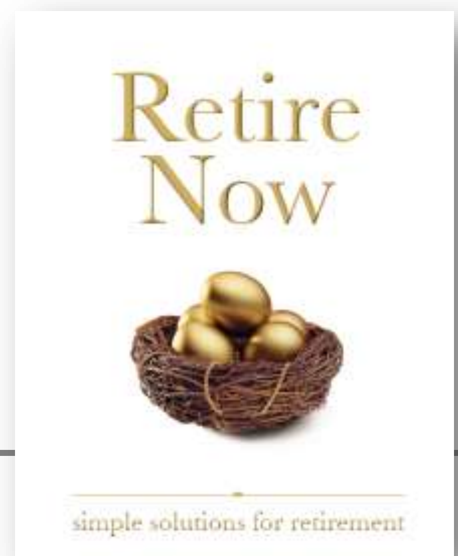
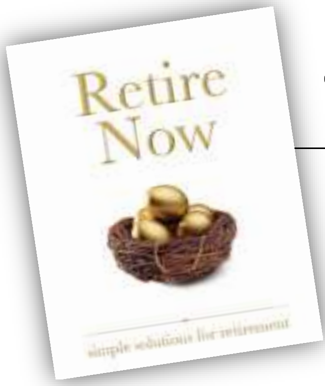
FIRST INCOME ADVISORS

Retire Now Seminar Script





Script for the Retire Now Seminar

This document is a script we use when presenting the Retire Now Seminar to our prospective clients. It is provided to you to use as a guide in creating your script. Your clients, region, affiliations, products and personality will of course be different than ours in many cases. We encourage you to use your professional discretion and personal style in modifying this script to best meet the needs of your clients and affiliations.

SLIDE 1: Your welcome and introduction to the audience.

SLIDE 2: As you know, as a financial planner we are required to inform you of certain regulatory matters which govern our advice to you. [Briefly highlight the content on this screen].

SLIDE 3: This begins our presentation this evening.

SLIDE 4: A few housekeeping items before we get started to make the best of our time and comfort here together: The rest rooms are located ________________________. The seminar will last about 45 minutes. Please silence your cell phones. Please hold your questions 'til the end. For the benefit of all, I don’t answer questions in the middle of the seminar but we will get around to each table between dinner and dessert to answer any general questions that you have. If it’s something specific in nature, I ask that you hold those for your consultation with me. Anyone that signs up for a consultation today will receive a Retire Now kit as a gift for coming. (show the kit)

(BETWEEN SLIDES 4 AND 5 MIKE WILL TALK ABOUT RELEVANT LOCAL AND NATIONAL NEWS FROM THAT WEEK)

SLIDE 5: Alright, I’m probably going to write some examples up here on the board as we go along, but let’s start with a discussion on *Yesterday versus Today*. Yesterday we worked for an employer for 30+ years, a lot of times it was the same employer, which is something you don't see much anymore. We earned a pension through their contribution to the plan, we earned Social Security and we saved some of the additional money to round out our retire savings. Today, people will work for many different employers. In fact, they say the recent college graduate could have nine different employers and could have actually four to six different careers before they retire. That's a lot of changes. Today people are entitled to very little or no pension, they earn Social Security, they have to save their own money through 401(k) Plan, sometimes the employer matches that, and then they have to save more of their own after tax money if they can't save enough money in their retirement plan.

SLIDE 6: So it used to be that 1/3 of your retirement income came from your personal savings, 2/3 came from your employer and the federal government.

SLIDE 7: Today it's a lot different. And if you notice here, over 29% is coming from you, earnings. Earnings? What does earnings mean? That means people are still working in retirement. That is not my definition of retirement. When I quit I like to quit and stay quit but there are some people that can't stay quit 'cause they really need the money.

SLIDE 8: So what does your pension look like? Do you have a pension and how long will it last? Can it go down in value? Are you concerned about running out of money? Do you have survivor benefits? These are all questions we need to ask ourselves. And when people come in to see us we walk them through a program that will visit these issues so you are fully informed where you are. Is it protected if we have a health event? Can we create a pension with your IRA?

SLIDE 9: Social security. When it first started in 1935 you were entitled to receive full benefits by age 65. But do you know what life expectancy was at that time in 1935? It was 64-1/2! So what did they think would happen? That we would maybe pass before we got it. And now today people are living much longer. So if they anticipated life expectancy was 64.5 and people are living a lot longer and we already know Social Security has got a few problems, right? That could be a future problem.

SLIDE 10: So why are so many people concerned about running out of money? These are things I've heard over the years. As Brian mentioned, I've been doing this over 20 years - we've helped over 1000 couples retire and stay retired - and this is what I hear, "Mike, I don't have a plan, I don't know what I can do. I don't have any knowledge as to what I **should** do." Some people are professional procrastinators; do we have any professionals in the room? Ok, one or two. They don't want to face the problem. They're hoping somebody else would do it for them. And again, in the old days people did it for us. And you know, it still surprises me when people come in and they've worked for a company for 30 or 40 years and they say "well, I'm getting ready to go to my retirement workshop". And I say " Really, when? " And they say "A couple of days from now" Really? Is that the time to have the retirement workshop? It should be in a couple of **years** before you retire.

SLIDE 11: Accumulation versus distribution, this is a **huge one** and I want to take a moment to focus on this. Accumulation is the first half of the game of life. In the first half of the game of life we're working, we're accumulating money, we're saving money and we're making systematic contributions to some type of savings vehicle. 'Cause we're working … we're saving.

In the second half of the game of life we're in the distribution phase. Money is coming out instead of going into a plan and hopefully we're reducing or elimination risk

SLIDE 12: So what we do we focus on is the distribution of assets -- and what we do well is we show you how you can create an income stream from your money. And we show you actuarially how long your money will last at very conservative rates. You can even design retirement plans now that have a built in cost of living adjustment. So they're very, very flexible. We can also show you how to do rollovers and create 100% survivor benefit for both you and your spouse.

SLIDE 13: So let's look at a case study. Here's a husband and wife, he has a pension of $80,000, he has Social Security $20,000, his wife has a pension of $5,000 and she has Social Security of $14,000. Now, she didn't get into one of the great pension plans, but she was able to save $200,000 and protect her IRA from market loss with a guaranteed stream of income. And what she did was find an annuity that produces $10,000 a year without annuitization. What that means is she doesn't have to give away the money. Again, old days versus the new days – in the old days to get an income string a lot of times we had to separate ourselves from the money. We had to give up our money to XYZ Insurance Company in turn they would pay us. Now you can set up an account where you don't have to do that by using a fixed indexed annuity with income benefit rider.

She purchases an annuity that produces $10,000 a year. Now what she does is takes the income from the annuity and buys a $400,000 life insurance policy for her husband. Why did she do this? Well I'll walk you through that in a minute and you'll see why.

SLIDE 14: So we have the income and it's $129,000. Now let's look at what happens if he passes.

SLIDE 15: If he passes at age 75 the pension gets cut in half and then the wife takes the Social Security because his is higher, so she loses hers. She has her pension and she still has his annuity income. But in this case did we just not lose $54,000 a year? Is that a lot of money? That's a ton of money in retirement.

SLIDE 16: How many folks are married here, show of hands? If you're married age 65 or older there's a 53% chance that one of you could live to age 91. So you can look at your partner and determine who that will be! What if there was a 53% chance that you're going to live 'til 91? So we're in an era today where you could actually spend more time in retirement than you actually did working. I have clients retiring in their late 40s, early 50s and what if they live to 90 or 100?

SLIDE 17: So if this could be the case . . . the one thing that might be helpful is to map out a retirement income strategy -- so you don't have to **worry** about running out of money during your lifetime. It's pretty easy to do if you know what to look for and you know what questions to ask -- and that's essentially what we do for you.

SLIDE 18: So here's the wife's solution to losing $54,000 a year. She took that annuity income she was using while her husband was alive to pay the insurance premiums on his life insurance policy. Now that he's gone there's no longer that premium to pay so the money comes in to her and she has the $400,000 policy - which the proceeds came out to about 16,000 a year. So now her survivor income is 91,000. Is that pretty good? That's not bad.

SLIDE 19: So the solution is here - it's a method to map out your retirement income but more importantly it says ok, what if he goes first? What if he passes today, five years from now, 10 years from now, 15 years from now, 20 years from now, what's going to happen? What is the survivorship income going to look like for her? What if she goes first? What if she goes today, five years from now, 10 years from now, 15 years from now, 20 years from now, what is his income going to look like? And when we map it out, you'll be able to see in black and white where you have potential holes.

SLIDE 20: So we created a simple process, we'll provide you with our data form. And really what we do is we map out your Social Security benefits statement pages, we look at any pension information, and any pensions that you're entitled to, then we look at your 401(k)s, IRAs, 403(b)s, TSPs, all of that stuff, and then any non-IRA account statements that you have and with that information we create an **income for life spreadsheet**. And when you come in to see us, we have a large flat screen TV and a white board and we put your numbers in and we can actually show you exactly what your income's going to be each year for the rest of your life.

SLIDE 21: So you assemble - and we create the income spreadsheet. Many people that I see say this is the first time they've ever seen it laid out quite like this and it makes it so clear (and simple) where their income is likely to come from during their retirement.

SLIDE 22: Here's another case study, husband and wife both age 65 -- these are the classic do-it-yourselfers. They're very sophisticated, they have a large amount of money and they've been managing the money themselves. They've recently gone through a long term care situation with his father and her father and they have no desire to repeat what they've seen with their parents in their lives.

SLIDE 23: So let's look at their financial situation - income from assets was $120,000, husband's Social Security $27,500, wife's Social Security $20,000 -- total income is $167,000.

They realize they have enough income, provided they don't have to spend their assets down like their parents. They also would like to leave some of their IRA money to their kids

SLIDE 24: So the solution for them was to apply for a $500,000 *Life with a Long Term Care Plan* that covers for up to $10,000 tax free benefit (and I'll explain that more in a minute). Whatever portion of the plan they don't use for long term care is paid out as a tax free debt benefit to their main beneficiaries. I knew in their state they essentially had enough, so they don't have to spend their assets down. The other thing is the premiums are fixed and can never go up.

One last thing I want to mention is that all this covers home healthcare --and there's no waiting period. So with a lot of traditional long term care plans, we have to wait 30, 60, 90 days, 180 days, this can give you coverage from day one. And those things may not sound seem like a big deal, but because we're in the business and we deal with it each and every day -- it's a pretty big deal.

SLIDE 25: Stretch IRA. How many people know the Stretch IRA? We've got a few people. Ok, Stretch IRA basically works like this … if I look at a traditional IRA, something happens when I turn 70-1/2 years. What is that something?

A distribution -- it's a required minimum distribution. I have to take the money out - if I don't take the money out is there a penalty? Yeah, what's the penalty? 50%! It's a 50% penalty **plus** I have to pay federal tax, **plus** I have to pay state government tax - so I end at 80%, 83% - so I'm going to take the distribution. Well the IRS has a chart *the Uniform Lifetime Timetable* that tells us exactly how long we're going to live. Now this chart goes up to age 115 so maybe they know something we don't.

A Stretch IRA basically allows you to stretch out your distributions to non-spousal beneficiaries.

SLIDE 26: Alright, case study number 3, husband and wife - he's 65 she's 68. They've never had a traditional pension plan. They paid for three of their kids to go to college and they're ready to retire now. Both the college and the mortgage payments are gone so they're saving - but they have different philosophies towards money. Now this never happens. Let's just say the husband is aggressive, the wife is conservative. He has 375,000 and he figures he can managed the account himself and he'll just take out distributions of 4% a year; he wants to pick his own assets.

SLIDE 27: So his income is $24,000 from Social, $15,000 from his assets, federal income $39,000, he feels he will pass first, she will get the Social Security since hers is a smaller amount. She has $400,000 and no desire for anything but safety. She found a longevity annuity that pays her $20,000 a year with an income rider, so her total income is $38,000. So both of these people solve the solution for their own desires - he wants more risk, she wants something safe.

SLIDE 28: Her survivorship income looks like this. She takes over his Social Security because it's the bigger of the two. She has her annuity income and then she inherits his IRA. Now we're assuming that he took distributions and his assets went down to $250,000 which she receives, at a 4% hypothetical return, so her survivorship income is 54,000.

SLIDE 29: As I mentioned earlier, about 1/3 of our clients actually have a parent still living and they generally fall under two categories - and I've ran into this twice today - one where we're supplementing mom or dad's healthcare, so mom or dad needs some assistance anywhere from a few hundred to several thousand dollars a month. Or the other case, mom or dad is independently set and so the kids will actually receive an inheritance. But they fall into one of two camps, the haves and the have-nots so to speak

We also have clients that have children or grandchildren that have some special needs and sometimes a trust is set up for that. You would want to consult an attorney. We use the law firm of Sinclair Prosser, they're the largest in estate planning firm in Anne Arundel County. One of their locations is my building in Millersville. It's important to consult with an attorney in this area because someone is going to have to be there to manage that money and make sure that it gets paid out in a timely fashion to meet the needs of the person it is serving.

SLIDE 30: Let's talk about how you might use your RMDs to create tax free money. A wife has a $100,000 IRA, she puts it into a longevity annuity that will pay her $6,000 a year. Her husband is age 72 and is in average health. She uses $5,000 of that $6,000 to buy a life insurance policy on his life for $150,000.

When he passes she'll still get her $6,000 that's coming in but she'll also receive $150,000 in income tax-free insurance proceeds that could easily produce another $6,000 a year in additional income. Now why did I say this produces $6,000 if she's only paying $5,000? We held about $1,000 for taxes. And this is an efficient use of your money

SLIDE 31: Roth Conversion. One of the main reasons you will do a Roth Conversion is so you can take this Required Minimum Distribution Chart the IRS publishes and throw it away because you never have to take a distribution in your lifetime - pretty sweet? If I'm married and I die my spouse can take over my Roth IRA and she doesn't have to take a distribution for the rest of her life --- pretty good.

If it's that good why don't we all do it? Well the drawback is that I have to pay the taxes now, so you are paying taxes in advance. What would the taxes be? Well it's taxed as ordinary income in the year that I did the distribution.

One of the other things is it allows you to change your mind. It's the only time I've known the IRS to let you have your tax money back, providing you do the following:

1. Notify the custodian in writing
2. Satisfy the October 15th deadline (the year after the conversion)
3. File an amended tax return.

SLIDE 32: Beneficiary Forms. This is a **huge** issue. There are people out here in this hall I guess that don't know who their beneficiaries are. I'm not going to point you out, you know who you might be. True story, someone came in about a year ago and he had been married, he's on his second marriage and I said, "Who's the beneficiary of your 401(k) Plan?" "Wife." "Your ex-wife or your current wife?" And he says, "You know, I don't know." He said the company would know.

And I looked at who the custodian was and I said, "I don't know that they would know." And I said, "I'll bet you a cup of coffee they don't know." We called them up and do you know what they said? "We don't know, but we could find out. We'll send a letter out at about five days." And I said, "Well, we don't have about five days we have five minutes, let's get a new beneficiary form." This is so important.

Let's talk about the historic William Kennedy Case, which recently went all the way to the Supreme Court.

A gentleman named William Kennedy died, had a large qualified plan, went through a divorce, obviously wasn't talking to his ex-wife and he wanted to leave all of his money to his daughter, he loved his daughter. And in his will and his trust, it said daughter gets the money. There's just one problem, the beneficiary form on his qualified plan it said ex-wife. He dies, ex-wife show up and she wants the money, daughter shows up and wants the money, they end up in court it gets kicked all the way to the Supreme Court of the United States. Now do you think the Supreme Court of the United States wants to waste time on a beneficiary argument? No, why will they - because there's 78 million baby boomers and they might run across the problem a couple of million more times. So they hear it and they rule unanimously 9-0 in favor of who, ex-wife or the daughter?

Now what they said is the beneficiary form trumps all. So whatever you had that had a beneficiary designation - this could be old life insurance policies, whether they're old or new, annuities, bank IRAs, Group Life through employers - all of these have beneficiaries and if you don't check them, whoever is on there gets it. The worst thing that can happen is it could go to someone who's passed from another state with the highest tax brackets you could have.

SLIDE 33: So do the people handling your money give you an annual net worth update in December of each year, do they update that each and every time you meet with them, are they accessible if you have a life event, do they walk through your pension plans and show you what your potential options are and did they audit your life and long term care plans to ensure that they're complying with new regulations?

SLIDE 34: So how we assist you is we essentially map out three different plans customized to your needs, Plan A, Plan B, Plan C and show you different options of what you could do with your money to protect it, generate more income and look for any blind spots that you may have.

SLIDE 35: So if this is of interest to you, on the evaluation form just check off yes and Barbara who checked you in, has our calendar to get you scheduled. And when you come in, you will meet with me, Brian and Jane to review the consultation we will prepare for you.

SLIDE 36: For those that sign up tonight, we'd like to give you our Retire Now kit. The kit includes a 14-page workbook and several informational booklets I find very helpful to those planning to retire or are in the early stages of retirement. But if you like that kit and you want to come in for consultation, see Barbara and she'll sign you up.

SLIDE 37: When you visit us we will meet for a little less than an hour. We never do business on a first meeting so if you like us, we can show you some ideas and discuss how we can work together.

If you come to see us you'll meet us at our office in _______________.

We'd love to see you so sign up!

My assistant in the back of the room has the calendar and we encourage to you get up before the meal starts and make an appointment with her, the best times go fast and we take appointments on a first come first serve basis.

Between dinner and dessert my assistant/associate and I will be coming around the tables to answer any questions.

I thank each of your for this opportunity! Hope to see you back at the office!

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This presentation contains basic general information and is provided with the understanding that it is for educational purposes only and simply reflects our understanding of retirement issues in effect at the time of publication. Individual situations vary and the personal impact of various estate and retirement strategies should be carefully considered. Nothing discussed at this workshop shall be considered specific advice.

This workshop is presented with the understanding that the company, its employees, representatives, partners, officers, agents or associates do not give legal or tax advice. The individual presenting does not practice law, and nothing in this workshop is ever to be viewed as legal counsel.

No specific investment advice is ever intended. Financial products and services can vary significantly. Therefore, some of the information provided in the workshop may not apply. Always examine the details of any financial product under consideration for its exact structure and provisions. Only a registered representative licensed with a registered broker/dealer may sell securities. Only qualified licensed individuals may sell insurance products. Only Registered Investment Advisors may charge fees. Any mention of interest rates or rates of return are purely hypothetical and not intended to represent any assurances or guarantees. Past performance is no guarantee of future results.

SLIDE OVERVIEW

Slides 1-18

Slides 19 - 37