



# PRESENT VALUE

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

December 2005


## Ready, Fire – Then Aim

Get this. As a year-end planning strategy, an insurance broker on Florida's Gold Coast called his BGA and got quotes for each of his clients with immediate annuities, 40 of them in all, and then proceeded to methodically call each one. The calls were easy to make, because these clients had never been approached with this information – the market value of their annuities. They actually returned his phone calls.

More importantly, of the 40 calls he made, eight of them – fully 20% – decided to sell some or all of their annuity payment stream to put that asset to use in some other way. One case worth noting was a new client who had purchased their annuity from another agent 8 years earlier. Once she was presented with the market value of her annuity, the client decided to sell the remaining 12 years of her 20-year-certain Single Premium Immediate Annuity which had been providing a monthly payment of \$5,205. The client received a lump

sum of \$457,995 and the broker earned \$6,570. This was a commission that the original agent missed out on because he didn't scour his own book of past clients to provide the same solution - not to mention multiple commissions that resulted from reallocating this newly-liquid asset into other life and investment vehicles.

But that's not really the end of the story. There was also value in the remaining 32 calls because the agent got in front of his clients in a positive and productive way. "It's my obligation to provide my clients with relevant

information about their portfolio, so I'm certain those other 32 calls strengthened the relationship with my clients and set the stage for doing more business with them down the road." 



Imagine  
owning a car  
that could not  
go in reverse...

That's how annuities can feel sometimes. When the road of life requires a change of direction, our Annuity Purchase Program™ can help.

  
J.G. WENTWORTH  
ANNUITY PURCHASE PROGRAM

***The J.G. Wentworth Annuity Purchase Program comes with an integrated suite of marketing materials which helps Agents easily market the program to achieve better results with their prospecting.***


## Your Practice:

### You've Lost That Loving Feeling

Do you know when a client is going to leave or are you totally (albeit blissfully) unaware until it happens? If you're in the latter camp, here are the top 10 tell tale signs that trouble is afoot.

10. Does not return calls, emails, or documents requiring a signature
9. Always brings up the issue of fees and/or commissions
8. Does not understand what you do or have done for them
7. Says "yes" to new ideas then later reneges
6. Treats staff, and you, rudely
5. Loyalty to an organization such as AARP, CREF, USAA and has frequent conversations with representatives from them, or frequently brings in mailings from them

4. Watches too much CNBC
3. Answers questions with very brief "yes" or "no" answers, seeming evasive
2. Does not ask questions
1. Appears to be coached on questions that he or she asks

Of course there are books written and consultancies built around client retention. Still a few tips never hurt. First, remember the more product and asset classes you have with a client, the less likely they are to leave. Second, don't just focus on performance when you meet clients, but instead take time to point out original goals and objectives. Third, expand your roster of services: If it's a one dimensional relationship, you can get left in a heartbeat. 

## THE SWEET SPOT

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

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