

Annuity Commissions...Don't Blow Your Objectivity and Credibility

by David D. Holland, CFP, CPA/PFS, CLU, ChFC, CAS, CFS, MSFS

Recently, during the course of my routine marketing efforts, I had two prospective clients meet with me to discuss their retirement planning needs. What is interesting is that both had been to a six-week educational course taught at a high school by a local financial adviser (one of my competitors). I asked the obvious question...why didn't they ask the financial adviser (who taught the educational course) to give them retirement advice? The answer...lack of objectivity. Despite a very favorable personal impression and a substantial demonstration of knowledge, the financial adviser was not given the opportunity to recommend financial products because he was *perceived* to not be objective. The financial adviser is employed by an insurance company whose name I will not mention. His close association with the insurance company crippled his opportunity -- and provided two for me.

As the cliché goes, marketing may be everything...but *credibility* and *objectivity* will win in the end. The financial adviser had a winning marketing plan -- an educational course to establish credibility and likeability. Fair or not, the perception that he lacked objectivity prevented two sales. The same is true for annuity recommendations and annuity commissions.

Consumers are becoming increasingly aware of annuities and the commissions paid to insurance agents for selling them. They are being told by the media that many agents don't care about them, and that they only sell the highest commission products (the media is right). Within this environment, the objective financial adviser can truly shine. More and more prospective clients can tell when an agent puts the needs of his/her clients ahead of commissions. And, I believe that translates into more sales and more referrals.

Everyone understands that agents have to be compensated for the services they provide or they can't provide the service. However, heavy emphasis should be placed on other product selection criteria like: insurance company financial strength, product liquidity, surrender charges, contract length, crediting methods, etc. For an agent to maintain objectivity, commissions should be at the bottom of this list.

Maybe the best lesson of all came from that financial adviser's six-week educational course: Agents will find that when they do the *right thing*, putting the client's needs first and choosing the *right* annuity or investment product for each client situation, plenty of money can be made by the truly objective financial adviser.

About the Author: David D. Holland is an independent financial planner/investment adviser/annuity agent in Ormond Beach, Florida. In 2007, David teamed up with industry veteran, Mike Mastowski, to establish Retiree Adviser Marketing Corporation (RAM). RAM provides independent agents with access to high quality annuity products and helps them expand their services to include real retirement advice. RAM also gives agents the opportunity to access David's marketing and planning system -- the same system which allowed him to achieve such an uncommon level of success in his own personal practice. The RAM System includes: A Proven Seminar System (slides, script, invitation, prospect interview questionnaire and seminar training video), a Prospect Marketing Video and a Client Planning System. To get more information about RAM's services, agents are invited to call 888-422-7007 or visit www.retireeadviser.com.