



COLORADO BROKERAGE GROUP
YOUR STRONGEST LINK
TO THE BEST PRODUCTS AND SUPPORT



COLORADO BROKERAGE GROUP, LLC 2nd Quarter 2009

Why Not Let a Vehicle Designed to Produce Income, Produce Income?

By: Rick Rouse

As the stock market begins to bottom, is a retiree or potential retiree who is dependant upon assets instead of income able to invest with confidence and feel comfortable with the possibility they might outlive their assets and have to change their lifestyle during their "golden years"? We think, and statistics prove, that many more retirees have changed their views that a secure retirement is defined by "a never ending growth of their assets."

I realize that modern portfolio theory extols the virtues of "being in the market" and that is where you will find the returns you are looking for to retire comfortably. Obviously, 2008 put a serious dent in that strategy and in fact, the past 10 years of stock market performance has to have many retirement planners re-thinking that theory.

I have heard for a number of years and have in fact seen illustrations prepared for clients that take their retirement next egg, invest it in an asset allocation model of stocks, bonds and mutual funds etc, in percentages according to the clients tolerance for risk, and point out the typical rule of thumb is to withdraw around 4% on an annual basis for life and send the client home feeling certain that another retirement plan was put to rest and on to the next case. The problem with this "plan" became crystal clear with the 2008 investment debacle.

There is another option that is safe, secure and consistent. The product is designed specifically for generating income, a "retirement paycheck" if you will, for the rest of their life. The product is a Single Premium Immediate Annuity or SPIA, and its use is becoming more and more widespread.

In fact, SPIA sales have grown significantly in the past years. The benefits of the immediate annuity are many, but the fact is, they are not dependent the economy or asset growth. They simply provide a constant flow of income for the life of the owner. Sounds like retirement without retirement in terms of a monthly paycheck for life. When an income is arranged with a lifetime SPIA, the owner is confident that no matter what happens in the investment world, the economy, or with Social Security, they are secure in the knowledge that every month they will go to their mailbox and open an envelope containing a check for the rest of their life. Further, there is no worry their assets will expire long before they do, nor will it ever decrease in amount. In fact, should they so choose, the amount can increase with either a predetermined inflation amount increase or one based on the Consumer Price Index.

This auto-pilot form of retirement income is ideal for long-range planning. When an income is arranged with a lifetime SPIA, more market risk can be taken with other savings and investments. In this way, a retiree has created their own hedge position regardless of the future performance of the equity portion of their portfolio.

Remember, a SPIA plan won't generate excitement from a client or planner and it won't make headlines, but it is a workhorse for retirement security. The American dream can still be had by many because the possibility of a secure retirement increases when SPIAs are utilized. SPIAs are income insurance that provide simple "check-a-month" benefits -- and they never fail to show up in the mail box.

Please contact Rick Rouse for more information.
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"ALSO IN THIS ISSUE"

Produce income With Annuities...1 | Let Longterm Care be there for your clients...2 & 3 | AXA's New Athena Product...4

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We recently had Mike Thaxton from Transamerica on one of our weekly conference calls. He went over a basic strategy to determine how much life insurance a person needs, and how to create buy in! We have included the script in this newsletter, and hope you will be able to join us on future conference calls.

The 6 Minute Opener Script

(How To Sell Millions Of Dollars Of Life Insurance In 6 Minutes!)

- How much money would you want your family to have to live on each month if you were to die tonight? (Write this number down.)
- Would I be correct in assuming that figure is NET . . . after taxes?
- What would you estimate your current combined federal and state income tax rate to be, 15%, 25%, 28%, 31%, 35%, higher? (Write this number down.)

(Take the needed (or wanted) monthly income number and divide it by 1 minus the tax rate (expressed as a decimal). Example: Assume \$10,000 monthly income needed and a 40% combined tax rate . . . $\$10,000 / (1.0 - .40) = \$10,000 / .6 = \$16,666$) (Write this number down.)

- So, this is the amount of income that you want your family to have available for their needs each month if you were to die tonight? (You must get agreement here.)

- So, if we multiply this monthly income number by 12, that will give us the amount of annual income that your family will need if you were to die tonight? (Example: $\$16,666 \text{ per month} \times 12 = \$199,992$ annual income needed.) (Write this number down.)

- Now we need to determine how much capital will be required to produce this annual income to cover your family's needs.

- What rate of return do you think your spouse would realistically be able to generate on his/her savings/investments on an annual basis . . . 5%, 6%, 8%, 10%, more? (Write this number down as a decimal.)

- So, if we take the annual income required (Put a check by this number) and divide it by this rate of return (Put a check by this number), that will tell us the amount of CAPITAL REQUIRED to take care of your family if you died tonight? (Example: $\$200,000 / .1 = \$2,000,000$; $\$200,000 / .08 = \$2,500,000$, $\$200,000 / .06 = \$3,333,333$)

(Write this number down.)

- This is the amount of CAPITAL REQUIRED to take care of your family if you died tonight! (Put 2 checks by this number.) (You must get agreement here.)
- Closing Question: How much CAPITAL do you HAVE? (SHUT UP and wait for their answer, no matter how long it takes.) (Write this number down.)
- So, would you agree with me that the difference between how much CAPITAL IS REQUIRED and how much CAPITAL YOU HAVE is how much CAPITAL YOU NEED to take care of your family if you died tonight? (Write this number down and underline it twice.) (You must get agreement here.)
- How would your family immediately create this CAPITAL that they're going to NEED?
- Would you agree with me that life insurance is the SUREST way to create this CAPITAL your family will need if you were to die tonight?

Instant Up-Sell

- Are there any other financial issues that you'd want be sure that are taken care of for your family if you were to die tonight?
- Would you want there to be money available to pay-off your home mortgage?
- Do you have any debts or loans you'd want to be paid-off?
- Would it be important for you to put some money aside for your kids' educations?
- Would you want to provide some money to pay for a funeral and any final expenses?

(Write down each one of these numbers, add them to the CAPITAL NEEDED, write down the total number, and circle it.)

Take-Out The Application And Start Writing!



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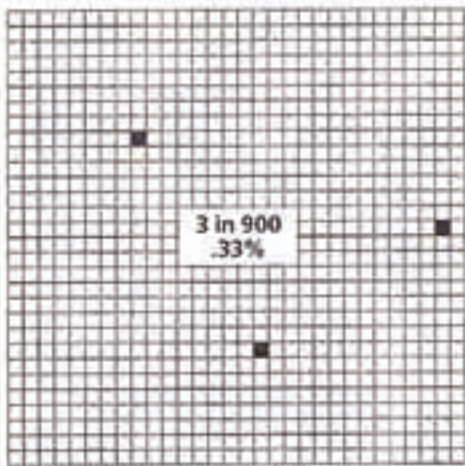
Your clients are insured, right?

Submitted By: Lisa Hanson

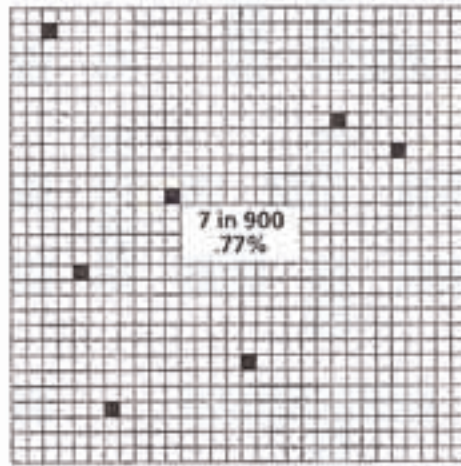
Your clients routinely insure against potential adverse events. Yet their chance of requiring some type of long-term care is much greater.

Tell them about the risks:

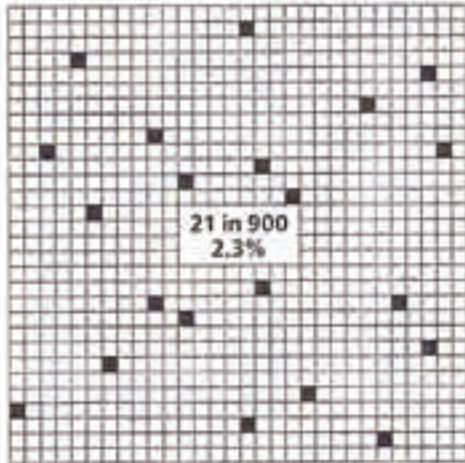
Odds of having a car accident^{1,2}



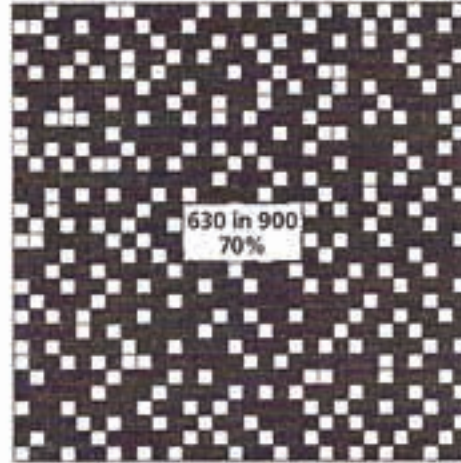
Odds of having a residential fire^{3,4}



Odds of being admitted to a critical care unit^{5,6}



Odds of needing long-term care⁶



Odds are calculated using statistics from public sources that are deemed to be reliable.

¹ Fatality Analysis Reporting System, www.fars.nhtsa.dot.gov. October 13, 2008.

² National Transportation Statistics, Bureau of Transportation Statistics, www.bts.gov. October 13, 2008.

³ U.S. Fire Administration, www.usfa.dhs.gov. October 13, 2008.

⁴ U.S. Census Bureau, www.census.gov. October 13, 2008.

⁵ National Center for Health Statistics, Centers for Disease Control, www.cdc.gov/nchs. October 13, 2008.

⁶ U.S. Department of Health & Human Services, National Clearinghouse for LTC Information, www.longtermcare.gov. March 26, 2008

Why would someone ignore the greatest risk of all?

Help your clients protect themselves against the risks of long-term care expenses - the same way they already protect themselves against other risks.

Tell your clients the Lincoln *MoneyGuard*[®] Reserve story.

Please contact Lisa Hanson – 800-835-0942



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With interest rates at historic lows, why would you allow clients to pay for guarantees they may never need?

Athena UL is Cost-efficient, Flexible and Strong!

AXA Equitable has a heritage of 150 years. AXA Equitable stands among the nation's premier providers of investment of insurance products. And, AXA Equitable is part of the global AXA Group (AXA). AXA, one of the world's largest financial services company, * is a global leader in financial protection strategies and wealth management.

Please contact Pam Sands or Damon Harper in our marketing department for information on this new product!

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