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PRIVATE PRACTICE MARKETING FOR FINANCIAL SERVICES PROFESSIONALS IN THE U.S.A. AND CANADA

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You don't have to be sick to get better.

14 April 2000

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Welcome Aboard!

This is the inaugural monthly issue of the online series **Financial Practice Marketing**, the 26 installment collection of *how to* kits on key techniques and tools for private practice marketing.

Bulletins—That's what this issue is all about. Bulletins are one great tool in the marketing mix of a professional financial advisor. There are three files in this issue.

fpm-01a.pdf	This file. A full explanation of <i>the why and how</i> of bulletins as a professional marketing tool, plus two samples
fpm-01b.pdf	USA sample bulletin and cover letter—a successful initial offering to begin a series of bulletins sent to accountants.
fpm-01c.pdf	Canadian sample bulletin and cover letter—on insuring RRSPs and RIFs against the ravages of taxation

PDF file format—This series is distributed in .pdf files, which can be read onscreen and printed in color using the freely available Adobe Acrobat™ Reader.

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Private Practice Marketing

A marketing consultant once pronounced that all future marketing would be niche marketing. The idea is that specific data about potential target markets are more available now than ever before, and in more specific detail we can use. The information is accurate, but the conclusion may not be. Why? Because when you are marketing and selling financial products and services in a local region, the numbers of people in niches are often too small to compartmentalize. There are more smaller niches than you can effectively target, although you still need sufficient activity levels to sustain your clientele and income levels. Here are some examples.

- ◇ An advisor in a rural setting identifies several niche opportunities, each having only 5 - 25 qualified prospects who often fit into more than one market segment. Issue: this advisor's marketing must deal with the local culture and the relatively small number of qualified prospects regardless of niches.
- ◇ A city-based advisor works in the urban sprawl, principally among high-tech electronic engineering executives. The niche is clear and the number of prospects fairly large. It could become the "all my eggs in one basket" scenario pretty quickly. Diversity is needed unless the risk of a severe down-turn locally in the one industry is acceptable to the advisor. History suggests it should not be.
- ◇ A third advisor likes the idea of being the expert in life and disability insurance for other professionals who can generate cases, which they split. But there is just so much of this split-case work that the advisor can do and achieve important personal goals, so developing one's own reputation and clientele are concerns. They should be.

Doing vs. Planning, then Doing

There are certain types of marketing activities that higher-end markets respond well to. When you

- demonstrate that you are innovative (not to be confused with creative, which is different),
 - demonstrate more expertise than your competitors and
 - show that you are interesting in an appealing way,
- people will respond more favorably to the opportunity to work with you. A good image and reputation, then, work well in any market, niche or otherwise.

Private Practice Marketing is a mix of things to do to help you develop the good image and reputation that will attract prospects to you. Certain marketing activities reap better results than others, so they are presented here in generally descending order of effectiveness. The ones at the top of the list generally provide the best results over time.

I do not recommend doing each of the items listed. I do suggest that you consider each type of activity and its general effectiveness, and balance the mix of your marketing activities by doing three, four or five of them. **Combined activities done consistently over time** will deliver the results you seek:

- recognition by your market(s)
- lower acquisition costs for new business, and
- profitably improved overall sales performance.

The activities listed below are arranged in descending order of their marketing impact on most business, professional, executive and generally affluent markets. My personal favorites are indicated in bold black type.

ACTIVELY SOLICITED REFERRALS

Client Interviews to ask for Personal Introductions

Brochure

Direct Mail (*not* bulk, mass or wave mail) Promotional Letters

AUTHORSHIP—the power of being recognized as an authority

In-house Newsletter

Bulletins

Articles

Columns

Letters to Editors

News Releases

Crossword Challenges

Book

WORKSHOPS/SEMINARS

Public

In-house

Sponsored joint ventures

PUBLIC APPEARANCES

Speeches/Presentations

Radio

Talk Show Guest

Talk Show Call-in

Television

Talk Show Guest

Talk Show Call-in

ADVERTISE

Event Sponsorship (business card ads, billboards, etc.)

Newspaper a special and unique kind of ad

Magazine

COLD CALLS

Telephone Solicitations

In Person (knock on the door)

MASS MAIL

Exposure Mailings (wave, bulk, mass mail)

Reply-O Mailings

Free Offers

In this initial installment we will focus on bulletins and why they may work better for you than a newsletter.

Bulletins

One of the most elusive, if not downright mythical goals in *professional practice marketing* is developing name recognition. The effort wasted in this endeavor is usually not merited. Oh, sure, name recognition has value, but name recognition alone won't get you profitably improved sales performance, which is the sole criterion for measuring marketing effectiveness. What I'm talking about here is ***name plus idea recognition*** that wins you more business at less cost to acquire it...and that translates into more profits. This is worth pursuing.

Emotional logic

The underlying logic for what I am advocating here is easy to follow.

1. ***People who think through doing something serious are usually prompted by a situation they decide to deal with themselves.*** Many people decide to buy life and disability income insurance because events in their lives make them think about it; they want to guard against contingencies that some situation prompts them to think about more seriously now than before. A friend dies and leaves a family destitute, or financially comfortable, either way impressing the observer to think about this situation for himself; a baby is born; a partner's spouse becomes a serious meddler in the firm's business by influencing the thinking of the partner, and will inherit a large share of the business if that partner dies. One real life situation after another prompts people to think about protecting themselves from the potentially damaging impact of certain contingencies.
2. ***People who look for help solving problems tend to seek advice from counselors they know deal effectively with people like themselves in their type situation.*** They think to **match the counselor's expertise** (the counselor's knowledge and experience solving certain problems) **with their own situation**. Doctor's often seek financial advice from financially successful doctors and advisors who specialize in counseling doctors; professional athletes take advice from advisors who successfully manage the affairs of athletes like themselves; people of means seek counsel from those they know understand and advise other people of means in similar situations.
3. ***If you cannot be the event or situation that prompts someone to think about you, make your situational expertise known to them so they will recall you when they choose to deal with those situations your expertise matches.*** To achieve this objective, author and circulate bulletins that will help to implant in peoples' minds that your good work attaches to certain situations you are expert at solving for people like themselves.

Bulletins

Bulletins are not the only marketing vehicle for developing *name plus idea* recognition; they are simply part of the mix of marketing activities you may want to employ to profitably improve your sales performance. Because they demonstrate authorship, however, and authorship is the most effective form of recognition short of celebrity, you should consider issuing them. Bulletins also incorporate certain features that provide a number of additional benefits. Bulletins are:

- highly versatile, easily modified to target various market segments
- brief, easy to create on today's great word processors and laser or color printers
- succinct, each bulletin focusing on only one issue
- readable, especially good for getting someone's attention *now*
- inexpensive to produce, making issuing multiple bulletins economical

- in your visually unique graphic format, making recognition of your latest bulletin easy to spot from a distance
- produced as *news*, not as a scheduled publication, so the anticipation of your readers is that your bulletins have value *now* as timely communications
- innovative, still unique in most markets and always uniquely yours
- different in an appealing way, making your messages all the more memorable

About Newsletters

Publishing your own in-house newsletter can be very beneficial for staying in contact with your clients and for attracting prospects to your expertise. It allows you to demonstrate your style and personality by the way you write it, and show your degree of "class" in the way you lay out the pages and print it. The quality of your newsletters correlates directly to the effort and expense you put into producing them. The downside is that a newsletter is relatively expensive in time required to write and produce it and in the costs to print and mail it. Newsletters also set the expectation that you will continue to do one on a regular schedule, and disappoints people when you don't meet their expectations.

Bulletins

Publishing a bulletin is less costly, requires less effort and achieves essentially the same results (and more) as a bigger, fancier newsletter. On two sides of one page you can say a lot, especially about current events that effect your clients and prospects.

A bulletin is not expected to be pretty and slick, just accurate and timely. And your audiences will expect you to produce bulletins only when you offer special news, not just when it is scheduled for publication. In this sense **the bulletin has more meaning more often for your readers.**

Principles

- ◇ The bulletin is produced to send news, so it must be **timely**.
- ◇ The news need not be the complete details on a topic, but must **provide sufficient information** to allow the reader to decide whether or not to pursue the topic further.
- ◇ Bulletins should be **succinct**. One standard page in abbreviated format works best. When you write more than one page or crowd too much text onto it, the bulletin becomes much less appealing than briefer versions.

As with every communication, there should be a suggested way for the reader to respond if s/he desires. This is better left to the cover letter and not the bulletin to convey. Your bulletins will keep their credibility (and yours) if they remain purely informational and show no hint of sales messages. **The more objective you appear to your audience, the more you will be sought out for your advice.**

Develop an editorial standard, such as publishing only fact, not prediction. Example: One income tax preparation software firm waited until the lawmakers had completed their tax revision work (November) before releasing its new product. By doing this (and explaining their strategy in advance), they provided their customers with a superior product than their competitors did (who tried in the interim to release programs incorporating every possibility the undecided lawmakers might adopt). Their end result was a complete, credible tax preparation package that was also clearly first on the market that tax year.

If your bulletins explain real situations, rather than guess at predictions about future tax laws or the economy, you can develop the same type credibility with your markets. If a pending situation merits it, however, don't hesitate to issue a news bulletin.

Practices

- ◇ Develop sources for "news" that are pertinent to your prospects' and clients' situations. You might find an attorney in your favorite home/head office willing to provide material and/or review your bulletins for accuracy before you release them. Submitting each bulletin to compliance review in draft form might also help you create a superior result.
- ◇ Plan ahead as much as possible, such as timing a bulletin to a vote on tax legislation currently pending.
- ◇ Decide to whom you will send a specific bulletin. Not everyone should receive all your bulletins. Do selective circulation. Your contact management software should be set up to sort by categories of contacts to manage this with ease.
- ◇ Number each bulletin so there is a reference to each one in the entire series you publish.
- ◇ Put the bulletin on the back of your letterhead and your merged-mail letter to the recipient on the front. This guarantees that your name and image will never be separated from your work and good ideas.

Tools

The tools you will need to produce and circulate bulletins include:

- ◇ Word-processing to make the original (camera-ready copy) for printing on the back of your letterhead. Hint: Use only oil-based ink for stationery to be used in laser printers. Rubber based ink will melt in your printer and eventually cause a mess.
- ◇ Mail-merge capabilities to individualize your cover letter to each recipient.
- ◇ Support for folding, stuffing, stamping and mailing your bulletins. Being timely includes details such as making sure you mail a bulletin on the date of the cover letter.

Techniques

See the samples for an idea of how a bulletin can look. From time to time (every six bulletins or so), call or write to recipients of your bulletins and ask

- ◇ if they find the bulletins useful and wish to continue receiving them, and
- ◇ if they know of other people who should also be receiving your bulletins.

Hint: Publish your articles under your own byline if you wish to identify yourself as the person with the expertise. Sending bulletins you purchase from a service is not the same as authoring your own bulletins. Audiences know when you do, and do not, write your own material. It is your own material that wins you the power of authorship.

Notice the simplicity in the examples. The cover letter is personal; the bulletin timely and succinct. A good database program allows directing each bulletin to individuals who need to know, so circulation is cost-efficient and effective. For people you wish to reach by e-mail, use PDF files that can be read by the commonly available Adobe Acrobat Reader, but not be changed. Limit your liability by not giving someone the ability to easily change anything you publish.

The bulletin format I prefer is simple and easy to conform to, although it does take a few issues to get the hang of writing to this format. For the **situation**, describe, by using facts, the context of the topic you are writing this bulletin about. For the **problem** statement, explain the impact this situation will have on what kinds of people (so they can qualify themselves and/or be disturbed by the news). Then, offer the favored **solution** (or the route to it).

That's really the essence of bulletins. The benefits of doing them regularly are many.

Bulletins

- ◇ are timely and newsworthy to your readers.
- ◇ help establish your expertise to a large base of prospects, clients and centers of influence.
- ◇ are generally less costly to produce than newsletters you write or purchase from a vendor.
- ◇ are a wonderful alternative to a brochure.

A simple format and formula

The basic format for bulletins—as I have designed them since 1987—is relatively easy to create and increasingly easy to write to, once you get underway. The components include:

Masthead: your unique title for your bulletins, plus any graphics you want to employ to complete the image. Example: One client of mine who sells exclusively to physicians, was also educated by Jesuits and studied Latin, so part of his bulletin masthead includes the image of a prescription pad with his name on it (implying metaphorically that this CFP is the financial doctor), and each bulletin includes a Latin phrase on the pad, prompting physicians who receive his bulletins to get involved by trying to translate the phrase and even discuss it with other physicians. They have fun. Imagine!

The basic features included in the masthead:

1. **Title.** This never changes. Example: *News You Can Use*
2. **Date and Serial Number.** Each bulletin you issue should be identified as part of a series of bulletins you author. Example: *Bulletin No. 2000-01, 12 January 2000*. Caution: When you start issuing bulletins, regardless of when you begin, start with number one. An advisor I know started his series with bulletin number 26 to make it appear that he had been doing this for a while and found himself irretrievably in trouble with a few lawyers and accountants who asked him to provide them with the first twenty-five issues. A word to the wise should be sufficient here. Why not simply announce with your first bulletin that you are beginning to do these?
3. **Your name and identification as the author**, which may be part of the title, sub-title, copyright or a simple statement that you are the author. Examples: As part of the title—*Moore on Money*. In the sub-title—*FISCAL FITNESS...the Smith bulletin on financial health and well-being*. In the copyright you should include anyway—© Copyright 2000 by J. R. Smith, CFP. All rights reserved. As simple as it gets—*By J. R. Smith, CFP*.

Of course, you will have to choose stationery, stock, ink colors, decide whether or not you want to create your own unique bulletin format and print your own special stock on which you later print your bulletins. These are all personal choices that reflect somewhat on your image. My impression, however, is that far too much time and money are spent by advisors trying to get their image “just right” in the stationery design, and they spend comparatively far too little time and effort getting the right messages out to their selected market segments.

If you want to make a great visual impression, pay a designer to develop your bulletin stock in consideration of your other stationery, collateral and image pieces. Coordinate the look and feel of everything you put out on paper. You might want to review all your stationery and collateral for visual impact, and build your entire package at once.

Format

The basic layout for most bulletins is deceptively simple and designed to keep your writing—volume and effort—to a minimum. There are four parts: *headline, situation, problem, solution*.

The *headline* describes the bulletin’s topic in a manner that draws attention, just like a newspaper article’s headline is designed to grab your attention to buy the paper or to read the opening paragraph of a story. The best headlines do not simply cite the topic; they make it come alive in the reader’s imagination. Example: *Succession Planning* is nowhere near as grabbing as *Parity for the Children Who Should NOT Inherit Your Business*.

Try this: write the bulletin first, making the points you want the reader to understand, *then* write the headline. This thinking sequence will generally get you better headlines. If you prove to be less effective writing headlines than you would like, let someone else write the headlines after you do the bulletin, or give it all over to a professional writer.

The **Situation** is the first section of writing below the headline. It’s purpose is to describe as succinctly as possible **the circumstances that give rise to a certain problem** you will address in this bulletin. You may be describing anything.

- a series of tax code revisions affecting certain tax deductions;
- a hypothetical or real company that fell apart when the owner/father selected one child over another to run the company, and that child ran the company into the ground and fought with the sibling, requiring the father to return to set the company straight again (coming unwillingly out of retirement);
- the case of a sixteen year old survivorship life policy for which the insurer almost tripled the premium to cover its failure to achieve the anticipated and undisclosed assumptions underlying the policy series when it was sold sixteen years before.

When writing the *Situation*, keep what you say factual, straightforward, almost clipped. Avoid stating the problem. Let readers decide if this is a situation that could happen to them, or to someone they know.

The **Problem** is no more than **a simple statement that relates the contingencies that the situation creates**, in terms that hopefully compel the reader to want to avoid. Try setting it in bold italics. By all means keep it brief, succinct and poignant.

The **Solution** section ends the bulletin, and works best if it is a series of **steps to be taken** to go about solving the problem, **or alternatives** to consider.

One of the major problems with the many bulletins I am asked to review is that instead of sounding like news, bulletins often sound like advertisements or infomercials. Because advisors tend to habitually promote themselves, they think of their bulletins as sales tools rather than as client service and communication tools. Readers, on the other hand, often tend to view advertisements and infomercials as clumsily self-serving solicitations that intentionally stretch the truth. Your “come to me for help” messages will be written off rather easily as merely self-serving devices to attract unsophisticated or unsuspecting readers. On the other hand, your objective, newsworthy and informative bulletins will pleasantly surprise your readers. ***I cannot emphasize enough the power of your objectivity to attract high-end buyers, and the self-imposed limitations of using bulletins to directly solicit a reader.***

Advertising is used to solicit buying responses. Public relations is the art of developing relationships with markets. **Bulletins are not advertising; they are public relations** devices to initiate conversations with your specific target audiences.

Multiple Targets

Part of the versatility of bulletins is their ability to be edited into versions, to easily send one bulletin to different audiences without making the bulletin sound contrived or too generic. For instance, whenever I am creating a bulletin for non-insurance professionals such as accountants, trusts and estates lawyers and trust officers in estate planning markets, I create wording that allows me to send a unique version tailored to each audience. The phrase “lawyers and other non-insurance professionals” can easily become “accountants and other non-insurance professionals” or “trust officers and other non-insurance professional advisors.” By thinking through how each bulletin could be written in different versions for your various audiences, you can plan exactly how to send your messages tailored especially for each audience. **Caution:** If you think this is too much work and prefer to create generic bulletins that will fit most audiences, then you are not tapping the power of bulletins and will not look as good as you can.

Subject Matter

There are many topics that bulletins can address. The secret is to keep to the primary marketing formula:

market > messages > media

① **Pick your target, ② decide your messages, and then ③ pick the best mix of media for you to deliver those messages.** In this case, the media includes bulletins. Here is a sample list of topics you might consider for developing bulletins targeting people of significant means.

- Due Care purchasing life insurance
- Choosing an executor
- Joint life insurance—second or first to die?
- Family partnerships as alternatives to second to die insurance
- Prudence tests for pension fiduciaries
- Family split dollar
- Charitable giving
- Incapacity and decisionmaking
- Long term care

Before you take on the effort of sending bulletins, plan ahead. It is better to think through a project and then implement your well thought out plan than to leap head-first into production that will require frustrating and time-consuming changes later.

Frequency

Budgeting your time and dollars is important, so you will want to think through how many bulletins you want to send in a year. You could send as many as one weekly, if you wish, or as few as one monthly. There is plenty of news to bring to the attention of your clients, non-insurance professional advisor centers, and prospects who you want to learn about your expertise and keep your name in front of, so there should be no lack for issues you can raise with your bulletins. The art is to keep it newsy, objectively informative, and consistent with the image you want to convey—that of a counselor especially well-versed in certain topics and client situations.

Those advisors I work with who send weekly or bi-weekly bulletins generally write very briefly and objectively, reporting the news almost as it is done on nightly news broadcasts. Where they demonstrate their expertise is to **add at the end of each bulletin their *comment*** on the news they have just reported. This style provides the opportunity to write the body of the bulletin with detached objectivity, making the writing of the bulletin easier than when trying to weave opinions into it, and then having the last word by adding the author's expert commentary.

An effort worth considering seriously

You can see the tremendous versatility of the bulletin format as an efficient and effective communications tool to demonstrate to your target audiences your expertise.

Two sample bulletins follow on the next pages to demonstrate the general bulletin writing format:

Headline > Situation > Problem > Solution.

Two additional samples (complete with bulletin and cover letter) are each in separate PDF files: fpm-01b.pdf and fpm-01c.pdf

News You Can Use

By John H. Melchinger

Bulletin No. 95-03 3-17-95



Life Insurance —

***A promise to pay that may not come true
without performing Due Care when you buy it***

Situation

A couple with significant real estate assets wanted life insurance to pay their estate taxes at the second death, when the taxes would be due, so none of their real estate would have to be liquidated. They were both fifty years old when they purchased a joint and survivor (second to die) life insurance policy from a major insurance company. The insurance contract promised to pay the face amount at the second death of the two insured. In the policy's sixteenth year, however, the insurance company more than doubled the premium that had to be paid to keep the policy in force, which was allowed in the contract but "not expected" when the policy was sold and originally illustrated for potential future performance. At age 66, the now retired couple with depressed real estate values and failing health could not afford the increased premium and forfeited the policy. The death benefit expected by the couple to be paid will now not be paid by the insurance company because the policy lapsed; the contract is terminated.

Problem

Life insurance contracts, usually purchased based on representations made in the sales illustrations rather than on scrutiny of the contract, often are in a policy series based on certain *undisclosed* assumptions made by the insurance company that the particular policy series will perform well in the long term. Those assumptions may include (1) assumed improvements in mortality (the people they sell these policies to will live longer than most); (2) lower expenses (hoped-for reductions in the cost of underwriting and servicing this policy series); (3) improved return on investments (speculating that investments made by the insurer will be better in the future than in the past); (4) assumptions of lapses (that a certain number of policy owners will give up their contracts before the death benefit has to be paid). These undisclosed factors, alone or in almost infinite numbers of variations, can reduce the original premium asked for by 20, 30, even 40 percent or more. ***Unless these contracts perform as hoped for, the contracts allow the insurance companies not to lose by allowing the insurer to increase premiums in later years.***

Solution

The solution is to uncover, as much as possible, the undisclosed assumptions made by the insurance company for the specific policy series and contract it is offering you. This discloses the comparative of policies under consideration and allows the buyer to make a better informed decision. The process of assessing suitability of the contract offered to the client's goals, needs and risk tolerance—is called *Due Care*. It is not a professional standard that is legally enforceable; it is, however, a procedural standard that can help save you heartbreak later. The general process is (1) to understand the client's goals and relevant situation as thoroughly and necessary and possible; (2) identify the type product that will help achieve the objectives; (3) identify the companies that offer that type product; (4) examine the available contracts from those companies; (5) select those contracts that meet the standards, from only those companies that meet the criteria for effective management and financial ratings. Practicing *Due Care* is more complex than these five steps might indicate. ***It requires the services of an insurance professional who can perform Due Care.***

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Understand Life Insurance as a Sinking Fund: Help yourself and your clients make better purchase decisions

Situation If you understand life insurance as a sinking fund, then you can understand that an assumption of improved mortality (that the people insured by this company will live longer) compounded throughout the future years of a policy series offered for sale today, significantly and often dramatically lowers the premium required. The sales illustration looks remarkable; too good to be true. It may be.

The job of a competent life insurance expert is to inform the buyer of the comparative risks, so the buyer can make an informed decision about what life insurance to purchase. Advisors who take marketing and selling life insurance seriously, pose critical questions to each of the insurance companies whose sales illustrations offer their product to a potential buyer. Questions such as:

<p style="text-align: center;"><u>A Sinking Fund</u></p> <p style="text-align: center;">Premiums — plus — Investment Earnings — minus — Expenses and Profit — equals — Face Amount At Mortality</p>

If you presume improved mortality into the future and illustrated that you will pass on that gain to your policyholders, then:

1. *Have you had mortality improvements over the past five to seven years?*
2. *If yes, have you passed the benefit of that improved mortality experience to your in-force block of business?*

Problem *What if...the assumptions do not come true?* Companies that project improved mortality as undisclosed assumptions, and then do not experience the assumed improvement in mortality, create great risk to the policyholder that the contract will run out of cash value or reserve. Then, just to keep the insurance in force, the policyholder must pay it as yearly renewal term at ages that will probably make the cost prohibitive. The economics also do not pan out very well at all. Example: \$1 million insurance runs out of CV (cash value) at age 77, so the first YET premium is \$44,160. The next year: \$48,360. Now the bad news: the insurer actually experiences improved mortality but does not pass the benefit on to its in-force block of business (they're probably using it to support new sales), and the insured lives to age 87. That year's cost is \$111,000. premium. Imagine: the total cost of premiums for the 11 years from age 77 to 87 is \$753,898! Add that to the previous payments made and figure what the policyholder must put out for a \$1 million death benefit!

These are compelling reasons for you to be able to spot and call to the table for your clients the unrealistic sales illustration assumptions that make risk and speculation in life insurance pricing potentially dangerous for the consumer—your client—and yourself as an advisor.

Solution For the savvy non-insurance advisor, there is help. A competent insurance professional knows how to help your clients reach an effective, informed insurance purchase decision, help avoid liability for practicing outside your area of expertise, and enhance your relationships with your clients while doing it. Just as a doctor looks good recommending a top-notch specialist to help with a patient's work-up and recovery, a non-insurance professional looks good—and does the client good—when recommending an insurance professional to perform due care.