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# MARCH 2014

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## Command and Administration

The first thing an Army officer learns is that for a Commander there are no excuses. The fundamental law of Command is this: "A Commander is responsible for everything that happens and does not happen under his Command".

This maxim governs the conduct of Commanders of units both large and small. If you are in command, there are no excuses. You can't ask for a vowel or take a mulligan. What happens is your responsibility. In reality, we are all 'commanders'. We are the administrators of thousands of tiny tasks done by wrote congeal into a unity of effort that awaits the simple order to 'GO'.

The 'Administration' of our financial efforts is this daily grind of saving, accumulating, protecting, resourcing, and preparation. The Commanding part is the decision to implement a strategy that uses these 'units of effort' to achieve a desired outcome.

## Command and Administration (cont')

"Phil," you say, "what does this have to do with me?"

It is simple. In most cases financial decisions are made piecemeal. The purchase of some financial instruments seem to 'be a good idea at the time'. As we approach the inevitabilities of retirement, income plans need to be thought through.

The administrator (trainer) prepares a unit for operations. The Commander plans and executes an operation. The execution of a retirement income strategy requires preparation. The right training and right equipment are essential to success.

The Commander wants to be successful in his missions. The person preparing for retirement must have all of the right tools and equipment in place and awaiting the word 'GO'.

After all, we are all Commanders, and the we are responsible for our own successes and failures.

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Guests for dinner – mother asks 4 yr old to say the blessing – the boy replied: "I don't know what to say". The mother said – "Just say what I said." The 4 year old bowed his head and hesitated. Finally he said: "Oh Lord why did I invite these people over here on such a hot day?"

*Ronald Reagan - 1976*



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**Citizens, either by birth or by chance....the name of *American*, which belongs to you in your national capacity, must always exalt the pride of Patriotism, more than any appellations derived from local circumstances.**

**George Washington, 1796 Farewell Address**

## People Buy Life Insurance for:

### For the Death Benefit:

- • To replace earning power at death
- • To pay for cash needs that arise at death

### As a Disciplined Savings Program\*:

- • To help pay for educational costs
- • To supplement retirement income
- • To take advantage of business opportunities
- • For financial emergencies

### Because of the Risk of Waiting:

- • To replace earning power at death
- • To pay for cash needs that arise at death

### For the Tax Advantages:

- • Death proceeds are received free of income tax
- • Cash value accumulations are tax deferred
- • Cash value loans or withdrawals\* are free of tax, as long as the policy stays in force
- • Accelerated death benefits are received free of income tax

### In Recognition of Personal Responsibility to:

- • Family
- • Banker
- • Mortgage company

### For the Flexibility:

- • Benefits may be available regardless of whether the policy owner lives, quits, dies or becomes disabled
- • Life insurance is portable; benefits are not lost due to job changes.

Life Insurance remains the most efficient and flexible financial tool for a variety of reasons. The biggest benefit is that it creates an estate for pennies on the dollar.

\* Withdrawals and loans will reduce the policy's death benefit and cash value available for use.

"Our ultimate freedom is the right and power to decide how anybody or anything outside ourselves will affect us."

-- Stephen Covey

## What is an Annuity?

**In planning for financial security in retirement, an annuity can satisfy two basic objectives:**

### 1. To accumulate retirement assets on a tax-deferred basis:

If you're already contributing the maximum to IRAs and any employer-sponsored retirement plans and need to save more for retirement, a deferred annuity may be the answer to your retirement savings need.

### 2. To convert retirement assets into an income that you cannot outlive:

On the other hand, if you're near or at retirement, an immediate income annuity can be used to convert existing retirement assets into a lifetime income. An annuity is a long-term savings plan that can be used to accumulate assets on a tax deferred basis for retirement and/or to convert retirement assets into a stream of income. While both are insurance contracts, an annuity is the opposite of life insurance:

- • Life insurance provides financial protection against the risk of dying prematurely.
- • An annuity provides financial protection against the risk of living too long and being without income during retirement.

**If you are already contributing the maximum to an IRA and/or an employer-sponsored retirement plan, an annuity can be an excellent way to save for financial security in retirement.**

### Additional Annuity features are:

- a. Income Inflation protection.
- b. Nursing Home / Assisted Living Benefits
- c. Pension – Plan like accumulating growth.
- d. Multigenerational Tax Advantages.
- e. Guarantee of principal and interest pegged to market gains.

## **Another Good Question.**

***I was working one of my social security seminars when someone asked me "do you ever lose a client?"***

***I decided to answer the question in the following manner.***

***Suppose a financial salesperson came to one of my clients to get them to leave me. My client will tell him "My plan is multigenerational". The financial salesperson might say "you are going to live a long time, you don't need that. Upon further pressure my client would say 'my plan is protects me from Medicaid spend-down and loss from health issues". The financial salesperson might say "well you are healthy and you won't have that concern."***

***Finally, my client would tell the financial salesperson "my plan is protected against market losses and provides guaranteed lifetime income." The financial sales person would probably respond "the market is always up over the long run, you can't afford to miss out on huge gains" My client would say "I'll also miss out on huge losses".***

***I finished this by saying, are you with Him? Or are you safe with me?***

## UPCOMING EVENTS.

1. Jordan School District Community Ed Class  
March 20<sup>th</sup>, 6PM. Jordan Community Center  
Basics of Social Security Planning
- 2.. 'Rethinking Retirement Dinner Seminars. March 25<sup>th</sup>  
and 27th, Dangerfields Restaurant, Shakopee.
3. "Rethinking Retirement' Dinner Seminar, April 3<sup>rd</sup>,  
Lakeside Supper Club, Montgomery, MN.

To Register for the Social Security Meetings, Please  
call (800) 451-6117

## Tools for Thought

❖ *Last month I spoke briefly about a fiduciary responsibility. A fiduciary was defined my Lord Millet as "someone who has undertaken to act for and on behalf of another in a particular matter in circumstance which give rise to a relationship of trust and confidence".*

*In my client relationships I am a Fiduciary. The law compels me to place the interests of my clients and would be clients ahead of any personal interest. I am held to this standard by the States in which I am licensed, the companies I carry, and my own beliefs.*

*When someone purchases a product from me, my responsibility for the sale and the product's purpose does not end. I am required to stand behind the sale, and service the product. The Insurance Carrier has a contractual obligation under the law to not only perform on the contract, but to be a good steward of the clients' money.*

*When someone purchases a stock, or mutual fund, that transaction is just that, a transaction. There is no contractual or legal imprimatur to perform.*

*At SR Insurance Services, I have to put your interests ahead of mine. By choice, I use products that are contractual and guaranteed against loss. I consider this a truly valuable difference. I know my clients do.*

## STOP THINKING "IF ONLY"

by Tom Hopkins

"If only I could get a better break."

"If only I had some money."

"If only I would've married the right person."

"If only I worked for the right company."

"If only I had the right parents."

Do you pull back from taking full personal responsibility for yourself? Many of us do. We think that a parent, a teacher, a friend, a boss, a spouse, the company we worked for, or some governmental program should shoulder our burden for turning our lives into what we want them to be. This approach can't get the job done. Other people and organizations have too many pressing challenges and priorities of their own. What does this mean?

That you'll always be disappointed when you depend on others for the things you must do for yourself. It's so easy to justify the temptations of freeloading, to slide into being a follower, to fail to see the hidden price tag in the handout. Unless you take complete control of your life and assume full personal responsibility for yourself, who will?

No one will.

Every dollar you earn is worth ten given to you. Earned money creates the self-image of self-reliance; given money creates the self-image of other-dependence. This is why some families stay on welfare for generations. Hangers-on and free-loaders are the most frustrated people on earth because they have created their own frustrations. You can't be successful and happy until you earn the respect of the toughest, hardest, hardest to fool, and most important judge of all: YOU.

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