



Nexus Notes

June 2015

Friends,

To keep on top of changes in the financial industry, I do lots of reading of lots of periodicals. The topics of these readings range from changes in tax laws and their impact on investments and financial plans to practice management to product changes and placement. The most interesting tend to be those focused on products.

Here's a concept. One of the newsletters I read deals exclusively with annuities. As you might guess, there are many different types of annuities offered by many insurance companies. One may have a subtle difference from others which may make it a candidate for inclusion in a particular portfolio and not another. However, whether to even consider an annuity in a portfolio requires a high level view of many factors that are specific to a particular client. This newsletter contains a segment called Sales Idea. This month's idea? The concept of focusing not on annuity interest rates, but how annuities may better serve the client being positioned as part of their overall retirement income strategy.

Sales versus planning. I've written before about a hammer being a good tool except when you really need a screwdriver. An annuity may be an excellent tool, but is it the hammer or the screwdriver in an investor's particular situation? This newsletter suggests that it would be a good idea for annuity salespersons to understand the buyer's situation and analyze how an annuity would work. My question is, if I make my money selling annuities, am I not going to find a way to make my product fit into a solution?

Independent planners can provide a thorough analysis of your financial circumstances and create a financial and/or investment plan that is unique to you. If it is determined that a product like an annuity would fit into your plan, the planner should be able to explain how and why it would fit. Even so, if you are not comfortable with the complexity of any tool like an annuity, you are well within your rights to decline to purchase that product and the planner should not "hammer" away at you to try to make the sale.

I have indicated in the past that my profession is a highly regulated one. Several entities exist for the purpose of protecting the public and providing them with as much information as possible. I've listed a couple below.

BrokerCheck. Brokercheck.finra.org is a free tool that provides backgrounds of brokerage firms and brokers as well as investment advisors.

Professional Designations Database. Designationcheck.com allows investors to verify that an advisor does in fact have a designation he references and whether he is in good standing. Go to the Verify Professional Credentials section. Feel free to look me up.

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