



The FSD Journal

A monthly guide for insurance agents

reviewing annuity product quality and performance

May

Quality ♦ Integrity ♦ Expertise

2003

In this months issue:

- Annuity Review sales ideas, product comparisons
- SPDA & EIA Rates & Commissions!
- Mr. SPIA - Immediate Annuities Can Guarantee An Income Forever.
- When to use the free withdrawal.
- Companies are dropping products!
- We can get you top level contracts!

"Old Annuity, New Commission" Rollover or Partial 1035

Their paying for it. Why not use it?

Interest rate awareness is key to annuity sales. New money rates are easy to find, but agents need to keep aware of the renewal rates. After the first year bonuses are long gone the insurance company is annually setting new renewal rates for your client. The renewal rates may be substantially lower than new money rates offered throughout the marketplace. Let assume a client has a \$100,000 annuity with a 10% free withdrawal provision and a renewal rate of 3%. This client has \$10,000 that is free to move to another annuity at a higher guaranteed rate. That is a new higher rate for the client and a new commission for you the agent. Using this ("Old Annuity, New Commission") approach lets say you have a \$5,000,000 book of business \$500,000 of that is likely available for transfer. Maximizing your clients total yield and earning you a new commission. It is a **WIN WIN** situation and you already have the clients. Give us a call and we can run the actually numbers for you. *Ideas are our business.*

Ref. Conway v. Commissioner

Multi-Year Lock-in

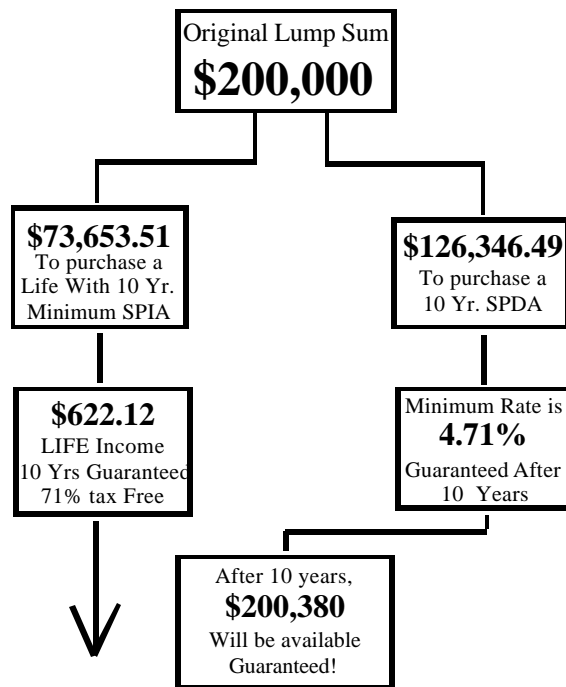
3.33% FOR 3 YEARS

3.60% FOR 4 YEARS

4.40% FOR 6 YEARS

Complete Details On The Deferred Annuity Guide

Split Annuity + Illustration



For older aged clients this life contingency split annuity will give a competitive interest rate and maximize income. The client gets their original premium back at a minimum & the income never ends. Works for all age groups, best for males 78 & up females 80 & up.

Above quote assumes - 78 male NQ - AZ - .

The Annuity Review

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

CAN YOU SPELL OPPORTUNITY? WE CAN S.P.I.A.

I recently was invited to attend a working session with a major annuity provider. Also in attendance were about 20 of the other top marketing groups. My requests for improvements and new designs were in the immediate annuity area. My peers started referring to me as Mr. SPIA. I wear this badge with honor. Pick up a dictionary, look up the word annuity. If you have read many of our industry publications lately, you have seen an emphasis on immediate annuities. Why? Because people need income! Whether it is for a lifetime or a period certain income for most seniors has dropped in a major way. Think about CD rates from 3-4 years ago compared to today. By using annuities you can double or perhaps triple someone's income today. The SPIA market is still underserved by insurance agents and brokers. I can promise you that if we don't market these ideas, we will see banks and even the stock brokerages selling income products, which are really in our field. Now is the time for SPIAs – and it is only the start. Baby boomers are getting older and income will be their concern. Call us at FSD to discuss the opportunities – visit us at fsdfinancial.com for articles and statistics on why SPIAs are so important to your practice. Learn, the necessary and varied uses for SPIAs.

BONUS 555 – 20% 1ST YEAR INTEREST

That can't be right – can it? Well, actually it is. I have always been suspect of bonus products. Having spent a good part of my career designing annuity products, I look for the "gotchas" in these products. The bonus 555 credits 15% to a side account and 5% to the client account. In years 8,9, & 10 the side accounts plus interest is added to the client account. So in years 8,9 and 10 an 8% interest minimum will be added to the client account. What this means is that even if rates don't go up over the next 10 years (clients know rates are going up) the minimum yield that the 555 can pay is 4.71% for the 10-year term. This assumes a 3% renewal for years 2 – 10. If renewals are higher the yield goes up. The Bonus 555 has a declining surrender charge and no MVA. Another great feature to the Bonus 555 is its liquidity feature of 100% interest at anytime. The liquidity feature allows the client to maximize yield if interest rates substantially increase in the marketplace by moving to a higher yielding annuity. This product has a good yield with upside potential and a fair commission. \$100,000 deposit will grow to a minimum of \$158,596 in year 8 \$35,594 is available for free withdrawal/transfer, that's 26%! This a flexible premium product with \$2,000 minimum additional deposit.

(P.S. Got a large case, call us – we pay bonuses in cash).

Bob Affronti
President



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Companies Dropping Product?

Be aware that rates are still dropping. Companies have already dropped commission and are now starting to pull product off the shelves. You may remember the days of the one or two year rate guarantees with matching surrender! Well, those have been gone for some time now and the same is happening to products with 4% minimum guarantees. Clarica Life will be discontinuing their annuity portfolio on 6/1/2003. Products like the Bonus 555 which has for months now be at its absolute minimum guarantee of 4.71% after 10 years, already had its commissions reduced from 6.50% to 4.00%. Get these products before they are no more.

Next Month in: The *FSD Journal*

- Companies Are Finding Their Niche
- Inside A Specific Rating Categories
- Why some insurance companies rates are so much higher/lower than the competition.
- Jefferson Pilot And New EIAs'
- Four new products each with three crediting methods!
- A++, AAA Rated
- RATES & TOP LEVEL COMMISSIONS
- Deferred & Indexed Annuity Guides
- Top Level Producer/Agency Contracts

**FSD Annuity Marketing Contracts
For The Independent Agent**

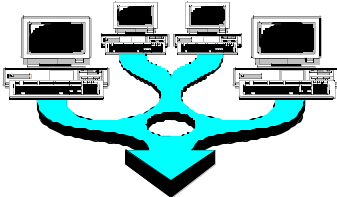
1. Receive a top street level contract with the companies of your choice.
2. We supply sales material and ideas as well as administer new business.
3. Receive bonuses on larger cases.
4. Do you recruit agents? Would you like to? We will help show you how with a marketing level partner contract.

We Are The Annuity General Agent
For The Independent Broker

Open 24 Hours On The Web

Agents 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))

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