



Knowing Your Client

With good fact-finding, the starting point should seem logical. Start with easy questions, even ones with obvious answers. This will give your clients a chance to become comfortable with the process and provide a foundation of knowledge to build upon. The following are some basic points to consider during your initial interview.

PERSONAL INFORMATION

BASICS

- Client's name and date of birth.
- Spouse's name and date of birth.

OCCUPATION OF CLIENT (Spouse if applicable)

- Current occupation
- Length of employment
- Length of time until retirement
- Current Income
- Other sources of income
- Current debt obligations
- Annual income needs

DEPENDENTS

Dependents may be anyone for whom your clients are financially responsible. This could be anyone from stay-at-home spouses who don't have a retirement account of their own, a child who wants to go to college, or an elderly parent who is in your client's care. All of these factors affect how long and how much your clients may be able to invest. The following are some basic considerations.

SPOUSE

- Is the spouse currently employed?
- Does the spouse have a pension?
- What type of preparation has the spouse made for retirement?

CHILDREN

- Age of children, if applicable
- Will they be named as a beneficiary?
- Are they planning on attending college? Is there a savings plan in place now?



OTHER

- Is there an elder dependent living in the home?
- What additional concerns/needs might they have?
- Medical expenses
- Health-related issues
- Home equity, mortgage, credit card debt

GOALS & OBJECTIVES

Your client's goals for their money will vary and may range from short to long-term. All major financial considerations should be accounted for during planning. It is important that, as the person making a recommendation, you understand their needs. Are your clients looking to put a down payment on a house or are they attempting to save for retirement?

There will be different factors that motivate each client. It is your duty to understand the client's financial needs, objectives, and goals in order to ensure a suitable sale.

1. RETIREMENT

- Be diversified. Rarely, if ever, does one type of financial product solve all of your client's retirement needs.
- Make a plan. Whatever action you take should be logical. Follow the plan you establish.
- Make sure your clients won't outlive their income. Whatever the plan, make sure there will be income available when needed and for as long as needed.

2. MEDICAL/LONG-TERM CARE

- Be sure to discuss these needs.
- Make sure money will be available in the amount needed.
- Consider the liquidity features or riders the annuity offers to accommodate these concerns.

3. LIFE'S EMERGENCIES

- Err on the side of caution when it comes to liquidity needs.
- Leave adequate funds in a savings account or money market for unplanned emergencies.
- Make sure your client is aware of the withdrawal provisions.

4. HIGHER EDUCATION

- Make sure the client's potential purchase does not impede a prior commitment to save for college expenses.
- Pay special attention to the age of the children, as that will affect the time horizon.



5. LIFE INSURANCE

- Consider life insurance needs.
- Know what assets your clients need to protect (house, family, lifestyle) and address those concerns specifically.

6. OTHER

- It may take a little probing to determine what the "other" factors are, but "they" almost always exist. "Other" may be a new car or second home.
- In addition, how important are these goals in relation to the other concerns listed above?

INCOME & ASSETS

It is important to understand just what assets your clients have available. You will need to know the total household income, sources of income, available savings, etc. The more fact-finding you do here, the better. You will gain perspective on just how attainable their goals are, given the income or assets they have available. Below are questions that will assist in this process.

- Yearly household income?
- Source of this income?
- Potential short-term change in income?
- How much of the client's savings and available funds will be used to fund this product?
- Current tax bracket?
- Investment experience?
- What kinds of investments or purchases have they made in the past?
- How familiar are they with the concepts you are presenting?

Obtaining this information will give you a better sense of your clients' assets and how annuity an annuity purchase may affect them. As you do this, you may find that they already have an annuity, but no life insurance, and additional annuity products may be inappropriate or unnecessary.

Here are some other points to consider before recommending the purchase of an annuity product:

- What is the source of the funds for the purchase?
- What major expenses do they have that need to be addressed first?
- Are the liquidity provisions adequate?
- Are other funds available if needed?
- Will they be making a monthly contribution? Is that amount acceptable?
- Who will be the beneficiaries?
- What concerns, if any, may arise specific to the intended beneficiary designation?
- Is the beneficiary a person or other entity?



- Will the beneficiary/owner in any way impact the tax-deferral status of the annuity contract?

*Information provided by North American Life Insurance Company