

*Techniques for
Exploring Personal Markets*

Sales Skills Techniques

Techniques for Prospecting: Prospect or Perish

Techniques for Exploring Personal Markets

Techniques for Meeting Client Needs

Ethics for the Financial Services Professional

Product Essentials

Essentials of Annuities

Essentials of Business Insurance

Essentials of Disability Income Insurance

Essentials of Life Insurance Products

Essentials of Long-term Care Insurance

Essentials of Multiline Insurance Products

Planning Foundations

Foundations of Estate Planning

Foundations of Retirement Planning

Foundations of Financial Planning: An Overview

Foundations of Financial Planning: The Environment

Foundations of Investment Planning

Financial Advisor Series: Sales Skills Techniques

***Techniques for
Exploring Personal Markets***

Allen C. McLellan
Kirk S. Okumura
Glenn E. Stevick, Jr.



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Preface

The mission of this textbook is to develop your professionalism as a financial advisor marketing financial services and products and prospecting for clients. The purpose of this textbook is to help the financial advisor develop marketing skills to be able to obtain clients and have a successful professional career in the financial services industry. The text is organized around the life cycle of an individual, and discussions are based on the general characteristics and financial needs of individuals in each life-cycle segment. The text will also analyze the technical aspects of different types of financial and insurance products corresponding to these life-cycle segments. It is our objective that this textbook have the right blend of technical knowledge and practical information to accomplish its mission.

While much of the text material will be new to you, some material will, no doubt, refresh previous knowledge. In either case, the text material will be both valuable and necessary if you aspire to be successful in the financial services marketplace. However, the benefits you gain from studying the text material will be directly proportional to the effort you expend. So read each chapter carefully, and answer both the essay and the multiple-choice review questions for each chapter (preferably before looking in the back of the textbook for the answers); to do less would be to deprive yourself of a unique opportunity to become familiar with life insurance and to learn more about selling it.

The textbook includes numerous educational features designed to help you focus your study of life insurance. Each chapter contains

- learning objectives
- examples, figures, and lists
- key terms and concepts
- review questions (essay format)
- self-test questions (multiple-choice format)

The back of the textbook includes a glossary, answers to review and self-test questions, and an index.

Finally all of the individuals noted on the acknowledgments page made this a better textbook, and we are grateful. However, if some errors have eluded us, we are solely responsible, and take full credit for giving those of you who find any errors the exhilarating intellectual experience produced by such discovery.

Allen C. McLellan
Kirk S. Okumura
Glenn E. Stevick, Jr.

The American College

The American College[®] is an independent, nonprofit, accredited institution founded in 1927 that offers professional certification and graduate-degree distance education to men and women seeking career growth in financial services.

The LUTC program at The American College offers the LUTCF professional designation. Its curriculum is designed to introduce students to the technical side of financial services while at the same time providing them with the requisite sales training skills. Attainment of the LUTCF signifies a commitment to professionalism, continuing education, and excellence in ethical conduct. In addition, it prepares students to undertake more advanced College programs.

In 2003 The College debuted the Financial Advisor Series, self-study courses that provide product knowledge and help professionals develop sales and presentation skills.

The Solomon S. Huebner School[®] of The American College administers the Chartered Life Underwriter (CLU[®]); the Chartered Financial Consultant (ChFC[®]); the Chartered Advisor for Senior Living (CASL[™]); the Registered Health Underwriter (RHU[®]); the Registered Employee Benefits Consultant (REBC[®]); and the Chartered Leadership Fellow[®] (CLF[®]) professional designation programs. In addition, the Huebner School also administers The College's CFP Board-registered education program, for those individuals interested in pursuing CFP[®] certification, the CFP[®] Certification Curriculum.

Finally, the Richard D. Irwin Graduate School[®] of The American College offers the master of science in financial services (MSFS) degree, the Graduate Financial Planning Track (another CFP Board-registered education program), and several graduate-level certificates that concentrate on specific subject areas. The National Association of Estate Planners & Councils has named The College as the provider of the education required to earn its prestigious AEP designation.

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observers assigned by the Commission, an institution is guided by well-defined and appropriate goals; that it has established conditions and procedures under which its goals can be realized; that it is accomplishing them substantially; that it is so organized, staffed, and supported that it can be expected to continue to do so; and that it meets the standards of the Middle States Association. The American College has been accredited since 1978.

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Acknowledgments

This textbook was written by Allen C. McLellan, LUTC author/editor and Assistant Professor of Insurance, Kirk Okumura, LUTC author/editor, and Glenn Stevick, Jr., LUTC author/editor and Assistant Professor of Insurance at The American College.

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To all of these individuals, without whom this textbook would not have been possible, The College expresses its sincere appreciation and gratitude.

Walter Woerheide, Academic Dean
The American College

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Special Notes to Advisors

Text Materials Disclaimer

This publication is designed to provide accurate and authoritative information about the subject covered. While every precaution has been taken in the preparation of this material to ensure that it is both accurate and up-to-date, it is still possible that some errors eluded detection. Moreover, some material may become inaccurate and/or outdated either because it is time sensitive or because new legislation will make it so. Still other material may be viewed as inaccurate because your company's products and procedures are different from those described in the textbook. Therefore the authors and The American College assume no liability for damages resulting from the use of the information contained in this textbook. The American College is not engaged in rendering legal, accounting, or other professional advice. If legal or other expert advice is required, the services of an appropriate professional should be sought.

Caution Regarding Use of Illustrations

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Use of the Term Financial Advisor or Advisor

Use of the term *financial advisor* as it appears in this textbook is a generic reference to professional members of our reading audience. It is used interchangeably with the term *advisor* so as to avoid unnecessary redundancy. Financial advisor takes the place of the following terms:

account executive	life insurance agent
agent	life underwriter
associate	planner
broker (stock or insurance)	practitioner
financial consultant	producer
financial planner	property & casualty agent
financial planning professional	registered investment advisor
financial services professional	registered representative
health underwriter	senior advisor
insurance professional	

Answers to the Questions in the Textbook

The answers to all essay and multiple-choice questions in this textbook are based on the text materials as written.

About the Financial Advisor Series

The mission of The American College is to raise the level of professionalism of its students and, by extension, the financial services industry as a whole. As an educational product of The College, the Financial Advisor Series shares in this mission. As knowledge is the key to professionalism, a thorough and comprehensive reading of each textbook in the series will help the practitioner advisor to better service his or her clients. Offering superior service is a task made all the more difficult because the typical client is becoming ever more financially sophisticated with each passing day and demands that his or her financial advisor be knowledgeable about the latest products and planning methodologies. By providing practitioner advisors in the financial services industry with up-to-date, authoritative information about marketing and sales techniques, products, and planning, the textbooks of the Financial Advisor Series will enable many practitioner advisors to develop and maintain a high level of professional competence.

When all textbooks in the Financial Advisor Series are completed, the Series will encompass 15 titles spread across three separate subseries, each with a special focus. The first subseries, *Sales Skills Techniques*, will focus on enhancing the practitioner advisor's marketing and sales skills, but will also cover some product knowledge and planning considerations. The second subseries, *Product Essentials*, will focus on product knowledge, but will also delve into marketing and sales skills as well as planning considerations. The third subseries, *Planning Foundations*, will focus on various planning considerations and processes that form the foundation for a successful career as a financial services professional. When appropriate, product knowledge and sales and marketing skills will also be touched upon.

A full list of current and planned titles can be found in the front pages of this textbook.

Overview of the Textbook

Techniques for Exploring Personal Markets explores how to create a basic marketing plan utilizing target marketing and life-cycle marketing concepts. The core of the textbook is organized around the life cycle of an individual. It examines the common characteristics and major financial product and planning needs of four adult life-cycle market segments.

Chapter 1 introduces the selling/planning process and philosophy that undergirds all of The College's FA courses. It then describes the target marketing process and prospecting methods.

The life-cycle marketing concept and related life-cycle market segments are introduced in Chapter 2. There is also a discussion of universal financial needs, financial planning areas, and the financial planning pyramid. The chapter closes with a look at creating awareness of your personal brand and products and approaching prospects for appointments.

Chapter 3 examines the young-adult market segment. It then reviews disability income insurance, one of the major needs members of this market segment have.

The middle-years adult market segment is described in Chapter 4. The chapter also looks at life insurance, a prominent need of many in this market segment. It closes with an overview of some special markets created by changes in societal norms, demographics, and legislation.

Chapter 5 looks at retirement planning and investments. Chapter 6 resumes the overview of the adult life-cycle market segments with a look at the mature-adult market segment. Medicare supplement and long-term care insurance are also discussed in this chapter.

Chapter 7 discusses policy or contract delivery and how to turn service into a marketing opportunity. The chapter also outlines how to organize ideas discussed in the textbook to formulate a basic marketing plan. It closes with a look at compliance, ethics, and professionalism.

Finally, the textbook concludes with a look at the old-age adult market segment, exploring two planning needs that many members of this segment have: estate planning and distribution planning.

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