



PRESENT VALUE

Ideas & Trends in the Secondary Marketplace for Annuities from J.G. Wentworth

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Tapping Wealth Transfer Prospects with the Secondary Market

There comes a time in many clients' lives when their attention turns from generating investment income to transferring wealth to their children and grandchildren. The old saying "You don't want to die with an annuity," is crass but nonetheless offers an important point of view. The tax treatment of annuities upon death vis-à-vis the heirs is draconian compared to the alternatives of passing on stocks, bonds and mutual funds. Specifically, the former potentially results in an immediate tax bill due to the increase in the heirs' ordinary income while that latter approach enables heirs to enjoy tax deferred investing at a stepped up cost basis across two generations with the prospect of generating substantial wealth from their inheritance.

By marketing alternatives for annuities, advisors can sell into the wealth transfer market in two ways. First, there are opportunities to prospect for new clients in the over-60 market. These are individuals for which the thought of wealth transfer is just beginning to emerge. These prospects

may also be on the other side of financing higher education for their children, and they are close enough to retirement that the picture is becoming clearer about what assets they will need in their lifetime versus assets that they can pass along to future generations. For prospects such as these, the following positioning will likely strike a chord:

Whether for prospects or existing clients, marketing a wealth transfer solution can have far reaching implications for the success of your advisory practice. This is because once a plan is set in motion to place assets into the hands of the next generation, the next most obvious need becomes competent financial advice for

heirs. Advisors who position themselves as the architects of efficient wealth transfer are the most likely candidates for this new business. And the opportunity to generate substantial sums under management and increase product sales is more than likely. 



You can't take your annuities with you. But you don't want to leave them behind either.

Annuities are great investments for stable, secure income but not for passing wealth onto heirs and beneficiaries. With the Annuity Purchase Program, you can sell your annuities for cash and consider alternatives to bridge the generation gap.


J.G. WENTWORTH
ANNUITY PURCHASE PROGRAM


Your Practice:

Dress for Success

"Someone you meet for the first time forms their impression of you within the first seven seconds," According to Greg Dardis of Chicago-based Dardis Communications, which consults on professional image skill training. In addition, he says, "55% of the impact you have on an audience is based on how you look, 38% on how you sound, and 7% on your content."

So, given this how to dress for success now? Part of the answer is easy: probably much better than you did before. Dan Samson, a men's personal shopper for Barney's New York, says that his clients, particularly those in financial services,

"are tired of looking sloppy." He says his clients are not looking at business casual clothes so much anymore, but instead, are buying more suits and spending more money on them. "They are less finicky on price points," he says.

Most image consultants and advisors believe a good rule of thumb is to dress one notch above the people you are meeting with. This has nothing to do with pretentiousness, but rather something much more subtle in the sales dynamic. Specifically, before prospects commit, they want to hear the following five statements from you, either verbally or non verbally: I hear your story, I value your story, you can trust me, I will never abandon you and you are always welcome here. If you can say some or all of these things before you have spoken word one, it's a great foundation to build on. 

THE SWEET SPOT

The annuities that work best in the secondary market are: immediate annuities, deferred annuities in payout, two-tiered deferred annuities with an annuitization bonus, and deferred annuities facing surrender penalties.

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