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NEWSLETTER OF CENTRAL ILLINOIS SOCIETY OF FINANCIAL SERVICE PROFESSIONALS

Volume XXXIV, No. 2

February 2002

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## President's Message...

When I taught, I considered myself not a teacher but a guide in learning. After a couple of decades in the financial services industry I find that things haven't changed much as far as my objectives are concerned. I still guide people in learning. There is plenty of change to keep up with, however. If you are like me, you get the feeling that we work in a perpetual state of change. It seems that as financial service professionals, the only thing we can guarantee our customers is CHANGE. Consequently, we have to work all the harder to stay abreast of what is going on in the marketplace.

Fortunately for us, the Society of Financial Service Professionals provides a number of means of keeping current. The Journal of Financial Service Professionals provides us with a wealth of up-to-date information on a regular basis. Our video teleconferences provide another excellent source. The Sections newsletter provides us an additional avenue to keep up with what's going on in our individual areas of interest.

So, with a little effort on our part, we can maintain a high level of knowledge and professionalism. Hopefully, you're taking advantage of these tremendous resources and using them to guide your clients in learning more about Financial Services.

**Dave Wilson**  
CLU, ChFC, LUTCF

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## Insurance Trends

Here are the Top 10 Trends for 2002 in the insurance industry according to Deloitte & Touche.

- 1) Retirement planning is golden opportunity for insurers as shrinking workforce drives a shift from public to private pension providers.
- 2) Investors and customers will demand access to financial and portfolio information in real time.
- 3) The human touch will become of increasing importance for the sale of long-term investment and insurance products.
- 4) Leading insurers integrate rules into the company culture. Many have operated to meet only minimum standards set by the regulator, rather than living by the rules.
- 5) Insurance companies will go from closed and boring to open and innovative.
- 6) With balance sheets under severe pressure, insurers will utilize innovative tools to manage their risks and reallocate capital.
- 7) Expect a different type of M&A. The fundamental transition of many financial services markets means that the traditional value chain will fragment. Many insurers will shift from absolute size to building scale in manufacturing, administration and/or asset management capabilities.

Continued on page 2

## Split-Dollar Announcement

Are you looking for information about the new split-dollar ruling? The February VTC has you covered. Prior to the planned presentation on charitable giving, 20 minutes will be devoted to a live discussion on Notice 2002-8. What's more, VTC participants can call in via a toll-free number or e-mail their questions concerning the ruling. The most pertinent of these questions will be answered live during the first VTC break. If you miss the original VTC broadcast, you can catch the rebroadcast on Feb. 21. For registration details, please see pages 4-7.

### Attention:

Have you recently had an address change? New phone number? Change name? Please notify **Jamie Tatman** with any updates to your membership information at:

**One State Farm Plaza B-1**  
**Bloomington, IL 61710**  
**(309) 735-2851 or email at:**  
**jamie.tatman.LNX4@statefarm.com**

# Annual Membership Meeting Announcement

The Central Illinois Society of Financial Service Professionals will hold their Annual Membership meeting on April 18, 2002 at Allerton House in Monticello, Illinois. Scheduled meeting time is 5:00 pm. Election of Chapter officers and directors will be held with presentation of financial reports on Chapter activities. All members are encouraged to participate in the Annual Membership Meeting. Questions regarding the Annual Membership Meeting should be directed to Ron Brown, Chapter Executive at 309-766-5339.

## Insurance Trends (continued from page 1)

8) Synthetic products will be created as new vehicles for insuring risk..such as funding agreements, credit risk derivatives, enhanced yield annuities, synthetic leases and other exotic stuff.

9) Death of inflation will have massive implications for insurance companies. Successful insurers will need to develop fee based income streams.

10) Who pays for insurance? The litany of natural and man-made disasters that have ushered in the new millennium has conspired to place new pressures on the insurance, and particularly the reinsurance industry.

## Around the Industry

### INFLATION OVERHAUL

For the first time since 1995, the Bureau of Labor Statistics is changing the weightings of each category of the Consumer Price Index to reflect shifts in consumer spending habits. Only time will tell whether the changes will impact the official inflation rate significantly. It is a potentially important development, however, since the Consumer Price Index is used to determine the size of Social Security checks, veterans' benefits and other federal payments, as well as affecting how the Federal Reserve sets interest rates and how the IRS adjusts tax brackets. On an individual level, it can even change the size of alimony payments.

### NEW LTC DESIGNATION

The American Association for Long-Term Care Insurance and the Health Insurance Association of America plan to offer a new designation for long-term care insurance. AALTCI members will pay \$155 per course for each of the four courses and non-members will pay \$215 per course. See details at: <http://www.aaltci.org>.

### THE PERFECT STORM

That's how Washington Post columnist David Broder describes the problems facing the American system of healthcare.. "a confluence of forces, each worrisome in itself but together posing a lethal threat." One concern, of course, is the rising rate of healthcare spending. Government reports reveal healthcare spending has consistently outpaced inflation in the U.S. and 2000 was no exception with a 6.9% increase, the largest increase since the 7.4% increase in 1993. Healthcare also reached its highest ever percentage of the Gross National Product at 13.2% in 2000. Average spending per person was \$4,637 in 2000. "Twenty-five years ago, people died when they had a heart attack. Now they can live through three and four heart attacks. That causes health care costs to go up, but is that bad? That's an argument that society hasn't come to grips with."

### CHARITABLE GIFT ANNUITY SCAMS

If you sell CGAs, be aware that the SEC recently filed suit against Mid America Foundation, an "accommodation charity" that sold charitable gift annuities through agents. The lawsuit accuses the foundation of "fleecing elderly investors of an estimated \$54 million, since 1997, from the sale of CGAs." Thanks to our friend Vaughan Henry for bringing this to our attention. As he notes, an interesting secondary issue to the litigation is that the SEC is finally claiming jurisdiction over the sale of CGAs.

### SEC RELIEF BILL

This from NAIFA legislative affairs..Congress just passed a bill designed to reduce fees on stock market transactions and sent it to the President. Originally, the purpose of investment fees was to fund the (SEC), but due to unprecedented trading volume since 1983, fee revenue has exceeded the budget of the SEC by a significant and growing margin. Currently, investors pay over \$3 million per trading day in excess transaction fees and the excess money is being diverted to the general Treasury.

### FACE TO FACE

According to a Nationwide Financial survey, when it comes to financial planning, face-to-face advice is highly credible and still beats online options..even though affluent professionals often go online to research their investment professionals' advice. In addition, 20% of the respondents reported using the Internet to communicate with their advisors and only 6% reported going online to purchase an insurance product.

### LUTHERAN MERGER COMPLETE

Aid Association for Lutherans (AAL) and Lutheran Brotherhood have merged into a single \$55 billion company. The merger, which became official earlier this month, pushed the faith-based firm to the middle of the Fortune 500 list.

*Comments provided by Financial E-News. Free registration at <http://www.lutc.com/fso1.newsreg.html>*

# Gold Key

From its beginnings, the Golden Key Society has served as the vanguard of growth at The American College by allowing the institution to plan for tomorrow's changes and challenges. Course offerings continue to be expanded. Exams for designation programs, graduate courses, and continuing education courses are now administered via computer at more than 500 testing centers throughout the United States and abroad.

The Golden Key Society remains the most prominent source of development funds for The American College. In the past four years alone, more than 3,000 alumni and students have joined the ranks to proudly wear the Golden Key.

Even as you are continuing in the lifelong pursuit of growth in your professional experience, so too The American College is expanding the threshold of learning for insurance and financial services. It is our hope that through your gift as a member of the Golden Key Society, we may offer support and new opportunities to a noble calling for decades to come.

The Golden Key Society is central to the College's institutional development program, and exists – as has been said time and again by supporters of The American College and of the insurance and financial services industry – “That I might give back to my profession part of what it has given to me.”

The College is entering the world of interactive video, the Internet and CD-Rom in order to make offerings even more accessible. Future contributions to the Golden Key Society will ensure that the College meets the challenges of changing technology.

The Golden Key Society supports the research and production of vital publications – books that would not be published by a profit-minded publishing house, because the market is so specialized.

Your tax-deductible gifts received through the Golden Key Society continue to represent the foundation of ongoing academic advancement.

Pledges for the level shown below may be fulfilled within a time frame up to ten years. Full credit is given for all previous gifts to the College. Your contribution may be made annually or semi-annually by check or credit card, or through a monthly check draft program.

## **Members**

Requirement for participation in the Golden Key Society is a minimum pledge of \$1,000. Members receive a Golden Key pin to signify their participation.

## **Patrons**

Those who support the college with a pledge of \$2,000 are recognized as Patrons and receive a Golden Key pin with a ruby inset.

## **Sponsors**

This new level recognizes those who pledge \$3,500. Sponsors receive a Golden Key pin with a sapphire inset.

## **Benefactors**

Pledges at the \$5,000 level are recognized as Benefactors and receive a Golden Key pin with an emerald inset.

## **Founders**

Those who commit to a gift of \$10,000 are recognized as Founders, and receive a Golden Key pin with a diamond inset, a mounted and framed Golden Key with engraved nameplate and a personalized Founder's certificate.

## **Grantors**

Individuals who have contributed \$10,000 and pledge to give a total of \$25,000 are recognized as Grantors and receive a specially designed pin displaying the seal of The American College with a diamond inset.

All current Golden Key Society participants are identified in The American College Annual Report of Gifts and your Chapter's Roster of Honor.

**For questions on how to enroll, please call Donn Barber at (217) 429-3383.**

**Donn Barber, CLU, ChFC  
Gold Key Chair**

# Philanthropy, Financial Services and Charitable Giving: Making the Pieces Fit

February Video Teleconference

Wednesday February 20, 2001  
(Peoria site only!!)  
11:30 a.m. to 2:30 p.m.

Thursday February 21, 2001  
(Bloomington & Springfield sites only!!)  
9:30 a.m. to 12:30 p.m.

*Please arrive 15 minutes early for check-in!*

If there's a cause, a grassroots effort or a common goal, you can bet that there's a group of individual donors and volunteers supporting it. The attempt to improve the well being of others via charitable works and offerings is as old as mankind.

The Foundation Center, an independent information clearinghouse, currently has records on up to 63,000 foundations, corporate givers and grant-making public charities in its online directory. Charitable giving in the U. S. is big business. So much so that an entire discipline has been established, complete with strategies to help philanthropists define and realize their charitable goals. There are countless gift accounts, professionally managed investment funds and endowments that are versatile and tax efficient vehicles for charitable giving.

You know the basics of structuring charitable plans, now explore the more complex issues associated with charitable giving. You'll learn about various planning techniques (including IRAs and qualified plans) and how to solve client's needs through charitable planning. This VTC will also cover:

- How to work effectively with charitable organizations
- How to integrate charitable giving into your practice
- How the latest tax and minimum distribution rules will impact charitable planning techniques

This VTC has been designed for financial service professionals and for charity executives who are interested in working together to solve the challenging issues associated with structuring philanthropic plans. Register today and don't miss this unique opportunity to invite your colleagues who work in philanthropy and charitable giving to attend this very informative program.

## **The Team of Experts:**

### **Moderator**

Elton H. Brooks, CLU, Chairman of the board of Renaissance, Inc.

Russell H. Bishop, Jr., CFP, CLU, ChFC,

Pamela Jones Davidson, JD, President of Davidson Gift Design

Miles W. McNally, CLU, ChFC, Vice President of marketing with McNally, Dunnavan & Lund, Inc.

# Registration Video Teleconference

“Philanthropy, Financial Services and Charitable Giving: Making the Pieces Fit”

**Chapter Coordinator**  
 Ron Brown, CLU, ChFC  
 State Farm Insurance Company  
 One State Farm Plaza (B-1)  
 Bloomington, IL 61710-0001  
 (309) 766-5339

\*\*\* Optional Dates and Times \*\*\*  
**Wednesday, February 20, 2002 Time 11:30 – 2:30**  
**Thursday, February 21, 2001 Time 9:30 – 12:30**  
*Please arrive 15 minutes early for check-in!*

	<u>Price of Admission</u>	
	<u>Price until 02/08/2002</u>	<u>Price after 02/08/2002</u>
Paid CLU Chapter Member:	\$45.00	\$55.00
Non-paid Member and All Others:	\$55.00	\$65.00

Check Site Selection - - - Note Broadcast Date & Times

Peoria **(02-20 Date)**      Illinois Central College/Downtown Peoria      Contact Jim Stoner (309) 682-8822

Bloomington **(02-21 Date)**      State Farm Insurance Corporate Office      Contact Ron Brown (309) 766-5339

Springfield **(02-21 Date)**      IAIFA, 60 Adloff Ln., Springfield      Contact Vicki Kidd (217) 788-5749

Enclosed is check for \$ \_\_\_\_\_ Company \_\_\_\_\_

Name \_\_\_\_\_ Address \_\_\_\_\_

Telephone \_\_\_\_\_

**Make check payable to The Society of Financial Service Professionals. Return to Ron Brown at address shown above.**  
 State Farm Corporate and Illinois Regional Employees only: In lieu of separate checks, please provide your department number for direct billing purposes.  
 State Farm Department # \_\_\_\_\_

**\*\*PLEASE NOTE: DUE TO SCHEDULING CONFLICTS, THIS PROGRAM WILL NOT BE OFFERED AT THE CHAMPAIGN LOCATION.\*\***

Registration for Video Teleconference is required to  
 guarantee participant workbook availability at site.  
*Note date options and broadcast times based upon date selected!*  
**Deadline for registration is February 8, 2002 to receive reduced fee.**

**Visit us at: [www.sfsp.net/CentralIllinois](http://www.sfsp.net/CentralIllinois)**

# *Special Membership Offer!*

## **Do you work with an allied professional?**

Here is a way to expand your influence & strengthen your professional relationship.

The Central Illinois Chapter along with the National Society of Financial Service Professionals has arranged for you to invite, without cost, an allied professional to join you at our next video teleconference. This opportunity is free to the allied professional.

The allied professional will be able to audit the teleconference without CE credit or receipt of a teleconference workbook. If they choose to receive CE credits and a teleconference workbook, we've reduced the fee and the allied professional may participate at the membership price. This offer is limited one time per allied professional.

Our goal is to solicit allied professional's interest in the services and benefits we provide to SFSP members. And invite them to join our society. For Allied Professional participation you must complete the Allied Professional VTC Enrollment Form.

### **Sample Invitation**

To: Allied Professional

Please accept this special invitation!

Be my guest at one of today's hottest financial video teleconferences. The Central Illinois Society of Financial Services Professionals has arranged for you to audit our next video teleconference without cost or CE credits.

The Society is dedicated to setting and promoting standards of excellence for professionals in financial services. Society members include graduates of The American College and other credentialed financial service professionals. Our members' continuing commitment to advanced education and high ethical standards uniquely qualifies them to assist the public in achieving financial goals.

We would like to introduce you to our local Chapter and permit you to take advantage of this exclusive viewing reserved for financial service professionals like you. I will need to confirm your attendance, so let me know your availability ASAP.

Regards,  
SFSP Member

# Allied Professional Registration Video Teleconference

## Professional Profile

\*\*Please note: a member of the Central Illinois Chapter must fill out this form. \*\*

What is the name of the Allied Professional attending?

What company/agency does he/she work for?

What is the address/phone number of the attendee?

What professional designations does he/she hold?

What is his/her principal field of activity? (select one)

- Accounting
- Banking
- Financial Planning
- Insurance
- Investments
- Law
- Retired
- Home Office
- Field Management
- Field Sales
- Other (specify)

Would the allied professional be interested in receiving membership information?  Yes  No

What is your name?

Check which site the allied professional be attending at:

- Peoria      Illinois Central College/Downtown Peoria
- Bloomington      State Farm Insurance Corporate Office
- Springfield      IAIFA Building, 60 Adloff Lane

What date?

Contact Jim Stoner (309) 682-8822  
Contact Ron Brown (309) 766-5339  
Contact Vicki Kidd (217) 788-5380

Please select **one** of the following attendance options:

- Professional will be auditing this VTC at no charge and will not receive CE credits or a workbook
- Professional has enclosed a check for \$45.00 payable to: The Central Illinois Society of Financial Service Professionals. Attendees' social security number **MUST** be provided to receive CE Credit and workbook

**Please return this form to:**

**Ron Brown, CLU, ChFC**  
State Farm Insurance  
One State Farm Plaza B-1  
Bloomington, Illinois 61710  
(309) 766-5339

**For more information about The Society of Financial Service Professionals visit their web site at [www.financialpro.org](http://www.financialpro.org).**

**\*\*Please note: The February Video Teleconference will not be offered at the Abbott House Location.\*\***