



The FSD Journal

A monthly guide for insurance agents

reviewing annuity product quality and performance

April

Quality ♦ Integrity ♦ Expertise

2003

In this months issue:

- Annuity Review sales ideas, product comparisons
- SPDA & EIA Rates & Commissions!
- A study on the need for retirement education.
- Discussion of interest rates, commissions and how they play off each other.
- Overview of the (EIA) Marketplace.

Multi-Year Lock-in

3.77% FOR 3 YEARS

3.95% FOR 4 YEARS

4.50% FOR 6 YEARS

Complete Details On The Deferred Annuity Guide

Still The Hot Product

15% True Interest Bonus 4.65% Minimum 10 Yr. Guarantee
 Up To 4.50% Commission Call Or Get Details On-Line
 F&G BONUS 555 - 5.00% Year 1 - See Annuity Review For Details.

TRAIL COMMISSION

Interested in building up your asset base?

Announcing our equity indexed annuity that offers an up-front commission with an asset-based trail:

5.25% 1st Year
0.40% Trailer

Please call us for more information.

100% Participation Rate
Monthly Averaging Annual Reset
10% Cap 1.75% Spread
AAA RATED Jefferson Pilot
Xtra Choice Index
Fixed Account 3.40%

Annual Income Paid Monthly On \$100,000 Deposit GUARANTEED FOR LIFE!

8.47% GUARANTEED

Male age 65 \$8,470.68 Annually

9.64% GUARANTEED

Male age 70 \$9,642.36 Annually

11.36% GUARANTEED

Male age 75 \$11,361.84 Annually

7.60% GUARANTEED

Female age 65 \$7,598.16 Annually

8.55% GUARANTEED

Female age 70 \$8,547.24 Annually

10.05% GUARANTEED

Female age 75 \$10,005.12 Annually

- Q.** What is the biggest concern of seniors today?
A. Outliving their money!
Q. What is the only solution which can guarantee that they can't outlive their money?
A. The Single Premium Immediate Annuity (SPIA).
Q. Who has the most expertise and best SPIA rates?
A. FSD – Give us a call or go on-line for a quote!

The Annuity Review

A variety of sales ideas, product discussions/comparisons and miscellaneous thoughts

E QUITY INDEXED ANNUITIES – 2003

I am sure you have all noticed the changes to EIA's offered by the carriers. Margins are up, caps are down, but the newest wrinkle is that commissions are down also. In order to stay "competitive" many carriers have reduced commissions on EIA's (and also on traditional fixed products.) I generally do not like products with an earnings cap, but in this market they represent the lesser evil. By this I refer to the fact that products, which use a monthly average with a spread or margin may generate very low return in an up market. Consider an S&P rise of say, 20%. The average rise might be 10%, subtract a 6 or 7% margin and the client gets 3-4% equal to the minimum guarantee.

In light of this I feel that the key to EIA's today is being able to show a client in a 2% taxable CD that he can earn 3% tax deferred with some upside potential. Remember, EIA investors are looking to minimize the risk not maximize their yield. The 2 best products today (in concept at least) are the Index Rewards from F&G and the Secure Index from USG (ING). Both offer annual resets and annual lock-ins, non-averaging methodology and reasonable caps and commissions. As market conditions change these products can raise their caps. Both products also guarantee 3% minimum return on the entire investment. 3% tax deferred with upside potential. Clients like to hear about that. Please call us for more information.

RETIREMENT READINESS

The National Retirement Planning Coalition (NRPC) study reveals limited awareness of retirement needs. Please visit www.fsdfinancial.com for the key findings of this study. See why FSD believes in immediate annuities to guarantee an income that can't be outlived.

MYG PRODUCTS COMMODITIES

In this low interest rate environment most multi year guarantees are looked at as a commodity. The insurance carriers recognize this and have reduced commissions so they can show a higher rate to the consumer who now surfs the internet looking for the best rates. At FSD we strive to always have the best guaranteed rates available to our agents. Don't get beat by the internet – we know commissions are low, but at this point in history a little may be better than nothing. Many annuities have also been pulled because the carriers can't cover the minimum contract guarantees any more.

MY FAVORITE PRODUCT – F&G BONUS 555

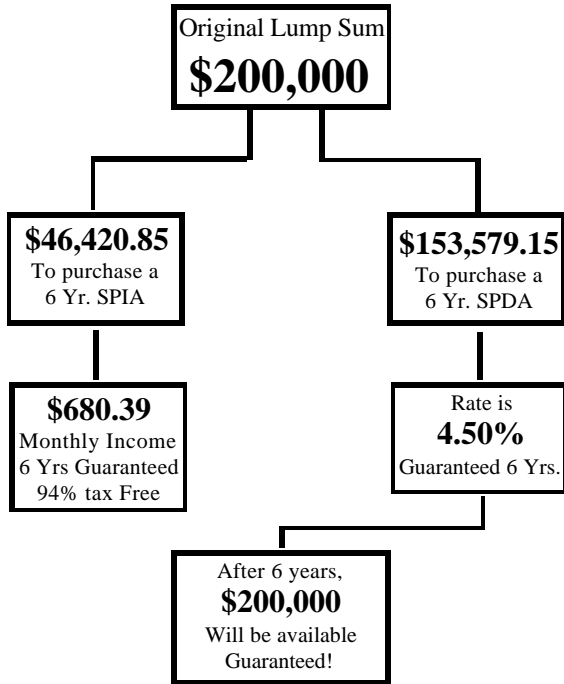
This is a personal preference, but consider the sales presentation – Dear client, this product has a first year rate of 5%, the renewal rate in years 2-10 will be set by market conditions. However in years 8,9, and 10 a 5% bonus based on the original premium will be added. This means that if we assume the lowest possible renewal rate of 3% the product has a minimum 10-year yield of 4.65% tax deferred. If interest rates go up over the next 10 years the yield will increase, but on a worst case the yield is 4.65% guaranteed for 10 years. As a minimum guarantee 4.65% is pretty good in this market. The 4% commission is also not too bad today. Take a look at the F&G Bonus 555.

Bob Affronti
President



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Split Annuity Illustration

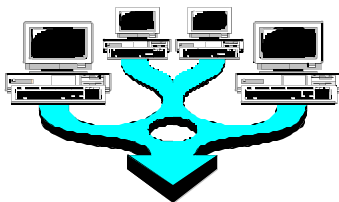


The split annuity uses the best possible deferred and immediate annuities.

Companies Lower Commissions

Be aware that over the past several of months companies such as Consec, Jefferson Pilot, Fidelity & Guarantee, North American, & American National have lowered commissions!

On-line Since 1995!



www.fsdfinancial.com

Rates/Commission/Sales Ideas
 Product Brochures/Specials
 800-373-9697

Next Month in: The *FSD* Journal

• When & How To Use A Partial 1035
 • As interest rates rise a partial 1035 exchange
 • may help your client increase interest rates
 • and earn you a new commission.

• Split Annuity With Life Payout
 • A 10 year deal that Guarantees an income
 • for life and a *MINIMUM* of your full deposit
 • back at the end of 10 years GUARANTEED!

• RATES & TOP LEVEL COMMISSIONS
 • Deferred & Indexed Annuity Guides
 • Top Level Producer/Agency Contracts

Remember The Web Open 24 Hours

Agent love the FSD website! Get Licensing, Client Brochures, Request Quotes, Contest Information, Current Rates & Commissions, Order Sales Kits For Email Delivery, and much more!
www.fsdfinancial.com (Password = *service* (lower case))

From Your One-Stop Annuity Shop:



Products not approved in all states.
 Rates are subject to change at anytime.
 Current rates can be downloaded at our website.
 AGENT USE ONLY - Not for distribution to general public.