotline

(800) 000-0000 24 hours a day.

Sample Report for CD Postcard #1

The Secret Alternative to CDs

Dear Friend,

As you can see, I have attached a nice, crisp $1.00 bill to the top of this letter. Why have I done this? Actually, there are two reasons:

1. I have something very important to tell you about...and I needed some way to make sure this letter would catch your attention.

2. And second, since what I am writing you about involves money and your retirement, I thought using a dollar bill as an "eye catcher" was especially appropriate!

Thank you for ordering this report.

Because I know you value your time, I have packed this report full of alarming and actionable information. Because I believe that you will value my expertise, I respectfully ask that you read it from front to back.

What is this report about anyway?

After interviewing hundreds of people in my practice, I have found that most have a sincere desire to invest their money in the most efficient way, based on their tolerance for risk. What these people don't know are the various options available to them to correctly match their desire for investment returns with their inherent fear of investment losses.

What I found, is that when a client became aware of the various vehicles available for their investment, one type rises to the top, like cream in milk, over and over. What I hope to accomplish in this report is to provide you the answers to the following questions.

1. How do taxes and inflation affect my investment performance,
2. When can an investment return actually cost me money,
3. When is a 5% return better than a 6% return,
4. The safest investment you should never own,
5. What is the magic investment that can solve your darkest fear,
6. How you can invest **tax-free**

Knowing the answers to these six questions will put you miles ahead of your friends and more knowledgeable than many so-called investment professionals. So, unfortunately, we must delve into a little not-so-interesting stuff in order to really grasp the importance of the really exciting ideas later. Without any further ado, let's get going

1. Taxes and inflation—your two worst enemies

Taxes and inflation are the two leading causes of poor investment performance. Even investments that appear to be doing well, once factored for these two hidden expenses, can prove to be poor performers.

Taxes. There are whole books written on this subject. In fact the IRS tax code is over 70,000 pages. Taxes figure greatly into any measure of investment performance, but, very simply, there are really five categories of taxation for investments:

1. Tax on interest
2. Tax on the interest on the interest
3. Tax on capital gains
4. Tax on the provisional income (for those receiving Social Security)
5. Estate tax (minus exclusions)

A person in a high tax-bracket must be exceedingly aware of the impact taxes will have on their investment return. Uncle Sam has a large appetite. Even those of modest means should be aware that taxes can eat a large portion of their investment returns.

Inflation. Over the last forty years, inflation has averaged around 3%-4% per year. Inflation has the subtle quality of eroding your buying power. For example, a loaf of bread that cost $1.00 last year will cost $1.04 this year, due to nothing more than inflation. Unless you are an economist you can't really track inflation—but, you, as a consumer, can feel it in your wallet because everyday items cost more and more. When is the last time you could buy a soda for a quarter or could throw a 7¢ postcard in the mail.

2. When an investment return can cost you money

Seems crazy doesn't it. You can sign up for an investment that pays a 3% return and **yet can lose you money every year.** It's like a bad horror film—you invest your whole life and find out when you retire that your investment won't buy the retirement you planned and, more importantly, **won't last your lifetime!** How can this be? Let's see.

Let's assume that a couple Jane and John Doe are saving for their retirement. They are very concerned for their money so they have $20,000 invested in bank certificates of deposit earning 3%. (That's pretty generous for today's interest rate climate but just watch). John and Jane also have a comfortable income and are in the 28% tax bracket.

So, each year, John and Jane receive from the bank a total of $600 ($20,000 * 3%). They also receive a Form-1099 from the bank on the interest they have earned. Because they are in a 28% tax bracket, that converts to a $168 tax liability. This leaves only $432 return ($600 - $168). Wow, that drops their real return to only 2.16%. But wait! There's more!

We haven't looked at inflation yet. Inflation has run around 3%-4% per year for decades. Let's be generous and assume there's only a 3% inflation rate. At that rate, John and Jane's CD must be worth at least $20,600 next year in order to maintain its buying power. Since, after taxes, it is only worth $20,432, the real return is actually -0.8%.

So, John and Jane are losing money every year. Do the math with your own CDs. How much are you losing? What about the banks? What are they doing with your money? They are investing it. They are effectively borrowing your money from you and paying you a paltry 2-3% interest rate while they invest it making over 16% net return[1]!

Therefore, what most people believe to be the safest, most conservative method of increasing their wealth, over time, is actually a trap, destined to make the *banks wealthy* and *you poor*.

3. When a 5% return is better than a 6% return

Real investment return boils down to what portion of your return you can keep after taxes and expenses, inflation, etc. Let's go back to Jane and John Doe. Let's explore their case once more, except that now, they will earn a 6% return on their CD. Everything else stays the same.

Let's figure out only the tax-adjusted return.

Interest = $1200 ($20,000 * 6%)

Taxes = $336 ($1000 * 28%)

Adjusted return = $864 ($1200 - $336)

Adjusted % return = 4.32% ($864 / $20,000)

Now, let's look at performance of one of the instruments I will explain later.

Interest = $1000 ($20,000 * 5%)

Taxes = $0 (Tax-deferred investment)

Adjusted return = $1000

Adjusted % return = 5%

[1] On December 28, 2004, the average Return on Equity for all publicly traded banks was 16.2% according to Yahoo! Financial

WOW! I not only beat it, I beat it by a lot (almost 16%)! It's not magic. It's merely the power of tax-deferral. We defer the payment of taxes until we remove the money from the account. Some investment vehicles are more tax-efficient than others. Therefore, even if they don't return as high an interest rate, they outperform those that are not as tax-efficient. If you are not investing in one of these tax-efficient vehicles, your money is not working as hard as it could be.

4. The safest investment you should never own

This type of investment is taxed four out of five possible ways (only mutual funds are more highly taxed). It underperforms the market nine out of ten years. In my opinion, it is the most misunderstood of all investments. Having it in your investment portfolio is almost always a mistake. We've mentioned it several times already in this report—it is the seemingly-innocent bank certificate of deposit.

The Venerable Certificate of Deposit

In my practice, I must be knowledgeable on a number of different topics but I try not to reinvent the wheel. I found the following Certificate of Deposit definition issued by the FDIC and it was frankly too good for me to change it.

A CD [certificate of deposit] is a special type of deposit account with a bank or thrift institution that typically offers a higher rate of interest than a regular savings account. Unlike other investments, CDs feature federal deposit insurance up to $100,000.

Here's how CDs work: When you purchase a CD, you invest a fixed sum of money for fixed period of time – six months, one year, five years, or more – and, in exchange, the issuing bank pays you interest, typically at regular intervals. When you cash in or redeem your CD, you receive the money you originally invested plus any accrued interest. But if you redeem your CD before it matures, you may have to pay an "early withdrawal" penalty or forfeit a portion of the interest you earned.[2]

That is about as good a definition as you'll ever get. The report[2] goes on to caution those considering investing in CDs to beware of the following items:

1. **Find Out When the CD Matures** – As simple as this sounds, *many investors fail to confirm the maturity dates for their CDs and are later shocked to learn that they've tied up their money for* **five, ten, or even twenty years** *(emphasis added)*. Before you purchase a CD, ask to see the maturity date in writing.

2. **For Brokered CDs, Identify the Issuer** – Because federal deposit insurance is limited to a total aggregate amount of $100,000 for each depositor in each bank or thrift institution, it is very important that you know which bank or thrift issued your CD. In other words, find out where the deposit broker plans to deposit your money**.** *Also be sure to ask what record-keeping procedures the deposit broker has in place to assure your CD will have federal deposit insurance (emphasis added)*.

3. **Investigate Any Call Features** – *Callable CDs give the issuing bank the right to terminate the CD after a set period of time, but they* <u>*do not give you that same right*</u> *(emphasis added)*. If the bank calls or redeems your CD, you should receive the full amount of your original deposit plus any unpaid accrued interest.

4. **Understand the Difference Between Call Features and Maturity** – *Don't assume that a* "federally insured one-year non-callable" *CD matures in one year (emphasis added)*. If you have any

[2] Text is borrowed from the FDIC website

doubt, ask the sales representative at your bank or brokerage firm to explain the CD's call features and to confirm when it matures.

5. **Ask Whether the Interest Rate Ever Changes** – If you're considering investing in a variable-rate CD, make sure you understand when and how the rate can change. Some variable-rate CDs feature a "multi-step" or "bonus rate" structure in which interest rates increase or decrease over time according to a pre-set schedule. Other variable-rate CDs pay interest rates that track the performance of a specified market index, such as the S&P 500 or the Dow Jones Industrial Average.

6. **Research Any Penalties for Early Withdrawal** – Be sure to find out how much you'll have to pay if you cash in your CD before maturity.

7. **Ask Whether Your Broker Can Sell Your CD** – Some brokered CDs are issued in the name of the "custodian" or deposit brokers. In some cases, the deposit broker may advertise that the CD does not have a prepayment penalty for early withdrawal. In those cases, the deposit broker will instead try to resell the CD for you if you want to redeem it before maturity. If interest rates have fallen since you purchased your CD and demand is high, you may be able to sell the CD for a profit. But if interest rates have risen, there may be less demand for your lower-yielding CD. That means you may have to sell the CD at a discount and **lose some of your original deposit** *(original emphasis)*.

We all know that CDs have four known features:

1. accounts are FDIC-insured,
2. principle is guaranteed,
3. interest is simple and fixed
4. penalty for early withdrawal

When you read the FDIC report, were you as shocked as I was to learn that some CDs are:

1. **not** FDIC insured,
2. **not** guaranteed to return your principle,
3. **not** fixed interest

To paraphrase a successful credit card commercial, "What's in *your* bank CD"?

I included these FDIC caveats to illustrate that the safe, secure, and simple CDs that the banks are selling are really not safe, secure, or simple. As with any investment, *caveat emptor*—let the buyer beware. If you are going to spend the time understanding the complexities of certificates, why not include in your research the truly safe, simple and secure alternatives?

There are two reasons most people purchase CD, 1) the investments are FDIC insured, and 2) they don't know or understand the alternatives. Now, I will admit that insurance, especially a principle-loss guarantee, is a valuable part of any investment, but let me ask you—**does it really matter if the FDIC stands behind an investment that is guaranteed to lose you money every year?**

What if you could get the same guarantees on an investment that has a **positive** return? You would want to know more, wouldn't you?

5. The magic investment that can solve your darkest fear

At retirement, a person switches gears from living off their labor to living off their accumulated wealth. This is a big, scary change. No one knows when they will pass away and the biggest question is sensibly "**Will there be enough money to last me until I die.**"

My clients do not have this worry. They have invested in a retirement instrument that guarantees a lifetime payout of funds, even if the funds in the account have run out! Try that with a certificate of deposit.

There are a thousand and one types of investment opportunities out there, but they can all be sorted into two groups—those that generate income now and those that generate income in the future. But what is the purpose of this income? In 99% of all personal investment, the income is designed to either supplement retirement income or *be* retirement income. Since the common objective of most investment goals is to provide for retirement, **doesn't it make sense that you invest in a vehicle that not only treats your money in a tax-efficient manner, but also can provide a life-time of income, free from financial worry?**

What is this magic investment? It actually is a class of investments called annuities.

Annuities are financial contracts with an insurance company that are designed to be a source of retirement income. They come in many shapes and sizes, because each type of annuity is designed to give the maximum benefit for different life events. For example: a variable annuity would be a great way to get market-based returns for someone with 10-20 years to let the money grow. A fixed annuity, on the other hand, would be a much better vehicle for those near, at, or beyond retirement who are looking to defer taxes, protect principle, and grow their interest faster than a bank.

Most people have heard of annuities but because they think of them as a "rich persons" product, they have never really looked at what benefits an annuity might hold for them. For example, you can invest in an annuity for as little as $5000. If you set it up as an IRA many companies will work with you for as little as $50-$100 per month. This puts an annuity within the grasp of just about anyone.

Remember those five ways that investments get taxed? Annuities are only taxed one way. However, beyond tax advantages, there are important reasons to invest in an annuity, especially when you consider the limitations of other types of investments. Annuities can provide:

- **Guaranteed income.** An annuity can provide you with a guaranteed lifetime income, regardless of how long you live. No other investment instrument can provide this guarantee.
- **Unlimited contributions.** Unlike other tax-advantaged investments, such as IRAs, you can contribute an unlimited amount of money to an annuity during the year, whether in periodic installments or a lump sum. Individual carriers may place a ceiling on the total amount you may put into an annuity without approval.

- **No risk of loss** ("fixed" annuities). Unlike other forms of stock or fund investments, annuities that are invested in mutual funds or are tied to the stock market performance may include minimum guarantees to limit the amount of investment risk.
- **No-penalty annual withdrawals.** Most annuities have a provision that allows you to withdraw a certain amount per year penalty free.
- **No-penalty rollovers.** Company pension or profit-sharing plan payouts may be reinvested *without* incurring current taxes or penalties.
- **No probate in case of death**, as long as you specify beneficiaries. Which means your family will find it easier and less costly to obtain the value of the annuity.
- **No initial sales charges ("no load") or annual fees.** Annuities are generally no-load, no-fee investments. This means more of your money is actually invested than with investments where some money is used to pay an initial or annual charge.
- **Shelter investment earnings.** Retired people can use annuities to shelter investment earnings that would otherwise lead to taxation of Social Security benefits.

Annuities are far and away the best investment vehicle for lifetime retirement security. If you haven't explored the possibilities, give me a call using the number at the end of this report. I would gladly sit with you for 20 minutes and answer all your questions—free of charge.

6. How you can invest ***tax-free***

This is one of the most misunderstood instruments in the financial industry. I daresay that 50% of the people employed to sell this vehicle don't know its real power. If the salesmen don't understand it, what are the chances that their clients understand it? It has a living benefit as well as a death benefit, much like an annuity. But its power is in the **tax-free** nature of its distributions. Because of the requirements for entering into this instrument, many of you will not qualify. However, it is still valuable to understand that it exists and why it exists.

This special vehicle is established and money contributed periodically, usually monthly or annually. The sums are defined when the account is set up, but the amount of the contribution can be changed at any time. After a period of time, the account is full and the money can either grow with no further additions, or you can continue to contribute, growing the account at an even faster rate. There are restrictions on how much may be contributed to this account, unlike an annuity, but the levels are high enough that most people fall below this threshold.

When you decide to switch from a pay-in phase to a pay-out phase, you borrow the desired amount from your account—**tax-free**. Based on the amount withdrawn, you can typically borrow from this account for 10-15 years before the faucet gets turned off. There are some restrictions to this account, so, although it is the safest form of principle growth, it is by no means appropriate for everyone who qualifies.

The advantages to this account are too numerous to mention but suffice it to say that money grows **tax-deferred** and is taken out **tax-free**. If you would like to learn if you qualify for this account, give me a call using the number at the end of this report. I can make a preliminary determination within about 20 minutes or so about whether you qualify for this type of account.

7. What now?

We have determined that there are real alternatives to the "safe, secure, and simple" CD. Alternatives that pay more interest, require no yearly tax payments, and ease your worries over whether you will live longer than your money holds out.

In this report, I have purposely limited the discussion to alternatives to CDs as an investment vehicle. But you must know that the investment alternatives available are many and varied and no solution fits every situation. Additionally, steps taken to mitigate risk, specifically life insurance, disability insurance and long-term care insurance, greatly impact the types of investments best suited to you.

To find out if any of the ideas presented here would be beneficial to your situation, I am offering, for a limited time, a **free, no obligation**, financial interview. **Call ________** to set up this interview. **You have everything to gain and nothing to lose.**

Sincerely,

P.S. Other strategies, not detailed in this report, are worth *thousands.* You really owe it to yourself to hear about these exciting approaches to investing and financial organization.

Sample Report for CD Postcard # 2 and 3

"10 Insider Secrets Your Banker Doesn't Want You To Know About CD's"

Dear Friend,

As you can see, I have attached a nice, crisp $1.00 bill to the top of this letter. Why have I done this? Actually, there are two reasons:

1. I have something very important to tell you about...and I needed some way to make sure this letter would catch your attention.

2. And second, since what I am writing you about involves money and your retirement, I thought using a dollar bill as an "eye catcher" was especially appropriate.

Thank you for ordering this report. "Did you know that there are investment alternatives that pay <u>higher interest</u> than bank CD's? That they are <u>safer</u> than bank CD's, and that your money is more liquid, that is, easier to get to?"

"Did you know that your bank probably even sells these other investments? Why haven't they offered them to you?"

Later in this report I'll tell you 10 secrets your banker won't tell you about bank CD's.

But first, I want to tell you about a **TRUE LIFE HORROR STORY**…about a little old lady, CD's and a bank.

Banks know every trick in the moneymaking book, and unfortunately, they're using them on people like you.

Back when I lived in Baltimore, I was referred to a nice older lady in a small town in Western Maryland.

When I called her she said she had a good sum of money coming due any day from her CD's and wondered if I ever came to her area. I told her I did. I figured this would give me an opportunity to take a nice country drive and get out of the city for the day.

She was a delightful lady and we worked out a plan using **annuities** to increase her monthly income over her CD's.

We went to the bank to take them out. They greeted her the way they were trained to do. We were directed to the lady who handles CD's. Setting there I noticed a box of candy suckers. Even more appropriate, the name of the suckers was "Dum-Dums"! All of this at the CD desk!

When this nice old lady told the woman in charge of CD's that she wanted to cash her CD's, the banker quickly left and told a bank officer. He asked her to come to his

Private office. She was in there for at least 25 minutes.

She came out visibly shaken. He gave her the third degree as to why she should leave her money in his bank. She did withdraw the money from her CD's however, and we set up a good annuity income for her. I left thinking all was well. I did a great job for her.

The next day she called to say she was putting the money back in the bank. It seems the banker had worked her over almost to the point of a nervous breakdown.

He wasn't about to let her money go out of the bank, even to the point of shaming her for going out of town to get the best deal.

She said she couldn't go through any more emotional strain and to ease the situation would just leave the money in the bank.

Never mind the fact that **the bank sold annuities** in the office next to the bank officer's office!!! Why didn't **they** offer the higher monthly income?

The bank's interest came first! The bank won, the "little old lady" lost.

And now…

"The 10 Secrets"

Secret #1 He has controlled people's minds through **fear** and the F.D.I.C.! He wants you to believe that CD's are the answer to everyone's savings prayer. He doesn't want you to know there are **safer investments with much greater returns.**

Secret #2 The low interest paid on "safe" CD money is **taxable** whether you take it out or not!

Secret #3 Banks pay only about ½ the interest on savings compared to other investment alternatives. And the interest is taxable! Why?

Secret #4 Your CD interest can **reduce** your Social Security benefits.

Secret #5 Your CD will **not** increase your benefits if you are totally or partially disabled. There are other investment alternatives that will. Why not banks?

Secret #6 After taxes and inflation your CD **interest** is **reduced** to almost **zero**. Inflation and taxes will continue.

Secret #7 Your banker knows the real secret of wealth accumulation. But, why doesn't he tell you? It's the power of **tax-deferred** accumulation. Ask how much of his money is in CD's.

Secret #8 Your CD cannot give you **triple** compounding. That's interest on the principal, interest on the interest and interest on the **tax-deferred** savings!

Secret #9 Your CD's **cannot** give you **tax-free** monthly income. There are other investment alternatives that can.

Secret #10 Your CD **cannot** be passed on to your heirs **without** costly probate time and expense.

After reading this report is there **any** reason not to hear about other investment alternatives?

Pick up the phone and Call Us Today. We have additional reports available FREE that discuss these alternatives.

Sincerely,

P.S. UPDATE!! FREE BONUS!! Call before the deadline stamped on this report and we will schedule a FREE one-hour interview to find out if you can benefit from the same ideas discussed in this report. You have everything to gain and nothing to lose. **Call before the deadline.**

Sample Report for CD Postcard #4 and 5

Time Sensitive Report

How to Keep the IRS From Taking More than Half of Your IRA or Annuity Value-Guaranteed

Dear IRA/Annuity Owner,

As you can see, I have attached a nice, crisp $1.00 bill to the top of this letter. Why have I done this? Actually, there are two reasons:

1. I have something very important to tell you about...and I needed some way to make sure this letter would catch your attention.

2. And second, since what I am writing you about involves money and your retirement, I thought using a dollar bill as an "eye catcher" was especially appropriate!

But first, let me ask you a question:

Are You Aware of the recent Tax Laws and IRS Rulings that May Affect Your Assets; Learn How To Keep and Increase Your Assets Now!

You were chosen from among thousands of IRA & Annuity owners, age 60 and older, to receive this valuable report and a **FREE** limited test offer. This **FREE** offer is time dated and will be explained at the end of this report.

You recently responded to and ad intended for IRA & Annuity owners. Because you already own IRA and/or and Annuity, I am sure the ideas in this report will be worth thousands of dollars to you.

<u>Not reading this report will cost you</u> thousands of dollars.

For instance…

- Is your annuity being **double taxed** and can you do something about it?
- Can your annuities reduce or even **eliminate the income tax** on your Social Security?
- Have you seen the interest rate on your savings hit **10-year lows**?
- Have you **lost money** in the stock market?
- Are the **gains taxable** in your annuity when passed to your beneficiary?

Is it possible to eliminate these problems once and for all?

This important report answers these and many other questions. Problems you may not even know you had.

When I first wrote this letter to you I wanted to save the worst for last.

Then I realized that it would be better to start off with…

"A Real Life Example"

Mr. and Mrs. Jordan, both are age 67, had invested $150,000 in annuities over the past 15 years. By the time I sat down with them their annuities had grown to $320,000.

They had a goal to let this money grow tax-deferred, and pass it on to their children. They also wanted money set aside in case they need to go into a nursing home.

I quickly saw a problem. <u>A VERY BIG PROBLEM</u>!!

If they continued this way, passing the money to their children, the taxes on the interest would be due. All At Once!!

In other words, had the Jordan's died at this point, their tax situation would have looked like this:

Annuity values	$320,000
Income taxes due	- <u>$64,000</u>

The children would get $256,000

That's an **<u>loss of $64,000</u>**. **<u>Over 20%</u>** the total value of their annuities!!

This is where I stepped in.

How to Avoid the 'Tax Time-Bomb" and Keep the IRS from Taking Half of Your Annuity…Guaranteed!

Together we applied a little known provision in the Tax Code. We set up a monthly distribution from one of the annuities to receive an income that is mostly <u>tax-free.</u>

That same income is being invested in a special program that will pay their children a larger amount than the after tax proceeds from the annuity. Even better, this money will be 100% income tax-free!!!

Because of this advanced-planning technique, their children won't have to pay $64,000 in income and estate tax. And thanks to this planning technique, the children would receive $540,000 TOTALLY TAX FREE.

To sum up, the Jordan's been able to:

Almost **eliminate income taxes of $64,000**
Have **more spend able income**
Protect their estate from long term and health care costs
Keep far more of their **hard-earned money**
Pass more money to their children

All of this was done **without any out-of-pocket expenses**.

Warning: Without proper planning, the taxes will come due all at once. You and your estate will then be in the maximum tax brackets. As time goes on, the tax problem compounds. Don't think this doesn't apply to you.

Who's Getting The Best Deal, You Or Your Annuity Company?

Ideally, your annuity should be a good deal for your bank, the insurance company and you. Unfortunately, this is not always the case. This is an area where what you don't know really can hurt you!

The following questions need to be answered:

What **interest rates** are you currently getting?

- Are the interest rates **getting worse?**
- What is **the rating** of your insurance company? (Critical)
- Whatever are your **surrender** charges?
- Is your **principal ever** at risk?
- What **retirement and income options** does your annuity have?
- Is your Annuity **Medicaid Friendly**?

These are just a fraction of the mistakes and problems I encounter every day. I'm sure that at least one will apply to you. And you could probably benefit from all of them.

That is why I sent you this letter and…

A Special One Time FREE Offer

Your situation is unique.

Because of this, I am giving you a special FREE offer. This is a market test and might never be repeated.

So please, pay close attention and be prepared to act immediately.

This special FREE offer is being made to a limited number of IRA and ANNUITY owners and I expect most of you to take me up on it. Even so, if you call before the date stamped on this report I will honor this one time FREE offer no matter how many calls I get.

So here is the offer…

Call by the deadline stamped on this URGENT REPORT and I will schedule a FREE one-hour advanced planning and review. During this FREE review you will learn:

- How to increase your current annuity value by as much as 300%!!
- If your annuity(S) can be used to reduce or eliminate Social Security Income taxes
- If you're in danger of the IRS' tax time-bomb of 20% or more, and if so , how you can avoid it
- The financial strength of your bank and insurance company or companies (Very Important)
- If your annuity interest rate is competitive with current rates
- If your annuities are Medicaid Friendly

You'll also learn these insider secrets:

- What your banker doesn't want you to know about CD's
- How to increase your IRA's, 401(k)'s and Pensions by many folds
- How to pass assets on to the next generation without estate tax
- How to keep pace with the stock market with you principal and gains guaranteed
- How to sell real estate or stock without capital gains
- How to use trusts to completely eliminate estate taxes
- How to get income for the rest of your life and still leave all of your money to your beneficiary
- **And much more…**

Most importantly…during this valuable review I Will Not Try to Sell You Anything. In fact, that will be the last thing I would do, due to time restrictions.

This Review Will Be For Your Benefit Only!

What's in it for me? If I can save you thousands of dollars and earn your trust, it will be worth 10 times the value I'm offering…For Both of Us.

How much would you pay for this financial service? Typical fees for this service range from $395 to as much as $1,200! If I could save you 50-100 times that amount and more, then what would you pay!

What is more important is that the one time test offer is absolutely FREE if you call before the deadline.

This is just a market test. Remember, you were selected by phone to receive this FREE Report and FEE Offer because you currently own an IRA and/or Annuity.

From my experience, people like you have usually been neglected from the overall advanced-planning standpoint.

I believe I can save you a ton of money. I wouldn't make you this offer if I wasn't so sure of it.

Please, Don't Procrastinate

I've learned from experience that a motivated individual makes a quality client. That's why this **FREE** offer will not be repeated. I anticipate a huge response to this **FREE** offer. It's in your best interest to **CALL TODAY!**

Sincerely,

Extra Bonus Offer…If you call, not only will you get a free one hour review including the financial strength of your company and all the other benefits outlined in this letter, but you'll also get 2 additional financial reports FREE at your consultation. These reports titled **"The Six Most Common Mistakes Annuity Owners Make-And How To Avoid Them"** and **"10 Insider Secrets Your Banker Doesn't Want You To Know About CD's"** could easily be worth thousands, even tens of thousands of dollars to you. And they're yours free simply by calling now before the deadline stamped on this letter.

This is the report for the extra Bonus Offer that was talked about in the page before.

SUBJECT: [[Firstname]] here's six most common mistakes Annuity Investors make.

From the Desk of [[Agentname]]
[[Phonenumber]]

Hi [[Firstname]]

Hope all is well with you. Just wanted you to be aware of the article below. Please call me to discuss this article in more detail.

Safety first for your serious money

THE SIX MOST COMMON MISTAKES MADE BY ANNUITY INVESTORS

Mistake #1: Lack of Concern for Quality of Company

Many annuity investors fail to properly research the ratings of the insurance company issuing their annuity contract. Annuity owners commonly fail to keep updated on the company after they have made an investment. This is especially important with a fixed annuity because the insurance company has your money invested in their general account and guarantee both the principal and interest. In a variable annuity it is not nearly as important since the money is in separate accounts invested according to the stated objective of the sub-account (i.e. growth, balanced, international, bonds, etc.)

A.M. Best can no longer be relied upon as the number one authority in rating insurance companies. We rely more on Standard & Poors, Moody, Duff & Phelps and Weiss rating services in addition to analyzing the companies' investment portfolio. Our recommendation is to buy only from top-rated insurers.

If you would like a review of the ratings and ranking of your annuity company, please call us.

Mistake #2: Annuitizing the Contract

In most older annuity contracts, when it comes time to start receiving income you are forced into making a decision on what terms you want to annuitize under. Some options can be very unfavorable to the investor. For example, if you choose a life annuity that pays you a monthly check as long as you live and you die prematurely, the insurance company gets to keep the remainder of the funds, and your heirs get nothing.

Another drawback of annuitization is that you lose control of your money. Once you annuitize you cannot go back and increase or decrease the amount of your monthly check. This could be a serious problem if your annuity income does not keep pace with inflation.

Newer annuities offer an option called systematic withdrawal. This means you can set up your own schedule of monthly income that can be adjusted at any time. The remainder of your funds will continue to earn interest and when you die the funds go to your beneficiary, without the cost of delay or probate.

Mistake #3: Falling for High First Year Rates and Not Being Concerned with Renewal Rates

Many insurance companies will try to entice you into purchasing their annuity by offering a first year rate that is much higher than the going rate. After the first year the renewal rate will typically be much lower, but you will still have several years of surrender charges before you can move your money to another annuity. Approach unusually high rates with caution. Many high interest rate annuities have surrender charges that are no longer than the normal 5 to 7 years and in some cases the surrender charges never go away. Avoid these annuities and any other that restrict your withdrawals by giving you a lower rate if you move your money or don't annuitize with them.

Before you buy, look at the interest rate protection features and consider an annuity where you have the option to lock rates in for more than one year. Also, if you already own an annuity, make it a point to have your renewal rate reviewed each year by an unbiased annuity professional. Your annuity may have a bailout feature that allows you to move your money if the rate drops below a specific level. The annuity company will not notify you that the bailout feature has been triggered. We can research this for you so you can make an intelligent decision.

Mistake #4: Purchasing an Annuity with Limited Investment Options

The days of annuities only offering a one-year rate, or a handful of variable accounts from a single investment manager, are long gone. Today's annuities offer rate guarantee periods from one to ten years, and up to 30 different investment portfolios from as many as 14 fund managers. With the newer types of tax deferred annuities you can adjust your asset allocations as markets change and interest rates change. This type of investment program can meet your investment needs as your age and your investment objective change.

Mistake #5: Failing to Properly Designate Ownership, Annuitants and Beneficiaries

Unless you are well versed in IRS rules concerning ownership, annuitant designation or beneficiary designation, you could cause needless problems in transfer, unnecessary taxable income, and failure to continue income tax deferral and excess payment of estate taxes. For example, many people do not realize that once you name an annuitant, the IRS will not allow you to change that designation. This could result in a 10% tax penalty on the income if the annuitant were to need income, and was under age 59 1/2. Another common mistake is to name a trust as the beneficiary. This would cause the proceeds to become immediately taxable, rather than allowing your spouse continuous tax deferral for up to an additional five years.

Mistake #6: Not Using A Full Time Annuity Specialist

Most annuity investments are purchased from captive insurance agents who offer limited fixed annuities, or from banks with little investment and planning expertise. We offer a wide range of annuity investments from a long list of the top companies in the industry. We will work with you to find the investment that suits you and your financial needs. We also continually monitor the market and provide you with up to date information. We would be glad to assist you, whether you are considering an investment at this time, or if you already own an annuity and simply need someone to answer your questions. We are also qualified to help you look at the big picture, ensuring that any annuity purchase makes sense from a taxation, planning and investment standpoint.

Please call me with any financial questions you may have.

[[Agentname]]
[[phonenumber]]
Website

"10 ways Uncle Sam helps you save money on Your Taxes."

As you can see, I have attached a nice, crisp $1.00 bill to the top of this letter. Why have I done this? Actually, there are two reasons:

1. I have something very important to tell you about...and I needed some way to make sure this letter would catch your attention.

2. And second, since what I am writing you about involves money and your retirement, I thought using a dollar bill as an "eye catcher" was especially appropriate.

But first, let me ask you a question:

Are you aware saving for the future is of paramount importance to all Americans. Luckily, we all have a rich uncle to turn to for some help. His name is Uncle Sam.

Thanks to the tax code, you have several ways to save that are either tax-free or tax-deferred. Here's a look at 10 popular savings options.

Individual retirement accounts

Known popularly as IRAs, for more than 30 years these accounts have provided individuals a way to save for retirement and save on taxes. Anyone who works, either for himself or an employer, can set aside a portion of that income in a personal retirement account.

Over the years, the concept has been refined, with tax savings and earnings possibilities enhanced. Generally, individuals with wage income (rather than self-employment earnings) will choose to contribute to either a traditional IRA or a Roth IRA.

1. Traditional IRAs

"Traditional IRA" is the name given to the original account created in 1974. This account is available to anyone younger than 70½ who earns money. In 2007, the yearly amount that can be contributed to a traditional IRA was raised to $5,000 plus an annual inflation adjustment.

- **Advantages:** The earnings are tax-deferred, meaning you won't owe the IRS until you make withdrawals, which you can start taking at age 59½. Workers age 50 or older (but younger than 70½) can put in another $1,000 a year. Some individuals also might be able to deduct these contributions.
- **Drawbacks:** You'll eventually owe taxes on at least some of the money in the account. You cannot contribute once you reach age 70½. When you reach that age, you must start

taking out a minimum amount based on an IRS distribution calculation.

2. Roth IRAs
Roth IRA contributions were first accepted in 1998. That year, $8.6 billion went into these retirement plans, with another $39 billion transferred from traditional IRAs to Roth's. By 2001, IRS data showed contributions to Roth's had passed the amount going into traditional accounts.

Why the shift? Money earned in a Roth IRA can be taken out in retirement tax-free. Contribution limits for Roth's are generally the same as with traditional accounts, with one major difference: As long as you are earning money, you can contribute to a Roth, regardless of your age.

Advantages: The earnings are tax-free. This is very appealing to account holders who open a Roth early and let the money grow for decades, as well as to individuals who expect to be in the same or possibly higher tax bracket when they retire. You can contribute at any age. You can take money out on your timetable, not on the IRS's age 70½ withdrawal schedule.
Drawbacks: Contributions are not tax-deductible. There is an earnings limit which restricts higher-income taxpayers from contributing to or converting traditional IRA money to a Roth account.

Workplace retirement savings
Many companies help their employees save for retirement by offering defined-contribution plans. As the name indicates, workers play a major role in building retirement savings by contributing a percentage of their incomes to these accounts.

3. 401(k) plans
In the private sector, these are commonly known as 401(k) plans; when the employer is a university, nonprofit agency or some government agencies, they are known as 403(b) plans. In some cases, the employer matches a portion of worker contributions.

Advantages: Employee money goes into the account before payroll taxes are figured, meaning you'll save a bit on withholding taxes. Matching employer contributions help boost your retirement savings. You can put substantially more in a 401(k) than in an IRA (in 2006, the limits are $15,000 vs. $4,000, respectively).

Drawbacks: Contributions and earnings are tax-deferred, meaning you'll owe the IRS when you take the money out at retirement. You must begin distributions by age 70½. Not all companies match worker contributions, and some that do match do so with company stock rather than cash.
4. Roth 401(k) plans
Roth 401(k) plans became available in 2006. These accounts combine the basics of 401(k)s with the tax-free aspect of Roth IRAs. Essentially, workers put money into Roth 401(k)s after payroll taxes are withheld, meaning the account doesn't offer an immediate tax benefit. But when the money is withdrawn, it is tax-free.

Advantages: Distributions are tax-free. Contribution levels, as with regular 401(k)s, are higher than for IRAs. Employer matching contributions increase your retirement savings. There are no adjusted gross income caps, so higher-income workers who might not be able to open a Roth IRA can contribute to a Roth 401(k).

Drawbacks: Not yet as available as regular 401(k) plans. Since money goes into this account after taxes are withheld, you get no immediate tax break. You can leave money in the account past age 70½. Whether your 401(k) is a regular or Roth account, ultimate responsibility for your workplace retirement savings rests entirely on you. You must enroll in the account and then manage it, deciding which 401(k) offering best fits your personal financial situation. These concerns are addressed in provisions of the Pension Protection Act of 2006, which became law in August of 2006. Now companies will find it easier to automatically enroll workers in 401(k) plans, as well as make investment advice on plan choices more available to employees.

5. Medical spending accounts
They might be called spending account, but these workplace benefit plans can help you save on medical and child care costs.

With a medical flexible spending account, or FSA, you can put aside money to pay for health-care costs that are not covered by your insurance.

- **Advantages:** Employee money goes into the account before payroll taxes are figured, so your withholding taxes will be slightly less. FSA money pays for out-of-pocket medical expenses (co-pays, deductibles) you would have to pay anyway. You can use your FSA money even before you've actually put money into the account. For example, let's say you sign up to contribute $1,000 to your medical FSA, but have deposited only $100 when you are faced with a $300 out-of-pocket expense. You still can collect the $300 from your account. Also, you can use FSA money to pay for over-the-counter medications.

  Drawbacks: Companies limit the amount you can put into your medical FSA. Unused FSA money does not roll over into the next benefit year.

6. Dependent care spending accounts
Similarly, a dependent care FSA allows you to put aside money to pay costs for care of an IRS-eligible dependent while you work.

Advantages: As with a medical FSA, contributions are made pretax. In addition to paying for child care costs, the money also can go toward expenses to care of a physically or mentally disabled adult dependent so that you can work.

Drawbacks: When applied toward child care, the youth must be age 12 or younger. Under federal law, you can only put aside $5,000 to cover dependent care costs. This is a household limit, meaning that if you and your spouse each have a dependent care FSA at your jobs, the total amount put in both cannot exceed five grand. The same $5,000 limit applies to single filers.

And while FSAs generally offer individuals a very tax-advantageous way to save on medical and dependent care expenses, in some cases other tax deductions or credits could be disallowed or reduced by use of these accounts. If you have extreme medical costs that you can deduct or want to claim the dependent care tax credit, talk to your tax adviser about how these accounts could affect these other tax considerations.

7. Health savings accounts
Money placed in a health savings account also pays medical costs, but these medical savings vehicles are different from FSAs.

In order to open an HSA, you must be covered by a high-deductible health insurance policy, which means you'll have to pay medical costs of at least $1,050 for self-only coverage or $2,100 if for family coverage. Once you have the requisite insurance coverage, you can open an HSA and contribute up to the amount of your insurance policy's deductible. Individuals age 55 and older can make additional catch-up contributions to the HSA each year until they enroll in Medicare.

> **Advantages:** You get an immediate deduction on your Form 1040 for contributions to an HSA. You do not have to itemize to claim this deduction. Even if someone else, for example, a relative, makes the contributions to your HSA, you still get the tax deduction. HSA earnings grow tax free. As long as HSA funds pay for eligible medical expenses, you owe no tax on the distribution. Any money in the account at year end can be carried forward to the next year.
>
> **Drawbacks:** You have to pay a high deductible for medical care, meaning you'll have to come up with the doctor and pharmacy payments and then be reimbursed from your HSA, rather than having your bills go directly to the insurer for payment as with traditional health policies. If you get a high-deductible policy during the year instead of at the beginning, the amount you can contribute to an HSA is prorated by the number of months you've had the policy

College savings plans
These savings vehicles, named after Section 529 of the Internal Revenue Code and known collectively as 529 or qualified tuition plans, come in two versions: prepaid tuition plans and college savings plans. All 50 states and the District of Columbia sponsor at least one type of these plans.

8. Prepaid tuition plans
With a prepaid tuition plan, you can pay for attendance at participating public colleges and universities in advance, generally many years before the student actually enrolls.

- **Advantages:** Prepaid plans allow you to buy a future education at today's cost -- a sizable expected savings given the rate of increase over recent years. The plans usually are guaranteed or backed by the state.
- **Drawbacks:** Since many prepaid tuition plans are under the aegis of state governments, they generally have residency requirements, meaning your college choices could be limited. The plans also have age and grade limits for the beneficiary student. In most cases, only tuition and mandatory fees are covered in prepaid plans.

9. College savings plans
With a college savings plan, you establish an account to pay for a student's future college expenses.

- **Advantages:** Withdrawals from college savings plans can generally be used at any college or university, regardless of its location. Distributions for eligible college costs are tax-free. Savings plans will cover a wider range of expenses than prepaid tuition programs; this includes room, board and books in addition to tuition and fees.
- **Drawbacks:** As with any investment, risk is a factor; the plan money is not guaranteed by the associated state government and is not federally insured. If you use account money for ineligible expenses, you'll owe federal taxes on the amount as well as an additional 10 percent penalty on earnings. Savings in a 529 plan could reduce a student's eligibility for other financial aid. Pay close attention to the plans fees, which could take a substantial cut of its earnings.

10. Savings bonds

This savings vehicle is often viewed as old-fashioned, but today's savings bonds are not the bonds your grandparents or even your parents bought. Enhancements to these federally backed instruments make them attractive to many looking for an easy, safe and, in some instances, quite competitive way to sock away cash. The most popular savings bonds are Series EE, the fixed-rate variety, and Series I, which is indexed periodically to inflation.

- **Advantages:** The purchase price of a Series EE bond is just half its eventual maturity value. Both EE and I bonds come in eight denominations, ranging from $50 to $10,000. They are easy-to-buy, either through workplace payroll savings plans or at most banks and credit unions. You also can buy bonds directly from the U.S. Treasury at the department's TreasuryDirect Web site. Interest earned is exempt from state or local taxation. Federal taxes are deferred until you cash the bond, but if you redeem them to pay for higher-education expenses, you might be able to also avoid federal taxes on the earnings.
- **Drawbacks:** Unless the bonds are used for college costs, you'll eventually owe the IRS for the accrued earnings. The Series I bond does not offer a half-price purchase option. You must hold both types of bonds for at least one year before you can redeem them. Both series charge a three-month interest penalty if you redeem the bonds during the first five years. You need to pay attention to when you cash in the bonds, since the redemption timing affects the amount of interest you'll get.

Don't try this at work

There's one more tax-related savings option that many people use, but it's not recommended by most financial advisers: paycheck over withholding.

Many employees intentionally have an excess amount of federal taxes withheld from their pay so that they'll get a fat refund at tax time. But if you adjust your withholding so that it more accurately matches your ultimate tax bill, you'll have immediate use of your cash. That way, you can put it into a savings account where it can earn more for you, instead of letting Uncle Sam have your money for most of the year as an interest-free loan.

So please, pay close attention and be prepared to <u>act immediately</u>.

This special <u>FREE</u> offer is being made to a <u>limited</u> number of IRA, ANNUITY owners and Retirees and I expect most of you to take me up on it. Even so, if you call before the date stamped on this report I will honor this <u>one time FREE offer</u> no matter how many calls I get.

So here is the offer…

<u>Call by the deadline stamped on this URGENT REPORT and I will schedule a FREE one-hour advanced planning and review. During this FREE review you will learn:</u>

- How you may <u>increase</u> your current annuity value.
- If your annuity(S) can be used to <u>reduce</u> or eliminate Social Security Income taxes
- If you're in danger of the <u>IRS' tax time-bomb of 20%</u> or more, and if so , how you can avoid it
- The financial strength of your bank and insurance company or companies (Very Important)
- If your annuity interest rate is <u>competitive</u> with current rates
- You will learn additional tax savings strategies

<u>You'll also learn these insider secrets:</u>

- What your banker <u>doesn't want</u> you to know about CD's
- How to increase your IRA's, 401(k)'s and Pensions by <u>many folds</u>
- How to pass assets on to the next generation <u>without</u> estate tax
- How to keep pace with the stock market with you <u>principal and gains guaranteed</u>
- How to get income for the rest of your life and still leave <u>all of your money</u> to your beneficiary
- **And much more…**

Most importantly…during this valuable review I Will <u>Not Try to Sell You Anything</u>. In fact, that will be the last thing I would do, due to time restrictions.

<u>This Review Will Be For Your Benefit Only</u>!

What's in it for me? If I can save you thousands of dollars and earn your trust, it will be worth 10 times the value I'm offering…<u>For Both of Us</u>.
How much would you pay for this financial service? Typical fees for this service range from <u>$395 to as much as $1,000!</u>

What is more important is that the one time test offer is absolutely FREE if you call before the deadline.
From my experience, people like you have usually been neglected from the overall advanced-planning standpoint.
I believe I can save you money. I wouldn't make you this offer if I wasn't so sure of it.
Please, Don't Procrastinate…

I've learned from experience that a motivated individual makes a quality client. That's why this **FREE** offer <u>will not be repeated</u>. I anticipate a huge response to this **FREE** offer. It's in your best interest to **<u>CALL TODAY!</u>**

Sincerely,

Extra Bonus Offer…If you call, not only will you get a free one hour review including the financial strength of your company and all the other benefits outlined in this letter, but you'll also get 2 additional financial reports FREE at your consultation. These reports titled **"The Six Most Common Mistakes Annuity Owners Make-And How To Avoid Them"** and **"10 Insider Secrets Your Banker Doesn't Want You To Know About CD's"** could easily be worth thousands, even tens of thousands of dollars to you. And they're yours <u>free</u> simply by calling now before the deadline stamped on this letter.