
COMMUNIQUE

NEWSLETTER OF CENTRAL ILLINOIS SOCIETY OF FINANCIAL SERVICE PROFESSIONALS

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President's Message...

What is professionalism to you?

As a member of a society of professionals, this questions calls for some contemplation. We should probably agree that our designation is only one part of being a professional. Though credentials are required for membership and credentials say a lot for a person, more is necessary.

I recommend your participation in the Society of Financial Service Professionals. Become a committee member. In doing so you can strengthen your professionalism and that of the professionals around you through your interaction with other professionals.

By being involved you help provide the service expected and deserved by our fellow professionals. For the Chapter to serve it's members better, it needs more professionals behind the scenes doing their parts.

Call me at (309) 821-2918 or email me at david.j.Wilson@countryfinancial.com if I can help.

Dave Wilson
CLU, ChFC, LUTCF

Did You Know?

Did you know that you now have the ability to edit your membership information Online? If you log onto **www.financialpro.org**, and sign in as a member with your membership number, you can change, edit, or update any of your information. We are in the process of making this service available to you on the Central Illinois Society of Financial Service Professionals Chapter site as well.

Introduction to Your Board

This year marked the 31st year of our offering the Mini-Institute. The Mini-Institute serves as both an educational opportunity as well as a means to hold our Annual Business Meeting where members vote to elect a new Board. Please see page 2 for an introduction to your 2002-2003 Board of Directors.

Are You A Leader?

If so, we want you to help our Chapter grow! We have said before that the strength of a chapter is defined by its leadership, now we want you to show us what you've got. We are actively looking for committee leaders and members. Have you ever wanted to work on a newsletter? Do you have ideas on how to enhance this Communiqué? Do you have ideas on new activities the Central Illinois Chapter could be involved in? In the next issue of the Communiqué, we will be inserting a survey for participants to fill out. We need your ideas, and we need your leadership! Look for more information in our next issue of the communiqué, or feel free to contact any of your board members listed on page 2.

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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**



Meet your Chapter Officers

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Around the Industry

MORE ON FEDERAL LTC PROGRAM

According to Sales Creators, a Westlake, CA developer of generic LTC sales tools, a 60-year old couple considering the new Federal Long Term Care Insurance Program could save between \$15,000 and \$20,000 in lifetime premiums by purchasing individual LTCI coverage. There are four million federal employees and another four million retirees eligible for the offering that launches July 1st. However, when you take into account extended family members, the total number eligible for the program is about 20 million. The federal program is a group program (individuals however pay the full cost) and does not offer spousal or good health discounts. You might want to prepare yourself to compete against the federal program with an individual policy. Additional details of the MetLife/John Hancock Federal program can be found at www.opm.gov/insure/ltc or at www.ltcfeds.com.

MEDICAL MALPRACTICE CRISIS

According to the American Association of Health Plans, newly introduced legislation to fix the medical malpractice crisis is a major step forward in placing the interests of patients before those of personal injury lawyers...AAHP believes that frivolous litigation is the greatest threat to the high-quality, affordable health care that Americans deserve. According to a Pricewaterhouse Coopers study, litigation is responsible for 7%, or 5 billion, of new health costs.

MINIMUM DISTRIBUTION RULES

The IRS has issued final regulations governing minimum distributions from IRAs and qualified plans. New life expectancy tables for calculating required minimum distributions are a part of the final regulations and allow distributions to be spread over more years than the tables released in 2001. On average, the new withdrawal periods are about a year longer than the previous ones and the new tables can be used to calculate 2002 required minimum distributions.

ESTATE TAX REPEAL

Senate Republicans see a "clean shot" at winning permanent repeal of the estate tax. The measure will be scheduled for a separate vote in order to clear the way for action on energy legislation. Republicans say that they have 58 of the 60 votes needed to pass the permanent estate tax repeal measure, but Kiplinger predicts the repeal effort will fall short. Democrats, meanwhile, plan to unveil their own estate tax package of lower rates and a higher exemption.

INCOME TAX

Despite political rhetoric to the contrary, the top income earners in the U.S. are paying an increasing share of taxes. According to the Tax Institute, the top 5% in income paid 55.5% of all taxes and the bottom 50% paid 4%. Ten years earlier, the groups paid 43.9% and 5.8% respectively. Due to political pressure, "many tax programs contain income tax cut offs that leave out top income earners."

VA REBOUND?

Not only did sales of variable annuities fall dramatically in 2001, but much of the 2001 sales activity resulted from insurers simply trading assets with each other through contract surrenders. According to a Conning & Company study, an improving economy should help create a market rebound for variable annuities, but the real key to success for variable annuity insurers is to focus on new customer acquisition strategies. With only about 6% of the U.S. population owning variable annuities, insurers who focus on market development can thrive. For information on purchasing the full study, "Variable Annuity Marketplace: Thriving in Unfamiliar Terrain," go to www.conning.com.

RETIREMENT REDefined

A new Harris Poll study sponsored by AIG SunAmerica shatters traditional perceptions of retirement and identifies "four faces of retirement." The research indicates four distinct segments that now define retirees: "Ageless Explorers" (27%), who would rather be too busy than bored. These retirees have the highest net worth. "Comfortable Contents" (19%), who live the traditional retirement life. "Live for Todays" (22%) who would like to be "Ageless Explorers," but don't have the money. "Sick & Tireds" (32%), who have the least amount of money and low expectations for the future. For additional information, go to www.visualizeretirement.com.

SETTING THE RECORD STRAIGHT

The AALU has come out swinging, in response to a series of prominent, yet misleading, media articles about leveraged life insurance programs issued between 1986 and 1996 that covered rank-and-file workers, who may not always have provided consent to be insured or benefited from the insurance. These programs, labeled by the articles as "janitor's insurance" or "dead peasants insurance", were effectively stopped by 1996 legislation that denied interest deductions for borrowing from the policies. The AALU has sent a letter and related information to every member of Congress in an effort to set the record straight.

LIFE INSURANCE SIGNIFICANT INCREASE

After experiencing a slight decrease in March, compared to March 2001, life insurance applications registered a significant increase in April, according to The MIB Life Index™ for April 2002. Interestingly, the application increase was triggered by the 60+ age group, which saw a 20.2% increase in application activity.

TIAA-CREF, "ADVISORS WANTED"

As indicated by full page, back cover ads in *Investment News*, TIAA-CREF is now reaching out to independent advisors to market their products. Another endorsement for the value of professional financial advisors.

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

Benefits of Membership

Did you know that as a member of the Society of Financial Service Professionals, you are entitled to a wide spectrum of member benefits, services and discounts? You'll get the most out of your membership by selecting benefit options according to your specific practice needs and customizing your membership to efficiently enhance your business and personal professional development.

Use these programs and services to develop your knowledge, build your business, and make connections with some of the most knowledgeable experts across a variety of financial services industry disciplines.

Your time is a valuable commodity! Society programs and products are designed to provide maximum return for a minimal investment of time. The *e-Bulletin* provides a quick and timely synopsis of financial service industry news and issues. In one hour and without leaving your office, you can participate in an audio conference with leading advisors.

Maximize your membership investment. Decide which benefits will best suit your practice and increase your depth of knowledge in financial service matters today.

One of the many benefits of the Society is the Sections program. The Society's nine unique Sections allow members to customize membership benefits to meet their particular practice needs. Each Section has a newsletter and e-mail list discussion group tailored specifically to the interests and specialization of its member group.

While the first Section is free, you may join additional Sections for only \$30 each. Contact Customer Service.

Business & Compensation Planning – COLI; SERPs; nonqualified deferred compensation; executive bonus; split dollar; group carve out; key person insurance.

Employee Benefits – Group insurance; flexible benefits; Section 125 cafeteria plans; plan administration; benefits communication.

Estate Planning – Charitable planning; wills and trusts; estate planning and taxation; wealth accumulation planning.

Financial Planning – Personal risk management; asset allocation; income tax analysis; cash flow analysis; equity planning.

Leadership & Management – Practice development; communication; leadership and management theory; ethical conduct; time management; technology.

Life, Health, & Disability – Individual life, health, and disability insurance; long-term care; Medicare supplement insurance; medical expense accounts.

Multiple Risk Management – Life, health, and property and casualty insurance; practice management; basic business insurance, basic retirement and estate planning

Qualified Plans – Pensions; profit sharing; 401(k) plans; defined benefit plans; defined contribution plans; age-weighted plans

Retirement Counseling – Life style issues; attitude and role adjustment; retirement plan/pension options; Medicare; Social Security; financial security

These are just some of the many benefits provided to Society members. For more information on benefits, visit the National website at www.financialpro.org.