



RETIREMENT PLANNING

Why Income Planning Is Key

You need to be in this market to set yourself apart.

By John Amann

A new opportunity for financial advisors has surfaced, and early indications are that it will overshadow every other that has emerged in the financial-services industry. This is the income-planning market. But while many advisors talk about the prospects this exciting new market holds, few are doing anything about it.

Working in this market will help advisors differentiate themselves from their competitors—something they must do to succeed. Let's face it: No one calls an advisor if he doesn't have something he believes no one else has.

In spite of this need for differentiation, many financial advisors seem to brand themselves almost identically because they believe they have to position themselves to get a piece of what's "hot."

If you want to avoid this approach, you should become an income-planning expert. Just think: 20 years ago there were few accumulation experts. Those who positioned themselves on the leading edge of the tax-deferred accumulation market with annuities were the most successful.

The first steps

You can start to incorporate income planning into your practice by doing the following:

- Begin every sales presentation with a statement like this: "Before we get to anything else, let's make sure you are positioned to have a continuous income you cannot outlive. Would you agree this is important?" Few prospects will disagree with you.
- Establish a baseline income that your prospect needs to live. Address simple items like money for groceries and utilities, and for paying other essential bills.
- Once you determine how much income it will take to cover your prospects' needs, you have a simple basis on which to identify assets that can fund the income. Your prospects may already have income from Social Security and a pension plan. So consider appealing to their heart—not their brain.
- Ask them what gets them up in the morning. What do they love doing the most? Dreams and passions never retire. Do they enjoy collecting art, antiques or cars? If they could afford it, would they join the best country club in town? Or, they may want to fund regular vacations each month or quarter.
- Help them realize they can afford to do more than they ever imagined. By helping unlock more of their assets, you can allow them to realize a dream they thought was impossible.
- Determine the cost of that dream and use an income product to help them fund it.

Other tips for success

You can also incorporate retirement-income concepts into the following:

- **Client seminars.** These are a great way to articulate the value of an immediate and guaranteed income for life.
- **Prospect seminars.** At these events, you could show prospects how you are helping your existing clients afford their dreams.
- **Ads.** Your advertising should highlight your abilities in income planning.

When consumers were focused on accumulating and protecting wealth, many advisors offered fixed or variable annuities, along with equities, life insurance and perhaps long-term care insurance. This was the natural thing to do, since most Baby Boomers were young and were still working to accumulate assets for retirement.

Now, Boomers rapidly approaching retirement believe accumulation and protection are still important, but are overwhelmingly concerned about what to do with what they've accumulated.

There are two important things to consider as you build your income-planning practice:

- **What breathes in must breathe out.** Consider going to your existing clients and telling them you've been helping them "breathe in" over the years, and it may be time for you to help them begin to "breathe out."
- **The idea of income planning, unlike other financial-planning concepts, is natural and comforting to many Boomers approaching retirement.** Perhaps they have gotten used to receiving two paychecks a month for 40 years or more. Remind them of the peace of mind that a steady income gave them during those years. Why would they want to give that up when they retire? No amount of accumulated assets can replace the comfort created by a steady and guaranteed income for life, particularly an income that has built-in inflation hedges.

Some people believe the income-planning market won't emerge for another five years. You should thank those people and seize the moment. You will be ahead of your time—and so will your practice.

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