

LEAP SYSTEM®

FIELD GUIDE



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WHAT IS THE LEAP SYSTEM®?

The Leap System uses a model supported by financial calculators to help financial professionals and their clients better understand their current financial decisions and future opportunities. Leap strives to increase and improve client protection and money supply by utilizing the flow of money into and within the Leap Model.

A Visual Macro-Economic Model

The Leap Model helps clients better understand their current and future financial strategies. The Leap Model, in combination with Leap's financial calculators, helps financial professionals and clients arrive at specific financial conclusions. Oftentimes, one of these conclusions is that the client's present financial position is uncoordinated and inefficient, which makes it a challenge for clients to meet their short and long term objectives.

In order to help clients have a better opportunity to reach their short and long term objectives, the financial professional uses the Leap Model, financial calculators, and other resources to present and verify various financial strategies from which clients can choose.

How Does Leap Work?

A financial professional uses the Leap Model and process in combination with a series of professionally designed presentations, booklets, worksheets, and financial calculators to support each meeting they have with clients. These Leap tools and resources provide a powerful setting to have interactive dialogues with clients and make for an effective data gathering tool, a dynamic planning methodology, and provide a proven process for closing cases and achieving results.

The Leap tools and resources are also designed to save financial professionals precious time. Instead of spending hours and hours planning and preparing, the Leap Model helps financial professionals plan more effectively and efficiently. The time saved using Leap can then be used to meet with more clients to create additional sales opportunities.

Since the Leap Model is visual and easy to understand, clients will appreciate and value the education they receive from a financial professional using the Leap Model. Furthermore, because the Leap Model, process, and supporting tools and resources allow clients to participate in their own strategic financial analysis, Leap provides financial professionals with an effective sales process and tool that helps to eliminate client resistance and objections.

How Does Leap Help Financial Professionals?

Leap was developed and designed to effectively help financial professionals learn to educate their clients how to balance the protection of their assets with the growth of their assets in order to improve financial security.

With Leap, financial professionals improve their level of productivity because they:

- Help educate clients on the value of insurance and other financial products.
- Find the money for clients to acquire insurance and other financial products.
- Are referred to more prospects.
- Use materials that are highly professional in appearance and content.
- Eliminate unproductive planning and preparation time prior to the sale.
- Minimize the objections they would otherwise receive from prospects.
- Create client loyalty to encourage repeat sales.
- Provide factual information every step of the way.
- Provide education and service to any type of client regardless of age, occupation, marital status, or income level.

Leap can help financial professionals work with all client types; however, Leap is most effective with clients who seek to achieve financial security that balances both protection and long-term wealth building.

The Art and Science of Leap

The practice of any financial discipline requires both art and science to achieve optimal results. An over-reliance on either one will likely result in a sub-standard outcome.

Within Leap, the art is driven by emotional and inspirational forms of communication, while the science is guided by data and validation. On the surface, these disciplines may seem completely opposite, but when combined they create a masterful composition.

To be truly successful one must use a balance of both art and science when identifying potential prospects, working with clients through each step of the Leap process, and in managing your practice every day.

OVERVIEW OF LEAP PROCESS



1 – PROSPECTING

Identify and meet ideal clients on a regular basis and create a desire for them to learn more.

Key Tools:

- [Personal Introductions Booklet](#)
- [Client Segmentation Template](#)
- [Activity Tracking Template](#)

2 – OPEN (Intro Meeting)

Introduce the Leap Model to prospective clients and assess their characteristics, general financial situation, and level of engagement to move forward in the Leap process.

Key Tools:

- Personal Finance and Wealth Building Presentation or Booklet or Model for Financial Success Presentation or Booklet (see Addendum)
- [Leap Model](#)
- Leap Model Rulebook Presentation
- Leap Stories & Calculators (If Appropriate)
- [Questionnaire](#)

3 - DATA (Data Collection Meeting)

Collect remaining data to construct a verified Present Position Model of the client's current financial situation and build an initial foundation for a long-term client relationship.

Key Tools:

- Questionnaire
- Consultative Questions Guide

4 - DESIGN

Gain a complete understanding of the client's financial situation in order to present strategies that will solve problems, align resources, and improve the client's desired results.

Key Tools:

- Questionnaire (Completed)
- Present Position Worksheet
- Problem & Resource Identification Worksheet
- Cash Flow Analysis Worksheet
- Strategy Worksheet

5 - PRESENT (Present Position Meeting)

Educate the client on their Present Position Model in order for them to discover that staying where they are in their financial life will not work.

Key Tools:

- Questionnaire (Completed)
- Present Position Worksheet
- Problem & Resource Identification Worksheet
- Cash Flow Analysis Worksheet
- Strategy Worksheets
- Leap Model Rulebook Presentation
- Leap Stories & Calculators (As Needed)
- To-Do List
- Present Position Meeting Summary

6 - SOLUTION (Strategy Meeting)

Client discovers that specific Leap strategies for reallocation of their money will provide them with greater benefits, money supply or both when compared to where and how they are currently allocating their money.

Key Tools:

- Strategy Worksheets

7 – IMPLEMENTATION (Implementation Meeting)

Document and review all modifications, improvements, and recommendations made to the client's Present Position Model in order to realize the benefits discussed to-date.

Key Tools:

- Implementation Summary/Master Report
- [To-Do List](#)

8 – SERVICE (Ongoing Service and Review Meetings)

Monitor, balance, and maintain the client's Present Position Model in order to help them achieve their financial goals throughout the future.

Key Tools:

- Implementation Summary/Master Report
- [Present Position Worksheet](#)
- [Strategy Worksheets](#)
- [Personal Introductions Booklet](#)

9 – INTRODUCTIONS

Acquire preferred introductions within the Leap process that will lead to working with more ideal clients to grow your practice.

Key Tools:

- [Personal Introductions Booklet](#)
- [Client Segmentation Template](#)
- [Prestige Referral Email Template](#)

1 – PROSPECTING

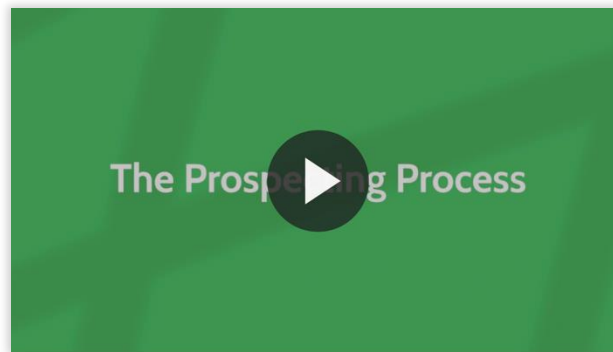
Goal and Objectives

Goal

Identify and meet ideal clients on a regular basis and create a desire for them to learn more.

Objectives

1. Identify Your Ideal Client
Identify your ideal client profile that will lead to long-term client relationships.
2. Segment Your Prospects
Segment your prospects to get the most time with your ideal clients.
3. Define Your Value Proposition
Define your unique value proposition to maximize your impact.
4. Communicate How You Will Get Paid
Communicate to prospects how you will get paid.
5. Build a Referral Management System
Create a system for acquiring and managing referrals.



Identify Your Ideal Client

Prospecting is positioning yourself in front of people on a regular basis who have the characteristics that you look for in an ideal client.

By ideal we mean people who, by a set of criteria, you most enjoy working with and who are most likely to benefit from you taking them through the Leap process.

Your ideal client should be made up of both external and internal characteristics:

External

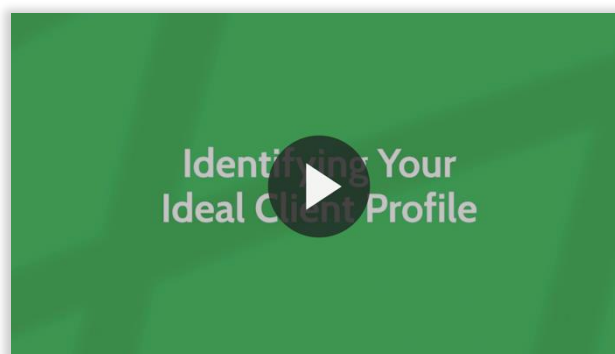
Demographics (Age, Marital Status, Children, Location)
 Profession (Occupation, Education, Business Market)
 Financial Attributes (Income, Net Worth, Home Ownership)
 Financial Needs (Planning, Insurance, Investments, Legacy)
 Affiliations
 Hobbies and Interests
 Etc.

Internal

Love of Family
 Open-mindedness
 Motivation
 Social Style
 Likability
 Desire to Implement
 Etc.

Keep track of these characteristics as you meet new candidates. Who becomes a client? Who doesn't? Can you spot a pattern over time? When you work with people who come closest to your ideal client profile, your practice will begin to grow exponentially.

These characteristics of your ideal client profile can also be found on the inside cover of the [Personal Introductions](#) booklet. Use the [Personal Introductions](#) booklet with your clients to help identify people they know that you would work best with.



Segment Your Clients

Segmenting prospects is not a character assessment or judgement of the prospect, but rather a professional assessment that gives the financial professional the greatest probability to transact business.

For example, you may choose to segment and rank their candidates using the following criteria and based on past experience:

Criteria	"A" Profile (All Criteria Met)	"B" Profile ("A" Profile Minus 1)	"C" Profile ("A" Profile Minus 2)	"D" Profile ("A" Profile Minus 3+)
Married (1st)	✓	✓	✓	✓
Children	✓			
Home Ownership	✓	✓	✓	
Employed	✓	✓	✓	✓
Age 30-55	✓	✓		
30-mile Radius of My Office	✓	✓	✓	✓
Expected Close Ratio	90+%	80%	60%	<50%

You don't have to work with everyone all the time. It's okay to see different types of clients, but over time you should be able to identify the type(s) you work best with. Once you do, it's important to maximize your time with those highest ranking "A" clients because your closing ratio with A-ranked clients who you take through the Leap process is over 90%.

Ultimately, you should strive to work primarily with A-ranked clients who can provide high quality referrals to people they know who fit your ideal client profile.

Household income does not impact probability of closing. It only impacts the case size. Income, as a component of an ideal profile, is based on the financial professional's experience, personal and professional network.

Financial professionals that are new to Leap will not be able to obtain prestige introductions until they are able to get someone to go through the Leap process. As a result, those who are new to the Leap process must employ a tactical and well thought out approach to whom they intend to target and why.

Each type of financial professional, experienced, career changer, or new financial professional, has its own challenges, advantages and disadvantages. It is imperative that financial professionals establish a level of activity with the right type of candidates to transition to 100% prestige introductions as quickly as possible.

Define Your Value Proposition

How do you answer the question, “What do you do?”

The first step is to determine your unique value proposition. Your value proposition is a brief and clear explanation that describes the benefits of working with you, the benefits of the Leap Model and process, and what distinguishes you from the competition. Most importantly, your value proposition should be delivered in such a genuine way that it peaks the prospects interest enough for them to take action, exchange contact information, agree to meet with you, so you can continue the conversation.

An effective value proposition has the following three components:

1. Compelling lead-in or hook that shares 1-2 features and benefits
2. Relevant engagement question or point
3. Specific call to action

Lead-ins

- *I help my clients... state features such as greatly increase your wealth, reduce your taxes, and protect you against wealth eroding factors.*
- *After working with me, my clients feel... state benefits such as they are able to receive clarity regarding their financial decisions and confidence they are on the right track.*
- *I specialize in working with my clients to... state features and benefits.*

Using a combination of the above, here are several examples of what a lead-in may sound like:

I help my clients implement financial strategies that enable them to build additional wealth and protection.

I help clients clearly visualize, organize, protect and grow their entire financial life using a unique time-tested model and financial rulebook that, when followed, create financial stability, protection, and opportunity.

I have the greatest, most satisfying job in the world. I get to travel and work with people just like you. Together, we implement financial strategies that enable them to build and enjoy more happiness, success, and wealth.

I work with ordinary people... to help them become millionaires. I also work with millionaires... to make sure that they do not become ordinary people!

I work with business owners and professionals using a unique step-by-step process in three ways: reduce taxes, making sure proper protection and benefits are in place, and ensuring benefits transfer to future generations. My clients feel confident knowing they're on the right track.

I help my clients better understand money... how it works, how to protect it, how to grow it, how to enjoy it, and how to preserve it for generations to come.

Engagement Questions

- *What are some of your priorities regarding X?*
- *What are some of your challenges with X?*
- *What would you ideally like to change regarding X?*
- *What if it turned out that we could do X for you?*
- *What if I could measure and receive feedback about your current financial decisions?*
- *What if you could test a variety of financial strategies to see if there were alternatives that offered enhanced results?*
- *What if I could create safeguards around your assets and income to insulate you from future financial losses due to taxes changes, market fluctuations, even your own unforeseen circumstances... all while making this easier and more accessible to you. Do you use anything like that today?*
- *Of what I said, what might be of interest to you?*

Call to Actions

- *If we really could do X, Y and Z, what would your thoughts be on having an initial conversation with me to hear more?*
- *What would your thoughts be on having an initial conversation with me about X? What is your availability over the next week?*
- *I would love to have an initial conversation with you about X. What is the best way to get on your calendar?*

Pulling It All Together – A Value Proposition for Most Prospects

By combining a compelling lead-in, a relevant engagement question or point, along with a call to action, an effective value proposition may sound something like:

I use a very unique and specialized process that helps people increase their wealth building potential on top of what they are presently doing.

The best part is, we are able to accomplish this without additional out of pocket outlay on your part and with less risk than you are presently exposed to.

Would that be of interest to you?

All we need is about 30-minutes and I'll show you our process. How about one day next week during your lunch... would Tuesday or Wednesday work for you?

Tips and Considerations Before Approaching Prospects

- Establish a tactical plan for whom you will reach out to and what your approach is going to be.
- Understand that each financial professional has unique challenges for each type of prospect they will encounter.
- Resolve, in advance:
 - Why should this prospect work with me?
 - What do you believe that you do for clients that you are most proud of?
- Write out your value proposition using short impactful sentences, not long paragraphs.

- Memorize your value proposition and practice saying it with colleagues so it doesn't sound like a script. Speak from the heart.
- Customize your value proposition for different types of social situations and prospects.
- Consistently rework your value proposition to ensure it sounds sincere, genuine and authentic. What works for someone else's personality may not work for yours.
- Experiment with different value propositions in your day-to-day life
- All financial professionals will wrestle with credibility at different levels and for different reasons, therefore focus on prospects that will be great candidates for the Leap process.

Communicate How You Will Get Paid

When working with prospects, it's important to understand upfront how your time and specific efforts ultimately translate into you getting paid. By knowing this, you are more likely to manage their time spent on prospecting more wisely.

There are three ways you can get paid:

1. Fees
2. Commissions (from licensed financial products)
3. Referrals

When we say to a prospect, "We do this at no additional cost by utilizing money that you're already spending" we don't want to infer that the cost of our services is free or that we don't get paid.

Fees

Leap does not charge a fee in order for a prospect to be introduced to Leap by a Leap-licensed professional. However, financial professionals holding an appropriate securities license may charge a fee for a financial consultation. In most cases, however, Leap-licensed professionals do not charge a fee to have an initial financial consultation because many believe that everyone should have the opportunity to see if they can improve upon their financial position without any up-front costs, charges or obligation.

In our experience, we found that people want the kind of relationship with their financial representative that entails no pressure, no sales hype, no fees, and no predetermined glossy boiler-plated reports. Furthermore, we've learned that clients want an accurate and honest assessment of their financial situation that is comprehensive using Leap's macro-financial model, and they want to actively participate in their financial and wealth building process.

Commissions

As a result, Leap-licensed professionals using the Leap Model and process provide a valuable service and financial education to their clients. If a client chooses to implement improvements in their Leap Model that involve a financial product, the financial professional will be compensated by commissions from the financial institutions who provide those products.

The key to remember is that Leap focuses on balancing protection and wealth building and does not focus on any one particular product. With that said, countless clients are using the Leap Model have found that protection and wealth building strategies and products they implemented to be of great benefit in their financial lives.

Referrals

In addition to the fees and commissions Leap-licensed professionals earn, the third way they get paid is by the client introducing them to people they know that fit their ideal client profile. It is up to you to meet or exceed the client's expectations using the Leap Model and process. When you do, you can then ask the client for help meeting people that they know and care enough about who fits your ideal client profile.

Once they do, we are confident that high-quality referrals will be generated from most clients due to their confidence that Leap has the potential to achieve their asset protection and wealth building objectives as well. Consequently, with every high-quality referral comes potential streams of additional commissions and opportunities to continually grow your practice.

Build a Referral Management System

If you are new to the Leap process you must employ a tactical and well thought out approach to who you intend to target and why. Each type of financial professional, experienced, career changer, or new, has their own distinctions, advantages and disadvantages. It's imperative that you establish a high level of activity with the right type of candidates in order to obtain referrals by "A" profile clients (i.e., your Ideal Client) as quickly as possible.

Tracking Activity

You should document your front-end activity every month. You are expected to contact as many prospects as needed to complete 7-10 well-rehearsed open talks at Intro Meetings per month. You should continue this level of activity until you are collecting clients' financial data, obtaining documents, and opening at least 6 cases per month.

Pending Client	Referred Lead (Y/N)	Rating	Intro Date	Data Date	Household Income	Paid Date	Premium	# of Meetings
1.								
2.								
3.								

If you are serious about this career, you must track your activity and keep score!

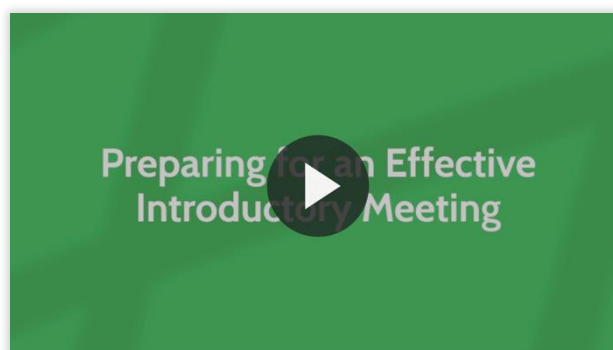
2 – OPEN (Intro Meeting)

Goal

Introduce the Leap Model to prospective clients and assess their characteristics, general financial situation and level of engagement to move forward in the Leap process.

Objectives

1. Assess Prospect's Characteristics
Determine if prospect fits your Ideal Client profile.
2. Address Common Questions
Answer questions on the prospect's mind.
3. Collect Prospect's Basic Financial Data
Collect prospect's preliminary financial data and information.
4. Leverage Leap Materials
Leverage Leap introductory materials to measure prospect's willingness to engage in the Leap process.
 - Personal Finance and Wealth Building (recommended for new Leap financial professionals)
 - Model for Financial Success (recommended for experienced Leap financial professionals – see Addendum)
5. Schedule Next Meeting
Schedule next meeting to gather and verify all additional financial data.



Address Prospect's Characteristics

The Intro Meeting is perhaps the most critical of all discussions in the Leap process. Ideally, you will be meeting with the prospect face to face. This meeting will create the foundation of your professional relationship beginning now or perhaps at some point in the future.

Your first objective is to determine if this prospect is someone with whom you want to work with. Do they have the ideal internal and external characteristics you are looking for in a client? If you determine through the course of the meeting that they are indeed someone you'd like to add to your client portfolio, then your goal in the Intro Meeting is to collect as much personal information and preliminary financial data as possible.

At the end of this Intro Meeting, you will provide the prospect with a confidential [Questionnaire](#). You will point out to them that they simply need to complete the Personal Data questions on page 1 of the [Questionnaire](#) and you will also need to collect the list of documents that you have highlighted for them on the back of the cover page of the [Questionnaire](#). You and the prospect will agree on an amount of time that it should take them to complete these questionnaire tasks and then set a firm date and time to meet and discuss all of the data collected. All of the prospect's financial data will enable you to complete their Present Position Model.

Address Common Questions

While you're assessing the potential of a prospect to become an Ideal Client for you, keep in mind that the prospect is evaluating you as well to see if you have the potential of becoming an ideal financial professional for them. The prospect will have on their mind the following questions about you:

- How are you different from other financial professionals?
- How will I benefit from working with you?
- How much will it cost (in both time and money) to work with you?
- Will this be an easy process?
- Can I trust you?

Not addressing these important top of mind questions during the Intro Meeting is why many financial professionals are unable to convert a prospect into a client. As a result, be sure to reinforce elements of your unique value proposition with the prospect early in the meeting. Everything you say during this meeting should be geared toward answering these questions that are on the prospect's mind. If a prospect can affirmatively answer each of these by the end of the meeting, they will not hesitate to move forward to the next step of the Leap process with you.

Collect Prospect's Basic Financial Data

One way to build an immediate and friendly rapport with the prospect is to open the meeting with a discussion of how you were introduced. The person who they were referred by is the easiest place to find commonality and often a good source of information about the prospect. Furthermore, by being observant in the client's office or home, you may spot family photos, awards, or clues about particular hobbies or interests, etc. around which to build the conversation to learn more about the prospect and what is important to them.

After a few minutes of general conversation with the prospect so that you both become more relaxed with each other, it's time to transition to asking a few of the following thought provoking questions that will help get the prospect in the right frame of mind for what you will be presenting:

- What are some of your financial goals?
- Who helps you make your financial decisions?
- What financial tools do you use?
- What rules and principles of finance do you follow?
- How do you select your savings and investment products?
- How do you monitor and control your cash flow and debt?
- How do you decide on the coverage of your insurance protections?
- How will your retirement income and assets be protected from loss?

How the prospect answers such questions and your follow-up questions, attempt to gather additional details. It will begin to reveal important preliminary data points and insights into their current financial situation and overall attitude towards money. More specifically, you're listening for cues and information that indicates their level of income, types and amounts of insurance and other financial products they own, whether they have a will, if they own their home, how much debt they have, etc., as well as if they are open-minded, motivated, have the ability to implement.

As this conversation evolves, try to evaluate your prospect's interest and willingness towards being transparent with their personal and financial information, as this will help you determine how best to shape your introduction to Leap (e.g., a quick high-level overview vs. an in-depth sophisticated explanation).

If the prospect already shows considerable interest in working with you as evidenced by them bringing a completed Questionnaire and financial documents to the Intro Meeting, you should shorten the dialog of your introductory discussion and quickly transition to a Data Collection Meeting.

Leverage Leap's Materials

Leap's Personal Finance & Wealth Building introductory material provides a great opportunity to explain how Leap is different than what is traditionally offered in the marketplace. The Personal Finance & Wealth Building presentation on the Leap Cloud Platform will help guide your discussion and provide prospects a compelling reason to begin working with you.

This presentation is the culmination of timeless economic principles, research, and Leap philosophy and strategies in action. It has a specific message designed to be flexible to work with every prospect. It will result in having a successful Intro Meeting with any type of prospect, regardless of their age, income, family and net worth.

The Preliminary Agreement Before Getting Started

You invest considerable time and energy preparing to have this introductory discussion with the prospect in a competent and professional manner. As a result, it's important that you do not leave the discussion with nothing more than the prospect's promise to think it over. In an effort to provide you more control and predictability in your Intro Meetings, it's critical for you to create an upfront agreement between you and the prospect.

For example, you can say:

During our time together today, I'm going to explain to you our process and what you can expect from us. Also, just as I have an ideal type of client that I work with, I'm sure you have characteristics that you look for in an ideal financial professional. I have found that if we both agree to meet each other's expectations, there is a good chance that we will begin working together. However, if at the conclusion of our meeting one or both of us does not feel we can meet each other's expectations, that's okay – it simply means that now is not the right time for us to work together.

Please understand, this is a collaborative process that is designed to help you make the most effective financial decisions possible. It will only work if we both meet each other's expectations.

Any questions? If not, let's begin.

Setting the Stage for Your Discussion

Before opening your Leap presentation, it's a good practice to ask the prospect a few key questions. By doing so, it begins to create a more collaborative dialogue between you and the prospect, rather than having it feel you're delivering a monologue. For example, you can say:

Now to get started, I would like to ask you a few questions. Do you mind if I take notes?

What does financial success mean to you? As you were thinking about our meeting today, is there anything that came to mind that you would like to specifically address?

If they list something, jot it down and ask, “What else?” until they run out of ideas.

If they don't give you a response, follow-up with the following:

If we are sitting here several months from now, what would you like to have accomplished together that has had a dramatic impact on your life so that you feel our relationship is off to a great start?

Jot their response down and be sure to remind them of their comments at appropriate times during your conversation.

The Personal Finance & Wealth Building booklet should be handed to the prospect at the beginning of your presentation. This is a very important step in the process. By having clients handle the booklet, take notes in it during the conversation, they will connect with it, while better understanding and remembering your presentation.

After an initial talk, it is common that a prospect will forget most of what is said unless one leaves behind reinforcing materials. With the booklet as a guide, the prospect may also be inclined to mention your service to someone else, thereby earning you another prestige referral. This booklet was specifically designed to provide this reinforcement and understanding.

Discuss Personal Finance and Wealth Building

The Personal Finance and Wealth Building conversation is an outstanding way to introduce who you are and what you do for your clients. When you're ready to begin, you can either use the **Personal**

Finance and Wealth Building booklet or launch the Personal Finance and Wealth Building online presentation and begin with:

The Personal Finance and Wealth Building material is what we use to help our clients better understand how we integrate and coordinate their financial decisions to build more wealth.

Give the prospect a copy of Personal Finance and Wealth Building booklet.

This is yours to keep and please feel free to take notes along the way.
Navigate to Wealth Building Challenges.

Wealth Building Challenges

Core Concept: We want things to work out the way we hope, but there are many obstacles that keep people from achieving their financial goals.

Begin by asking the prospect:

What are some of the challenges that prevent you from reaching your financial goals?

While everyone has different financial goals and definitions of financial success, all people face similar challenges, regardless of who they are. Since all people face these challenges, we are building a common bond with the prospect.

These problems should be obvious to the client yet remain problematic to them. For example, you could say:

There are many financial problems that we all face in the world today. The first is that the world is changing at a faster pace than ever before. Change is making financial decision making more and more complex. We live in a world of information, but that information when it comes to our personal finances is often confusing and conflicting.

Time:

Another challenge for most people is time. With so much to accomplish in the family, at work, at home etc. many people lack the time to get it all done, much less have time to research every aspect of every financial decision.

- *Do you feel that with all of your responsibilities in your life, you have properly researched all the financial decisions you have to make?*

Financial Institutions:

Wouldn't you agree that it's becoming more challenging to know what to do, where to do it, and with whom?

- *Where do you get the information that you want and need to help you make your financial decisions?*
- *Do you feel overwhelmed by the numerous financial institutions flooding the market place with information about their products?*

Government:

Through taxes and tax laws, the government presents a challenge to our financial decision making. Then, just when we feel we understand the impact of taxes and the tax laws and make decisions around them, the government makes changes again.

- *Would you agree that the government makes it difficult for many Americans to plan properly today and for their future?*
- *What current and future plans do you have in place to deal with taxes, tax law changes and their uncertainty?*
- *Have you experienced any difficulty in planning due to tax law changes?*

Costs:

We have all seen prices rise for just about everything because of inflation. Even though we know the Consumer Price Index is supposed to give us an idea on the impact inflation is having on our purchasing power, it is hard to feel comfortable with an average number since everyone has their own individual inflation rate.

- *Do you have an idea what you and your family's personal inflation rate is?*
- *What are your current plans to prepare for the impact of inflation in retirement?*

Media:

Through phones, TV, computers, and the print media, we are bombarded every day with opinions and information telling us what to do and what not to do with our money. Often, the opinions and information are conflicting and confusing in regards to products and strategies that affect the financial decisions we make.

- *What sources of information do you use in your financial decision making?*

Technology:

The speed of information, new technology, and the Internet are making it necessary to make changes and to reorganize the way we make financial decisions.

- *How do you begin to make financial decisions when faced with today's fast paced, ever changing environment?*
- *What are the chances of having financial success if these problems continue in your life?*

Transition phrase to The Four Basic Rules of Financial Institutions:

As you think about the financial institutions that you have worked with and purchased products from, what have your experiences been like?

Do you feel that they are using your money to help them achieve their financial success or to help you to achieve yours?

The Four Basic Rules of Financial Institutions

Core Concept: Financial institutions' natural business desire and goal is for them to achieve their financial success through the financial services and products they offer.

In order for them to achieve and maximize their financial success, financial institutions have four rules that they follow when developing products, training, marketing and advertising.

In order for you to best understand the four rules of the financial institutions, let's assume for a minute that you are the president or CEO of a major financial institution.

1. *What is the first thing you and your financial institution need to get started?*

Wait for prospect to respond... Answer: You need Money

And how would you convince consumers to give you money?

Wait for prospect to respond... Answer: Products, Incentives, Free Gifts, Advertising, etc.

2. *Would you want your clients to give you money just once or on a regular basis?*

Wait for prospect to respond... Answer: Systematically and on an ongoing basis.

And how would you do that?

Wait for prospect to respond... Answer: Direct deposit, EFT

3. *And how long would you like your clients to allow you to hold onto their money?*

Wait for prospect to respond... Answer: For as long as possible

And how would you do that?

Wait for prospect to respond... Answer: Account minimums, penalty for early withdrawal, Miracle of Compound interest.

4. *And finally, when your client wants to withdraw their money, would you want them to take it out all at once or over a long period of time?*

Wait for prospect to respond... Answer: As long as possible.

And how would you do that?

Wait for prospect to respond... Answer: Save for retirement and live off interest

Ask the prospect to compare each of the four basic rules that they came up with as president or CEO against their present financial products and decisions they have made.

Are you winning or are the financial institutions that you are working with winning with your money?

Once the prospect understands how the four basic rules of financial institutions apply to their own decision-making, they may be better enabled to improve their overall wealth building process.

Transition phrase to Financial Strategies and Products Promoted by Financial Institutions:

What has been your experience in your relationship with financial institutions?

Financial Strategies and Products Promoted by Financial Institutions

Core Concept: Making sure that the prospect connects the 4 rules of the financial institutions with the financial strategies and products that they promote.

The bottom line is that a financial product and strategy promoted by a financial Institution might be best for them but not necessarily in the best interest of the consumer.

With the prospect, discuss the strategies and products promoted by financial institutions and provide examples how they may not always be in their best interest. This is your opportunity to reinforce the inherent reality of institutional bias.

Only through careful strategic evaluation will financial strategies and products promoted by financial institutions be proven to be effective or ineffective in the context of your client's unique financial situation.

It is your responsibility as a financial professional to learn and understand the concerns, risks, pros and cons of each of these institutionally promoted products/strategies and then know how to educate the prospect.

Transition phrase to Five Ways to Make Money Decisions:

So, in today's marketplace, how do we make the best money decisions that are in our best interest, not the financial institution's?

Five Ways to Make Money Decisions

Core Concept: The pitfalls of each of the traditional planning options and how they each fall short when compared to using the Leap process and model.

Take time to highlight and address each of the planning methodologies that are available in the current marketplace for consumers. Then ask the prospect:

Which of these, no planning to financial planning, options best describes the way you have planned your finances up to now?

This is a great opportunity to demonstrate, by example, the pitfalls of traditional multiple needs financial planning. So, whichever one they choose that best describes their current planning, compare it to the Leap process option. Point out all of the differences and advantages of the Leap process option.

No Planning:

The first way to make money decisions is to do "no planning" at all. No planning leaves people with little chance of achieving financial security or success. They are depending on luck or a miracle to get where they want to be in the future.

Occasional Planning:

The second way is occasional planning. This is better than no planning, but still provides little chance of achieving financial success. People may start to plan with the best of intentions, but for various reasons, maybe the complexity of their own lives, they get off course and never achieve their full financial potential.

Needs Planning:

The third way to make financial decisions is called Needs Planning. Needs planning is appealing because it establishes a course of action that is necessary to meet what appears as a predictable future event.

However, because a person's future is uncertain, the need often changes or goes away entirely causing money and time to be wasted. You should ask yourself, if the need changes or goes away entirely, and would you still use this product or strategy? Often, the answer is no!

Financial Planning:

If you pile up and combine a whole bunch of needs you will come up with what is the most recognized process in our industry today which is, Multiple Needs Financial Planning. This type of planning has the same difficulties as needs-based planning, just in a larger amount since it depends on even more variables to be controlled.

A major problem with traditional financial planning is that it does not address life's eroding factor, the uncertainty of inflation, taxes, tax laws, market volatility, technological change, planned obsolescence and propensity to consume as we make more money.

Trying to predict the future of your financial situation without having back-up systems and redundancy adds risk and increases the chances for disappointment and failure.

Lifetime Economic Acceleration Process:

The objective of our planning process is to help you reach your maximum financial potential to create as much wealth as possible over a given time. An easy formula is:

$$\text{Maximum Financial Potential} = \text{Maximum Benefits} + \text{Maximum Money Supply}.$$

The primary objectives of this planning process are to always seek to improve and never stop. This Leap process educates you how to best understand and select the financial strategies and products that will work under any set of financial circumstances. Because change is a reality, this process will educate you how to make the most efficient and effective money decisions today and for your future.

The Leap process uses a model that allows for complete coordination and integration of a client's financial resources. A unique cash flow system adds to the ability to enhance the wealth building and protection process.

Transition phrase to Comparison of Objectives:

Let's take a look at how Leap's process compares to all the other traditional financial planning approaches in the marketplace.

Comparison of Objectives

Core Concept: The advantages of the Leap process over other traditional approaches in the marketplace.

Here, we demonstrate by comparison the difference between the Leap process objectives compared to all other processes available in the marketplace.

We begin to present to the prospect a possible solution by introducing the concept of velocity of money as an active underlying component within our process. We compare the benefits of our approach versus the marketplace and the advantages of the Leap process.

As you can see, the focus of our process is on achieving your maximum potential as compared with other traditional approaches in the marketplace.

Again, Maximum Potential = Maximum Benefits + Maximum Money Supply.

Transition phrase to Without a Financial Model:

Let's take a look at how to eliminate making financial decisions using a junk drawer approach.

Without a Financial Model

Core Concept: The financial situation you encounter with prospects resembles a junk drawer.

People often own a variety of financial products and have made a variety of financial decisions that were made at different times, with different people, for different reasons and under different circumstances. As a result of all of these differences, this person's financial situation could best be described as a financial junk drawer.

How would you best describe your current financial situation?

If your current financial situation is like a junk drawer then:

- *Your financial products are probably not coordinated or integrated with one other, causing you to lose benefits and money supply without even knowing it. Is this something you can relate to?*
- *You struggle to know and remember what products you own and how they work?*
- *You don't know how to best assess, evaluate and measure each financial decision; therefore, the results are uncoordinated, not-integrated, etc.*

In my experience, many people make financial decisions without rules, measures or standards, which often leads to inefficient and unproductive results.

One of the benefits of us working together is getting your financial junk drawer organized. Then we can work together to make sure you are strategically proactive, not reactive, when it comes to making decisions involving your assets. If we could accomplish all of this, is that something you would want?

Transition phrase to The Importance of Using the Leap Model:

Let's take a look at how the Leap Model enables you to clearly see all of your financial decisions and how it keeps you organized along the way.

The Importance of Using the Leap Model

Core Concept: Our Leap Model is the key to getting you organized and to empower you to make clear and educated decisions.

This is where we show why our Leap Model and approach to making financial decisions is like no other. We verify that every financial decision a client makes in one area affects all other areas whether they realize it or not. Making a financial decision without a macroeconomic model like ours is similar to playing chess with only the pieces and no game board, yet most people are doing exactly that with their financial decisions.

Our Leap Model allows you to become the client's macro manager. The Leap Model provides an opportunity for you and your team of financial professionals to make all of their financial decisions with confidence and in a coordinated manner.

To introduce the Leap Model to the prospect, you can say something like:

In our initial work together, we will use our Leap Model to help you discover and understand your current financial problems, costs, and inefficiencies. We will then use the model to help you understand the strategic solutions available so that you can then implement the one you believe and understand to be the best.

The Leap Model is comprised of 4 main components or file cabinets – Protection, Savings, Growth and Debt. Every financial decision you make and every financial product that you own, has its place in our model.

Let me take a moment and walk you through how the model is structured to provide you some context of how it is used.

The Protection Component

For example, in the protection component, the top three drawers are one dimensional and simply protect assets. The middle three drawers are all two dimensional and protect assets & income. The bottom three drawers are three dimensional and protect assets, income & economic life value.

The objectives when helping you best design the Protection component of your model are:

- 1. To make sure all of your assets are protected for their full value, and*
- 2. To make sure your premium payments for your protection are as cost-effective as possible.*

In the Savings Component

The first level of drawers in the Savings component are one dimensional and provide safety. The second level of drawers are two dimensional drawers, they provide safety and yield. The third level of drawers are three dimensional drawers, they provide safety, yield and tax benefits.

In the Growth Component

The top three drawers in the Growth component, are one-dimensional in nature providing income.

The middle three drawers are two-dimensional, providing income and growth. Depending on the investment the emphasis of income and growth will vary.

The bottom three drawers are three-dimensional which are investments that have some component of income, growth & tax benefits.

The objective of the Growth component is to seek capital appreciation, while providing income, and obtaining some tax advantages, at the same time mitigating risk.

Transition phrase to How the Leap Model is Used:

So, let's take a look at how the Leap model would be used using your specific financial information as of this moment in time.

How the Leap Model is Used

Core Concept: The Leap Model provides you a tool for education and verification of your current financial decisions that we call your Present Position Model.

In order to leverage the Leap Model effectively, there are three distinct steps you must perform using the financial data provided by the client.

By using your information that you provide via our Questionnaire, along with other corresponding documents and financial data, I'll begin to place your data into our model. When completed, we will have all of your financial products and decisions organized into your Present Position Model.

We will then review and analyze your Present Position Model in three important steps:

Step 1 - Internal Design

The first step is to improve the internal design of all the drawers. All drawers should perform at their best design function. We will open up each drawer to evaluate and correct any errors or omissions that may appear in any of your current holdings or financial documents.

Step 2 - Coordination

The second step provides for the integration of all the drawers. All drawers have to work together. Coordination is where the macro strategy begins. We will verify coverages with the corresponding assets and address corrective action as needed.

Step 3 - External Design

The third function in using the Leap Model is external design. This function looks at the flow of money in and out of the drawers. We will evaluate the efficiency of current money flows and begin to measure their effectiveness in the areas of accumulation, distribution and conservation.

In simple terms, how efficiently are you building wealth, how effectively can that wealth be spent and finally, how efficiently will the money be transferred if anything is left over?

Every financial decision you make should be working in the most efficient and effective way possible. We will utilize the power of economic modeling as a tool to make efficient financial decisions moving forward.

Transition phrase to The Following Objectives are Established for Each Client:

Let's go through how the Leap Model sets the framework for the following objectives.

The Following Objectives are Established for Each Client

Core Concept: Our Leap Model provides the framework for helping each client achieve the following objectives.

You must understand its principles, process, and key concepts. Along with those fundamentals, you must also have the ability to communicate its objectives in such a way that draws people to you and makes them want to take action, regardless of their net worth. You could say:

There are four objectives within the work we will be doing together. I establish these objectives with each of my clients when going through the process.

1. Build Additional Wealth

Our first objective is to build additional wealth. This means additional wealth over and above what you would have done in the same time period. The definition of wealth is not just the amount of money you have; it's truly about the amount of money you're able to enjoy.

Under Build Additional Wealth, encourage the client to write:

More wealth to enjoy both while you're growing it and when you're spending it.

2. Risk

Our second objective together involves risk. As we know, another word for risk is loss. I want to make sure in the design work we do that we implement strategies that maintain the same level of risk that you currently have or reduce it.

Throughout our lives we've always heard the saying "high risk, high reward". It's a mantra used in the investment community and it could very well be true, but very rarely do we ever hear "high risk, no reward" or "negative reward". I want to ensure that we're developing strategies that are going to have lower risk, yet still produce high reward.

Would that be something you would be interested in?

We intend to accomplish this without any additional out of pocket outlay on your part. We will work with and provide benefit with what is currently going on in your existing financial plan.

Under Risk encourage the client to write:

Maintain lower risk

3. Protection

Our third objective deals with the protection of your financial life. None of us have a crystal ball, so we're unable to predict what will happen in the future. However, there is one guarantee about the future - it will change. Some of those changes may be very good and some of those changes may not be so good.

For example, your financial life must work in all of these future situations:

- *When the tax laws and tax rates change again*
- *If you get sued from an accident that was your fault*
- *If the market crashes and never comes back*
- *If inflation goes to double digits*
- *If you become sick or injured and are unable to produce an income*
- *If you die, your financial life must work for your family*

We need to protect anything that would impact your wealth under as many contingencies as possible.

Under Protection, encourage the client to write:

Protect against as many contingencies as possible. Failure cannot be an option with our financial life. Protect assets and income!

4. Cost

Our final objective deals with cost. We want to do all of what I described with NO ADDITIONAL OUT OF POCKET OUTLAY.

What I mean is, in your life, there are three buckets that demand your money.

- 1. The first bucket is your lifestyle... going out to dinner, traveling and enjoying your life, etc. For us, that bucket is off limits. I don't want you to spend one more dime over and above what you're already spending.*
- 2. The second bucket that demands your dollars is the IRS, State tax, local municipalities, income taxes, inheritance taxes, Investment taxes, real estate taxes etc.*
- 3. The third bucket that demands your money is financial institutions. This includes mortgage costs, interest, fees, debt and cost of insurance.*

In the work that we will do together, we will develop strategies that are designed to lower taxes, and lower costs to financial institutions both today and in the future.

The money that we put back to work for you is money that you were already losing. Or, using some of the most effective cash flow tools in the industry, we can show you how to reposition cash flow in such a way that produces a more effective result.

And that's what I mean by "no additional out of pocket outlay."

Alternative Scenario: Prospect is a Young Professional with No Assets

In this case, they're mostly likely not losing anything, and even more likely, they're not building wealth either. Our ultimate objective in building more wealth with less risk and more protection is to work with no out of pocket outlay. Based on where they are at the time, we are going to work with the minimal cost possible in order to satisfy our objectives.

When we help you develop strategies, we will evaluate them over these four objectives. For example:

- 1. Does this strategy help you build more wealth you can enjoy?*
- 2. Does this strategy maintain or reduce the amount of risk in your financial life?*
- 3. Does this strategy protect your wealth under multiple contingencies?*
- 4. Finally, are we achieving all of these objectives with no additional out of pocket outlay?*

If the answer is yes to all four objectives, then it's likely the strategy should be implemented, and we will help you facilitate the implementation of it.

Given the four objectives we reviewed today, would there be any reason why you would not want to move forward with our process?

Transition phrase to What is the Cost of Our Services?

You may ask, what are the cost of my services?

What is the Cost of Our Services?

Core Concept: In our initial phase of working together, the goal is for the client to not have to spend or save one additional dollar for our services.

In most cases, Leap practitioners are able to work with and help their clients at no additional outlay by utilizing the money the client is already allocating to their model. Leap practitioners get paid in the following three ways:

1. Fees
Explain to the client the financial arrangement under which you will provide the Leap evaluation. For example:
 - Fee or no fee
 - No obligation to buy any financial products
 - No service contract
2. Licensed Financial Products (Commissions)
 - Check those products that you are licensed to sell
 - Explain your commission arrangement
 - Remind the prospect that there is no obligation to purchase any financial products
3. Referrals
 - Explain that you have a referral-based marketing system
 - Our clients have a vested interest in assisting us in making the best use of our time and working with people that are engaged and want our services.
 - We will only ask the client for an endorsement and referrals if they have affirmatively received value and benefit from the process and our services

When the prospect asks, “How do you make money? How do you get paid?” your response can be as follows:

I get paid in three ways:

1. *For my time and expertise helping you to design your ideal model, I will not charge you anything, and there is no obligation to buy any financial products. Think of this work like an architect who is helping you complete a final blueprint of the exact 'financial home or addition' you want built.*
2. *Once we agree on the blueprint of what you want built, it's time to build it. At that time, I become your contractor. The companies and relationships we use to provide financial products and their expertise simply pay me a fee or commissions for getting them involved. Again, there is no obligation to buy any financial products.*
3. *When all of our initial phase of work is complete, if I have met or exceeded your expectations in our work together, I will simply ask you to introduce me to people that you know and, like you, fit my ideal client profile. We have a long way to go before we get to that point, but we just wanted to make you aware.*

Does this arrangement sound reasonable to you? What questions do you have?

Understand that any answer the prospect gives is valuable. So, how the prospect reacts to these filtering questions above, as well as other questions during your conversation, it enables you to ultimately determine which of the three following paths the prospect will most likely take:

1. Not Now:

The prospect does not wish to proceed. If this is the case, move on to your next prospect. Do not try to fit a square peg into a round hole.

2. Specific Transaction or Strategy:

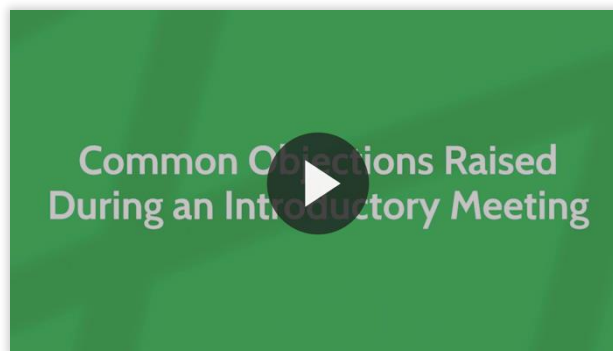
It's clear that the prospect is focused on engaging you for the purpose of completing a specific transaction (e.g., term conversion to some type of permanent coverage) or executing a single strategy (e.g., using life insurance to pay for some or all of college for a child). If this is the case and the prospect fits your ideal client profile, move forward with transitioning to scheduling the next meeting.

3. Full Financial Check-up:

The prospect is excited to get started and has expressed a commitment to a more holistic analysis of their financial situation. If this is the case and the prospect fits your ideal client profile, move forward with transitioning to scheduling the next meeting.

Transition phrase to Scheduling Next Meeting to Gather/Verify the Data:

If we can accomplish most, if not all of your goals, without any additional out of pocket outlay, without any additional risk, while increasing your benefits and protection, would you like to begin working with me?



Schedule Next Meeting

Scheduling a firm next meeting to gather and verify all financial data in order to build the prospect's Present Position is considered "The Close" to the Intro Meeting. If your introductory presentation is performed correctly and the prospect falls within your ideal client profile, not only will the prospect be willing to provide you with their financial information and documents, they will want to! At this time, your prospect has now become your client.

If the prospect's answer is Yes:

Then the next step is to get your data on the model.

Depending on whether the **Questionnaire** was emailed to them prior to the meeting:

1. Completed:
I see you completed your data, let's go through it now.
2. Partial Completed:
Since you have some of your data, let's go through it and we can make a list of what else is needed.
3. No Data:
Ask a few questions in an effort to collect some additional preliminary data now (e.g., qualified plan balances, savings and investment account balances, home value, mortgage balance, etc.) and then request that they provide the remaining data using the type of **Questionnaire** they prefer, paper or online.

Whatever their reply, be sure to make a firm appointment for next meeting by saying:

Let's go ahead and schedule a time next week to go through the completed Questionnaire and your relevant financial documents together to ensure I have a complete understanding of your current financial situation.

If they say they need more time, then schedule a date the following week. Do not, under any circumstances, leave the meeting with the prospect saying that they will fill the Questionnaire out but without a meeting scheduled to reconvene.

If the prospect's answer is No, and does not hope for additional wealth, more protection of their wealth without requiring additional outlay or risk, ask them if they can be added to a mailing list. Should the day ever come when they would like the potential to achieve all of the above, they can call you.

3 – DATA (Data Collection Meeting)

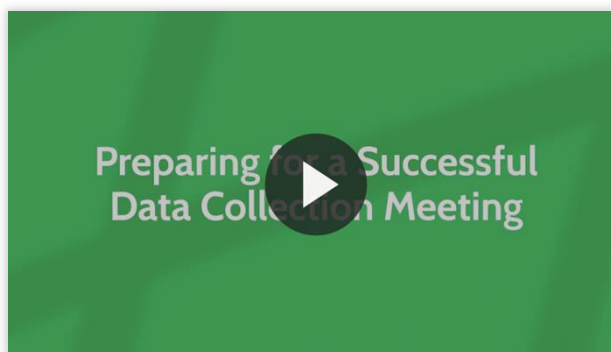
Goal and Objectives

Goal

Collect remaining data to construct a verified Present Position Model of the client's current financial situation and build an initial foundation for a long-term client relationship.

Objectives

1. Collect Client's Financial Data
Collect and verify client's "hard" financial data.
2. Collect Client's Consultative Data
Collect additional "soft" data about the client to:
 - Identify preliminary problems with the client's Present Position Model.
 - Test potential strategies to reduce or eliminate the client's problems.
 - Find potential resources to fund potential strategy solutions
3. Discover Potential Hurdles
Discover potential hurdles that the client brings to your working relationship.
4. Schedule Next Meeting(s)
Schedule next meeting(s) to discuss problems identified in client's Present Position Model, as well as potential solutions.
5. Set-up Client Filing System
Create client files to keep all their relevant financial data secured and organized.



Collect Client's Financial Data “Hard” Data

Relevant fact finding and verification is an essential step in the Leap process. Without factual information about your client, you will not be able to offer effective strategic alternatives. It is the client's Present Position Model that will mold the strategic alternatives and dictate the actions to be taken.

Assuming the prospect has not completed the [Questionnaire](#) prior to the Intro Meeting, one of your objectives is to collect as much of the client's data as you can. At the conclusion of your Intro Meeting, you can give the prospect the [Questionnaire](#) and say:

All you need to do is:

- 1. Collect the documents that I have highlighted for you from the Questionnaire Checklist located on the inside cover of the [Questionnaire](#), and*
- 2. Fill in all of your personal data on page 1 of the [Questionnaire](#).*

You should become totally familiar with the layout of the [Questionnaire](#). The client should be instructed to fill in as much of the white space as possible which is reserved for basic financial data, and to leave the gray shaded areas blank. The data is separated into the following sections:

- Background Information (pg. 1): Family, Residence, Employment and Other Income
- Insurance Information (pg. 2-3): Vehicle, Property, Liability, Medical and Disability Insurance
- Savings Type Assets (pg. 4)
- Investment Type Assets (pg. 5)
- Real Estate (pg. 6): Mortgages and Equity Lines of Credit
- Loans Debt and Personal Property (pg. 7): Loans, Debts and Miscellaneous Personal Property
- Additional Information (pg. 8)
- Representative Notes (pg. 9)

The majority of the basic financial data “hard” data will be extracted from the list of requested financial documents on the inside cover of the [Questionnaire](#). This is done by the client to save them time when completing the [Questionnaire](#).

In the Data Collection Meeting, you'll collect all of the client's documents. Briefly review and cross reference against the document check list in the [Questionnaire](#). Until you are able to quickly analyze and accurately interpret financial documents, we would suggest not assessing the information in front of the client. Give yourself the opportunity to review the documents in your own time to accurately ascertain what's in front of you at your own pace.

As time goes by, you should be able to evaluate some of these financial documents in front of a client, which will assist you in what we call pre-selling. A good example of pre-selling would be to pick up a client's life insurance policy, review it and find an error or identify a problem(s) that may exist, such as in a beneficiary designation or settlement option, and suggest to the client strategic alternatives to address the error or problem(s).

Depending on when and how you have received the client's information, you can either transfer the information from the clients financial documents into the [Questionnaire](#) or you can begin to build out the client's preliminary Present Position Model and make other notes and summaries from the information you have collected.

A completed Questionnaire with no documents will not provide the financial professional the full data they need in order to create the client's verified Present Position Model. Only when the client completes the background Information and provides the complete set of financial documents listed on the inside cover of the Questionnaire will an financial professional have nearly everything they need.

The client's financial information will be used throughout the Leap process, so be sure to keep all client data and documents in a secure location.

Collect Client's Consultative Data "Soft" Data

Once you have the client's Questionnaire and their documents, you have about 30-40% of the information that you need to build the client's Present Position Model and to begin working with them. The remaining 60-70% of the information that you want from the client comes from what is referred to as consultative data or soft data. Consultative questions provide you an opportunity to engage the client in conversation and to ask for clarification and verification. Your participation in such consultative queries enhances your professional image and attention to detail.

Consultative data is inserted into the shaded gray areas throughout the [Questionnaire](#) and there is also a shaded last page for you to make additional notations regarding answers to these consultative questions. Remember, the client is instructed to leave these gray shaded areas blank when completing the [Questionnaire](#).

Consultative questions are the Who, What, Why, When, Where, and How questions. As a Leap practitioner, you are concerned with:

- What clients have (including problems)
- Why they have it
- How they like it
- What they are going to do with it (or do about it)
- When they want to do it

The most important consultative questions, of course, are those that provide context to how they got to where they are. A skilled financial professional should always be fact-finding and learning more about the client, what they want, what concerns them, how they make financial decisions etc. at all points in the Leap process. For example:

- What does financial success mean to the client?
- What would the client eliminate if they had the money?
- What strategies would the client be interested in learning more about?
- What strategies are off the table for the client?
- How do they see the future... in 1 year... in 5 years?
- What are the client's short and long-term goals?
- What do they fear or avoid?
- What are the client's hot buttons?
- What are the client's biases?

You should always try to learn ways to better communicate ideas with different types of people. What works with some people doesn't work with others. The best financial professionals are the ones

who are the best at gathering data and connecting with their clients throughout the data collection process and beyond.

A comprehensive list of **Consultative Questions** supplied in the **Addendum** of this Field Guide can be tailored to your style of delivery. Review this detailed list of questions for each component of the Leap Model and determine in advance which questions you plan to use. Type up your own list to accompany the client's **Questionnaire** and use them as you discuss and obtain the soft data from your clients.

Discover Potential Hurdles

The Data Collection Meeting is also used to discover any hurdles, biases or challenges that the client may bring to your relationship with them.

Hurdles can show up in many forms during the Data Collection Meeting. For example, when you get to the Life Insurance section of the Questionnaire the client may reveal that they hate life insurance. Another example might be that a client who tells you that they do not make any financial decision without the approval of their CPA but refuses to include their CPA in your meetings.

Therefore, it's imperative that you uncover any and all of the client's hurdles in the Data Collection Meeting. This will enable you to decide if you have the desire, the time, and the capability to educate and help the client to overcome their hurdles or if their hurdles are unsurmountable that you cannot build a long term relationship with them.

How do you know that you have collected enough "hard" and "soft" financial data and uncovered any potential hurdles to building a relationship with the client?

Simple. You have a secure handle on not just what the client has but how they got to where they are at, what their beliefs and biases are, and what circumstances will impact their decision making moving forward with regard to resolving problems and implementing solutions.

Remember, people are dynamic and always changing. Good financial professionals never stop learning about their clients.

You must stay diligent and not take shortcuts during this fact-finding part of the Leap process. More sales are lost at this point of the process than anywhere else.

A prospect or client will never feel awkward about a request so long as you've set proper expectations and it is in the right context.

Schedule Next Meeting(s)

Scheduling a firm next meeting or ideally a series of meetings over the next several weeks to discuss in greater detail with the client, the problems and concerns present in their model, as well as, the strategy solutions that are available. If the collection of financial data is performed correctly and there are no unsurmountable hurdles, not only will the client be willing to commit the time to participate in the next meeting or set of meetings, they will want to!

Be sure to make a firm appointment for next meeting by saying:

Let's go ahead and schedule a time next week to go through your current Present Position Model in greater detail. We'll begin with focusing on the Protection component of your model first, then we'll move on to the Savings and Growth components.

Under no circumstances should you leave this data meeting without a commitment from the client to move forward in the process and a date and time for the next meeting confirmed in both of your calendars.

If at this time the client does not commit to a future meeting, it's clear the client does not want additional wealth or more protection of their wealth without requiring additional outlay or risk. Ask them if they can be added to a mailing list, and should the day ever come when they would like the potential to achieve all of the above, they can call you.

Set-up Client Files

As you begin to collect financial information from the client, it's important to create a secure and organized client folder to hold all of their individual documents. Make copies of all information so you can return the original documents to the client at the next meeting. Using a filing system that follows the different drawers of the Leap Model assures that the information can be easily referenced and quickly handled during your client meetings.

The following is a suggested list of the individual files contained in a secure client folder:

- Completed Questionnaire
- Present Position Models
- Leap Model Strategy Worksheets
- Implementation Summary Report
- Leap System software printouts
- Meeting Notes
- Client Correspondence
- P1-P3: Auto, Home and General Liability
- P4: Disability and Long-term Care
- P5: Medical Insurance and Company Benefits
- P7-P8: Wills and Trusts Documents
- P9: Life Insurance Policies
- S1-S6: Bank Account Statements
- S7: Annuities, Life Insurance Cash Values, Post-Tax IRA and 401(k)s
- S8: College Funding Statements
- S9: Retirement Plan Statements
- G1-G6: Investment Account Statements
- G7: Appraisals of Collectibles
- G8: Real Estate Appraisals and Mortgage Statements
- G9: Business Shelters
- Loan and Credit Cards Debt Statements
- Tax Returns
- Business Documents
- Life Insurance Illustrations (Include Signed Copies of Illustrations)

- Underwriting Documents
- Copies of Original Documents (items you'll return)

Make copies of all statements, documents and other information and place them in a secure location so you can return the original documents to the client.

All client information should be securely stored and accessed in accordance with your agency's Information Protection policies and guidelines.

4 – DESIGN

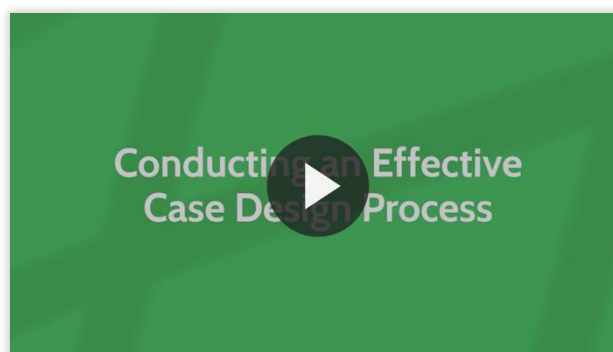
Goal and Objectives

Goal

Gain a complete understanding of the client's financial situation in order to present strategies that will solve problems, align resources and improve the client's desired results.

Objectives

1. Build Present Position Model
Use client's hard and consultative data to build their Present Position Model.
2. Identify Problems
Use the Problem Identification Worksheet and the Cash Flow Analysis Worksheet to discover problems and concerns in the client's Present Position Model.
3. Identify Resources
Use the Resource Identification Worksheet to uncover and reallocate unused or misplaced dollars in their Present Position Model.
4. Determine Life Insurance Discussion
Decide which of the five Life Insurance Discussion(s) are most relevant to improving your client's Present Position Model.
5. Determine First Financial Strategy
Decide which financial strategy you would like to present to the client first.



Build Present Position Model

The client's Present Position Model should tell a comprehensive story about what is happening in their financial world. As a result, preparing a client's Present Position Model is a precise and detailed procedure. Every Leap financial professional should follow the same procedure so that other Leap financial professionals, as well as your clients, are able to look at a Present Position Model and read it without misrepresentations, errors, or confusion.

Sample Client Case – Present Position Model

Client Info.

Debt Info.

Add'l Info.

PRESENT POSITION

Date
Friday, May 22, 2020

Name
Matt Smith
Emily Smith
Corey Smith
Sam Smith

Age
33
32
2
0

Occupation

Income
\$130,320
\$149,620

Total Income
\$279,940

% of Income Saved
39%

Total Assets
\$949,225

\$2,091 →

\$1,926 →

\$543 →

\$265 →

\$56,978 →

\$18,500 → \$4,200 E

\$18,500 → \$9,250 E

\$12,000 →

\$4,332 →

Debt

Debt Type	Rate	Months Left	Monthly Payment	Unpaid Balance
MTG	3.000%	141	\$2,217	\$263,157
VEH	6.500%	19	\$2,404	\$43,296
TOTAL			(\$4,621)	(\$306,453)

Additional Information

- Matt Bonus Approx \$14k
- Emily Bonus Approx \$45k
- G5 S225 Net Options - Emily
- G5 RSU - Emily

Vehicle Insurance
\$100K/\$300K
\$250/\$250

Property Insurance
\$300,000
—

Liability Insurance

Disability Insurance

Medical Insurance

Government Plans
\$1,123 C
\$1,300 S

Wills & Documents

Trusts & Ownership

Life Insurance
— (C)P
\$1,000M (C)T
— (S)P
\$399,620 (S)T

WCA/Checking
\$42,316
0.00%

Savings

Credit Union

Savings Bonds

Certificates

Money Market

Tax Deferred

Tax Free
\$60,964 C
\$25,392 S
0.00%

Tax Deductible
\$118,272 C
\$178,799 S
6.20%

Government Bonds

Corporate Bonds

Municipal Bonds

Preferred Stocks

Blue Chip Stocks
\$104,436
8.00%

Growth Securities
\$44,046
8.00%

Collectibles

Real Estate
\$375,000
3.00%

Business/Shelters

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Here are some important guidelines for inserting the client's information from the Questionnaire and financial documents (hard data), and any relevant consultative information (soft data) that you have gathered, onto a Present Position Model worksheet.

If you are new to Leap you should follow this method of using worksheets as a means of gaining maximum understanding of how a client's Present Position Model is constructed. Upon greater comprehension of the process, the Leap software can be utilized to build a client's Present Position Model.

Client Information

The Client Information window contains basic information about your clients and their families. It is important that you include all persons involved in your client's immediate family. The people listed in this area are the lives that will be most affected by the decisions your client makes. You should know as much about them as possible.

Key Guidelines:

- Insert the client's name and age on the top line.
- Insert spouse's name and age on the second line.
- List all children's name(s) regardless of age (include children from all marriages).
- List the client and spouse occupations and base salaries on the appropriate lines.

Date	
Friday, May 22, 2020	
Name	Age
Matt Smith	33
Emily Smith	32
Corey Smith	2
Sam Smith	0
Occupation	Income
	\$130,320
	\$149,620
<hr/>	
Total Income	\$279,940
% of Income Saved	39%
Total Assets	\$949,225

Debt Information

The Debt Information window is where we see all of the information regarding any of the client's debt such as mortgages, second mortgages, lines of credit, car loans, student loans, personal loans, and credit cards. The debt window can serve as a valuable source of cash flow information needed to solve the client's financial problems.

Key Guidelines:

- List the type of loan
- List monthly payments.
 - If it's a real estate loan, list the principal and interest payment only. No insurance escrow or real estate taxes should be included. If taxes and insurance are escrowed it should be listed on the Cash Flow Worksheet.
 - Do not list prepayment of mortgage amounts in this window. Prepayments should be shown as new money inputs into "G8" with an appropriate arrow designating the drawer into which prepayment is made.
- List the unpaid balance.
- List the loan rate.
- List the months remaining for payment.
- Do not show excess mortgage payment. This should be shown as new money going into G8.
- Use Leap's financial calculators to confirm that the amortizations and schedules are accurate.

Debt				
Debt Type	Rate	Months Left	Monthly Payment	Unpaid Balance
MTG	3.000%	141	\$2,217	\$263,157
VEH	6.500%	19	\$2,404	\$43,296
TOTAL			(\$4,621)	(\$306,453)

Additional Information

The Additional Information window has been placed on the model to account for outside sources of income and miscellaneous notes.

Key Guidelines:

- Include sources of income involving tax refunds, inheritance, bonus income, stock options, severance, gifts, trust income, etc.
- Include miscellaneous notes involving other relevant financial information that should be considered.

Additional Information	
<ul style="list-style-type: none"> • Matt Bonus Approx \$14k • Emily Bonus Approx \$45k • G5 S225 Net Options - Emily • G5 RSU - Emily 	

27 Drawers of the Present Position

The 27 drawers of the client's Present Position Model are divided up into three main components Protection, Savings, and Growth consisting of nine drawers each.

Key Guidelines:

- Money going into the any of the 27 drawers (e.g., premiums and contributions) should be noted annually with an arrow pointing to the left vertical wall of the corresponding drawer. Arrow pointing left to right.
- Money coming out of a drawer should be shown with an arrow coming out of the drawer from right to left with the annualized amount shown on the left side of the model. Arrow pointing from right to left.
- Income from any financial instrument that is being consumed should be represented by an arrow coming out of the appropriate drawer and moving to the left of the model. It should not be placed in the additional information window.
- Do not make any calculations for hypothetical outputs on the Present Position Model worksheet.
- Do not list net equity in the real estate drawer.
- Do not freehand extra drawers or extensions on the model.

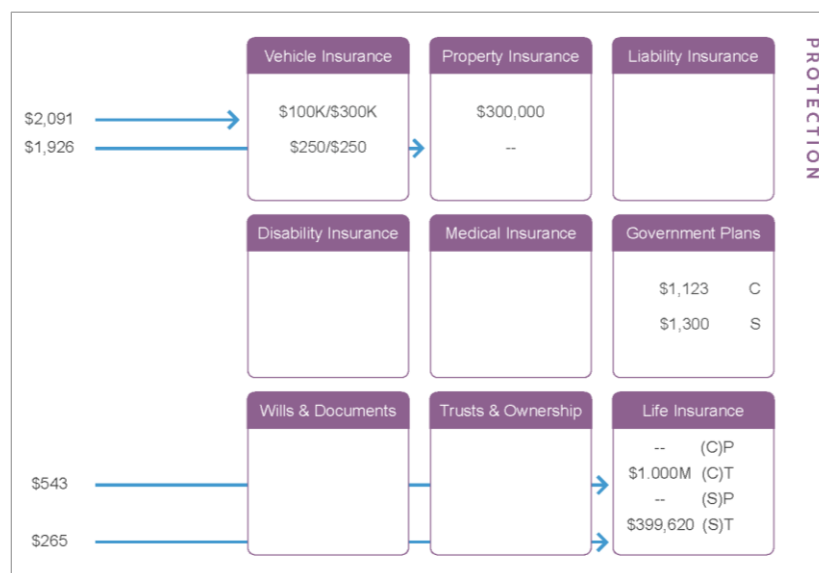
A comprehensive list of [Common Present Position Model Abbreviations](#) can be found in the [Addendum](#) of this Field Guide.

Protection Drawers

The Protection component is placed at the top of the Leap Model to symbolize its importance and objective to provide more protection against the wealth eroding factors from death, disability, lawsuit, market risk, inflation, income tax increases, and estate taxation.

Key Guidelines:

- P1, P2, P3 - List the liability limits at the very top of the drawer and the deductibles at the very bottom.
- P2 - Place an “R” in the center of the home insurance drawer if the client has replacement insurance. Circle the “R” if they have a video or photographs of items in the home.
- P4 - List the monthly disability benefit at the very top of the disability drawer. List the waiting period and benefit period at the bottom of the drawer.
- P5 - List the lifetime benefit max of medical coverage limits at the very top of the drawer. List deductibles at the very bottom of drawer.
- P6 - If the client has attained full Social Security benefits, write “full” at the top of the drawer. If less than full, write “partial.” If no payments have been made into Social Security, write “no”. State and federal pensions should be reflected in this drawer.
- P7 - Indicate Yes or No for Wills. Insert the latest date each was written
- P8 - Indicate Yes or No for Trusts. List the types of trusts or ownership arrangements for assets such as “Ind” (Individual), “JTWROS” (Joint Tenants with Rights of Survivorship), or “FLP” (Family Limited Partnership). Insert the latest date each was written.
- P9 - Itemize multiple policies for each client. The order of coverage should be Client 1 Permanent coverage total, Client 1 term coverage total, Client 2 permanent coverage total, Client 2 term coverage total. With an increasing premium product, list current premium followed by premium for age in parenthesis.



Savings Drawers

The Savings component is in the middle of the Leap Model because it is the next logical step after protection. Savings is important to provide liquidity for short term needs as well as a base of financial security.

Key Guidelines:

- S1 to S9 – Write all account values, Old Money, in the respective drawer. Depending on the case, the total shown in a drawer can oftentimes be the total of multiple accounts of similar nature.
- S1 to S9 – List any systematic annual contributions only New Money directly on the Present Position with an arrow pointing to the left vertical wall of the appropriate drawer.
- S9 – For 401(k) list the annual client contributions and employer match in brackets (brackets denote a contribution that is being made by someone else) next to the annual contribution. List only dollar amounts, not percentages.

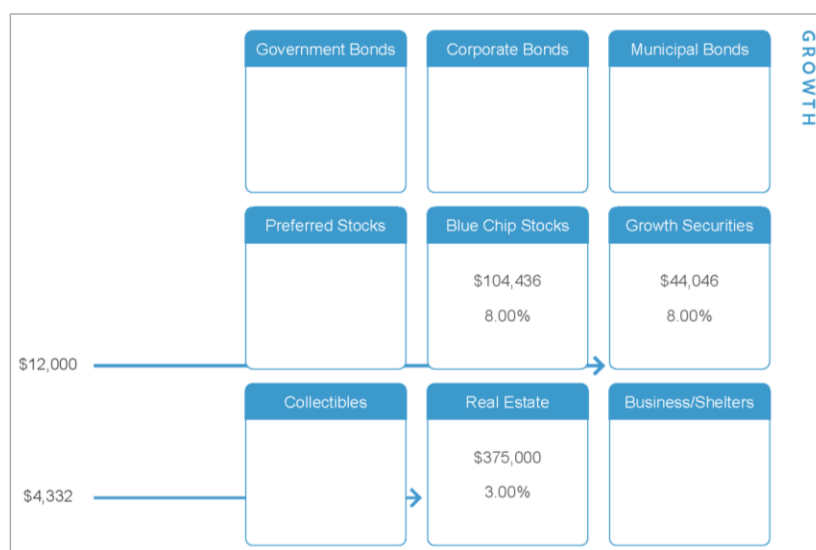
		WCA/Checking	Savings	Credit Union	SAVINGS
\$59,978	→	\$42,316 0.00%			
		Savings Bonds	Certificates	Money Market	
		Tax Deferred	Tax Free	Tax Deductible	
			\$60,964 C \$25,392 S 0.00%	\$118,272 C \$178,799 S 6.20%	
\$18,500	→ \$4,200 E →				
\$18,500	→ \$9,250 E →				

Growth Drawers

The Growth component is at the bottom of the Leap Model, since investments should follow protection and savings decisions.

Key Guidelines:

- G1 to G6 - Old money account values are listed at the very top of the drawer.
- G1 to G6 - List any new money savings systematic annual contributions only with corresponding arrow pointing to the left vertical wall of the appropriate drawer.
- G5 - Note items such as discounts for employee stock purchase plan in brackets next to Employee contribution.
- G7 - List the fair market value of collectibles at the top of the appropriate drawer.
- G8 - List fair market value of real estate at the very top of the drawer. All the debt on the real estate property should be listed in the debt window and not in the real estate drawer. If pre-payment of mortgages is being made, list that amount with the corresponding arrow to the vertical left wall of the real estate drawer. Be sure to annualize all pre-payment amounts.
- G9 - List the fair market value of any business interest or tax shelters, at the top of the drawer.



Identify Problems

To help you identify problems in a client's Present Position Model, you will use the **Problem Identification Worksheet**. This worksheet is used behind the scenes to brainstorm and capture all the areas of concerns that they recognize. This worksheet is not shown to clients but provides the you with a holistic overview of the potential problems faced by the client.

Sample Client Case – Problem Identification Worksheet

Problem Identification Worksheet

Client Smith Date August 1, 2019

Problem Identified

P 1 Liability limits low, deds too low

P 2 Replacement cost?

P 3 No Umbrella

P 4 Increase monthly Benefit, \$5K max, add inflation protection

P 7 No Will

P 9 Group term, coverage below economic value

P

P

P

S 1 Liquidity short, taxable compounding of interest

S 9 Over funding 401(k)? No distribution strategy

S

S

S

S

S

S

S

S

G 5 No systematic strategy for options

G 5 Not funding of ESPP and taking advantage of the 15% discount

G 6 Systematic A/T investing taxable compounding of interest

G 8 Prepaying mortgage and mortgage term

G

G

G

G

G

D 6.5% interest rate on lease

D

A list of common problems by component/drawer that could exist are as follows:

Protection Component

- Low liability limits. (P1-P3)
- Low deductibles. (P1-P3)
- Actual rather than replacement coverage on the home and its contents. (P2)
- Disability Insurance protection not maximized. (P4)
- Weak definition of disability. (P4)
- No cost of living adjustment. (P4)
- Disability benefits reduced by Social Security. (P4)
- Benefit period ending at 65. (P4) Benefits are taxable. (P4)
- Adjust waiting period. (P4)
- Maximum out of pocket limit set too low for Health Insurance coverage. (P5)
- Low family deductible. (P5)
- No recent Social Security audit has been completed. (P6)
- Will may be out-of-date. (P7)
- Executors and guardians may not be current. (P7)
- Trustees may not be current. (P8)
- Ownership arrangements that do not conform to client desires. (P8)
- Life Insurance Coverage not maximized. (P9)
- Unsuitable types of coverage. (P9)
- Beneficiaries may be misstated. (P9)
- Settlement options that do not conform to client desires. (P9)
- Lost opportunity cost on term premiums. (P9)
- Expiring death benefits. (P9)

Savings Component

- Deficient savings (S1-S6)
- Low yield, taxable yield, lost opportunity cost, no creditor protection. (S1-S3, S6)
- Low yield, tax deferred (S4)
- Low yield, taxable yield, lost opportunity cost, no creditor protection, limited liquidity. (S5)
- Tax deferred to a potentially higher tax bracket. (S7, S9)
- Penalties for early withdrawal. (S7-S9)
- No cash flow potential (S7-S9)
- Limited flexibility (S5, S7-S9)
- Interest rate fluctuations. (S1-S3, S5, S6)
- Income tax at distribution. (S7, S9)
- Unnecessary fees & expenses. (S1-S9)
- No safe harbor from lawsuit. (S1-S6)
- Limited contribution amounts. (S7-S9)
- No self-completion in the event of death or disability. (S7-S9)
- Negatively impacted by inflation. (S5-S6)
- Taxation as ordinary income. (S5, S6, S7, S9)
- Loss of control. (S7-S9)
- No stepped up basis. (S7-S9)

Growth Component

- Interest rate fluctuation. (G1-G3)
- Market risk. (G1-G9)
- Taxation as ordinary income. (G1, G2, may apply to G3 in certain situations)
- Taxation as capital gains. (G1-G9)
- Lack of liquidity. (G7-G9)
- Limited flexibility. (G7-G9)
- No safe harbor from lawsuit. (G1-G6, G9)
- No self-completion in the event of death or disability. (G1-G9)
- Unnecessary fees & expenses. (G1-G9)

Debt Component

- Excessive debt
- High interest rates

Cash Flow Analysis

Since the answer to a client's problem frequently lies with cash flow, cash flow analysis has to be integrated into every financial professional's practice. Today's reality clearly shows that that we have transitioned from a society that had big families and small houses to one that has small families and big houses. The days of employer paid pension plans are all but gone.

The burden of saving for retirement rests squarely on the consumer. We have the lowest savings rate in history, yet incomes are at an all-time high. Consumer debt is also at an all-time high. It is not uncommon to see people making \$200K+ per year yet are unable to have cash flow for six months without a job. It's also not uncommon to see people paying higher amounts to car payment debt than their personal savings. This is not only true for young professionals but also for those nearing retirement.

The first step to identifying problems in this area and how it may impact the client's Present Position Model is to audit the client's cash flow using the [Cash Flow Analysis Worksheet](#). If you have collected all of the requested documents during the data collection process, building a client's cash flow can be done with incredible accuracy.

When a client sends you their over itemized income and expenses breakdown, simply convert it back into the [Cash Flow Analysis Worksheet](#). As you work with the worksheet you will quickly learn that clients don't meet their budget because of gas or groceries, they miss it because of out of control discretionary spending.

The problem with the traditional budget approach is that it is always a look back on money already consumed. The only way to correct cash flow is to address the spending before it occurs. Part of this is having the courage to show the client the future implications of their present decision making as it pertains to their cash flow and budget, and to verify what will happen should the client continue on their present course.

The intricacies of cash flow management and analysis makes for a robust topic. Unfortunately, the only way to become proficient at it is through experience. It is important for every financial professional to start working with the [Cash Flow Analysis Worksheet](#) and formulating questions based on specific case design experience.

Identify Resources

To help you identify resources in a client's Present Position Model, you will use the [Resource Identification Worksheet](#). This worksheet is used behind the scenes to capture every possible money supply the client has, regardless of the probability of using that resource. This worksheet is not shown to clients but provides the you with a way to calculate potential shortfalls in life insurance coverage faced by the client and possible resources available to afford such premiums.

Key Guidelines:

- At the top of the worksheet write in:
 - The Economic Life Value amount of life coverage a company may issue.
 - Place the current amount of life insurance that the client currently has in the window provided.
 - Subtract the current amount from the Economic Life Value amount to get the shortfall of life insurance needed.
 - Run a permanent and term life illustration for the additional life insurance required at the current insurance age of the client to determine the premium needed.
- In the Model # column list the symbol of the drawer you are referencing.
- In the Name of Resource column list the name of the drawer.
- In the New Money column, if there is new money going into the drawer place the amount next to the appropriate drawer named in the Model # column.
- Place the available Old Money amount in the Old Money column.
- Near the bottom of the worksheet you will notice additional lines available that can be used for:
 - Additional sources such as tax refunds, bonuses, etc.
 - Place the name of the source on the line and the amount available in the premium available column.

Sample Client Case – Problem Identification Worksheet

Resource Identification Worksheet

Client Smith Date August 1, 2019

Economic Life Value	Current Life Insurance Amount	Shortfall	Premium Needed
\$	\$	\$	Perm: \$
			Term: \$
\$	\$	\$	Perm: \$
			Term: \$

Model #	Name of Resource	New Money	Current Cash Flow Available*	Old Money
S9	Above Match	\$14K gross	\$ 10,000	
			\$	
G8	Excess mort pymt	\$4,332	\$ 4,332	
G5 & G6	5% earnings		\$ 7,500	\$150K
G5	Option Exercise 5%		\$ 11,250	\$225K
Debt/cash flow	payoff lease	\$5,520	\$ 5,520	
			\$	
G6	New money to A/T	\$12,000	\$ 12,000	
			\$	
			\$	
	Additional \$		\$	
	Additional \$		\$	
	Additional \$		\$	
Total Current Cash Flow			\$50,592	

For internal use only. Not for use with client.

*Identification of any individual Current Cash Flow Available or portion thereof does not necessarily constitute a recommendation that it be used for any specific purpose.

G5 Option Exercise. Presently \$346K of vested exercisable stock options. Less 35% tax equals \$225K net proceeds available.

Once you have completed all of the resources available, add up the entire amount available and total it at the bottom of the Current Cash Flow Available column. This total amount can be used to reallocate new financial strategies.

If this amount is greater than the premium required, you most likely will lean toward all permanent insurance. If the total available is less than the targeted premium, then you know that there must be either a blend of term and permanent or some modified premium whole life, or the client may need to come up with additional money from their income.

This **Resource Identification Worksheet** gives you great insight into the direction your presentation will follow and the life insurance most likely to be acquired. Your client may not approve of every resource; therefore, you should be ready for such a decision.

Determine the Life Insurance Discussion

The philosophy and case design concepts of Leap have been built around the power of permanent whole life insurance as a key and fundamental financial tool to the success of any personal financial strategy. Leap believes that whole life insurance belongs at the heart or center of the financial strategy because all other financial products can often better perform and meet their objectives when whole life insurance is in place.

It's imperative for you to learn and be able to effectively communicate the reasons why whole life insurance is such a versatile and valuable tool for every client to own. Within Leap, there are five types of life insurance discussions that you can choose from depending on the financial problems faced by the client and the potential resources available for improving their model. The key to choosing the right discussion is to select the concept that will best resonate with your client and have the most initial impact as it relates to their current financial situation.

The five life insurance discussions to choose from are as follows:

1. Family Security Discussion

This discussion and calculation will allow the client to discover what the right amount of life insurance is in order to protect the family's current and future financial security in a manner they desire.

We first educate the client that there is a maximum amount of life insurance available to them based on their Economic Life Value (ELV). The client's ELV can be easily calculated by using this formula:
$$\text{Retirement Age} - \text{Current Age} \times \text{Current Income} = \text{ELV}$$

Once the client's ELV is calculated, we must help the client determine the correct amount of life insurance they want.

The **Paydown** calculator, found in the Calculators section of Financial Stories, can be used to educate and help the client decide on the amount of life insurance death benefit they want in order to protect the Family's Financial Security.

The **Paydown** calculator inputs are as follows:

PRESENT VALUE = Client's current life insurance death benefit

ANNUAL PAYMENT = Client's current income that they want to replace for the family (All of it? Part of it? None of it?)

INTEREST RATE = Interest rate that the client feels they can earn when they receive the death benefit check and invest it, usually a number between 4 - 8%.

NUMBER OF YEARS = Number of years that the client would want their income to be replaced for their family

ANNUAL INCREASE = Interest or inflation rate that the client would want their annual replacement income to increase by each year

Once all the client's inputs have been made into the **Paydown** calculator, focus on the last column Total Value. If the number in this column ever turns red, that means the client's current Life Insurance Benefit has been exhausted and no more income replacement is available to the family.

If the Total Value column is red, you simply add amounts try using \$500,000 increments to the Present Value until the Total Value column never turns to red or runs out of money.

Once all the years of income replacement are green, you have helped the client discover their correct amount of life insurance death benefit amount.

In some instances, a client may ask:

“But what about my other assets? My family would have more than just my life insurance to use in order to replace my income.”

If you receive this response from the client after using the **Paydown** calculator, then you open and use the **Family Security** story/calculator, which can be found in the Story section of Financial Stories in the Leap software. Refer to Leap’s **Family Security** training videos and instructions on how to ask the client questions and then make data inputs based on the client’s responses and assumptions throughout the story in order to address the client’s question about other assets.

2. “True Cost” of Term Life Insurance Discussion

Once the client decides upon the correct amount of life insurance they want in order to replace their income and protect their family’s financial security, they must decide what type of life insurance they will add.

Most financial entertainers and financial marketing today advocate the purchase of term life insurance to consumers. Term life insurance does provide most clients the opportunity to purchase large amounts of life insurance for their model at low premium costs. However, most clients have not been educated and do not understand the total True Cost of term life insurance if they get what they want and live 40, 50 or 60+ more years.

This True Cost of term life insurance can be calculated using the **Term Opportunity Analysis** calculator located in the Calculators section of Financial Stories.

In order for clients to understand the True Cost of term life insurance, they have to be educated on all of the costs associated with term life insurance which are as follows:

1. The total premiums that your client pays for the duration of their term life insurance policy.
2. The total interest your client could have earned on the premiums (referred to as Lost Opportunity Cost) had the client known that they were going to live and invested their term life insurance premiums instead of paying them to the insurance company.
3. The continued Lost Opportunity Costs once the term life insurance policy period expires through the end of life.
4. The cost of losing the term life insurance death benefit if they outlive the term policy period.

So, when you add up the term life insurance premiums that the client pays, the lost opportunity costs the client loses on their term premiums over a lifetime, and the loss of the term death benefit, the client may potentially lose and waste millions of dollars!

As a result, you can say to the client in closing:

“Why would you ever add something to your model, like term life insurance, where if you get what you want, and you live, the result is you lose and the loss could be potentially in the millions of

dollars. “Why would you add something to your model, like term life insurance, that leads to you losing millions of dollars if you live?”

That wouldn’t make sense to me. Does it make sense to you?”

3. Living Benefits of Permanent Life Insurance Discussion

Many clients have the common misconception that permanent life insurance only benefits the beneficiary. In reality, permanent life insurance is one of the three most powerful and beneficial drawers for a client’s money in the Leap Model, along with Real Estate (G8) and the Qualified Plan (S9).

Every dollar that a client adds to one of these three drawers in their model (G8, S9 and P9), can lead to a multitude of potential benefits such as:

G8 – Real Estate (4-5 Benefits)

- Real Estate that they own
 - Builds Equity
 - Provides tax benefits
 - Requires a fixed payment
- If it is Rental Real Estate, the potential for rental income

S9 – Qualified Plans (5 Benefits)

- Free money, if there as an employer match
- Ability to defer taxes on contributions and growth until withdrawal
- Opportunity to earn market returns based upon where you decide to invest inside the retirement plan
- Protected and off limits in the event of a lawsuit
- An asset that passes by beneficiary designation, so it bypasses probate.

P9 – Life Insurance (10-12 Benefits!)

- Own the death benefit
- Avoid/recapture term life premiums
- Waiver of premium
- Protected and off limits in the event of a lawsuit (varies state by state)
- Accelerated death benefits if the insured has a chronic, terminal or long-term care type illness
- Bypasses probate with beneficiary designation
- Permanent death benefit provides heirs with estate liquidity
- Government Plan Maximizer (Cash Value does not count against eligibility)
- Builds equity in the form of cash value
- Since cash value grows tax deferred, you have an opportunity to avoid/recapture tax payments
- Dividend Options (Cash, Paid-up Additions, Accumulated Interest, Buy One Year Term, Reduce Premium, Pay Loan %, Pay Loan Balance)
- Use cash value as collateral to borrow the insurance company’s money

These 10 – 12 Living Benefits of permanent whole life insurance can be demonstrated by using the Multiplier tab of the [Dimension of Life Insurance](#) calculator located in the Calculators section of Financial Stories in the Leap Software.

4. Asset Insurance – Spending the Death Benefit

Many clients have been told and believe that they won't need life insurance in retirement. Since the client will no longer be generating an income in retirement, they are correct. However, they may want to consider making sure that they have Asset Insurance in place for their retirement years.

One type of Asset Insurance is using a permanent/guaranteed death benefit to allow your client to spend their retirement assets in a manner that will enable them to maximize their retirement income. The depleted/spent retirement asset is then replenished by the death benefit at death for the client's spouse, children and/or charity. Examples of spending the death benefit in retirement as Asset Insurance include:

- Pension Max (Single Life vs. Joint Life Withdrawal Option)
From the client's qualified plans, the client can choose to withdraw money over one lifetime or over two lifetimes. The advantage of the single life/one lifetime option is that the client will receive more retirement income each year. The disadvantage of this retirement income option is that there is no continuation of retirement income from the qualified plan for the spouse and/or family the day the client dies.

In order for your client to consider a single life option and enjoy the most retirement income from their qualified plan, their permanent/guaranteed death benefit Asset Insurance must be equal to their qualified plan balance the day they die.

- Paydown (Principal and Percent Withdrawal vs. Percent Only Withdrawal)
In order for your client to consider a Paydown of Principal + % in retirement in order to maximize retirement income from an investment asset, their permanent/guaranteed death benefit Asset Insurance must be equal to the balance of the asset that they are paying down to zero by the day they die.
- Reverse Mortgage
Aside from a client's qualified plans, most clients in retirement will be living in one of their largest retirement assets, their home. Through opportunities like a reverse mortgage or a cash out refinance, a client can withdraw tax free retirement income from their home without selling it.

However, the day the client dies they will pass their home with debt against it that the spouse inherits. The solution to the problem of leaving debt on the home for the spouse to deal with is to have permanent/guaranteed death benefit Asset Insurance equal to the balance of debt built up on the home by the time the client dies.

The bottom line to this concept of Asset Insurance is that retirement assets will be spent and enjoyed differently when there is permanent/guaranteed death benefit in place equal to the client's retirement assets (e.g., qualified plans, investments, home).

This concept of Asset Insurance and the comparison of retirement income options available can be calculated using the **Person A Person B** story located in the Stories section of Financial Stories in the Leap software.

5. Asset Insurance – Using the Cash Value as Volatility Defense

In retirement, most people have three objectives:

1. Enjoy maximum amounts of retirement income

2. Have the peace of mind of knowing that they can never outlive their assets
3. To know that they will leave a legacy behind for their spouse, children and/or charity at their death

Most people are taught the Traditional retirement plan that (1) builds up a large amount of retirement assets before retirement so that they can (2) live off the interest as their income in retirement. In today's world this Traditional retirement plan takes care of the 2nd and 3rd objectives above since the client is only withdrawing interest from their retirement accounts. However, at today's safe withdrawal rates of between 2 – 4 %, the interest income generated does not provide the client with the 1st and most important of their retirement objectives – maximum retirement income!

In order to provide the client with the best opportunity to accomplish and enjoy the maximum amount of retirement income from their assets, they would have to keep their retirement assets fully invested in the market. However, due to the volatility of the market, keeping the assets fully invested and withdrawing maximum amounts of income could cause the client to either run out of assets before they die, disinherit the spouse and/or family they leave behind, or both.

The solution to help the client to accomplish all three of their retirement objectives is a strategy involving Asset Insurance in the form of the life insurance cash value. In retirement, life insurance cash value is a potential source of income that is not affected by the volatility of the market. Here is how this strategy works...

The client keeps their retirement assets fully invested in the market. When the market is up, they withdraw retirement income from their invested assets.

However, after a year when the market is down, the client uses the life insurance cash value for their retirement income in that year which provides their fully invested assets a year to recover without the pressure of also having to generate income.

The impact of this strategy can best be explained using the [Retirement Pressures](#) presentation located in the Presentations section of Financial Stories. Furthermore, if you want to compare and calculate the impact of this strategy in retirement use the [Retirement Pressures](#) calculator located in the Calculators section of Financial Stories.

To learn more about how Leap leverages the benefits of permanent whole life insurance, refer to the [5 Key Concepts to Better Understanding Life Insurance in Leap](#) in the [Addendum](#) of this Field Guide.

Determine the First Financial Strategy

Once you have completed identifying the problems and potential resources in the client's Present Position Model, it's time for you to determine what financial strategy you want to address first with the client. While the technical aspects of specific strategies will be addressed later in this Field Guide and supporting resources, there are important considerations you need to take into account before proceeding into the next meeting with your client.

At this point of the process, the Leap Model should serve as a diagnostic tool. Studying the client's Present Position Model and cash flow will provide a roadmap to help guide the client in making the appropriate and necessary financial decisions to ensure their greatest opportunity for financial success.

All of Leap's financial strategies or money moves are designed to solve identified financial deficiencies or specific problems. However, you will not present, nor will your client employ, all of your strategic ideas at once. Instead, you will proceed with one financial strategy or move at a time.

Leap's **Master List of Financial Strategies** contains 50 moves. Each money move stands by itself and on its own merit and can be presented one part of the client's overall long-term strategy. By judiciously laying out specific strategies and moves in stages, you allow the client's excitement and sense of discovery to build in depth and intensity. It will also position you as an architect of an overall financial strategy, not just as a seller of financial products.

For example, if the client has little or no savings, you wouldn't start with an interest move. Is the client putting new money into the drawers on a regular and fixed basis? If so, perhaps a new money move would be best. If the client has no savings or investments, but many loans, then cash flow management may need to be addressed first.

A solid understanding of the fundamentals, concepts, applications, and potential financial strategies or money moves is essential for their optimum application. The solution is not just a random series of numbers, but a designed program involving the efficiency of money and its productivity.

Deciding Which Strategy/Move You Present First?

One of the problems in all financial decision-making is that people just don't seem to have enough money to do everything that is needed. There are too few dollars chasing too many needs, wants, and desires. In economics, there is a principle called the Law of Scarcity. When there are limited resources, the economy must use those resources in an optimally effective and efficient manner.

The same economic law holds true for families, individuals and business owners.

As a result, we must teach people to use their limited money supply in the most effective and efficient manner. Just explaining and quantifying needs to the consumer is not enough. We must also help them find the money to pay for it all.

Which strategy/move should you present first? Use the following questions to help you decide:

- What did you learn from the Questionnaire and financial documents hard data?
- What clues does the consultative data soft data give you?
- What problems appeared on the Problem Identification Worksheet?
- What did you learn from completing the Resource Identification Worksheet?
- What needs have been identified and require solving?
- What data will help you decide?
 - What does the client want?
 - What does the client have?
 - How do the client's "Haves" align with their "Wants"?
 - What adjustments need to be made in the client's Present Position Model so their "Haves" and "Wants" better align?

Once you consider the above questions, use the following key guidelines to help finalize your decision:

- Generally, start with a move that will be least threatening to the client, easy to understand, not complicated to implement, and appears to be an obvious choice. Ideally, the first move results a dramatic improvement over the client's present financial position.

- Select a strategy that you are confident in your understanding and ability to present to the client.
- Clients often reveal in the Questionnaire and/or during the Data Collection Meeting which assets are moveable and which are not.
 - Put yourself in the client's position and determine what you would do first. This often is the right move.
 - What assets does the client have an abundance of that may tilt the scales toward that particular asset or resource?
 - Is the client going to inherit any large sums of money in the not so distant future, which may replace any current assets?
- New money moves other than qualified plan moves generally are done early in the strategic process. There is no immediate tax impact on the client and it is generally easier to move future money than old money assets.
- Extra payments made to a mortgage are another strong candidate for an easy to understand move. It does not require any refinancing which can be problematic and time consuming.
- Refinancing of high interest debt (such as credit cards, car loans, and personal loans) with low interest loans or deductible mortgages often free up large amounts of monthly payments for premium.

What do you do when the client does not have enough savings and investments, has cash flow problems and a difficulty with saving?

With this type of client, use the [Cash Flow Analysis Worksheet](#). Often this worksheet will help find available premium and get the client on a successful track toward financial security.

Designing Your First Financial Strategy

After determining which financial strategy you would like to employ first, use [Strategy Worksheets](#) along with the corresponding Leap calculators to begin the strategic design process.

First, using a Strategy Worksheet, calculate the client's hypothetical output of the asset you will use for your first move. Show the income taxes, lost opportunity cost, and other costs in your scenario. Then take another Strategy Worksheet and show a hypothetical ideal position, which is the same asset without taxes, lost opportunity cost, and other costs. The difference in the output of these two approaches represents the client's financial potential on that one asset.

Next, using another Strategy Worksheet, develop your integrated financial strategy that will improve the client's results and start to approach the results provided by the hypothetical ideal scenario. The client should be amazed at how much money can be recaptured without any additional out-of-pocket outlay, without taking any additional risk, while increasing their protection benefits dramatically. This is what Leap calls a "Win-Win-Win" scenario.

Now you are prepared to go into your next meeting with your client, confidently knowing that you are bringing value to the table. Keep it simple, keep it clean, and stick to the first move scenario. The client must make a positive buying decision. That may be nothing more than completing an application or taking a physical exam for the insurance before any other strategies, moves, or recommendations are to be made.

A compelling way to present your first financial strategy may sound something like this:

Mr./Mrs. Client, what if we could create a strategy with the potential for the following characteristics:

- *Use the same \$ (insert dollar amount) you're using to (insert how they are currently using such monies)*
- *Create the ability to spend and enjoy more wealth in retirement*
- *Include guarantees to help reduce risk*
- *Increase your liquidity*
- *Increase your flexibility and control*
- *Add protection benefits (insert lawsuit, disability, medical, death, etc.)*
- *Increase estate liquidity for preservation of your wealth*

Can you think of any reason(s) why you wouldn't want to implement this strategy?

If the client objects to your first strategy recommendation, then you have to evaluate and judge whether their objections are legitimate or if they just need clarification around specific aspects of the strategy. If the client's objection seems invalid, you need to make a decision as to whether you want to continue working with this client or decide if another strategy would be more appropriate.

If after sharing a second strategy or move the client objects again or still doesn't take action, it is strongly recommended that no further meetings be carried out. Based on the client's Present Position Model, do not show them any additional strategies or moves that may be undertaken without some indication that they are extremely interested in your work and you still feel that there is a strong trust factor for creating a long-term business relationship.

Suitability and Compliance of Financial Strategies and Moves

There is no such thing as an authorized Leap financial strategy or money move. Leap endorses the use of the Leap Model work subsequent software, materials, and intellectual property to be used in a manner to assist the client in making appropriate financial decisions that have a positive impact on their financial situation.

Leap and its parent company, Penn Mutual, assumes that any financial professional being granted a license to utilize its proprietary process does so with the full knowledge and understanding of the laws that govern our industry and expects said financial professional to act accordingly.

When determining the suitability or appropriateness of any Leap strategy or move, in addition to abiding by the spirit of best practices, any recommendation made by a financial professional to a client should be measured to meet the following criteria:

1. Affordability
Is the strategy affordable? Can the strategy be achieved without any additional out-of-pocket outlay to the client? Can it be added within the 15% of gross income rule?
2. Additional Wealth
Can the implementation of the strategy result in an increase in the dollar output at the end of the time period being measured, given a certain set of assumptions?
3. Same or Similar Risk Tolerance
Could the strategy create additional output without the client being required to take additional risk over and above current risk?
4. Additional Benefits

Most importantly, will the strategy provide additional benefits to help protect the client's assets, income, and life?

If the answer to each of the above questions is "Yes", then the Leap strategy or move may be appropriate and should be considered as a choice for the client. If any of these four criteria are not met, then the Leap strategy or move may not be appropriate. In other words, Leap does not advise that any particular Leap strategy or move is appropriate at any given time with every client.

5 – PRESENT (Present Position Meeting)

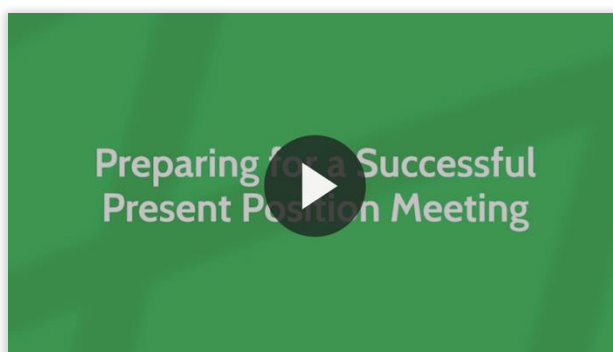
Goal and Objectives

Goal

Educate the client on their Present Position Model in order for them to discover that staying where they are in their financial life will not work.

Objectives (Meeting Agenda)

1. Underscore the Value of the Leap Model
Revisit the value and benefits of using the Leap Model, following the Leap process and applying the principles in the Leap Model Rulebook.
2. Present Client's Present Position Model
Present and verify the client's Present Position Model (including cash flow) and educate them on Protection Internal Design to see and understand problems, untapped resources, and overall concerns with their current financial strategies.
3. Develop an Action Plan
Develop a tactical plan and assign responsibility for making corrective changes to empower the client to take action.
4. Introduce First Financial Strategy
Propose at a high-level your first financial strategy recommendation (if time allows).
5. Schedule Next Meeting(s)
Schedule next meeting(s) to reconcile action plans and discuss first the financial strategy in detail.
6. Send Meeting Summary
Follow-up with the client by sending a detailed summary of results and expectations of your meeting.



Underscore the Value of the Leap Model

During the Present Position Meeting, the financial professional should consider their role much more like a teacher than a salesperson. A good best practice when teaching is to first quickly review the takeaways from the prior lesson. In this case, this is your opportunity to begin the meeting by revisiting the value of the Leap Model and process as discussed in your prior intro meeting.

Keep in mind, 2-3 weeks may have gone by since you've had your initial intro meeting with the client, and this may be the first time that the other spouse is present for such a discussion. Take a few minutes to set expectations, restate your value proposition and the benefits of Leap, as well as to learn what the client would like to accomplish during the meeting, will help to ensure that everyone is on the same page and fully engaged.

A compelling way to get things started and to underscore the value of the Leap Model and process may sound like:

What we are going to do today is go through your Present Position Model. However, before we dive into the specifics of your model, I thought it would be helpful to provide some additional context to the method and principles that are the framework of our process. We refer to it as the Leap Model Rulebook.

For this discussion, it is suggested that you utilize the [Leap Model Rulebook](#) presentation located in the Financial Stories section of the online Leap software. The Intro and The Leap Model sections of the presentation make for a great recap of what was discussed Intro Meeting.

In the Rulebook section, some additional commentary for each rule may sound something like this:

Rule 1: Full Replacement Protection

Every asset you own should be protected for its full value. If your home is worth \$500K, you would never insure it against fire for \$250K just because you don't really NEED a house that nice and could get by with an apartment. Our approach is quite simple, if something is worth insuring it should be insured for what it is worth. Does that make sense?

Rule 2: Save 15% of Your Earned Income

All money is either current consumption or deferred future consumption. Your ability to generate income is what provides for your current lifestyle. Retirement is simply living a lifestyle with income generated from your assets versus your generating wages. Proper cash flow management (not budgeting in the traditional sense) is paramount to being successful financially.

Rule 3: Build Liquidity

Proper liquidity (6 months worth of your income) is not just for unforeseen events, but also for having capital positioned to take advantage of opportunities along the way.

Rule 4: Avoid Compounding Taxable Interest

There are taxes that are necessary and then there are taxes that are voluntary. In our experience, clients don't want to pay unnecessary, and avoidable taxes. We will address this in greater detail in future meetings.

Rule 5: Contributions to Retirement Accounts

Investing in these investments is a very long-term commitment with very little control (with the exception of investment choices), along the way. Tax deferral has a bell curve benefit that must be closely monitored. There must be a plan to get the money out as efficiently as it is put in.

Rules 6-9:

We will address these in more detail as we deep dive into various financial strategies in future meetings.

Finally, in the Retirement Position section of the presentation you can reiterate to your clients that by following the rules of the Leap Model they can help create a more enjoyable and successful retirement.

After providing the client with this brief recap of the Leap Model, process, summary of the rules and what an ideal retirement position looks like it's time to transition to presenting the client with the Present Position Model.

Present Client's Present Position Model

It is paramount for the financial professional to understand that they will be presenting the client's complete financial position in Macro for the very first time. As a result, this will provide your client the opportunity to verify for themselves potential errors and omissions, and uncoordinated and non-integrated results of their financial decisions up to this point.

Verification of your client's present position is the key to converting them into a long-term client. Specifically, presenting their plan in Macro will verify that what they thought was being accomplished versus what is actually occurring isn't in alignment. Clients will see for themselves, unnecessary risk, incorrect or inadequate coverages, and excessive and unnecessary costs as well as a series of decisions that have been made out of context. Where you take them becomes almost secondary to their own discovery that staying where they are will not work.

An efficient way to introduce and orient the client to their Present Position Model, as well as to review expectations, may sound like:

We have taken all of the information that you provided us and reconstructed it on one page. As you can see, we have listed both of you with your correct ages as well as your children. Other background information is noted along the left side of the model as well as a breakdown of your current debt. The numbers directly to the left of the drawers denote annual premiums or contributions being made and the numbers inside the drawers denote coverage amounts or account balances. We will break these down in more detail as we walk through your model.

Feel free to make any notes as we walk through the model. This is for you to document any to-dos that result from our discussion today. We will also be sending out a summary letter of our meeting to make sure we are clear on what is being addressed and to make sure we don't miss anything.

As I mentioned, from this moment forward, we are on your timeline. If you are receiving value from our meeting and want to continue, great. If you do not feel you are receiving benefit, just let me know.

We are going to start at the top and work our way down. I will walk through what is in each drawer and confirm that the information is correct. Along the way, I'll highlight potential problems and we'll discuss possible ways to make improvements. Some concerns can be fixed right away, and other things will need a little more time and can be handled incrementally. I will leave it up to you what should be addressed or not.

Let's begin with the Protection component in the upper right of your model. As you recall in our previous meeting this is the most important component of the Leap Model and achieving full replacement protection is critical in guarding against unforeseen risks and events which can dramatically erode your wealth.

Go through each component and drawer of the model, Protection, Savings, Growth, and Debt confirming coverages, holdings and debt, as well as addressing concerns when warranted and determining the appropriate plan of action at this stage of the process. To help guide you in identifying problems that typically exist, a list of [Common Problems by Component/Drawers](#) can be found in the Addendum of this Field Guide.

Financial professionals need to refer clients to the properly licensed professional to address issues or concerns that may come up during the review of the client's Present Position Model. No analysis or advice may be given for products that you are not licensed to sell.

It's important to note that many times a client's initial set of problems lie within the Protection and Savings components of their model, with the concerns involving savings often resulting from poor cash flow management. As a result, a majority of your time in discussing the client's model should be spent on the Protection and Savings components.

The underlying theme to your Present Position Model discussion is simple – help to educate the client to prioritize protecting their assets and saving appropriately while staying out of debt.

Leap's approach to protecting assets and managing savings/cash flow is very different than the financial advisory and budgeting tactics presently being utilized in the industry today. Our approach is much more like that of a business owner. Everyone knows that a business could not function without strategic protection of their assets and proper cash flow management. It's our responsibility not just to make our clients aware of these potential problems, but also to provide our clients with a clear and concise method to address any deficiencies and manage them appropriately.

Protection Internal Design

When analyzing and sharing insights involving the Protection component of the client's Present Position Model, referred to as Protection Internal Design, it's important to convey to the client that a properly designed protection component, drawers P1 to P9, is a higher priority before any savings and investments are fully developed.

The Protection component is the key to financial security and the foundation of the wealth building process.

The Protection Internal Design review should verify the financial products and documents that a client owns or doesn't own in the Protection component. Furthermore, this is an opportunity to reinforce to the client that a properly positioned Protection component maximizes the protection of a client's assets, income, and life.

As you proceed through the Protection component one drawer at a time, while having the client's relevant financial documents at your fingertips, as needed, the Protection Internal Design review typically uncovers situations where protection is largely inadequate.

Your objective is to help the client understand the importance for ensuring the protection for the full economic replacement value, liability, health, disability, and life, during their working years, as well as continuing to have optimal coverage throughout their retirement.

As you complete the review of the Protection component, introducing the need for protecting the full economic replacement value may sound like:

The last element of Protection component is Life Insurance (P9). Life insurance can become part of your will, bequeathing to heirs the future earnings you may have created if not prevented by a premature death. In retirement and after, it can serve as an effective instrument to help assure that your financial goals are realized both before and after death. These funds may be essential to your family in the event of your premature passing and can create additional protection and wealth while you are still alive.

We all make money decision. Part of those money decisions are for the security of our family which is often the protection of our assets, income, and economic life value. Our Family Security analysis assumes that every risk in life may occur and so we seek to protect your assets, income, and life value to their full replacement value - which as we talked about earlier is Rule 1 in the Leap Model Rulebook - Full Replacement Protection.

So, let's walk through our Family Security analysis together using the data that you have already provided to me in the Questionnaire.

In your preparation for the Present Position Meeting and the Protection Internal Design conversation, pull the necessary information from the client's completed [Questionnaire](#) and financial documents and save it as a new scenario in the [Family Security Story](#). As a result, you can then walk through each screen of the story with the client's data already pre-populated. If you do not have such data ahead of time, simply gather the data from the client and add it to the story as you take them through each screen.

After completing the Family Security Story with the client, you can wrap-up the Protection component by saying something like:

Okay, now that we have walked through this analysis and have determined an estimate for your full replacement protection, let's go back and look at drawer P9 in your Protection component. Given the coverage you currently have, would you want to have all of the protection, part of it or none of it?

In most situations, the client will respond positively by wanting to increase their protection. Subsequently, you can support the decision to increase their protection by saying something like:

Okay, in order to increase your protection, we would first need to submit an application for life insurance for this chosen amount.

If the client asks about the type of coverage and the cost. The financial professional should say something like:

Once we find out how much you will qualify for, we can determine the type and cost of this coverage.

Key Guidelines When Presenting Client's Present Position Model

With practice, you'll develop your own rhythm for how best to present a Present Position Model to a client, but in the meantime, here are five important guidelines to remember:

1. Lead with positives.

For example, you could say something like, *"You've done a great job with your savings"* or *"Nice work with these detailed records"*. Only after you've acknowledge the client's efforts to-date and gathered their feedback on their present position should you begin to address problems, potential concerns and identify areas of opportunities.

2. Ask your client how they feel about their Present Position.

For example, you could say things like, *"What areas are you most proud of?"* and *"What areas are a concern for you?"* and *"Does everything look correct?"* Getting a sense from your client about how they perceive their current financial situation can provide important insights on what to focus on initially.

3. Educate your client on the importance of Protection.

It's not the most glamorous discussion, but it's the most important. Everything in your client's financial life hinges on proper protection. Be cautious of overwhelming the client with too much education too soon.

4. Discuss things your client might not want to change.

For example, someone might have an inherited account or asset that holds sentimental value that they may be unwilling to use for any recommended strategy.

5. Stay on track and be aware of time.

This meeting is all about setting the stage for what comes next. Be respectful of your client's time. 90 minutes should suffice for the Present Position Meeting.

Develop an Action Plan

After you have taken the client through each component and drawer of their model and gotten their feedback, it now time to develop a tactical plan and assign the responsibility for making corrective changes based on what has been discussed. Throughout your conversation, use the **To-Do List** to document a running to-do list with a series of action items and responsibilities for both you and the client coming out of the meeting. These to-dos should be created as a result of a using the Problem & Resource Identification Worksheet while comparing the facts of the client's Present Position Model to the standards established by the Leap Model Rulebook.

Most of the initial correctable action items from this meeting will fall within the Protection component of the model resulting from your thorough Protection Internal Design review. As you encourage your client to take action related to the drawers in the Protection component, remind them to seek advice from properly licensed professionals and to keep you involved. Your role as the client's Macro Manager

in the coordination of the work they implement with all their other financial professionals, micro managers in their respective professional disciplines (e.g., attorney, banker, realtor, accountant, auto and home agent, etc.), is a key aspect to your client's overall security and protection.

Furthermore, 90% of the time the client should be amenable to completing a life insurance application and agreeing to go through underwriting in an effort to begin solving the problems stemming from deficiencies in the Life Insurance (P9) drawer of their Present Position Model.

Creating a To-Do List is one of the most important tasks you can perform with the client. It allows you to go beyond a product sale and play the role of Macro Manager to the fullest.

By identifying areas of the client's model that may have errors, omissions, or deficiencies, you set yourself apart as a unique financial professional who can help them identify substantial opportunities of improvement, and express it in a To-Do List for your clients to accomplish over the course of weeks or months. This means more engagement, progress, and achievement that the client can see, which should strengthen your relationship.

Introduce First Financial Strategy

At this point in the Present Position Meeting, it's important to remember that the client has been presented with a lot of information to process and consider. As a result, you should be sensitive not to overwhelm the client with too much information and to-dos at this stage in the Leap process. However, depending on how the conversation evolves and if the client remains engaged and excited, now is the time to introduce, at a high-level, your first financial strategy recommendation to the client, if time allows.

Again, you will not have enough time in the Present Position Meeting to go into detail with regard to your first financial strategy recommendation. Consequently, the objective should be to present the client with a compelling overview of a financial strategy that will resonate with them so they continue to move forward in the Leap process. (It will be in the next Strategy Meeting that you dive deeper into the details of your proposed strategy and share any associated financial product information, with the client.

The key to introducing which financial strategy or money move to start with will emerge largely from your case design experience, personal advisory techniques and, most importantly, how the client has been reacting to what you have discussed and shared with them up to this point.

With the above in mind, some key decision-making points to consider are as follows:

- Introduce a strategy that will be the least threatening to the client
- Introduce a strategy you are confident about and you are able to present effectively to the client
- Introduce a strategy that the client recognizes as having a significant positive impact on their model

Simply stated, the first financial strategy introduced should be a no-brainer for both you and the client to undertake. If you have done everything correctly up to this point focus their attention on, at a minimum, placing the client's economic life value, 15-20 times income, in convertible term insurance and implementing improvements to the client's cash flow management.

Schedule Next Meeting(s)

Schedule a firm next meeting or a series of meetings depending on the conversation to discuss with the client in greater detail the financial strategy that was introduced. If the review of the client's Present Position Model and overview of a recommended strategy/solution are performed correctly, not only will the client be willing to commit the time to participate in the next meeting or set of meetings, they will want to!

Be sure to make a firm appointment for next meeting by saying:

Let's go ahead and schedule a time next week to review the financial strategy in greater detail. In the meantime, I'll coordinate with you to begin the life insurance application process.

Under no circumstances should you leave this Present Position Meeting without a commitment from the client to move forward in the process and a date and time for the next meeting confirmed in both of your calendars.

If at this time the client does not commit to a future meeting, it's clear that the client does not want additional wealth or more protection of their wealth without requiring additional outlay or risk. Ask them if they can be added to a mailing list, and should the day ever come when they would like the potential to achieve all of the above, they can call you.

Send Meeting Summary

The objective of a meeting summary letter or email is to document the results and expectations of your Present Position Meeting along with the corresponding action items with the client. Documenting your meetings is not only compliance friendly, it is an invaluable practice management tool and helps to create a long-term and productive client relationship.

Below is a sample meeting summary referencing the sample case provided in this Field Guide for Matt and Emily Smith:

Subject: Meeting Summary

Matt & Emily,

It was great meeting with you last week. I wanted to follow-up and document a summary of our meeting as well as our action items from the meeting.

We covered a lot of ground so if I miss anything or something doesn't make sense, please be sure to let me know. I have attached your updated Present Position Model and a summary of action items/to-dos for you to review as part of this email.

Protection Component

P1-P3 Auto, Home, Umbrella Insurance:

The objective is to make sure your coverages are in alignment with your present financial circumstances. After reviewing your current liability coverages, in relation to your current assets and incomes, you determined that you were more than overdue to update your coverage levels.

As I understand, you are going to contact your P&C agent to review your coverage and address the following:

1. You are going to request a quote for a \$3M personal liability umbrella.
2. You are going to request a quote for \$1,000 deductibles on your vehicles
3. We also discussed taking video of the personal contents of your home in order to maximize your replacement cost coverage on your homeowners.

Please keep me updated with any changes you make in this area.

P4 Disability Insurance:

The maximum coverage you can have is approximately 66% of your gross income paid on a net basis (i.e., if your gross income is \$100k the maximum coverage you could obtain is about \$66k per year of benefit, after taxes).

Matt, based on the documents provided, you currently have group coverage at 60% of your income with a cap of \$5k per month. With a \$5K/month cap, your benefit only replaces roughly 42% of your income.

Emily, based on the documents provided, you currently have group coverage at 60% with a \$5K/month maximum benefit as well. The benefit cap only provides you with roughly 31% coverage as well.

At your ages, your ability to earn an income is your greatest asset. The large gaps in both of your plans leave you exposed. We will plan to supplement this coverage to bridge those gaps. This will be coordinated with your life insurance applications.

P7 Wills & Trusts:

At present you do not have wills/trusts. This is very important to implement to be sure your estate passes according to your wishes as well as establishing guardianship and trusteeship for your minor children.

You mentioned that you have an attorney that can help you get this completed. Please make sure that you provide your attorney with my contact information so that I can assist in coordinating beneficiary designations and titling so that they align with what you have drafted.

Please keep me updated with your progress in this area.

P9 Life Insurance:

The maximum coverage available to you at your present age is approximately 20 times your income. Presently there is \$500k of term insurance on Matt, and approximately \$400K of term insurance on Emily. In order to get coverage in alignment with your economic value, we initiated the application process for additional insurance for the both of you.

Keep in mind that we have not committed to a coverage amount and that no coverage will be in place until we have a chance to work through the best way to structure the coverage. Remember our first priority is the proper amount of coverage. We will work through the

best long-term ways to own it as we work through financial strategies in future meetings. We are simply confirming each of your insurabilities.

Savings Components

S1-S3 Checking & Savings:

You presently have about \$42K in checking and savings. We discussed the importance of increasing your liquidity as well as building wealth on an after-tax basis moving forward. I will address this in more detail later in this email.

S8 Tax Free:

This is where we show both of your Roth IRAs at Fidelity.

S9 Tax Deductible:

This is where I show your IRA, 401K and pre-tax retirement accounts. Matt, you have approximately \$118K in your 401K. Emily, you have approximately \$179K in a combination of 401K. Our focus in this area will be to make sure we implement strategies to generate the maximum income at retirement and to make sure that we don't create a deferred tax problem down the road. Future funding in this area will be evaluated in future meetings.

Growth Components

G5 Blue Chip Stocks:

We discussed taking advantage of the Microsoft ESPP program. The plan offers a great discount of 15% below market price on the shares and does not have a required holding period once purchased. We will look at utilizing this as a buy and hold strategy as well as a pass-through strategy.

This is where I show the shares of Microsoft stock that have been acquired as a result of vested RSU. You stated that your position on Microsoft stock was more a result of not having a plan to effectively diversify these shares when the RSUs vest. I will work on helping to develop a systematic process to diversify these proceeds moving forward.

G6- Growth Securities:

We discussed the importance of diversifying your after-tax assets within a tax-managed after-tax portfolio.

Debt, Cash Flow & Miscellaneous:

We determined that you have done a good job in saving money. That stated, we also determined that there would be a benefit to have your savings flow into your plan on a more systematic basis. We also discussed the 6.2% non-deductible interest rate associated with your present car lease.

As a result, we are going to look at exercising your vested Microsoft stock options. Doing so will create approximately \$225K of net proceeds. We are looking at utilizing these proceeds to pay off your car lease, strengthen your liquidity, and give a boost to your after-tax savings portfolio. We will address how best to position this money in our next meeting.

We also discussed the possibility of moving into a different school district by the time your kids begin kindergarten. We will keep this in consideration as we move forward.

I will give you a call after you have had a chance to review this information. In the meantime, please be sure to keep me updated with any changes or things I may have missed. Our meetings going forward become a lot more fun as we look at the possibilities that will result from all your hard work.

Please let me know if you have any questions or if I missed anything. I look forward to working with you going forward.

Thanks, and have a great rest of the week.

Regards,
(Your Name)
999-999-9999

6 – SOLUTION (Strategy Meeting)

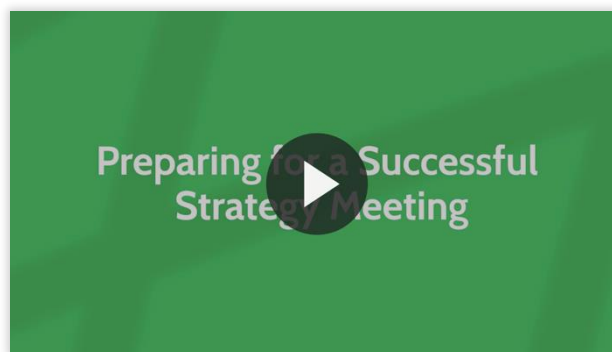
Goal and Objectives

Goal

The client discovers that specific Leap strategies for reallocation of their money will provide them with greater benefits, money supply or both when compared to where and how they are currently allocating their money.

Objectives

1. Learn Key Leap Strategies First
Become proficient at commonly used strategies to better fulfill the client's needs with a customized solution.
2. Leverage Consultative Practices to Achieve Greater Results
Integrate specific consultative practices to maximize the client's understanding and consideration to adopt an alternate strategy.
3. Follow the Same Approach to Position Each Strategy
Use a proven 4-step approach to position each strategy or money move to better enable the client to take action.
4. Underscore the "Living Benefits" of the Permanent Life Insurance
Reinforce the value and living benefits of permanent life insurance during a client's full economic life cycle.



Learn Key Leap Strategies First

There are countless strategies or money moves that you and your client can work on together to analyze and test their effectiveness and value against the client's Present Position. A [Master List of Leap Strategies and Money Moves](#) is located in the [Addendum](#) of this Field Guide.

However, the foundational Leap strategies and associated money moves that you should first learn and become proficient at positioning are as follows:

- Buy Term & Save the Difference
- Term Opportunity Cost/Conversion (True Cost of Term)
- Person A Person B
- Retirement Pressures

More specifically, since many Leap professionals find that a majority of their prospects are engaged in some form of buying term and saving the difference, it is imperative that you become proficient at educating clients who have this particular mindset about its potential pitfalls. Refer to the [Follow the Same Approach to Position Each Strategy](#) section below that demonstrates, by way of example, the strategy and associated conversation when working with a client who is considering buying term and saving the difference.

By studying additional Leap on-demand materials online and attending Leap webinars and other live in-person events, you will be able to accelerate your understanding and confidence in positioning customized solutions depending on the client's specific needs and Present Position Model.

For every strategy, Leap offers training on how to use [Strategy Worksheets](#) supported with calculators to validate strategic money moves that encompass cost recovery, velocity of money multiplier and the importance of not only how to build wealth but how to spend it efficiently. Strategies and money moves, along with important Leap language, will be taught based on what clients often do, the results and the associated impact to other parts of the Leap Model. Each strategic alternative will demonstrate the result of alternative flows of money and the resulting increase in benefits and/or money supply.

Leverage Consultative Practices to Achieve Greater Results

The key to a great strategy meeting is to incorporate more effective consultative habits and techniques to increase the clients understanding and motivation to consider an alternate financial strategy.

With practice, you'll develop your own rhythm for your strategy meetings, but in the meantime, here are some consultative practices that you should adopt and apply:

Understand how Your Clients Learn, Think and Make Decisions

We all have a preferred learning style and way of thinking. When you are aware of your client's preferred style your rapport will increase and future discussions will be more productive. Clients can often be divided into one of three preferred styles of learning. These three styles are as follows:

Visual – Learning and thinking in pictures

The visual person tends to use language that contains visual words and phrases. For example, “I get the picture” or “let’s try to put this into perspective.” If you want to build rapport with the visual, you might want to start by saying “I see your point of view” or “Do you see things more clearly now?”

1. Auditory – Learning and thinking in sound

Similarly, auditory thinking may be indicated by words and phrases. For example, “I hear what you are saying” or “that sounds good to me.” When you listen to the kind of words an auditory client says and match them, they realize that you, “talk the same language” and what you say “rings true” for them too!

2. Kinesthetic – Tactile and represent thoughts as feelings

Kinesthetic clients often like handling product materials and have a need to write notes on worksheets. If your client has to access a feeling they will tend to use “feeling” type language and words related to touch. For example, “We are getting to grips with the problem” or “Things are moving along smoothly.”

Being able to recognize DISC personality profiles can also help you better communicate and understand how clients make decisions, so they remain engaged and comfortable throughout any meeting. The four DISC profiles are as follows:

1. D – Dominance (Direct)

When it comes to D-profile clients we know they are decisive and fast-paced. What irritates D-profiles in sales situations is indecisiveness and inefficiency. Don't get in the way of the sale by giving too much information or impede their decision-making process. D-profiles want to be in control so it's important to have them feel control of the sales process. D-profiles tend to test you. They want to find out if you are up for the challenge, otherwise they will lose respect. Stay toe-to-toe, earn their respect, and don't delay in closing the sale and implementing the solution.

2. I – Influence (Outgoing)

I-profile prospects are very different from D-style clients when it comes to selling. When I-profiles make buying decisions they base it on their fear of social rejection. They will consider how the buying decision impacts their status with others. I-profiles are not detail-oriented. They are also highly optimistic. I-profiles may have every intention to buy from you at that moment... until they meet the next sales person. You need to secure their commitment to moving forward or potentially lose the sale.

3. S – Steadiness (Even-Tempered)

S-profile clients make buying decisions based on the impact on those around them. They want to make the right decision for everyone. They will also want to talk over the details with someone before making the purchase. As a financial professional, you must be supportive and patient, and even become their sounding board when they evaluate strategic alternatives.

4. C – Conscientiousness (Analytical)

The difference between S-profile clients and C-profile clients is that the S-profiles make buying decisions based on the impact on others. C-profiles want to make the correct decision. They do not want to purchase the wrong product or service. They do not want to regret their decision or have others identify them as the person making the mistake. Therefore, they want to have as much information as possible in order to make the most

informed decision. As a result, you must be patient and thoroughly prepared with all facts, information, and alternatives to close the sale.

As financial professionals, we must sharpen our communication tools regularly. When you want to better engage with your clients, get a feel for the type of words they prefer to use and adapt to their personality style. By doing so, this will provide you with greater insights for how your clients learn, think and make decisions to achieve greater and more consistent results.

Introduce Your Strategy Incrementally

First, and possibly the most important, is to incrementally introduce your strategic alternative to the way your client is currently managing their money. Laying it out all at once can be overwhelming for the client. Instead, proceed with one move at a time.

Here's why:

- It ensures that the client fully understands each step of the strategy before introducing the next step.
- You can make sure that the client acknowledges that there's a problem and that they want to do something about it.
- It allows each move to stand on its own as an integral part of the overall strategy.
- You can make sure the client acknowledges and understands how each step is either reducing/eliminating a problem or adding a benefit and/or increasing money supply.
- It gives the client the opportunity to affirm that this is something that they want.
- The client's own discovery is crucial to the client taking action.
- You position yourself as the architect of financial strategies, not the seller of financial products.

Show Only What is Needed

Make sure that you don't overwhelm the client. As we mentioned previously, show only one move at a time. Use [Strategy Worksheets](#) incrementally to build the story. Go slowly when using calculators and stop frequently to inquire if the client has questions and to confirm their understanding.

Remember, here's where you want to be sensitive to not only what your clients are saying, but how they are saying it and the words they are using. A great analogy to keep in mind is that some clients can make a decision to purchase a watch by only knowing if it can tell the correct time while other clients must first need to know how the watch was made before they can make a buying decision.

How this may all play out with a client is when showing them calculators and detailed product information. Why show 30 years of columns and rows of numbers when you could show 5 years at a time? Start with a few years at a time, explain what's going on and confirm their understanding of the strategic concept you are trying to educate the client on. Only if needed, do you then add more years and expand upon the details and supporting information.

Use Strategy Worksheets

It is also important that you use Leap's [Strategy Worksheets](#) with clients. These tools are not only designed to be easy to use but are also very powerful educational tools that facilitate real-time client interaction and feedback, which is sorely missing in this high-tech world of self-service applications.

Having the client engage in a visual, mathematical, and tactile process actually increases their ability to absorb information while feeling like they are co-architects of any strategy proposed. This increased

understanding and ownership of the strategy design should lead to greater results as clients are more eager to move forward with implementation after having participated in the process.

Make Sure the Client Has Clear Understanding of How the Strategy Works

When used properly, Leap's **Strategy Worksheets** make it easy for the client to compare their current money strategy to the financial strategy alternative that you have built and designed together. As a result, your client should walk away from the strategy meeting clearly understanding how the strategic alternative and Leap's rules-based methodology can achieve greater financial success.

Remember, your client is their own salesperson so it will be difficult for them to move forward in the process if they don't fully understand the strategy or discover for themselves that decisive "a-ha" moment enabling them to take action.

The Leap process is designed to allow clients to fully comprehend their real needs, wants, and desired results. Only when they arrive at this understanding will they want your service and acquire your financial products.

Your client should also understand that all situations are unique and that not all Leap objectives can be attained. It should be clear that the Leap rules in the **Leap Model Rulebook** are guidelines and that there are many factors, known and unknown that will impact future results.

Emphasize the Four Key Objectives of Every Strategy

When introducing any strategic alternative to a client, it's important to remind and reinforce the underlying purpose of every Leap strategy to achieve the following 4 key objectives:

1. Build more wealth or the ability to spend and enjoy more wealth
2. Expose the client and their money to the same or less risk
3. Increase protection against:
 - a. Lawsuit
 - b. Disability or Critical Illness
 - c. Premature Death
4. Achieve these results with no additional out-of-pocket outlay

To put it simply, Leap strives to improve a client's entire financial situation over their lifetime by accelerating their results in a more efficient and effective manner and helping to meet any economic challenges that they may face along the way.

Explain the Three Phases of Wealth

Every client and their money will go through three phases. The three phases of a client's economic life cycle are as follows:

1. Accumulation
2. Distribution
3. Conservation

The goal of the accumulation phase, from today until retirement, is to help your client reach what Leap calls their Maximum Financial Potential.

In the distribution phase (retirement) the goal is to make sure your client can spend their assets in retirement any way they want without ever worrying about running out of or outliving their money.

Finally, the goal of the conservation phase (at death) is for your client to pass on up to 100% of their wealth to who they want, when they want, and in the amount that they want.

Consequently, every dollar that a client has earmarked for wealth must be analyzed in three ways:

1. Will it enable them to “accumulate” (build) their wealth to maximum levels?
2. Will it enable them to “distribute” (spend and enjoy) their wealth in retirement at maximum levels?
3. Will they be able to “conserve” (preserve and pass on) the maximum amount of their wealth?

Therefore, it is imperative that you effectively communicate to your client that all three of these phases are impacted at some level with each individual financial decision that they may make.

Follow the Same Approach to Position Each Strategy

To enable clients to consistently take action to adopt alternate financial strategies, Leap professionals have learned from experience that each strategy or money move should be introduced to the client in the same manner every time and must take into consideration the following:

- Strategies and moves should be done one at a time and then brought back to the macro.
- Every suggested strategy should demonstrate the result of alternative flows of money and the resulting increase in benefits, money supply or both.
- Each strategy or money move should be supported with a strategy worksheet and any associated calculators and product illustrations in order to verify and validate the proposed strategy or move.
- Recommendations should be based on what the client is currently doing (as represented by their Present Position Model) and the client’s desired impact and result to be achieved.

When positioning recommendations to client, remember that people [buy solutions to their problems](#), not just products.

With the above considerations in mind, Leap has developed a proven four-step process to follow in order to position a strategy more effectively to a client:

1. Understand why the client is currently doing what they are doing (e.g., buying term insurance and saving/investing the difference)
2. Show the client a strategy worksheet showing the projection of what they are currently doing (as supported by calculators, product illustrations, etc. to verify numbers)
3. Provide the client with a verbal preview of a strategic alternative that will better achieve their needs and desired results
4. Only if the client reacts positively and expresses considerable interest, show the client a Strategy Worksheet showing the projection of the strategic alternative supported by calculators, product illustrations, etc. to verify numbers.

For example, if a client is found to be spending money on term insurance and saving/investing the difference, you would apply the four-step process in the following way:

Step 1 – Understand Why the Client is Currently Doing What They Are Doing

As a result of your data collection, discussions with the client, and review of their Present Position Model, you learn the following:

- The client is currently 45 years old and plans to retire at age 65
- They have a \$500K 20-year Level Premium Term Life Policy for \$740/year (exhibited in drawer P9 in their model)
- They are saving \$10,000/year into a non-qualified investment (exhibited in drawer G6 in their model) with the assumption that they will earn 8% per year

Using the client's model and Strategy Worksheet, you start by asking them something like:

What do you like most about your Buy Term and Saving the Difference strategy?

Typical client responses may include:

- The low cost of term life insurance
- The fact that if they live, they will have wasted only a small amount of money on their term life insurance
- The growth potential of wherever they are saving the difference or compounding the interest in drawers S7 – G9.

Next, after loading the client's data and some typical assumptions in Leap's **Buy Term and Save the Difference** calculator, you point out the future projected value of their non-qualified investment in drawer G6 after 20 years (at age 65) would be \$494,229. Then you would ask the client:

If we were to fast forward 20 years and your investment account is worth \$494,229 as we calculated, what would you do with your term life insurance that is expiring?

Almost every client responds that they would cancel their term life policy since their investment account is almost equal to the \$500K term life insurance death benefit. In other words, they believe that they could self-insure themselves.

If this is the answer that you receive, simply make note of this in drawer P9 on the client's strategy worksheet.

Now ask the client these questions as you reference their Present Position Model and inputs:

If we are sitting here 20 years from now and your investment account has grown to be worth \$494,229 and you did not need your term life policy because you lived, would you be pleased?

Is this the result that you really WANT from this Buy Term and Save the Difference strategy?

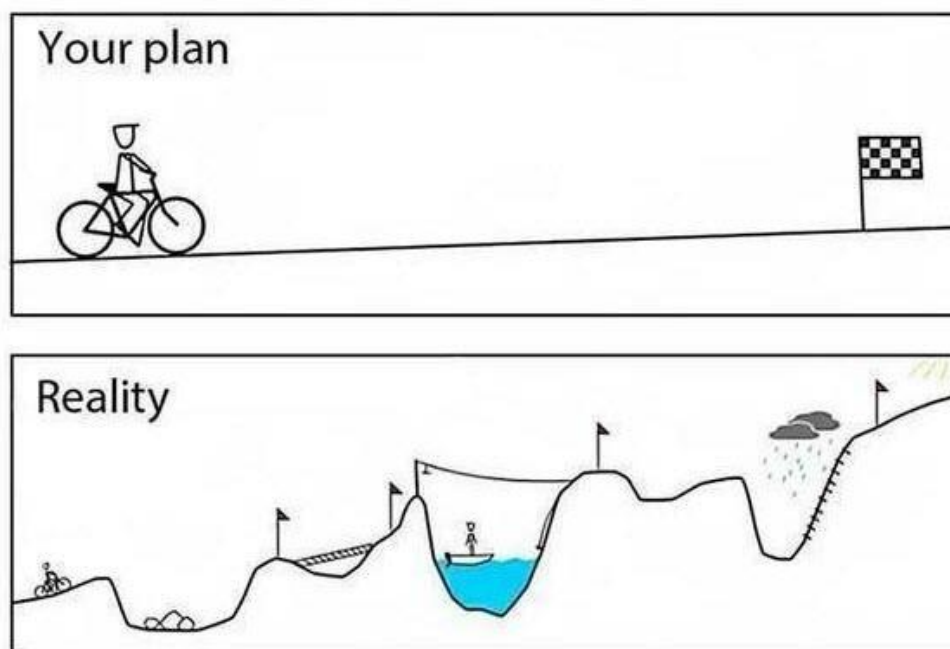
Almost every time the client responds:

Yes! This is what I want.

Step 2 – Show the Client a Strategy Worksheet Showing the Projection of What They Are Currently Doing

In our role as their most trusted financial professional, it is our responsibility to help the client discover any potential problems associated with what they are doing and why it may not achieve the desired results that they think.

A simple yet powerful way to help illustrate this is to share the following visual with the client comparing their often idyllic financial plan to the harsh reality that can occur over time.



Therefore, to help educate the client to discover and acknowledge the inherent problems in their Buy Term and Save the Difference strategy and why such costs will prevent them from ever accomplishing the results that they WANT in the future, the following insights would be raised with the client:

- If the client is on the wrong end of a \$1M+ lawsuit is their model prepared to adequately protect their Buy Term and Save the Difference strategy and current assets? If not, is this a concern for the client?
- If the client has a disabling injury or illness, are their disability income replacement benefits enough to allow them to continue to fund their Buy Term and Save the Difference strategy? If not, is this a concern for the client?
- If a premature death were to remove the client from their family and their model, will their life insurance death benefit allow the client to maintain their current lifestyle and continue to fund this Buy Term and Save the Difference strategy? If not, is this a concern for the client?
- Using the [Buy Term and Save the Difference](#) calculator, demonstrate for the client the potential differences in investment account balances that result over a 20 year period of time depending on the starting year selected. If there is no guarantee that the client will be investing at the best period of time in the market to produce the results that they want, does the lack of a guarantee to offset market volatility a concern for the client?
- Using the [Buy Term and Save the Difference](#) calculator, demonstrate the impact of taxes on their investment account balance after 20 years that the taxes are all paid from the account. Assuming the client gave you a 25% tax on Ordinary Income, 25% tax rate for dividends and 15% tax on long term gains there would be almost \$100K less than the \$494,229 expected. Does the impact of taxes on the future account balance a concern for the client?
- Lastly, using the [Term Opportunity Analysis](#) calculator, demonstrate that if the client gets what they want and lives to age 65, then they lose:

- All the premiums that they paid, plus
- All the interest they could have earned on those premiums, plus
- The death benefit

When you add it all up, the client loses \$100,000's if not \$1,000,000's by having term insurance. As a result, is potentially losing \$100,000's if not \$1,000,000's by having term insurance a concern for the client?

After bringing these potential problems and lost opportunities to the client attention, you would then summarize this step by saying something like:

As we have just discovered, in order for you to accomplish the results that you want in the future (approximately \$500K over 20 years) using a Buy Term and Saving the Difference strategy you must HOPE that....

- *You never get sued*
- *You never get disabled or have a chronic illness*
- *You don't die prematurely*
- *You have money saved up in your model to pay all taxes on the investment account*
- *You are invested in the market during the best period of time*
- *Your investment account balance grows to exceed the total amount of money that you will lose by having term life insurance*

In considering all of these risks and costs as I have outlined and verified for you, you now realize that your Buy Term and Save the Difference strategy is a financial strategy that is based on HOPE."

Step 3 – Provide the Client with a Verbal Preview of a Strategic Alternative That Will Better Achieve Their Needs and Desired Results

Next, this is when you transition to providing the client with a high-level preview of how they can reallocate the same money using a strategy that will better achieve the things they need and want while helping to eliminate or minimize the problems, concerns, and cost associated with their current strategy.

This verbal sale before the sale or upfront contract with the client may sound something like this:

Mr./Mrs. Client, if we could design and implement a strategy with the following benefits...

- *We will use the same money (i.e., the amount of money they are currently allocating to their "Buy Term and Save the Difference" strategy).*
- *We will create either more money or the ability for you to spend and enjoy more money over the same period of time (typically from now until retirement).*
- *We will add protection in the event of a lawsuit.*
- *We will make sure your monthly savings (i.e., the amount of the "difference" of their "Buy Term and Save the Difference" strategy) will still be contributed even if you are totally disabled or have a chronic illness.*

- *We will make sure this strategy self-completes for your family in the event of your premature death.*
- *We will include guarantees to help offset market volatility.*
- *We will avoid and therefore recapture all or a large portion of your future tax costs.*
- *We will avoid and therefore recapture all or a large portion of your lost wealth associated with your term life insurance policy.*
- *We will help you spend, enjoy, and then pass on more of your wealth to your spouse, family and/or charity.*

...can you think of any reason why you would not want to implement this strategy?!"

KEY POINT: Only when the client reacts positively to the preview of the alternate strategy and expresses considerable interest in implementing it do we move to the next step and teach them how to build and implement the strategy.

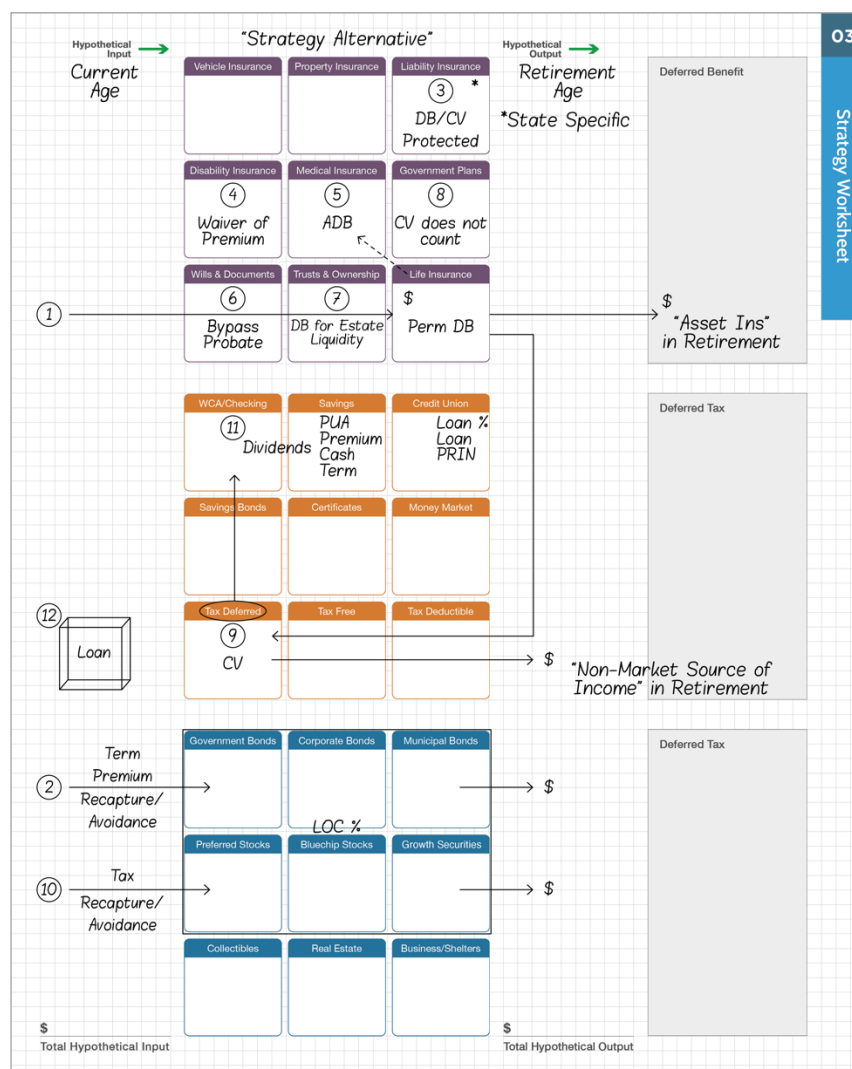
Similar to buying a ticket to a movie after seeing the movie trailer. If the client isn't excited after seeing the movie trailer and isn't committed to buying a ticket to see the full movie, then we don't show the client how to build and implement the strategic alternative.

If the client is ultimately not committed to move forward with the strategic alternative as outlined then you can: (1) potentially explore other financial strategies with them based your analysis of their Present Position Model and your desire to work with them, or (2) ask them if they can be added to a mailing list and tell them that should the day ever come when they would like the potential to achieve all of the above, they can call you.

Step 4 - Show the Client a Strategy Worksheet Showing the Projection of the Strategic Alternative

Assuming the client demonstrates a high level of excitement and commitment towards implementing the alternate strategy, you would now provide the client with a conceptual diagram of the strategy resulting in the desired solution.

Beginning with a blank [Strategy Worksheet](#), you proceed to incrementally educate the client by building out the solution one move at a time ending with a completed worksheet that looks like the following:

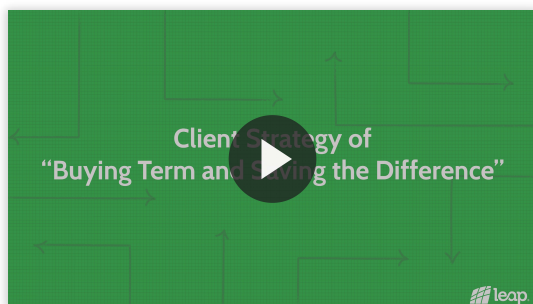


The steps to complete the above [Strategy Worksheet](#) are as follows:

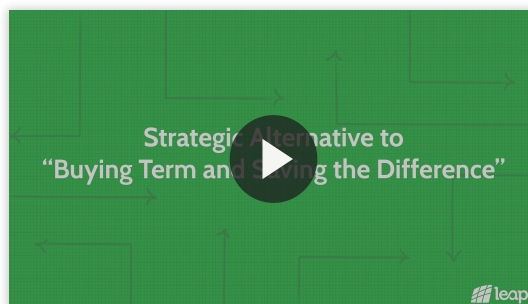
1. Change the Entry Point of the money the client is Saving as the Difference to drawer P9 (Life Insurance) and enter the amount of permanent death benefit it buys in Year 1 of the policy. Draw an arrow out to the right from this drawer with the projected death benefit at retirement age.
2. All or a portion, depending on how much permanent life insurance the strategy buys of the premium for their term life insurance, is moved to one of the growth drawers. Typically drawer G6 as a Term and LOC (Lost Opportunity Cost) Avoidance/Recapture.
3. Highlight drawer P3 as their life insurance death benefit and cash value are fully protected from lawsuit. This may differ depending on the state.
4. Highlight the disability waiver of premium benefit of the life insurance contract in drawer P4.
5. Highlight drawer P5 since the accelerated death benefit provision of the life insurance contract is available to help pay benefits for chronic, terminal, and long-term care occurrences.
6. Highlight drawer P7 since a life insurance death benefit payout bypasses probate.
7. Highlight drawer P8 since permanent life insurance (unlike term insurance) has a death benefit that will be there for the client's entire life and that their heirs can count on and use for any future estate costs.
8. Highlight drawer P6 since the values in permanent life insurance do not count against your eligibility for certain government sponsored benefits.
9. Highlight drawer S7 and write Life Ins CV (Cash Value) inside the drawer. Draw an arrow out to the right from this drawer with the projected cash value at retirement age from the associated life insurance policy illustration.
10. Since the Life Ins CV (Cash Value) grows tax deferred, there may be an opportunity to avoid/recapture taxes and LOC (Lost Opportunity Costs) in the future (typically drawer G6)
11. You draw a line from the (Life Ins CV (Cash Value) in drawer S7 to drawer S1 and then write dividends in drawer S1. This gives you the opportunity to introduce and discuss all the different insurance policy dividend options available to the client.
12. Somewhere to the left of drawer S7, you draw a box and write the word Loan inside the box to educate the client that they can use their life insurance cash value as collateral to borrow money from the life insurance company.

To learn more about supporting commentary and how best to diagram out and address a sample client's "Buy Term and Save the Difference" mindset and strategy, be sure to watch the following two videos:

Discussion #1: Highlighting the Advantages and Disadvantages of Client's Strategy of "Buying Term and Saving the Difference"



Discussion #2: Highlighting the Strategic Alternative of "Buying Term and Saving the Difference"



- Leaving a legacy of wealth and assets to their spouse, family, and/or charity. (conservation – after age 65)

When the client reaches the retirement age of 65, they will have Asset Insurance for their retirement years using their: (1) permanent life insurance death benefit and/or using their (2) permanent life insurance cash value.

First, having permanent life insurance death benefit allows the client to maximize their retirement income from their qualified plans, investment accounts, real estate, and low basis/highly accumulated assets during their retirement years. Then at their death, their retirement assets that were exhausted in order to maximize retirement income are replenished for their spouse, family, and/or charity by the death benefit of their permanent life insurance.

A powerful calculator to use to help you explain and measure the increase in retirement income the client will enjoy as a result of their permanent life insurance death benefit Asset Insurance is Leap's **Person A Person B** calculator.

Secondly, the client's permanent life insurance cash value can be a source of retirement income that is not affected by the volatility of the market, referred to as a Non-Market Asset. Having access to a fairly predictable cash value allows the client to keep their other retirement assets invested in the market and withdraw more income each year without the worry of a down market causing them to outlive their retirement assets.

Leap's **Retirement Pressures** presentation and calculator are tools to help you explain the client the concept of using their permanent life insurance cash value as Asset Insurance to defend against market volatility, referred to as Volatility Defense.

The key to getting the client to fully adopt and stick with their new money strategy until retirement is to clearly educate and remind the client on how the permanent life insurance's death benefit and cash value can serve as Asset Insurance which will allow them one of the best opportunities to maximize their retirement income, without the worry that they will outlive their money or disinherit those that they love and leave behind.

In summary, every solution/strategic alternative that you share with a client should be positioned in order to achieve the following:

1. Help your client to fully understand the “good” and “bad” aspects associated with their current money strategy (e.g., flexibility, control, risks, protection, liquidity, wastefulness, taxes, etc.).
2. Make the “good” aspects of their current money strategy better, while simultaneously reducing or eliminating the “bad” aspects that the client and their money are currently facing.
3. Offer no reason for why they would not want to implement the strategic alternative because they clearly understand the potential benefits of the new solution

Underscore the Value of Permanent Life Insurance

So long as people die, permanent life insurance is the only product in existence that has the capacity to serve three distinct purposes during a client's economic life cycle:

1. Accumulation Phase: During the client's working years life insurance protects a client's earned income.

2. Distribution Phase: At retirement, life insurance helps a client to maximize their retirement income without the worry of outliving their assets.
3. Conservation Phase: At death, life insurance ensures that the client will leave a legacy behind to their spouse, family, and/or charity.

It is those assets that generate a client's income at retirement, thus life insurance insures a family's income at retirement. While the financial industry may have forgotten that retirement is an actuarial decision and not an investment decision, we, as financial professionals advocating for our clients, must keep this at the forefront when responsibly recommending financial solutions to our clients.

So, what can the client do with their money to have the greatest impact and potential in all three phases? Permanent life insurance, due to all of its benefits, should become an integral part of every client's overall financial strategy.

Furthermore, as you and your client discuss and analyze different opportunities, products, and strategies throughout your client relationship, it is important that you always reinforce the benefits of permanent life insurance with your client at every appropriate opportunity during all three phases of their wealth.

7 – IMPLEMENTATION (Implementation Meeting)

Goal and Objectives

Goal

Document and review all modifications, improvements, and recommendations made to the client's Present Position Model in order to realize the benefits discussed to-date.

Objectives

1. Create Implementation Summary (Master Report)
Create a comprehensive report outlining all of the key discussions and improvements carried out to-date regarding the client's present financial situation.
2. Review All Accomplishments To-date
Systematically review an itemized list of all accomplishments since the onset of your relationship with the client.
3. Clarify Details of Financial Strategies and Products
Address any details or questions involving specific money strategies and associated financial products enabling the overall solution.
4. Assign To-Dos to Complete Open Action Items
Assign tasks to you and the client in order to complete remaining open action items.
5. Set Expectations for Ongoing Service and Referrals
Set follow-up service and referrals expectations for the next 3 to 12 months.

Create Implementation Summary (Master Report)

Providing the client with an **Implementation Summary** or **Master Report**, generated in the Leap software, is an important and value-added step in the Leap process. The purpose of an Implementation Summary is to provide the client with a tangible outline representing all of the modifications and improvements that you have made, and seek to make, to the client's present financial situation.

Implementation Summary is much more than a simple printout. It's also an opportunity to improve your client's comprehension of their financial life and your role in helping them secure a better future. The report also demonstrates your thoroughness and professionalism in helping to coordinate all aspects of their financial life.

You should be compiling a report for the client that includes the client's data, any action items or to-dos discussed and assigned, the client's Present Position, Resource and Problem Identification worksheets, and any other relevant information.

By creating and sharing this report, the client can better understand all of the advantages you offer in the Leap process. This positions you as an invaluable resource and reinforces your overall importance to the client as an educator, Macro Manager and architect of a holistic financial solution rather than just focusing on any one particular product sale. As a result, your client relationship will be improved which leads to greater persistency, repeat sales, and high-quality introductions.

One of the most important aspects of the Implementation meeting is to validate the service you have provided and to verify permission to connect with the prospects you have referred and introduced during your previous meetings.

Remember you can only make recommendations in the areas of a person's financial life in which you are properly licensed. For all other areas that you believe need modifications, changes, or reviews, you should advise the client to seek the counsel of the other qualified professionals.

Review All Accomplishments To-Date

It is now time to review each accomplishment that you and the client have achieved to-date and begin to help the client take decisive action. This is where you help the client put in place the strategies and positional changes necessary to realize the benefits you have discussed.

The Implementation Meeting should last about 60-90 minutes. Don't rush it, but do respect your client's time. If it seems like it might go longer, simply schedule the necessary touch-point calls or additional meetings based on the complexity of the implementation and overall solution.

Using your **Implementation Summary** or **Master Report** as a guide, a good place to start is to briefly provide client with a reminder of where they were when you first met and what they're doing now to address any issues, problems, concerns, errors, omissions, or opportunities with their financial situation. Reviewing their original Present Position Model may be helpful.

From there, take the time to review each accomplishment and reinforce the underlying reason for the modification or improvement while linking each financial decision back to the corresponding guideline in the **Leap Model Rulebook**.

Clarify Details of Financial Strategies and Products

During the Implementation Meeting take the time to thoughtfully address any questions the client might have involving specific money strategies and/or associated financial products that you have discussed. Review any policies, illustrations or other financial products that may have already been applied for or acquired prior to the meeting and reinforce how they fulfill the client's needs and fit into and support their overall financial solution.

Assign To-Dos to Complete Open Action Items

In addition to the [Implementation Summary](#) (or [Master Report](#)), you should add those items which have not been completed by the client and remain as either follow up, things to do, or for further review. This list of [To-Do's](#) should be organized into current as well as future action items which helps to enable your ability to stay in touch with the client for further service and review. It also demonstrates your thoroughness and professionalism in providing your clients a complete financial service and shows your concern for the client's financial well-being well into the future.

Since some of these follow up items may need the advice, counsel and the coordination of other professionals, it offers you the opportunity to reinforce your role as a MacroManager and to build a network of strategic alliances with other business professionals. These relationships may help you better serve your clients and could also create the opportunity for additional new introductions and referrals.

Both the [Implementation Summary](#) and the [To-Do's](#) items should be presented to the client in a point-by-point format, rather than a sentence structure. You should keep these items in the current or present state and avoid any future promises or guarantees of results.

It is the responsibility of each Leap professional to create their own [Implementation Summary](#) or [Master Report](#) and list of [To-Do's](#) based on their own particular licenses, following all insurance regulations, and receiving approval from their respective compliance departments.

Set Expectations for Ongoing Service and Referrals

Review how you will continue to work together over the next three, six, or twelve months given the amount of pending [To-Do's](#) and additional implementation there is.

As you work through the Implementation Meeting, pay close attention and ask questions that lead the client to talk about people they know. Combined with the names you have noted during previous meetings, this should help you generate at least 10 names per client as potential introductions and referrals at this stage of the Leap process.

8 – SERVICE (Ongoing Service and Review Meetings)

Goal and Objectives

Goal

Monitor, balance and maintain the client's Present Position Model in order to help them achieve their financial goals throughout the future.

Objectives

1. Stay in Contact with the Client to Cultivate the Relationship
Maintain and grow client relationship with ongoing financial insights and periodic touch-points.
2. Remain Current with the Client's Changing Financial Situation
Review and update client's Present Position Model with new information and identify additional strategies and action items accordingly.

Stay in Contact with Client to Cultivate Relationship

In order to build a successful insurance and financial services practice, the service and review function are vital to your overall business success. We live in a world that is constantly changing, an effective practice is one that employs an ongoing process of communicating with clients throughout their relationship.

It's important to keep in touch and stay top of mind during the weeks and months that may pass between your scheduled service and annual review meetings. Consider sending clients articles containing insights that they may find interesting or publishing your own periodic email newsletter. Other ongoing touch-points via phone calls, text, and a well-developed social media strategy will also be important to help reinforce good financial habits, keep your clients on track and preserve the good work you did together.

Keeping clients well informed and excited about their incremental progress has benefits that stretch beyond simply having satisfied clients. Clients who have gained essential financial insights from you and have taken action are more likely to refer your services to their friends, family, and colleagues – and this grapevine effect is invaluable. In turn, a great ongoing communication strategy helps to grow the relationship, builds loyalty, and improves your practice's reputation. Satisfied and well-informed clients who feel as if their needs are being met – or ideally, exceeded – are more likely to speak positively of your business, or review and rate it highly within their social network.

Remain Current with Client's Financial Situation

Since we live in a constantly changing world, we need to review and update our clients' financial situation over time. There are many areas that can affect our clients' financial future. It is important that these areas be reviewed and updated on a regular basis. Fortunately, this provides us with the opportunity to assist our clients in meeting these changing needs, wants, and desires. As a result, you should build your practice by not only seeking new prospects and solving their financial problems, but also meeting the changing needs and solving the ongoing financial challenges of their existing clients as well.

In order to help clients achieve these results, it will be important for you to meet with them regularly and review their situation.

Remember, Rule 9 in the Leap Model Rulebook is Monitor, Balance, and Maintain your client's model.

This approach essentially takes you and the client back to the Data Collection, Design, or Implementation step of the Leap process depending on what you are doing and the purpose of the review.

For example, following up on To-Dos and action items during a periodic review then it's similar to the Implementation step. However, when you engage the client for a full annual review, you are basically going back to the Data Collection and Design steps.

Periodic Reviews

Getting together for periodic reviews will be important to keep your clients focused on achieving their financial goals. It is likely that the client decided to defer some of their action items to be completed

in the future. You should identify these in writing and have the client tell you when they'd like to restart working on these issues. Reconcile all pending To-Do's that require attention and follow-through. Assign responsibilities and due dates and continue the process of Implementation.

Periodic reviews with the client also provide the opportunity for you to keep the client up to date with insights on what's happening in financial markets, the economy, tax law changes and how it all may affect their financial picture. In addition to the external factors, your client's needs, wants, and desires will also change over time, and you should take the time to inquire about them during your periodic reviews as well.

Annual Reviews

Leap was built to provide financial professionals with powerful tools that allows for the servicing of clients. For example, by revisiting the Questionnaire, did they marry or divorce, has a dependent child started college, any changes in their income? You can methodically uncover what's new by updating the client's Present Position Model each year. You will be able to quickly assess the internal design, coordination, and impact of strategies and money moves across every aspect of a client's financial life.

Once you've gone through the entire Leap process with your client the first time, getting through subsequent annual or twice yearly reviews will be simpler. In a nutshell, you'll get details on what's new, updated, and compare their Present Position Model to the previous one. You may new strategies and identify new action items along the way that could create additional wealth, benefits or opportunities for the client. The use of the Leap Software will significantly enhance the capability of this comprehensive service and review function.

You'll develop your own rhythm and agenda for your annual reviews, but here are a few best practices to keep in mind:

- Send your client a reminder one month before your scheduled meeting.
- Ask the client to revisit and update the Leap Questionnaire before the meeting, and to bring along any paperwork you might need copies of.
- Review outstanding Action Items and To-Do's before your meeting so you can prioritize areas to be addressed.
- At the meeting, update the Leap Model Present Position using details from the latest Questionnaire.
- Compare the previous Present Position with the new one to determine progress and identify additional action steps.
- Schedule your next meet-up.

As you work with your client on an ongoing basis, you can use XRM's automated practice management tools to track process tasks. If you don't have XRM, make sure you outline all the steps and tasks you need to accomplish to the client. When you are mastering a systematic approach, the ongoing review process will take time. With a strong commitment to service and client satisfaction, you'll develop your own practices and communication style that resonate best with each of your clients.

9 – INTRODUCTIONS

Goal and Objectives

Goal

Acquire preferred introductions within the Leap process that will lead to working with more ideal clients to grow your practice.

Objectives

1. Collect Names of Prospects and Cultivate Positive Endorsements
Gather names of prospects and positive endorsements from existing clients as you work with them throughout the Leap process.
2. Validate Service and Verify Permission to Contact Preferred Prospects
Leverage positive client feedback into permission to connect with prospects for whom your client knows well and has a high regard for.

Collect Names of Prospects and Cultivate Positive Endorsements

Once a prospective client agrees to go through the Leap process, there is a built-in methodology to obtain referrals throughout the relationship. Additionally, by delivering relevant financial insights with exceptional service along the way, your new clients will be more open to providing a positive endorsement to the prospects you have collected.

The **Personal Introductions** booklet is our tool to help us obtain possible referrals from our prospective client's network that you would work best with as you take them through the Leap process. If followed correctly, once you have had several clients go through the Leap process, you should be able to work in a 100% referred-based environment for collecting high quality leads to grow your practice.

Below is a summary of actions to take during each step of the Leap process in an effort to ultimately gather a minimum of 10-15 preferred, Ideal "A" Profile, prospects along the way:

Open (Introduction Meeting)

At the end of the **Personal Finance and Wealth Building** discussion, communicate your approach for how you gather and manage referrals. You must plant the seed early in the Leap process to avoid any surprise later in the relationship. Inform the prospective client that you work primarily in a closed market environment. Specifically, it might sound like this:

The type of work that we do is such that mass marketing of our services would be very ineffective due to the amount of time and customization we put in on behalf of our clients.

Our clients have a vested interest in assisting us in making the best use of our time and working with people that are engaged and want our services.

We would never ask for an endorsement until you received value and benefit from our services.

Again, we have a long way to go before we get to that point, we just wanted to make you aware.

Data (Data Collection Meeting)

The **Personal Introductions** booklet should be used as a journal to gather names that have come up during interactions with your client. Often times, you'll find that by working together with clients during the data collection process will give them enough confidence to provide you with names of potential prospects.

At the end of document gathering and completing your consultative questions, there should be names for you to transfer from the **Questionnaire** to the **Personal Introductions** booklet. Now add the **Personal Introductions** booklet to the client folder.

Present (Present Position Meeting)

Assuming positive results from the Present Position Meeting, you can:

- Request permission to connect with prospective clients on LinkedIn and any other social media utilized by the client.
- Review LinkedIn, and search for common connections and possible co-workers to enter into the Personal Introductions booklet.

Solution (Strategy Meeting)

Assuming positive results from the Strategy Meeting, you should continue to review and update the Personal Introductions booklet before and after all meetings leading up to Implementation.

Implementation (Implementation Meeting)

After recapping the strategies implemented and delivery of corresponding policies, you should provide the client with an updated Present Position Model. Next, take the opportunity to review the updated Present Position as compared to the Present Position of the client when they first started. This should be a positive summary of where you started and where you took them based on their needs and desired financial goals. When this is completed, you should then transition to formally validating the service you provided.

Validate Service and Verify Permission to Contact Preferred Prospects

This is a very important and overlooked step in effectively obtaining high quality Introductions. It is recommended that the following process be followed to obtain consistent results. To begin, it may sound something like:

As I mentioned when we first met, my firm operates under an internal marketing plan. If it's alright, I would like to take a minute to go through that with you. I have a brief survey that I'd like to walk you through if that is okay.

Next, you want to present the following questions that have been transferred to your own letterhead. Be sure to leave space and write down the answers the client provides for each question:

How would you explain to someone else what we do?

What problems have we helped you solve?

What have been the benefits to you of our helping you solve your problems?

What skills and abilities do we have that have been the most valuable to you?

What do you want us to learn in the future so that we can be more of a resource?

The answers from your client will be reassuring and often times surprising. If you receive exceptional answers, it's recommended that you follow up with the client and state:

Thank you so much for your feedback. Your answers are very thought provoking and helpful. Would you mind putting those thoughts in your own words on your letterhead and send it to me so I may share them with prospective clients?

Once such endorsements are approved for use by your compliance department, they can be utilized in your practice's marketing strategy in a number of positive ways.

Next, continue the conversation with your client by saying:

Thank you for your feedback. I will take this into consideration as I build my practice moving forward. As you are aware, for any business to succeed, it requires a consistent process of acquiring new clients. Mine is no different.

The challenge for me is not just getting in front of people, it's getting in front of the right people who have the greatest chance of benefiting from my service. This is where I am asking for a little bit of your help.

I am not asking for you to sell on my behalf, I am simply asking for an introduction to a few people who could benefit from the process as you have. I'm simply looking for the opportunity to share what I do. The same way (insert name of referral) referred me to you.

Whether or not they would like to proceed beyond that is up to them. You were able to help someone because someone else cared enough to refer this person to you.

Next, continue the conversation by transitioning to the client's **Personal Introductions** booklet and saying something like:

Here is a list of names I have gathered during our time together that I believe you are acquainted with. The left side of the booklet outlines my preferred client profile. Typically, this is the type of person that can benefit the most from my services. Similar to you (when applicable).

On this list, who do you feel best fits the criteria?

Here is what I would like to do. With your permission, I would like to send an email introducing myself, followed by a call to extend an invitation for 30-minutes of their time so I can share with them our process.

I'd be happy to copy you on the email and if you had a chance to put in a positive word, that would be helpful as well.

Just like when we first sat down, I am simply going to offer them the opportunity to learn about our process and whether or not they want to proceed is completely up to them. I promise there will be no selling pressure and I will make sure the connection is a positive experience. Is that ok?

Great, may we please take a moment so that I may write down their email addresses and cell phone numbers? As I mentioned, I will copy you on the email so you have a heads up of when I will be reaching out to them.

Use a personalized version of the following sample email templates and phone scripts to help maximize your success with getting high quality Introductions:

Sample Email to Prospective Client

Subject: Introduction

Dear (Prospective Client's Name):

I was recommended to you by our client (Client's Name). They thought it would be beneficial for us to connect. I wanted to send you a quick email in advance so that when my number came up, you knew I wasn't a telemarketer. I will give you a call in the next couple of days to see if we could find a couple of minutes to catch a cup of coffee.

Look forward to meeting you.

Regards,
(Your Name)
999-999-9999

Sample Phone Script to Prospective Client

Hi (Prospective Client's Name), this is (Your Name), I am following up on an email I sent you the other day, did you receive it?

That's great. Did you have a chance to speak with (Existing Client's Name)? As my email stated, (Existing Client's Name) is a client of ours and they thought it was a good idea for me to reach out to you and for us to get connected.

Perhaps (Existing Client's Name) mentioned it but in the event they did not, we work with a very unique and specialized process that helps people increase their wealth building potential on top of what they are presently doing.

The best part is, we are able to accomplish this without additional out of pocket outlay on your part and with less risk than you are presently exposed to.

I'm looking for 30 minutes to sit down with you and show you our process and to see if you find value in it for you? How about one day next week during your lunch hour, maybe Tuesday or Wednesday?

Great, I have us down for 12 Noon next Wednesday at (Meeting Place). What I am going to do is send you a confirmation email with my contact information in the event you need to contact me.

I am also going to mail you a confidential Questionnaire that we utilize so you can see what information we would be looking for should you decide to proceed. It is not necessary for you to fill this out in advance of our meeting. However, if you have the opportunity to gather a few items together that would be a great start.

I look forward to meeting you next week.

Mailing out the Questionnaire to the client is critically important. Even if it isn't filled out, by doing so you will gain valuable information that will assist you when you sit down with the prospect. It also provides you the opportunity to include additional marketing information and endorsements about you and your practice.

Sample Email to Prospective Client

Subject: Introduction

Dear (Prospective Client's Name):

I look forward to meeting you next Wednesday the 7th at 12 Noon at (Meeting Place) by your office. I will share with you the special management techniques we use to help clients accumulate and protect their wealth. As discussed, I will be mailing you a hard copy of our confidential Questionnaire (a soft copy is attached as well). As I previously mentioned, if you have a moment to fill out the Background Information on Page 1 that would be great, although it is not required for our meeting.

I look forward to meeting you next Wednesday at 12 Noon.

Regards,
(Your Name)
999-999-9999

As stated previously, overcoming objections during the Introductions and Prospecting phase of the Leap process is simply about providing clarity to your prospects. You must have complete conviction that you can make a positive difference for your prospect.

It is natural for a prospect to be skeptical at first, but remember, you are offering them something that can change their lives. What you are proposing is the opportunity for the prospect to engage in a process that will increase their wealth on top of what they are presently doing, and under the conditions of no additional out of pocket outlay and less risk than what they are presently doing.

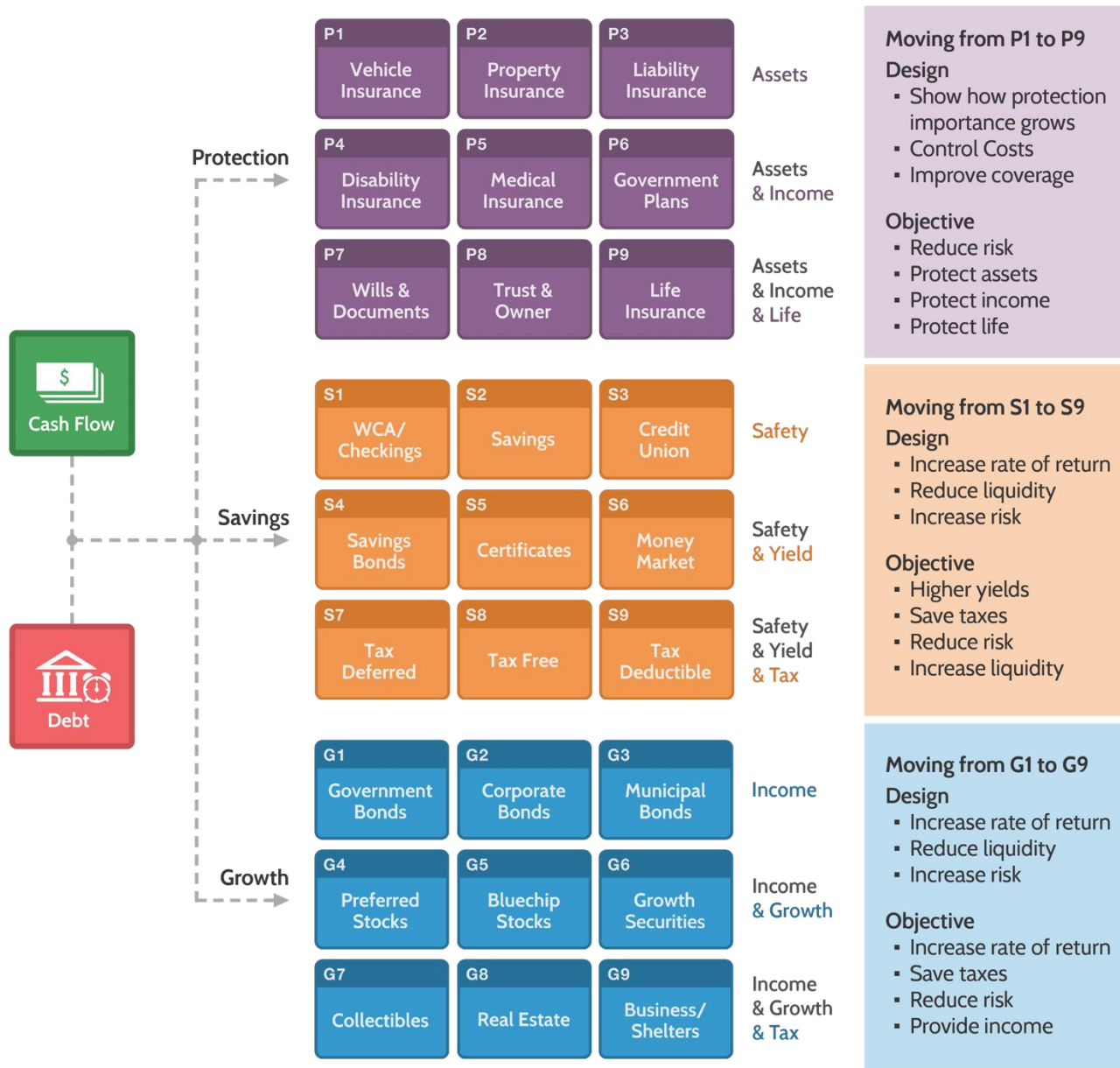
It is never an issue of whether or not the prospect would want what you are proposing, it's simply a matter of what does it cost them.

The only risk for them is 30 minutes of their time. Prospecting for names should be ongoing and a very integral part of your practice. It is your duty and responsibility to build an inventory of prospects in order to educate as many people as you can about how money works. This means understanding the completeness of real financial life - personal realities, financial complexities, an eroding market, risk factors, and taxes.

Leap empowers financial professionals to help individuals, families and businesses simplify their financial life through this unique and powerful discovery and design process. As a result, your clients will own their financial journey and enjoy life on their own terms.

ADDENDUM



The Leap Model

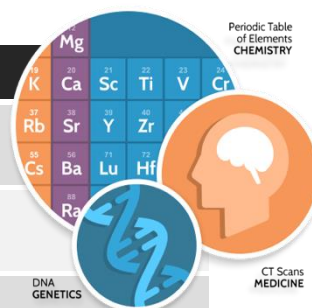


Leap Model Rulebook

Solutions Start with a Structural Model

Using the Leap Model as the basis of your work with clients allows you to use principles, laws, and strategies to align and position elements in a more "scientific" manner. Comparisons have been made to the model such as Game Board, Blueprint and Financial MRI. Most importantly, it serves as the basis for designing rules that favor your clients.

Rule Number	DEFENSE provides SECURITY
1	Full Replacement Protection <i>Unforeseen events can happen any time</i>
2	Save at Least 15% of Earned Income <i>Makes you less vulnerable to wealth erosion</i>
3	Build Liquidity <i>Accumulate 6 months of income for easy access</i>
4	Avoid Compounding Taxable Interest <i>Compounding taxes can erode your wealth</i>
	Careful and Strategic Use of Debt <i>Eliminate toxic debt that prevents savings</i>
Rule Number	OFFENSE creates WEALTH
5	Contribute to Retirement Accounts <i>Strategically - after defensive rules are satisfied</i>
6	Become a Lender <i>Income oriented assets - guarantees & low risk</i>
7	Become an Owner <i>Non-guaranteed benefits - income & growth</i>
8	Own Hard Assets <i>Assets with tax advantages, income & growth</i>
	Cash Flow is Critical to Your Success <i>Money in motion creates benefits & money supply</i>
Rule Number	BOTH DEFENSE & OFFENSE
9	SECURITY: Life brings constant change <i>New circumstances & opportunities... determine what's best</i> WEALTH: Maintain, Balance, and Maintain <i>Respond to constant change in circumstances</i>



Discussions & Tools Related to Leap Model Rulebook

RULE 1 - Full Replacement Protection

- Asset Protection: P1-P3 Vehicle, Property & Liability
 - Versatile calculator
- Asset & Income Protection: P4 Disability Insurance
 - Family Security story – Disability conversation
- Asset & Income Protection: P6 Government Plans
 - www.SSA.gov website
- Asset, Income & Life Protection: P9 Life Insurance
 - Family Security story – Life conversation
 - Term Opportunity Analysis calculator
 - Paydown and Versatile calculator
 - Dimensions of Life Insurance calculator with Design and Multiplier tabs
 - Retirement Pressures presentation & calculator

RULE 2 - Saving 15% of Your Earned Income

- S1 WCA
 - Exponential Curve calculator

RULE 3 - Build Liquidity

- S2, S3, S5 & S6 Taxable Savings
 - Versatile calculator – Cost of Debt

RULE 4 - Avoid Compounding Taxable Interest

- S2, S3, S5 & S6 Accounts and Interest
 - Compound Interest calculator
 - Anatomy of Compound Interest calculator
 - Real World of Compound Interest calculator
 - Netting calculator
 - Paydown calculator
 - Compound Tax Savings calculator
 - Paydown calculator
 - Versatile calculator

RULE 5 – Contributions to Retirement Accounts

- S7 & S8 Tax Deferred and Tax Free
 - Paydown calculator
 - Versatile calculator
- S9 Tax Deductible
 - Retirement Plan Erosion calculator

RULES 6 & 7 – Be a Lender & Be an Owner

- G1-G6 Being a Lender and an Owner
 - Buy Term & Save the Difference calculator
 - Market History calculator
 - Versatile calculator

RULE 8 – Own Hard Assets

- G8 & G9 Real Estate & Businesses
 - Design Center scenarios

RULE 9 – Maintaining, Balancing, & Monitoring Your Leap Model

- Cash Flow
 - Design Center scenarios
- Debt
 - Mortgage Choice story
 - Loan Amortization calculator

IDEAL RETIREMENT POSITION – Protection and P9 with Savings & Growth Assets

- Living Value Worksheet
- Person A Person B story
- Exponential Curve calculator
- Retirement Plan Erosion calculator
- Retirement Pressures presentation and calculator

Ideal Retirement Position

Protection

Remains important throughout retirement

Savings & Growth

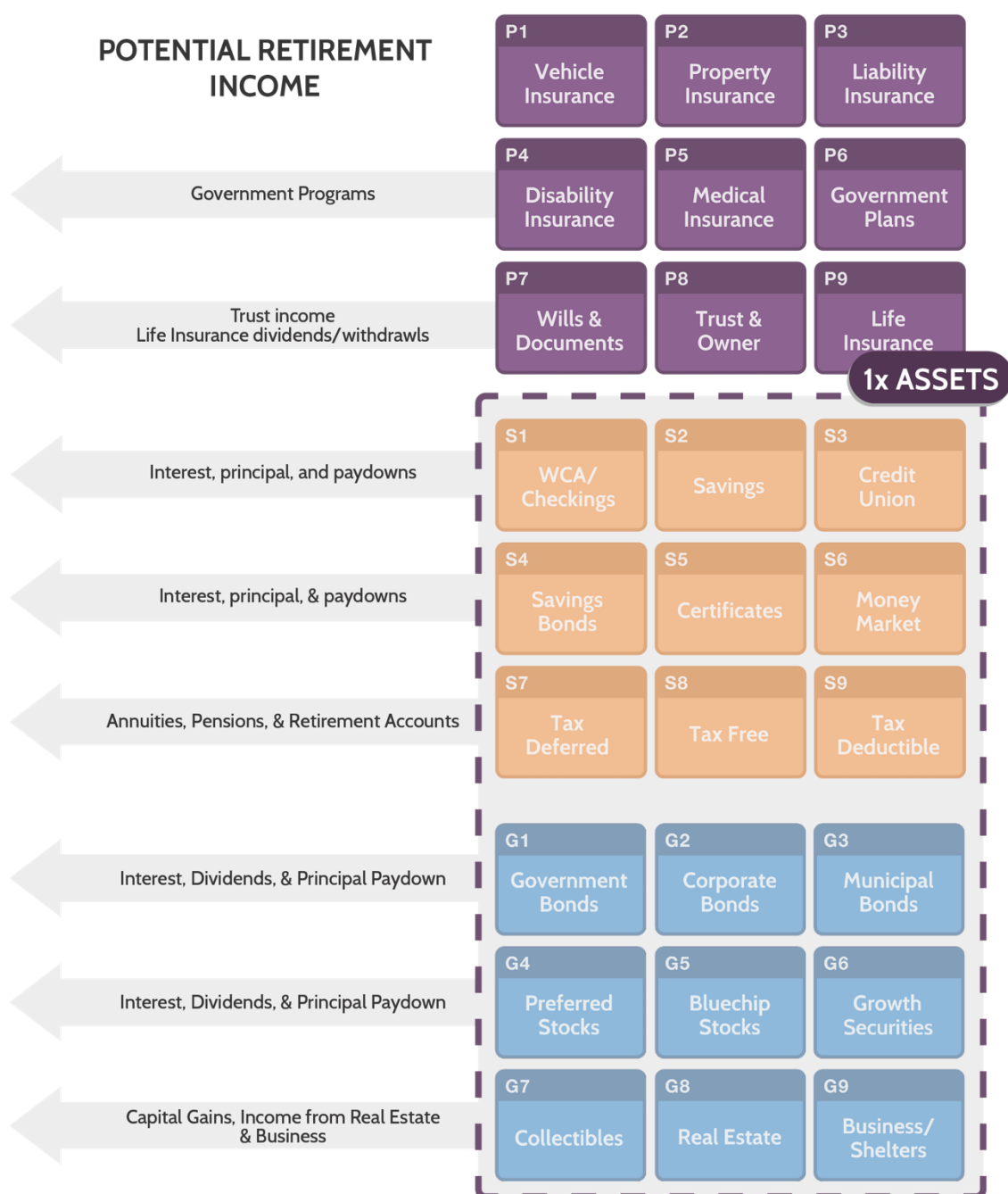
Take interest, receive dividends, optimize pensions and government plans, plus paydown assets knowing their value will be replaced

1:1 Life Asset Ratio

Optimizes retirement income while preserving a legacy (PAPB)

Sequence Defense

Have non-market assets as alternate sources of income when assets in the market have suffered adverse results to make money last longer



Important Leap Concepts

Wealth Building Goals

- Have as much money as possible
- Minimize taxes
- Reduce or eliminate risks
- Cost recovery
- Wealth preservation

Three Phases of Wealth

1. Accumulation
2. Distribution
3. Conservation

Common Financial Decision Making Flaws

- One at a time
- At different times
- With different people
- Under constantly changing circumstances

Wealth Eroding Factors (Money is Not Math, Math is Not Money)

- Inflation
- Taxes
- Market Fluctuation
- Law Changes
- Lawsuit
- Technological Changes
- Unexpected Life Events
- Fees and Consumer Financing
- Increased Standard of Living
- Planned Obsolescence (wear and tear, style changes, etc.)

Junk Drawer (Undermines Financial Success)

- Disorganized
- Uncoordinated
- Ineffective
- Inefficient
- Non-integrated
- Hard to manage

The Four Rules of Financial Institutions

- Want your money
- Want it on an on-going basis
- Want to hold onto it as long as possible
- Want to distribute the money back in a limited manner

The Solution - A Systematic Process

- The answer is not a financial product, chasing a rate of return, a single sales strategy
- Three Key Elements:

1. Game Board – organize and analyze financial decisions and measure strategies
2. Rulebook – establishes the standards for how personal finance should work
3. Macro Manager – help optimize performance of your clients' financial professionals working together

How the Leap Model is Used

1. Step 1 - Internal Design
The products and services in each drawer of the model should be made to perform properly.
2. Step 2 - Coordination
To maximize your benefits and money supply, each drawer should be harmoniously coordinated with every other drawer.
3. Step 3 - External Design
A cost efficient and productive model uses the Velocity of Money multiplier.

Steps 1 & 2 are necessary for efficiency, but do not create real wealth themselves. Only Step 3 creates real wealth.

Client Desires

- Focusing on WANTS, not NEEDS
- Ask your clients what's important to them

Leap Client Types

1. Single
2. Family Without Children
3. Family, Young Children
4. Family, Pre-college
5. Family, Children in College
6. Pre-Retired
7. Retired
8. Wealthy Estates
9. Business Owners

Leap Ideal Clients

Leap can be very effective at every stage throughout one's life. Leap is for everyone, but not everyone is right for Leap. Look for prospective ideal clients who qualify on the following basis:

- Open-minded and teachable
- Success-oriented and motivated
- Willing to commit to the process
- Able to act/implement strategies
- Nice people with whom to work

Objectives Established for Each Client

1. Build additional wealth
2. Similar or reduced risk
3. Increase protection
4. Reduce costs
5. Provide additional benefits
6. Affordable

Leap Approaches to Working with Clients

1. Transactional

- Focused conversation – typically centered on one drawer
- Limited information is required
- Quickest approach... but least unique value delivered
- Client driven to the extent that there's a perceived need or goal

2. Conceptual

- Idea-oriented conversation – typically incorporates two aspects of client's model
- Only limited fact-finding is required
- Client specific information may not be required to sell the value of the idea
- Financial professional driven – value must be established in client's mind before there's "buy-in"

3. Comprehensive

- Holistic-based, elongated process – encompasses client's entire model
- Requires complete knowledge of client's situation – know "everything"
- Exhaustive fact-finding required in a consultative manner
- Highly collaborative – requires engagement of both client & financial professional

Objectives of Leap Strategies and Moves

- | | |
|-------------------------------|------------------------|
| 1. Build wealth | 3. Reduce costs |
| 2. Increase retirement income | 4. Increase protection |

Six Key Things to Master First in Leap

1. Your Value Proposition

Get their attention, make it interesting and create desire to know more.

2. The Intro/Open Conversation

Remember, they must get to know YOU and the value proposition you offer before they will move forward in the process.

3. Data Collection

You must get to know THEM, so you can determine what you can do for them and where to start.

4. Case Design

These basic skills will establish the path for you to follow.

5. Protection Internal Design

Rule 1 is their first and most important financial action

6. 5 Life Insurance Conversations

1. Family Security

The right amount to purchase based on Economic Life Value (Pay-Down calculator & Family Security story)

2. The True Cost of Term (Buy Term and Save the Difference)
Premiums and LOCs through survivor's life horizon plus loss of the death benefit and LOCs (Term Opportunity Analysis calculator & Buy Term and Save the Differences calculator)
3. The Living Benefits of Whole Life Insurance
Many benefits through client's life horizon and in retirement (Dimension of Life Insurance calculator – Multiplier Tab)
4. Asset Insurance – Death Benefit
Spend death benefit as assessment replacement (Person A Person B story)
5. Asset Insurance – Cash Value
Source of retirement income not tied to volatility of market (Retirement Pressures presentation)

Where Products Fall on the Leap Model

Protection Component

P1 – Vehicle Insurance

- ATV (All-Terrain Vehicle)
- Insurance
- Automobile Insurance
- Boat Insurance
- Gap Insurance
- Golf Cart Insurance
- Motorcycle Insurance
- RV (Recreational Vehicle)
- Insurance
- Trailer Insurance
- Watercraft Insurance
- Snowmobile Insurance

P2 – Property Insurance

- Condominium Insurance
- Earthquake Insurance
- Farm/Ranch Insurance
- Flood Insurance
- Homeowners Insurance
- Hurricane Insurance
- Inland Marine Insurance
- Manufactured Home Insurance
- Personal Articles Insurance
- Rental Condominium Unit Owners Insurance
- Insurance
- Rental Dwelling Insurance
- Renters Insurance

P3 – Liability Insurance

- Errors and Omissions
- Malpractice
- Personal Excess Liability
- Umbrella Policy

P4 – Disability Insurance

- Credit Disability
- Disability Waiver of Premium
- Long Term Disability (Individual)
- Long Term Disability (Group)
- Mortgage Disability
- Short Term Disability (Group)

P5 – Medical Insurance

- Cancer Insurance
- Catastrophic Illness
- Dental Insurance
- Excess Major Medical
- HMO
- Hospitalization Insurance
- Hospital Indemnity
- Long Term Care
- Major Medical
- Medicaid
- Medicare
- Medicare Supplement
- Medigap
- PPO
- Prescription Plans
- Short Term Medical
- Vision Plans

P6 – Government Plans

- Social Security
- Unemployment
- Welfare

P7 – Wills & Documents

- Generation Skipping Transfers
- Living Wills
- Powers of Attorney
- Wills

P8 – Trusts & Ownership

- Community Property
- Family Limited Partnership
- Joint Tenancy
- Ownership
- Pre-Nuptial Agreements
- Tenants in The Entirety
- Trust Ownership
- Trusts

P9 – Life Insurance

- Accidental Death
- Credit Life
- Final Expense/Burial Life
- Group Term
- Individual Decreasing Term
- Individual Level Term
- Joint Life – 1st to Die
- Mortgage Life
- Single Pay Life
- Survivorship Life – 2nd to Die
- Indexed Universal Life
- Universal Life
- Variable Life
- Whole Life

Savings Component

S1 – Checking Accounts

- Checking Accounts
- Interest Checking Account
- Wealth Coordination Account

S2 – Savings Accounts

- Holiday Club Accounts
- Savings Account
- Time Accounts
- Vacation Club Accounts

S3 – Credit Union

- Credit Union Checking
- Credit Union Savings Accounts

S4 – Savings Bonds

- Series E Savings Bonds
- Series EE Savings Bonds
- Series H Savings Bonds
- Series HH Savings Bonds
- Series I Savings Bonds

S5 – Certificates

- Certificate of Deposit
- Euro Dollar Certificate of Deposit
- Guaranteed Investment Contract
- Jumbo Certificate of Deposit
- Negotiable Certificate of Deposit
- Variable Certificate of Deposit

S6 – Money Market

- Money Market Accounts
- Money Market Fund

S7 – Tax-Deferred (Post-Tax)

- Deferred Annuities
- Immediate Annuities
- Life Insurance Cash Values
- Post-Tax IRA
- Post-Tax Thrift Plans
- Post-Tax 401(K)
- Single Premium Annuities

S8 – Tax-Free

- Coverdell Education Accounts
- Educational IRA
- Health Savings Account
- Roth IRA
- Roth 401(k)
- 529 College Savings Plan

S9 – Tax-Deductible (Pre-Tax)

- Cash Balance Pension
- Deferred Compensation
- Defined Benefit Pension
- Employer Matched Roth or 401K
- ESOP
- Keogh Plan
- Money Purchase Pension
- Profit Sharing Plan
- Saving/Thrift Plan
- Stock Bonus Plan
- Target Benefit Plan
- Traditional IRA
- 401(k)
- 403(b)
- 412(i)
- 457(b)

Growth Component

G1 – Government Bonds

- International Government
- Bonds
- STRIPS
- TIPS
- Treasury Bills
- Treasury Bonds
- Treasury Notes
- Treasury Securities
- Zero Coupon Bonds

G2 – Corporate Bonds

- Convertible Bonds
- Debentures
- International Corporate Bonds
- Junk Bonds
- Mortgages Receivable
- Notes Receivable
- Registered Bonds

G3 – Municipal Bonds

- Insured Municipal Bonds
- Municipal Bond Funds
- Municipal Bond Trusts
- Registered Municipal Bonds

G4 – Preferred Stocks

- High Dividend Stocks
- Preferred Stocks
- Utility Stocks

G5 – Blue Chip Stocks

- Blue Chip Stocks

G6 – Growth Securities

- Closed End Stock Funds
- Commodity Options
- Real Estate Investment Trust
- (REIT) - Managed
- Stock Mutual Funds
- Stock Options
- Stocks

G7 – Collectibles

- Antiques
- Art Collection
- Autographs
- Automobile Collection
- Baseball Card Collection
- Coin Collection
- Precious Metals
- Rare Coins
- Sports Memorabilia
- Stamps Collection
- Wine Collection

G8 – Real Estate

- Commercial Property
- Condominiums
- Land
- Real Estate Investment Trust
- (REIT) – Private
- Rental Property
- Residence (Primary)
- Residence (Secondary)
- Time Share
- Vacation Home

G9 – Business / Shelters

- Closely Held Business Stock
- Sole Proprietorships
- Business Partnerships
- Equipment Leasing
- Historical Property
- Limited Partnerships
- Livestock
- Oil & Gas
- Race Horses
- Tax Credit Programs

Common Present Position Model Abbreviations

Debt Window

30M.....	30-year mortgage
15M.....	15-year mortgage
SL.....	Student Loan
CC.....	Credit Card
CL.....	Car Loan
H.....	Home Equity Line of Credit
LI.....	Life Insurance Loan
K.....	401(k) Loan

Protection Component

Ded.....	Deductible
Mo.....	Month
Yr.....	Year
JT.....	Joint Tenants
Ind.....	Individual
JTWROS.....	Joint Tenants with Rights of Survivorship
JTC.....	Joint Tenants in Common
Y.....	Yearly Renewable Term
G.....	Group Term
DT.....	Decreasing Term
SG.....	Supplemental Group Term
UL.....	Universal life
VL.....	Variable Life
VUL.....	Variable Universal Life
T-10-20-30.....	10, 20, 30 Year Level Term
WL.....	Whole Life
SL.....	Survivorship Life
FLP.....	Family Limited Partnership

Savings Component

CV.....	Cash Value
TK.....	Traditional 401(k)
RK.....	Roth 401(k)
PS.....	Profit Sharing Plan
403(b).....	Tax Sheltered Account (TSA)
DB.....	Defined Benefit Plan
MP.....	Money Purchase
IRA.....	Traditional IRA
RI.....	Rollover IRA
R.....	Roth IRA
DC.....	Deferred Compensation (527)
A.....	Non-Qualified Annuity
ESOP.....	Employee Stock Ownership Plan
HAS.....	Health Savings Account
529.....	Education Savings Account

Growth Component

OPT	Stock Options
ESPP	Employee Stock Purchase Plan
RSU	Restricted Stock Unit
LD	Land
CD	Condo
RT	Rental
TS	Timeshare
LIH	Low Income Housing
EL	Equipment Leasing
O/G	Oil/Gas

Consultative Questions

Family Data

- Is this your first marriage?
- Who in your home handles the financial decisions? Bookkeeping?
- How long have you been married?
- If this is not the prospect's first marriage, find out about other children, child support payments, alimony, unspoken financial obligations and tax dependent deductions. Who has custody?
- Find out if there are any plans for the child to receive inheritances from the ex-spouse's parents.
- If the prospect is single, discuss any marriage plans and children.
- Are there any children living at home?
- Is there a plan to have more children? If so, how many?
- Are any of the children married? Do they have children? Any plans to provide for them in any way now, in the future, or at your death?
- If the child has been married before, ask about the ex-daughter/son-in-law. How do they feel about that person and any children they may have?
- Do you have any other family members dependent on you for support? Any plans for that to occur in the future?
- Do any of your family members have any special needs or talents?

Residence

- How long have you lived there? If less than 5 years, where did you live before?
- Who sold you your home?
- How did you finance it? With whom?
- Do you have a second home?
- Do you foresee any plans to downsize your home? Outgrow your home?
- Are there any future plans to add on to your current home or to move?
- How long do you plan on living in this house?
- Are you satisfied with your living space?
- Will you retire here or elsewhere?

Employment Data

(Make sure you ask the following for both people working)

- Is your bonus paid in cash, stock, other?
- If spouse is not working, are there any plans for your spouse to return to work?
- Will you be getting an increase in wages soon? You may also want to probe concerning the prospect's satisfaction with his current job and if any change is anticipated.
- If you're slated for a large tax payment or tax refund, is this normal and consistent for the past few years? Also, is it expected for this year?
- What is your occupation(s)?
- Where did you go to school?
- Are there any plans to further your education?
- How many employees do you supervise? Who do you report to?
- Does your income depend upon any outside activities?
- Do you plan to change jobs? What would make you leave?
- How much do you think you will be earning 5, 10 years from now? Is there a salary cap to your position? What is it? Does that concern you?

- Are there any indications your company or industry is downsizing? Are you concerned about that?
- Do you expect your income to fluctuate?
- Do you anticipate a move or transfer any time soon? Is that always a possibility? If so, how will that affect your financial situation
- Is your job dangerous in any way?
- Do you travel often? How much? To where? (Keep in mind third world countries can possibly interfere with underwriting, so find out exactly where they have been and how often they have gone and will continue to be going).
- Is your compensation increase based on cost of living adjustments?
- When is your bonus paid and what is it based on?
- If there are stock options, ask about vesting, how options are exercised, and how and when he plans on exercising them?
- Will you be getting a raise soon? Are there any plans you have already made for the use of that money?
- What part of your next raise or bonus could you save?
- If the spouse is working: Is there any desire for your spouse to stay home? What time frame is expected on that?
- If you see a large tax payment or tax refund, ask if this is normal and if the same is expected for this year.
- Do you understand withholdings?
- What is your marginal tax bracket?
- Do you understand why the money we will be working with is subject to your marginal bracket?
- Who best knows your group benefits? (besides the human resource or benefit department person)
- Any part time jobs, or outside consulting? If so, what is the income from that? Is it consistent? Are there any plans to continue? Will there be a job switch in the future? What are the expenses associated with the extra job? How is the extra money used?
- Do you have the ability to work from home?
- Do you currently contribute to any charities? If not, would you be interested?

Rental Property

- What type of rental property is it?
- Where is the property or properties located?
- Are they fully rented now? By whom? What do they do?
- Is the relationship good between you and the renters? How long have they rented the property?
- Any plans to sell the property?
- Do you have problems with keeping renters?
- Do they have renter's insurance?
- Do you have insurance on your rental property? What are the terms and premiums for that insurance?
- Where did the property or money to buy the property come from (inheritance, gift, bought)?
- Have you been depreciating the property?
- Any desire to purchase any additional rentals?
- Do you have plans for improvements?
- Have you refinanced your rental properties lately? Any plans to? Why or why not?
- Do you visit regularly? Do you have partners? Who are they?

- Who manages the property? How are they compensated?
- Have you ever considered acquiring rental property? Why or why not? If so, whom would you choose as your partner(s)?
- Who financed the transaction? Who was your mortgage broker for the rental property?
- Do you take the rental income as a loss or a gain?
- What do you do with the rental income?

Royalties

- What are you being paid a royalty for?
- How did you get involved in this?
- Do you have an agent? Who are they and whom else do they manage? How did you hear about them?
- What type of compensation arrangement do you have with him/her? What is it based on? Was there an advance or will there be one if repeated?
- Are there any future plans that expand on this? How much time will be devoted to this? Are there any costs associated with this? What are they?
- Patent or copyright? Expiration date?
- Do you expect additional royalties soon?
- What do you do with the income?

Fees & Commissions

- What are you paid a fee or commission for? How did you get involved?
- Is the income consistent?
- Will they increase or decrease over time?
- Will this continue? If so, based on what assumptions?
- If the income was derived from serving on a board of directors, ask the following:
 - What is your liability?
 - Who are the other members?
 - How do you get paid (cash, stock, other)?
 - How often do you meet?
 - Is the company or organization for profit or not for profit?

Trust Income

- How long will this income last? Do you have the document(s)?
- Is it an irrevocable or revocable? Who drafted the trust?
- Who are the trustees, grantor, and beneficiaries?
- How is the relationship between the trustee, beneficiaries, and grantor?
- Is there anyone else involved in any way?
- How long have you been receiving this income?
- Is the trust written for principal conservation or total return?
- Are there principal payouts? If so, when?
- Where are the assets invested? With whom? Who else is receiving income from this trust?
- What happens in the event of your death?
- Where did this money come from originally? What do you do with this money?

Business Income

- What type of business is this?
- Who are the other partners/shareholders?
- What percentage do you own?

- Sole Prop? C Corp? LLC? Partnership? LLP?
- Are there other decision-makers beside you?
- What type of arrangements have been made in the event of a death or disability?
- Is there a buy sell agreement? Qualified Sick Pay Plan?
- If a partnership, how are the partners financially situated?
- Who handles the group benefits for your company?
- Do you have a bookkeeper or accountant? An Attorney?
- Do you have a board of directors?
- Do you have any business documents?

Disability Insurance

- What is your monthly benefit period and length of time benefits are payable?
- Are the benefits based on own occupation, true own occupation or total disability? How long does the own-occ status last?
- Do you have medical reimbursement through your work?
- Are your retirement plan contributions and bonuses covered as income for disability benefits?
- How long could you wait to receive disability payments (elimination period)?
- How will your financial plan continue in the event of a disability?
- Are your current benefits taxable? How are they paid?
- What is the definition of your disability plan?
- Are there cost of living adjustments on your benefits?
- Is it blended with Social Security?
- Have you ever completed a Social Security audit?
- Do you have medical insurance?
- Do you have or do your parents currently have long term care insurance?
- If so, what are the monthly benefits, conditions of benefits, cost of living adjustments, reasons for having it? Premium payments (what are they and who pays)?
- Does it cover hospice and home health care nursing?
- How did you determine the amount and type of Disability coverage?

Car & Homeowners Insurance

- How did you decide on the coverage? Who is your P&C broker?
- Did your Property & Casualty agent ever discuss liability insurance with you? If so, how much did they recommend you have? Explain your benefits to me.
- Do you have replacement coverage on your home? If so, explain your understanding of what that means to you?
- Do you have photos or a video to show as documentation? If so, where do you keep this information?
- How many claims have you had?
- If you had a small claim, would you file it?
- How did you choose your deductibles and limits?
- Are you a good driver with a good driving history?
- What about your child's driving record?

Life Insurance

- How do you feel about the insurance company you have chosen? How did you choose this company?
- Who are the owners, beneficiaries (primary and contingent), insured?
- Do you receive an annual update?

- Why did you buy that type of insurance? Why do you own this type of insurance?
- From whom have you purchased your insurance?
- Do you feel obligated to purchase insurance from him or her in the future?
- Is your life insurance in a trust? If so, who are the trustees and how is the trust established?
- Do you understand the taxation of insurance death benefits?
- Do you have waiver of premium? Why or why not?
- How did you decide on the amount of insurance you own?
- How is your health? Do you belong to a gym?
- How is your parent's health?
- Are you planning on keeping this insurance throughout your lifetime?
- Are there any policies on your children? How was this decided upon? How much? Beneficiaries? Owners? Premiums?
- Have you ever lapsed any policies?
- Are there any loans on your cash value? Why was the loan taken out? Is there a plan to pay it back? When and how?
- Ask them if they understand loan interest and direct recognition.
- Do you feel you have enough insurance? Why or why not?
- If you could get more insurance at no additional out of pocket outlay, would you? Why or why not?
- Describe the difference between term and whole life.
- If they have universal, variable or universal variable ask them to explain how it works.
- Are you planning to use the cash value for retirement?
- Is the death benefit guaranteed?
- Will premiums always have to or need to be paid?
- What made you buy the insurance?
- What do you want your life insurance to do for you and your family?
- Why do you have second to die? Explain to me how it works? How did you come about purchasing this policy and why?
- How do your children feel about paying these? How do you feel about paying these premiums with irrevocable gifts?
- How do you feel about having this life insurance in an irrevocable trust?
- How did you determine your coverages for your property casualty insurance?
- Are you comfortable with your current coverage limits?
- Do you have any concerns with your current medical coverage?
- Do you have a plan to transition to Medicare in the even you retire early?

Savings Type Assets

- What type of account(s) do you have?
- What is the exact wording of ownership of the account? How did you decide on the ownership arrangement?
- How did the money get there?
- If the money is in the child's name, why was it done that way?
- If it is an UGMA ask if they are aware as to what happens when the child turns 18 or 21?
- Also, ask if they are aware of how this will affect their ability to receive financial aid for college?
- Is there any ability to use that money in another way?
- Will it have to remain in the child's name?
- Who pays the taxes on their gain? What are the plans for this money?
- If there are a lot of checking and savings accounts, ask why they have so many?
- Are these accounts put & take accounts? What is the money there for?

- What risk level do you feel comfortable with?
- How much do you put in on a monthly basis?
- When does the account mature?
- What are your plans upon maturity?
- Is there someone with whom you have discussed this issue? Who is he/she?
- What is the rate of interest that you have been averaging?
- Do you understand how your savings accounts are taxed?
- Do you have a separate account to pay the tax on these accounts?
- Are you netting to pay the tax?
- How does the plan work?
- Do you have the plan document?
- What does your company match?
- What is the match based on? (profits, salary, contributions)
- The investment decisions?
- How is this money distributed in retirement?
- What are the loan provisions?
- How is this money distributed in retirement?
- What do you have to do in order to get a loan or make changes in your retirement plan?
- Are the loans callable upon termination of your employment?
- What is the payback schedule?
- Do you currently have loans outstanding on these accounts? If so, why were the loans taken?
- When did you start this investment?
- How will you use this money?
- Is this the normal value of this account? More or less? Why?
- Are you satisfied with the amount of money you save on a regular basis?
- What level of savings would you like to maintain?
- Are you satisfied with the rates of return on your savings?
- How are these accounts taxed?
- What is your current distribution strategy?
- Are you concerned about the tax liability?
- What will you acquire upon distributions of these accounts?
- Do you understand the statements you get?
- Do you understand dollar cost averaging?
- How do you pay taxes?
- Estimated or withheld?
- What did you do with the tax savings generated from these retirement plans?
- How will these accounts or this plan continue in the event of your disability?
- How much do you deposit on a monthly basis?

Investment Type Assets

- Why did you buy this investment(s)?
- What is your ultimate goal for the use of this money?
- How much did you invest?
- Have you been satisfied with their performance?
- Is your objective the same for this investment as when you purchased it?
- What was the price for this investment? (basis)
- Where did that original money come from? Is there an expectation this could happen again? If so, when? Why?
- Did you sell any investments this year? If so, why? At a profit or loss?

- What is the dividend/interest percentages? When/how are they distributed?
- What is the short-term capital gains percentage? When/how are they distributed?
- What is the long-term capital gain percentage?
- Do you reinvest dividends, interest, and capital gains?
- Do you understand how dividends, short term and long-term capital gains are taxed? Explain.
- Which investment philosophy do you follow? Asset allocation or diversification?
- What do you like most/least about these types of investments?
- Who sold you these investments?
- Would you feel obligated to purchase from them in the future?
- How did you feel about their advice?
- Did they take into consideration all your other financial information when making these recommendations (i.e. real estate, insurance, tax situation, etc.)?
- How often do you receive statements? Is there any additional information that accompanies these statements?
- Was there a load or fee involved? If so, what was it? How is it paid?
- How often do you trade?
- Do you ever trade on margin?
- Why and how do you feel about that risk?
- If you had an additional \$10,000 to invest each year where would you invest it?
- Where do you get your current investment information and recommendations?
- What net long-term rate of return would you expect? (LOC%)
- How do you keep track of your results or investment performance?
- Is there any investment that you feel was a mistake and why?
- On inherited stock is there any emotional attachment to owning these shares?
- How will you continue these investments in the event of your disability?
- How will you pay the tax in the future once the tax liability increases to the point that it matches or outweighs the amount you are putting into these investments?
- Explain 1099 statements.
- Do you understand how distributions could affect the taxation of your Social Security benefits at retirement?

Real Estate

- Why did you purchase this property?
- Who was the attorney who handled the closing?
- What is the fair market value of your home?
- Is it decreasing or increasing?
- Will you move anytime in the near future? If so, where will you move and why?
- Do you believe you will be selling at a gain or loss?
- Have you made any improvements to the property?
- Who did the improvements to your property (landscapers, builders, and painters)?
- Do you have plans for beach or mountain home? Where and why?
- How do you feel about real estate as an investment?

Mortgages/Equity Lines of Credit

- Explain your loan terms to me.
- Have you ever considered pre-paying your mortgage? Why or why not?
- Who is your mortgage broker?
- How do you feel about having this home loan as debt?

- Do you have mortgage insurance? If so, how much more equity is needed before you can cancel the PMI?
- Have you refinanced recently?
- Did you have to pay points or fees? What were they?
- Do you have a second mortgage?
- Why did you choose to have a 15-year mortgage as opposed to a 30-year mortgage or visa versus?
- Do you have equity lines of credit?
- Why have you financed your debt with these companies?
- Are you aware of the tax deductions associated with the home mortgage deduction?
- How will your home help you at retirement?
- Have you ever heard of a reverse mortgage?

Sample Questions: Loans/Debt

- What was the purpose of the loan/debt? How did the debt occur?
- Do you intend to pay off any loans/debt soon?
- What is the payback schedule?
- Are minimums being paid on your credit cards? What are the minimum payments?
- What is the interest rate?
- Have you ever considered a loan/debt consolidation?
- Have you ever asked for your own credit report?
- Do you have good or bad credit?
- Have you ever filed for bankruptcy?
- Have you always maintained revolving credit?
- Do you normally pay off credit card bills completely each month?
- Do you anticipate the need to take out any loans in the near future?
- How do you feel about having this debt?
- How will having it paid off make you feel?
- How long will it take for this debt to come back?
- Do you consider your monthly cash flow to be tight or manageable?

Personal Property

- Is your personal property insured?
- Do you have a schedule for your jewelry?
- Is there any piece of jewelry that if stolen you would not replace?
- Do you have a picture portfolio of your items? If so, where do you keep it?
- Will you be making any large purchases soon? Where will you get the funds?
- Is it appraised? If so by whom? How did you get interested in this? Is this an investment or for fun?
- Do you take deductions in reference to this on your taxes?
- Do you attend shows (antique, baseball cards, coins, etc.)? Are there expenses involved in maintaining this hobby/investment? Do you keep good records on those expenses?
- How do you make decisions concerning purchasing your cars?
- How often do you purchase a car? Are they always new or used?
- Have you ever considered leasing? Why or why not?
- Do you take mileage as a deduction on your tax return?
- Are you reimbursed in any way for your car expenses? If so, at what rate?

Additional Information

- Do you have a safe deposit box? If so, is it jointly owned?
- What do you put in your safe deposit box?
- Do you have an attorney or an accountant? If so, how long have you worked with them?
- How do you pay them? What are their fees?
- Do you value their judgment in financial areas?
- When did you last utilize the services of these financial professionals?
- Have you named guardians for your children? Who?
- What provisions have you made in your will for their financial well-being?
- Do you have trusts set up for your children? If so, who are the trustees and how is the trust written? What happens to the money and the children? Does the guardian have full discretion to the trust money?
- Is the trust set up to conserve principal or for total growth?
- How and when is the income distributed?
- Do you or any members of your family have any medical issues? Please explain.
- Have you made plans to care for them later on?
- Will you receive any inheritances? If so, how much is expected? What are the assets?
- If there is land ask about the sale of the land, etc. If it is liquid assets, ask if there are any restrictions on the use of that money.
- Are there others who will be receiving part of the inheritance as well? Same proportion?
- Are there any expected issues in reference to the inheritance (do they anticipate problems)?
- Have there been any thoughts given to gifting? If there are gifts now, ask how much, how frequent, etc. If gifts have been received how is the money or property used?
- Will there be a future liability?
- Do you or will you receive any trust income?
- Have you ever done any intra-family financing?

Miscellaneous

- Do you understand how your money is working for you? What are your goals?
- What are your goals? Short-term? Long-term?
- What are you most interested in; protecting, growing, enjoying or preserving your money for generations to come or all of them?
- When would you like to retire? With what retirement income?
- What concerns you the most about your own financial planning?
- If you won a \$10,000,000 lottery. What would you do with the money?
- How do you feel about estate taxes?
- How do you feel about your kids inheriting money?
- Is there a charity or school that you would like to give to?
- Are you where you thought you'd be? Better or worse?
- How will you determine if I have done or am doing a good job for you?
- Any other thoughts or feelings about what you have shared with me?
- Is there anything else I need to know?

Business Interest (If Applicable)

- What type of business is it? (Sole Proprietorship, Partnership or Corporation?)
- What is the name and address of the business?
- What is the nature of the business?
- How many non-owner employees are there?

- Is there an agreement in effect that requires your interest to be sold at death to surviving partners?
- Is there a qualified retirement plan in effect (Keogh or 401k)?
- Is there an agreement in effect that requires that the business be sold at your death?
- What price does the agreement establish?
- When was the agreement last reviewed (date)?
- With whom do you have the agreement?
- What are the names of the owners and the percentage of their interest?
- What is the estimate of the business's current fair market value?
- Was a formal business evaluation performed to calculate the current fair market value?
- When was the business evaluation completed?

Common Problems by Component/Drawers

Protection Component

- Low liability limits (P1-P3)
- Low deductibles (P1-P3)
- Actual rather than replacement coverage on the home and its contents (P2)
- Disability Insurance protection not maximized (P4)
- Weak definition of disability (P4)
- No cost of living adjustment (P4)
- Disability benefits reduced by Social Security (P4)
- Benefit period ending at 65. (P4) Benefits are taxable (P4)
- Adjust waiting period (P4)
- Maximum out of pocket limit set too low for Health Insurance coverage (P5)
- Low family deductible (P5)
- No recent Social Security audit has been completed (P6)
- Will may be out-of-date (P7)
- Executors and guardians may not be current (P7)
- Trustees may not be current (P8)
- Ownership arrangements that do not conform to client desires (P8)
- Life Insurance Coverage not maximized (P9)
- Unsuitable types of coverage (P9)
- Beneficiaries may be misstated (P9)
- Settlement options that do not conform to client desires (P9)
- Lost opportunity cost on term premiums (P9)
- Expiring death benefits (P9)

Savings Component

- Deficient savings (S1-S6)
- Low yield, taxable yield, lost opportunity cost, no creditor protection (S1-S3, S6)
- Low yield, tax deferred (S4)
- Low yield, taxable yield, lost opportunity cost, no creditor protection, limited liquidity (S5)
- Tax deferred to a potentially higher tax bracket (S7, S9)
- Penalties for early withdrawal (S7-S9)
- No cash flow potential (S7-S9)
- Limited flexibility (S5, S7-S9)
- Interest rate fluctuations (S1-S3, S5, S6)
- Income tax at distribution (S7, S9)
- Unnecessary fees & expenses (S1-S9)
- No safe harbor from lawsuit (S1-S6)
- Limited contribution amounts (S7-S9)
- No self-completion in the event of death or disability (S7-S9)
- Negatively impacted by inflation (S5-S6)
- Taxation as ordinary income (S5, S6, S7, S9)
- Loss of control (S7-S9)
- No stepped up basis (S7-S9)

Growth Component

- Interest rate fluctuation (G1-G3)
- Market risk (G1-G9)

- Taxation as ordinary income (G1, G2, may apply to G3 in certain situations)
- Taxation as capital gains (G1-G9)
- Lack of liquidity (G7-G9)
- Limited flexibility (G7-G9)
- No safe harbor from lawsuit (G1-G6, G9)
- No self-completion in the event of death or disability (G1-G9)
- Unnecessary fees & expenses (G1-G9)

Debt Component

- Excessive debt
- High interest rates

Master List of Leap Strategies and Moves

The following is a list of the authorized Leap strategies and moves. Any other strategy or move that do not appear on this list are not authorized or certified. Furthermore, your insurance company home office may restrict use of one or more of these Leap strategies or moves.

Strategy/Move		Description
1	Taxable Compound Interest Move (S1, S2, S3, S5 & S6)	Moving interest out of a taxable savings vehicle to flatten the interest and the tax to reallocate the tax savings into the model
2	Interest Pay-down Move (S1, S2, S3, S5 & S6)	Moving a level amount of interest and principal from a savings vehicle over a specified time frame and reallocating it to the model
3	New Money Interest Move (S1, S2, S3, S5 & S6)	Stopping new deposits into a taxable savings vehicle for a reallocation into the model
4	Series E/EE Bond New Money Move (S4)	Stopping the purchase of Series E U.S. Savings Bonds to reallocate cash flow into the model
5	Series E/EE Bond Phantom Income Move (S4)	Explaining that interest is not “earned” or available is it is only accrued
6	New Money Tax Deferred Move (S7)	Stopping new deposits into a non-qualified tax-deferred asset, such as an annuity, and reallocate it into the model
7	New Money Roth IRA Move (S8)	Stopping money from being deposited into a Roth IRA for reallocation into the model
8	Pay-Down 72(q) on Tax Deferred Move (S7)	Moving money out of a non-qualified tax-deferred annuity on a systematic basis to avoid tax penalties prior to age 59½ May not be used with investment products
9	Pay-Down Roth IRA After Age 59½ Move (S8)	Withdrawing tax-free money from a Roth IRA over a specified time frame May not be used with investment products
10	Qualified Plan New Money Delay Move (S9)	Delaying the funding of a qualified plan for two or three years to reallocate cash flow into the model
11	Qualified Plan 72(t) Move (S9)	Moving money out of a Traditional IRA on a systematic basis to avoid tax penalties prior to age 59½ May not be used with investment products
12	Qualified Plan Life Insurance Protector Move (P9)	Explaining how life insurance protects the qualified plans from being eroded by income and estate taxes at death
13	Government Bond Interest Move (G1)	Moving interest from a government bond to flatten the interest and reallocate the tax savings into the model
14	Phantom Income Move (G1)	Explaining that interest is not “earned” or available since it is only accrued, such as in Zero Coupon Bonds
15	Corporate Bond Interest Move (G2)	Moving interest out of a corporate bond to flatten interest and reallocate into the model
16	Municipal Bond Interest Move (G3)	Moving interest out of a municipal bond to flatten interest and reallocate into the model

Strategy/Move		Description
17	Dividend Income Move (G4, G5 & G6)	Reallocating dividends for use somewhere else in the model
18	New Money Growth Move (G1, G2, G3, G4, G5 & G6)	Stopping new money deposits into growth-oriented financial assets and reallocate into the model
19	College Funding Move (Leap Model™)	Using life insurance as a vehicle to pay for some or all of college funding to avoid opportunity costs associated with paying “out of pocket”
20	Retirement Strategy Move (Leap Model™)	Using life insurance as a vehicle to increase the efficiency on non-retirement account assets in order to increase projected income and benefits
21	Life Insurance Protector Move (P9)	Explaining how life insurance protects any asset from being eroded by income and estate taxes at death
22	Intra-Family Life Insurance Move (P9)	Using preferred funding sources from family members to pay for life insurance premiums
23	Net Rental Income Move (G8)	Using net rental income to be reallocated someplace else in the model
24	Same Mortgage Extension Refi-Move (G8 & Debt)	Refinancing a mortgage from a shorter to longer timeframes
25	Same Mortgage Rate Reduction Refi-Move (G8 & Debt)	Refinancing a mortgage from a higher to lower interest rate
26	New Money Prepay Mortgage Move (G8)	Stop the prepayment of mortgage payments and reallocate cash flow recovered into the model
27	Net Income Move (G9)	Using net income from businesses and other tax “shelters” to be reallocated into the model
28	Tax Deductions/Credits Move (Leap Model™)	Using cash flow created by tax deductions or credits throughout the model to reduce large, taxable transactions
29	Term Conversion Move (P9)	Convert term life insurance to some type of permanent coverage
30	Estate Tax Move (Leap Model™ & P9)	Calculate estimated estate taxes and discuss alternative methods of payment
31	Disability Income Move (P4)	Discuss with the client their need for income protection if they were to become disabled
32	Long Term Care Move (P5)	Discuss with the client their need for protection to pay expenses if they were to lose abilities to engage in activities of daily living
33	Health Insurance Move (P5)	Discuss with the client their need for additional health insurance coverage
34	Economic Life Value Move (P9)	Discuss the amount of life insurance necessary to cover the economic life value of the insured
35	Intra-Family Move (Cash Flow Management)	Explore the resources of family members’ assets to solve client cash flow problems
36	Split Dollar Move (P9)	Explore having more than one person or entity paying the premiums for a life insurance policy
37	Survivorship Policy Conversion Move (P9)	Compare the advantages and disadvantages between single life and survivorship life policies

Strategy/Move	Description
38 Other Retirement Income Moves	Reviewing sources of retirement income from a retirement plan or some other source
a. Person A vs. Person B Income (Savings & Growth w/P9)	Using a permanent death benefit to allow an insured to spend more of their assets as they will be replaced at death
b. Reverse Mortgage Income (Non-Money - Coordination - G8)	Using life insurance to help replace, to heirs, the value of a home with a reverse mortgage at the death of the insured. Reverse mortgage proceeds are to be used for retirement income only. Leap does not allow the use of Reverse Mortgage proceeds to pay for life insurance premiums
c. Pension Option Alternative (S9)	Using life insurance to help replace, to a spouse, retirement income when selecting "Single Life" option
d. Charitable Trust (P8)	Using life insurance to help replace, to heirs, the value of assets donated to a charitable trust
e. Life Insurance Dividends (P9)	Using life insurance dividends to supplement retirement income
f. Qualified Plan Income (S9)	Using life insurance cash value or dividends to supplement retirement income
39 Wealth Move - Split Funded Move (Money - External Design - Savings & Growth)	Using one-half of an asset for retirement income and the other half for life insurance
40 Straight Life Insurance Move (Non-Money - Internal Design - P9)	Helping client acquire life insurance through Protection Internal Design - Family Security Analysis
41 Casualty Insurance Moves (Non-Money - Internal Design - P1, P2, and P3)	Working with the client to analyze their property and casualty insurance and discuss possible actions
42 Business Model Move (Non-Money - Coordination - Leap Business Model™)	Use of the Leap Business Model for business insurance purposes such as Key Employee, Buy-Sell, etc.
43 Credit Shelter Trust Move (Non-Money - Coordination - P7 & P9)	Setting up a Credit Shelter Trust, allocating ownership of assets, and purchase of a life insurance policy
44 Wills Move (Non-Money - Internal Design - P7 & P9)	Wills reviewed and drafted to coordinate with estate assets and life insurance
45 Family Limited Partnership Move (Non-Money - Internal Design - P8)	Review advantages and disadvantages of FLPs for estate planning and life insurance ownership
46 Trust Planning Move (Non-Money - Coordination - P7, P8 & P9)	Review advantages and disadvantages of various Trust types for estate planning and life insurance ownership
47 Gifting Move (Non-Money - Coordination - P7, P8 & P9)	Reviewing gifting of cash or other assets for estate tax and life insurance ownership
48 Inflation Recapture Move (Money - External Design - Leap Model™)	Show the impact of inflation on assets and how life insurance protects the value of those assets in today's money
49 Lost Opportunity Cost Recapture Move (Money - External Design - Leap Model™)	Explain LOCs to client and design a program for its recapture
50 Legacy Planning Move (Non-Money - Coordination - Leap Model™)	Discuss with clients what they want to accomplish on this earth after they die and how to structure a plan to make that happen

Suitability and Compliance of Leap Strategies and Moves

There is no such thing as authorized Leap moves. Leap endorses the use of the Leap Model and subsequent software, workbooks, and intellectual property to be used in a manner to assist the consumer in making appropriate financial decisions that have a positive impact on a client's well-being.

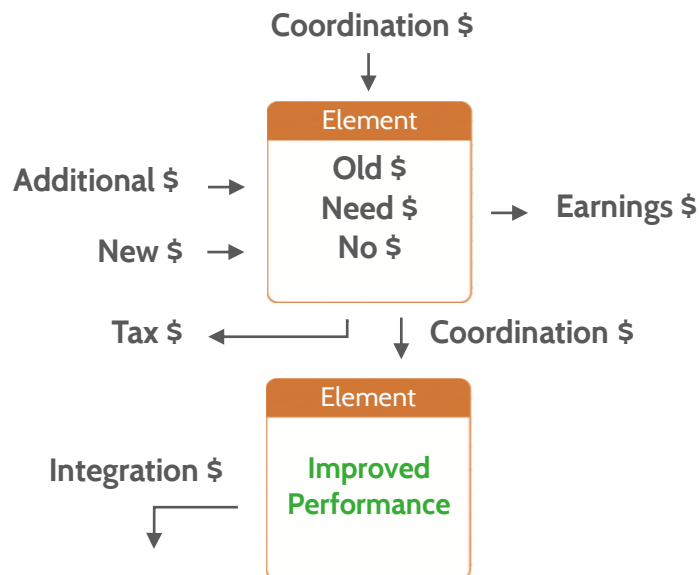
Leap and its parent company, Penn Mutual Life Insurance Company, assumes that any financial professional being granted a license to utilize its proprietary process does so with the full knowledge and understanding of the laws that govern our industry and expects said financial professional to act accordingly.

When determining the suitability or appropriateness of any Leap move, in addition to abiding by the spirit of best practices, any recommendation made by a financial professional to a client should be measured to meet the following criteria:

1. Affordability
Is the move affordable? Can the move be achieved without any additional out-of-pocket outlay to the client? Can it be added within the 15% of gross income rule?
2. Additional Wealth
Can the implementation of the move result in an increase in the dollar output at the end of the time period being measured, given a certain set of assumptions?
3. Same or Similar Risk Tolerance
Could the move create additional output without the client being required to take additional risk over and above current risk?
4. Additional Benefits
Most importantly, will the move provide additional benefits to help protect the client's assets, income, and life?

If the answer to each of the above questions is "Yes", then the Leap strategy or move may be appropriate and should be considered as a choice for the client. If any of these four criteria are not met, then the Leap strategy or move may not be appropriate. In other words, the Leap does not advise that any particular Leap strategy or move is appropriate at any given time with every client.

Nine Types of Money in the Leap Model



1. Old Money
Money that is already in the drawers.
2. Earnings Money
Money which old and new money earns while it is in the drawer.
3. Debt Money
Elimination or restructure of bad debt and refinance of good debt to better debt.
4. Protection Money
Deductibles, Benefits, Premiums, and Term Life Insurance.
5. New Money
Money which is being systematically and verifiably placed into drawers from income.
6. Need Money
The amount of money needed in the drawers.
7. No Money
Money which is not available.
8. Tax Money
Money from a drawer that goes either to the government or the owner, as a tax payment (liability) or as a refund (savings).
9. Coordination Money
Money that is newly created by moving new or old money to another drawer to improve that drawer's performance.

Determining the proper use and flow of all nine types of money will help clients reach their full financial potential.

The Motion of Money in the Leap Model

The most powerful aspect of the Leap Model is its ability to show them how money moves. How to gain more money and protection benefits.

Money can be idle money like hidden under your mattress or in a safe deposit box. Obviously, when money is idle it does not grow additional new money or financial benefits.

Next is available money for use and simultaneously spent. Money in your checking account or in your wallet is an example of available money. This money is for spending and provides no additional money.

The next money is called rate of return money. Money is being set aside to earn one rate of return, not being used, and derives no other benefits. This money is being given to others to use to gain more money and receive more benefits. For that exchange, they are willing to pay a rate of return on your money. A rate of return may be in the form of interest, dividend, or capital gain or loss.

There is insurance money which is almost the exact opposite of rate of return money. This money is being used and spent for a benefit in the form of protection against the risk for loss of income, assets, or life. Automobile insurance premium is a good example of insurance money. The most valuable money of all is the money you put in motion. We call this money in motion, or the velocity of money. The velocity of money gets you a rate of return, use for additional rates of return, insurance benefits, recaptures other money lost, and builds a multiplier effect of more money supply and more benefits.

Consumers often don't make the best use of their money, simply because they don't know how to. You need to start using the velocity of money now. Every year you wait presents potential losses to substantial amounts of opportunity costs.

The Leap Model allows financial professionals to organize a client's assets, visualize their power, integrate their assets using their money in motion capabilities, calculate its performance, track the effective results, adjust when necessary, and have an overall successful financial life.

Five Key Concepts for Understanding Life Insurance Within Leap

Before studying the Leap financial strategies or money moves, it is important to understand the context in which they are performed. The philosophy and concepts of Leap have been built around the power of permanent whole life insurance as a key and fundamental financial tool to the success of any personal financial strategy. The versatility of whole life insurance toward achieving the financial needs and goals of individuals has been minimized or often overlooked in the financial services industry. Throughout Leap you will learn the reasons why permanent life insurance is such a valuable tool to own. It belongs at the heart or center of the financial strategy. All other financial products can better perform and meet their objectives when whole life insurance is in place.

The following explanations will enlighten your understanding of the key concepts regarding life insurance and its use within Leap. In order to fully understand all of the Leap strategies and moves, one must have a good grasp of the context in which the moves are performed. The appropriateness of any move within Leap is connected and coordinated to the understanding that permanent life insurance offers consumers a safe, reliable, long-term, and ever-increasing flexible financial tool to meet their financial needs and goals. Keep in mind that the efficiency and effectiveness of money strategies throughout one's lifetime should be the most important goal of all. Meeting one's needs and goals through inefficient, expensive, heavily taxed, or high-risk strategies should be avoided.

However, all life insurance products have a purpose, whether it be term life, universal life, variable life, or survivorship life. These life insurance products meet a specific need or goal and therefore are forms of supplemental life insurance that need to be used appropriately in any given situation. The Leap teaches and trains on all appropriate use of all the various types of life insurance products. No one product can stand alone as being appropriate in every client situation.

Therefore, the following five key concepts are essential for understanding Leap and its importance to our clients:

1. Economic Life Value and Needs-Analysis (Family Security)
2. Death Benefit as a Living Value (Asset Insurance)
3. Use of Lost-Opportunity Cost (True Cost of term)
4. Term Life Insurance versus Whole Life Insurance (Living Benefits of Whole Life)
5. Waiver of Premium

1. Economic Life Value and Needs-Analysis (Family Security)

Economic life value and needs-analysis both employ needs-based approach in determining recommended life insurance amounts for consumers. However, the economic life value approach is more comprehensive because it covers both specific and unforeseen needs. A needs-analysis approach covers specific needs and its accuracy relies completely upon the assumptions it uses to calculate the needs.

The economic life value approach does not rely on assumptions for accuracy, but rather seeks to insure for the full economic replacement value of the insured. Because of its accuracy, Leap prefers to use the economic life value approach. The main reason Leap uses an economic life value approach is that it is impossible to know what the needs of a family will actually be at any given point in time. This is especially true the longer one attempts to look into the future.

It is of historical importance to note that the American College and the CLU® program were established using the economic human life value approach. Dr. Solomon Huebner, founder of the

college, wrote a book entitled “The Economics of Life Insurance” that has long been the standard of the life insurance industry. He explained that economic human life value is the most accurate approach for determining amounts of life insurance for individuals due to its contemplation of full economic replacement. Also, in 1924, the National Association of Life Insurance Underwriters met in Los Angeles, California to determine the “best methods” for evaluating life insurance needs for individuals. They, too, determined that the economic human life value approach was an appropriate way to solve for death benefit amounts for consumers.

The primary shortcoming of needs analysis is that in most cases it intentionally determines a smaller amount of life insurance for an individual than what is actually available. Various assumptions are used to help determine a smaller amount of death benefit that would actually be needed at the death of the primary wage earner. This guestimate of the income needs of a family at some point in the future is a risky proposition. The problem is that it is impossible to know, for a certainty, what a family’s “needs” will be at any time other than the present. In contrast, what is certain is that economic life value planning provides the consumer with an insurance amount equivalent to the insured’s economic worth. One’s economic worth can be simply estimated at any point in an individual’s life. Simply put, an individual’s economic worth, or economic life value, calculates a breadwinner’s value based on current income and age.

It is important to understand how Leap calculates economic life value. A formula that is acceptable to Leap and generally acceptable to most insurance companies is to multiply the proposed insured’s remaining working years (i.e. to age 67) by the gross annual earned income. Most life insurance companies’ underwriting departments provide specific details to their agents as to an acceptable economic life value calculation. However, other factors such as occupation, health, heredity, etc., will ultimately determine the final amount available for purchase.

Thus, economic life value is the most precise method for measuring insurability for life insurance. Needs analysis approaches result in an arbitrary figure that has significant shortcomings. The need for insurance policies such as for homes, autos, liability, etc. are all determined based on replacement values of the assets they insure. This is because if a loss were to occur, the consumer typically desires to have the lost asset fully covered for its replacement value. Life insurance should be no different.

Throughout the Leap process, the amount of life insurance protection owned by an individual takes center stage. An economic life value analysis provides that a client understands their full economic replacement value to their family. It is possible that another amount of life insurance protection, as directed by the consumer, may ultimately be decided upon, but this is always after the client has been educated about their economic life value.

Leap asserts that it is every insurance professional’s responsibility to inform the client as to the amount of life insurance available under an economic life value assessment. While the buying decision is always left to the consumer, Leap financial professionals have fulfilled their ethical, professional, and moral obligation of full disclosure in informing the client as to the upper limit of their insurability.

All individuals deserve to plan for the destiny of those they leave behind at death with the most complete knowledge and information available. This is especially important because this decision can’t be made after-the-fact. The Protection component must be properly structured because there are no do-overs.

Too often, clients have made life insurance buying decisions without ever being informed of the amount of life insurance a company was willing to offer. By using the most comprehensive economic

life value analysis tool in the industry, the Family Security Calculator, Leap financial professionals provide their clients with the most complete life insurance protection analysis.

2. Death Benefit as a Living Value (Asset Insurance)

One of the major advantages of permanent life insurance is the “living value” provided by the death benefit to the insured during their retirement years. This feature of permanent life insurance makes it a powerful financial product. Few other financial instruments offer as many features as permanent life insurance.

The death benefit of a permanent life insurance policy has two functions. The first is to provide security to a beneficiary in the event of death of the insured. The second is to provide a living value to the insured prior to the insured's death. Both functions of the death benefit provide a valuable resource to all individuals, families, and businesses.

The need for permanent life insurance during your retirement years can be demonstrated through the integration and coordination with the retirement assets that you may own at that time. The performance of your assets can be enhanced with the existence of permanent life insurance. Also, when permanent life insurance is in place, your assets have the potential to be protected from several eroding factors such as market risk, inflation, income taxes, estate taxes, creditors, and interest rate decline.

Here is a list of some of the living values a death benefit may provide during your retirement:

- Make non-income producing assets, income producing
- Make income producing assets provide greater retirement income
- Reduce income taxes throughout retirement
- Minimize market or interest rate risk on asset portfolios
- Provide increasing income rather than fixed income during retirement
- Avoids the worry of running out of money
- Reduces the amount of capital required to meet your retirement needs
- Enhances protection of your assets against claims of creditors
- Provides for legacy planning

For Example:

If I have \$1,000,000 of assets and \$1,000,000 of permanent death benefit on my life, then I have \$1,000,000 of covered assets.

When an asset is covered, I know that I could spend the whole asset down during my lifetime and have it replaced at my death. This gives me the ability to deliberately use the principal asset to create a much larger income stream for myself to enjoy during retirement. Again, I can deliberately use the principal because I know it will be replaced at my death.

One of the options a person has with their assets at this time is to buy a guaranteed income stream from an insurance company. Call it a self-made pension or income annuity, where the insurance company will pay you a guaranteed income stream for life based on the money you gave them. Another option we would have is to do a deliberate structured pay down of the assets to life expectancy.

The key is that the principal can be used to create a bigger income stream. There will be many options available at this time to do this. All of which provide bigger income streams.

3. Use of Lost-Opportunity Cost (True Cost of Term)

The principle of lost opportunity cost is defined as the cost of carrying a resource used in one particular application determined by its use in an appropriate alternative given up. Leap has pioneered the use of lost opportunity cost as a critically important tool for individuals to employ in their personal financial decision-making. In order for consumers to be provided a completely fair and balanced analysis, the lost opportunity cost of their financial strategies, decisions, or choices, must be considered. Lost opportunity cost and the significant role it plays in the strategic process can be illustrated by analyzing many popular financial strategies and products.

Specifically, lost opportunity costs may trigger increases in current income taxes, fees, penalties, insurance premiums, or charge loan interest. These costs have a diminishing effect on the overall performance of an individual's wealth building process throughout their lifetime. Leap has asserted itself as the most disclosure-oriented and holistic system in the insurance and financial services industry by accurately depicting out-of-pocket outlays as "costs" of owning or adhering to a particular product or strategy. This is a valid method accurately assessing the effectiveness of any financial product or strategy.

By way of example, a lost opportunity cost analysis can be easily understood by considering the strategy of 'compound interest' within a taxable savings account. In this case, it is assumed that the account-holder has elected to have the interest reinvested and compounded on an ongoing basis and that no withdrawals are being made from the account. The account has been left alone to accumulate for use at some time in the future. At the end of each year, the owner receives an IRS 1099 Form reflecting the interest paid on the account in that year. The owner must then declare this interest on his/her tax form and ensure payment of the associated income tax for that tax year. As each year passes and the account compounds and grows, the corresponding income tax liability grows as well. In order to assess the profitability of long-term compounding in this type of taxable account, the effect of the total compounded income taxes must be calculated and measured.

While the account-holder pays the compounding income taxes, it is imperative to calculate the potential earnings lost on those taxes paid in order to determine the actual lost opportunity cost. In other words, these tax dollars are forever lost because of the particular strategy or product owned or employed. For the purpose of analyzing a taxable savings account overall cost, the compound tax and the lost opportunity cost on those taxes must be calculated. Only in this way will consumers have full disclosure regarding their financial decisions.

A critical component to properly evaluating lost opportunity cost is the selection of the appropriate cost of money rate used within the analysis. Within Leap, there are three specific manners by which the cost of money rate is selected:

1. The first is for the client to use their assumed average long-term net investment rate-of-return. This is the most common cost of money rate used within the Leap process.
2. The second is for the client to use the actual net rate-of-return on their highest returning savings account.
3. The third is for the client to use the gross rate-of-return of their highest returning savings account. This last option is used least and only if the client has not made any investments but is expecting to do so shortly.

Another highlight of the Leap System approach to utilizing lost opportunity cost analysis is that it avoids a common problem found within virtually all other planning approaches; the use of net rates of return. It is inaccurate to assume, within a financial analysis, that a client's taxes are being paid out of an account (netting) when a client is actually compounding interest in the account, not making any withdrawals, and paying any taxes owed through withholdings.

Many financial professionals suggest that this netting approach "simplifies" the analysis, but it has two major problems. First, the netting approach illustrates the account as having less value in the future than it is actually projected to have. When no withdrawals are being made from an account, compound interest allows for greater growth. Second, the netting scenario will significantly under-illustrate the amount of income taxes the client will have to pay. Specifically, without making any withdrawals the account accrues more interest which, in turn, triggers more tax.

To summarize, the netting approach both underestimates the performance of certain assets while at the same time accounting for less tax than what a client will actually have to pay. Leap instructs Leap users to analyze all strategies that the client is actually using and to make 'lost opportunity cost' assessments as such. Any other approach leads to misinformation and errors in the actual results.

4. Term Life Insurance versus Whole Life Insurance (Living Benefits of Whole Life)

Leap recognizes that consumers have a variety of choices as it pertains to life insurance protection. There are many types and designs of life insurance policies. Generally, all of these types of policies fall into one of four categories: Term, Universal, Variable or Whole Life.

Each has its own particular attributes that have significant impact upon an individual's financial future. Leap seeks to help clients make intelligent and informed choices regarding their life insurance protection. Fair and balanced presentations are provided which give the client the opportunity to make the most appropriate decision based on their unique particular situation.

Leap financial professionals are trained to use the Resource Identification Worksheet during the planning and preparation phase of the Leap process. This worksheet allows the professional to properly gauge the suitability and affordability of any additional life insurance protection. It illustrates a client's available money resources, listed by asset-type, along with the corresponding cash flows that may be used to pay premiums for the purchase of additional insurance. The Leap financial professional uses the Resource Identification Worksheet as a guide that helps determine what amount of insurance is appropriate, as well as the proper type of policy.

Term insurance is generally designed for short-term purposes and for protecting a specific need. This type of life insurance is purely protection, and almost always generates no accumulated values. Typically, term policies have level premiums, annually increasing premiums, or both – one followed by the other.

Today, many consumers are engaged in a "buy-term-and-invest-the-difference" approach. This strategy calls for term insurance to be owned for a period of time and then cancelled when other investments and assets are considered to be adequate. Typically, this cancellation is designed to be at the start of retirement. Rather than "premature death" protection—an actuarially rare event, whole life is "ultimate" death protection—an event with 100% certainty.

Whole life insurance has significant advantages for a broad segment of the consumer market over the long-run. Whole life insurance is intended to provide "permanent" protection, presumably

throughout the insured's life. These advantages include a number of guarantees: premiums that are level, portions of cash value accumulation, and the death benefit.

Also, certain whole life policies generate non-guaranteed dividends that can be utilized by the insured in a number of "options," including: taken in cash; purchasing paid-up additions, and reducing premiums. See the Dimensions of Life Insurance (DOLI) calculator. Over time, most term life insurance issued by a mutual company that was designed as temporary coverage may be converted to whole life insurance during all or most of the level term period (see each company's policy for details). This occurs as money resources from a clients' income going into S1 (Wealth Coordination Account) or assets in the Savings and Growth Components become increasingly more available.

One of the major contributions Leap has made to the life insurance industry, resulting in the sale of whole life insurance, is the education of the consumer as to the "living value" or "living benefits" of these policies. These "living values" are able to "come alive" to the insured during retirement when the proper coordination and integration of assets occurs. Since these financial benefits are attained only through the use of a long-run financial strategy that includes whole life insurance, it is Leap's position and recommendation that whole life policies should not be surrendered or cancelled at any time.

Only in the event of an unavoidable and unforeseen circumstance, where there is no other alternative, should whole life insurance policies ever be relinquished. This allows for easier implementation of asset and income maximizing strategies throughout retirement—and especially more use and enjoyment of assets during the initial years of retirement when health tends to be better.

Leap supports and endorses the full indemnification (replacement) method of calculating insurance needs. It is a client's income and the availability of money resources that are the key determining factors of policy selection types during a Leap presentation. With these factors considered, recommendations can then be properly balanced between all term life insurance, all whole life insurance, or some combination of both policies in order to reach the client's full replacement value in the event of death.

As a result of both the highest quality of guarantees associated with whole life and also the replacement (indemnification) values of family security and economic life value, Leap financial professionals prefer to recommend separate policies of both convertible term life policies and participating whole life policy protection to meet economic life value requirement needs of an insured.

Universal life, variable life, and survivorship or 2nd to die policies are specialty products designed for a unique set of circumstances and under specific economic and market conditions.

Because they are less predictable than whole life, these products should be recommended with much care and disclosure. This is especially true considering that systematic borrowing from a life insurance policy as a regular source of retirement income is prohibited Leap conduct.

Because they are specialty products, they tend to be part of a supplemental insurance plan rather than the foundation or basic structure of a sound overall portfolio that the combination of convertible term policies and participating whole life insurance policies provides.

5. Waiver of Premium

An important aspect of a life insurance policy is the option of adding a waiver of premium rider, when available for the proposed insured. The rider enables the client to have the premiums of the policy paid for by the insurance company in the event the insured becomes permanently disabled. While there are limitations on the waiver of premium resulting from health ratings, amount of death benefit, net worth, and age, the waiver of premium rider is an essential piece of a successful life insurance portfolio and financial plan.

It is important to note that the waiver of premium is not disability income insurance in the traditional sense. However, it is considered to be a form of disability insurance because it is triggered by a disability claim of the insured and it provides premium payments to be made on behalf of the insured. The waiver of premium rider provides the necessary funds to pay premiums that allows for more of the disabled person's income to be used to support their income needs at that time. This is very important because an individual who has suffered a full disability often has a greater need for monetary resources, especially if life-supporting measures are necessary.

While most companies offer the waiver of premium on all types of life insurance, there is no more important application of the rider than with permanent life insurance. Not only are premiums proportionally larger for permanent life insurance policies, thus creating even a greater need for a waiver of premium, but there is also the need to protect the cash value portion of these policies that are guaranteed under the contract.

This characteristic of the waiver of premium within permanent life insurance provides a truly unique benefit to the policyholder that cannot be achieved by almost all other savings or investment vehicles. While many save money annually into bank accounts, money markets, Tax Deductible Plans such as a 401(k)/RSP, stocks, and mutual funds—none of these instruments are guaranteed to continued uninterrupted in the event of a permanent disability.

Any money that an individual is saving into these plans would most likely have to be suspended because of the inability to continue due to a reduction in earned income. This means that savings targets such as retirement, college education, and other family planning could be significantly diminished in the event of permanent disability.

This is a critical point to note since an individual's plan for financial success must be rooted in the idea that it will work under nearly all circumstances—not just best case scenario. The disability waiver of premium not only provides for the continuation of life insurance so that one's family and dependents can be protected in the event of premature death, but ensures that any current savings for future needs also contains a guaranteed element should a total disability occur.

By allowing the guaranteed cash value components, as well as any interest and/or dividends credited under a permanent life insurance policy, to continue to accrue uninterrupted, the financial success and well-being of an individual or family may be protected beyond what ordinary products and strategies have to offer in today's marketplace.

Model for Financial Success Conversation

The Model for Financial Success conversation is another outstanding way to introduce who you are and what you do for your clients. When you're ready to begin, you can either use the [Model for Financial Success](#) booklet or launch the [Model for Financial Success](#) online presentation and begin with the following:

The Model for Financial Success outlines a process that we use to help our clients integrate and coordinate their financial decisions.

Give the prospect a copy of The Model for Financial Success booklet.

This is yours to keep and please feel free to take notes along the way.

Navigate to The Desire.

The Desire

Core Concept: To find out what the prospect desires from their personal and financial life.

This is an opportunity to learn about the prospect their vision for financial success. You'll soon discuss the obstacles to their desired financial goals but first the prospect needs to acknowledge and understand what the ideal is. Read the paragraph in the lower corner or use those as cues for topic discussions. For example, you can ask the following questions:

- *What do you like about your current financial plan? What is working, not working and what's your biggest challenge that may be keeping you up at night with regard to money?*
- *If you won the lottery and \$1,000,000 appeared in your checking account tomorrow, what is the first thing you would do?*
- *What is your objective when it comes to money and making good financial decisions?*

Also, be sure to build or elaborate on agenda items that you shared with each other from the opening. Be specific about helping them achieve what they have identified as important to them. This is a time to make this personal to the prospect. What do they want to do more of or less? What do they want to start doing or stop doing?

Transition phrase to The Problem:

Let's discuss some of the obstacles that get in the way of your financial success.

The Problem (Financial Decisions, Junk Drawer, Four Rules of the Game & Wealth Eroding Factors)

Core Concept: There are many things that keep people from achieving their financial goals.

Most people want the same things out of their financial life. They want to have as much money as reasonably possible to meet their needs, wants and desires. However, there are elements at work that make achieving such goals feel impossible at times.

Transition phrase to Financial Decisions:

While it's important to feel your financial life is organized, flexible and easy to manage and control, we know that's not always an easy thing to achieve.

Problem Element #1: Financial Decisions

Core Concept: The manner in which we make financial decisions often presents a real challenge.

Watch and listen carefully to how the prospect reacts to this information. This is another opportunity to learn about the prospect and how they make financial decisions.

The first obstacle to achieving financial success is that most people make financial decisions at different times, for different reasons, with different people and under different circumstances.

Transition phrase to Junk Drawer:

The result is a cluttered collection of financial decisions that we refer to as a financial junk drawer.

Would you describe your current financial situation as a junk drawer?

Problem Element #2: Junk Drawer

Core Concept: The problems of having a financial situation that resembles a junk drawer.

People often own a variety of financial products and have made a variety of financial decisions. Each product and financial decision has probably been made separately and without thought to integrate them into a skillfully coordinated strategy. Consequently, most people waste money and fall short of reaching their full financial potential

When a person takes a junk drawer approach with their financial decisions, we find that these decisions are often a reaction to a situation or opportunity in their lives and are based on an opinion. The results in people making poor choices that lead to poor results.

One of the ways we can work together is to move from a disorganized, junk drawer approach to your finances to an organized and integrated approach. If we could accomplish that, is that something you would want?

Transition phrase to The Four Rules of the Financial Game:

In addition, you have others (the government, financial institutions, corporations and individuals) who want your money and are working hard to take control of it.

Problem Element #3: The Four Rules of the Financial Game

Core Concept: We play the financial game with professionals

The client needs to know that these four basic rules stem from the financial institutions' natural business desire to make money! Ask the client to imagine being the President or CEO of a major financial institution. Would they want their company to develop marketing, products, advertising and training that follow the four rules? The answer is always, "Yes!" So now you know the competition you are up against in regards to your money.

Financial success is like a strategy game. To win the game, you must first understand the rules of the game. Second, you must understand that you are playing life's financial game against professionals. If you follow and play by their rules, you lose!

Read The Four Rules.

What are some of the products and opinions that are examples of these four rules in your financial life?

Be prepared to offer examples if prospect cannot come up with any. (e.g., low deductibles on insurance, interest reinvested, prepay mortgage, term life insurance... we are not saying these are bad, just saying they follow The Four Rules.)

Transition phrase to Money is Not Math, Math is Not Money:

The real world makes for a tough environment for our money and the growth of it.

Problem Element #4: Money is Not Math, Math is Not Money

Core Concept: Money and math do not work the same way. Therefore, you cannot use math to make money decisions!

If I gave you two oranges today and gave you another two oranges tomorrow, math would tell us that you would have how many oranges a year from now?

Most likely, the prospect will give the answer of four.

In the real world, how many oranges would you have a year later? Somebody could have stolen them, you may have gotten hungry and eaten them or maybe in trying to protect them for me, Mother Nature simply turned them into dust. So, in the real world, does your money work like math, $2 + 2$ always equals 4 or does your money work more like the oranges, $2 + 2 = ???$

Let's look at the factors which erode our money.

Inform the prospect that there are five major factors that attack and erode the value of their money, sometimes faster than we can earn it and grow it.

Transition phrase to The Solution:

So, what is the solution?

The Solution: Game Board, Rulebook & Macro Manager

Core Concept: Introduce how Leap's solution is a systematic approach and process that takes into consideration three important elements.

Just like with sports, you and your money should have a scoreboard, a game plan and a coach.

The scoreboard is what we also refer to as the game board or our model.

Imagine playing your favorite game or sport without the game board or without lines on the field or court. How would you know if you were winning or losing?

Analogies like golf, chess, tennis, football, etc. may be used.

Transition phrase to Game Board:

Have you ever played a board game without a board?

Solution Element #1 – Game Board

Core Concept: Introduce the Leap Model and demonstrate how it increases clarity to understand winning strategies.

This game board/model is to me what an x-ray machine is to a doctor, a tool of verification. Would you ever go to a doctor who used his opinion rather than an x-ray machine to diagnose you?

Instead of making financial decisions one at a time in an isolated manner, like a junk drawer, we believe in making financial decisions based on an organized, coordinated and integrated game board that incorporates the rules governing our financial world.

Read text or use as cues to guide your discussion.

You may show your prospect a sample [Present Position Model Worksheet](#). You may choose a detailed description of the Leap Model or a more conceptual description. For example, you could say the following:

We call this the Leap Model. Leap stands for Lifetime Economic Acceleration Process. This macro-economic model is designed for you to be able to see all of your financial decisions simultaneously and determine whether these decisions are working together in concert or against one another in conflict.

Without such our financial model or “game board” how would you know if you’re winning or losing?

Transition phrase to Rulebook:

We refer to the “game plan” as our rulebook.

Solution Element #2 – Rulebook

Core Concept: Knowing how to make your money work for you, not just where to put it, allows for winning strategies.

You may choose a detailed description of the rulebook or a more conceptual description depending on the time available. For example, you could say the following:

Our Rulebook allows you to gain a greater understanding of how money works, the rules surrounding financial products, and the possible strategies that can improve your financial position.

Rule #1: Maximum protection for your family, lifestyle and assets.

Rule #2: Sufficient liquidity.

Rule #3: Proper debt structure.

Rule #4: Long-term wealth building.

Rules #1 thru #3 make up what we call your defense and Rule #4 is your offense.

Transition phrase to Macro Manager:

Understanding the rules of the games and how to follow a winning game plan requires a team approach for communication and coordination.

Solution Element #3 – Macro Manager

Core Concept: The total solution requires a team approach for communication and coordination.

Be sure to reinforce the Macro Manager concept and financial coordination throughout the Leap process. Discuss with your clients that it is important to have both micro-managers and a macro-manager in place for efficient and effective overall results.

Point to each micro-manager in the booklet's pictorial. Then ask the prospect to put a check mark next to each micro-manager the prospect has.

These are examples of making decisions one at a time, at different times, with different people under different circumstances.

Have you ever had all of these people in the same room at the same time discussing your financial objectives?

Your current financial professionals may all be talented. They know how to play their “instrument” and you are expecting them to play and you deserve a symphony. However, with no musical conductor, you are only getting a bunch of noise.

Discuss with your prospect to make certain they understand how you provide your clients with a scoreboard and a game plan and serve as their “conductor” or “financial coach.” Then you can ask if financial coordination throughout our Leap Model by following the Leap process would be of great value and something they want to take advantage of.

Transition phrase to our Leap Model:

As your Macro Manager, here's how I can help you.

Leap Model

Core Concept: The Leap Model empowers clear decision making.

With our Leap Model, people can see all their financial decisions at once. Understanding the impact of their decisions can help to create measurable strategies to build, protect and grow their wealth.

The Leap Model allows you to visualize your entire financial life, making financial decisions a straightforward, uncomplicated process.

There are five main components in the Leap Model: Protection, Savings, Growth, Cash Flow, and Debt Management

Transition phrases through Protection, Savings, and Growth:

Protection involves the protection of assets, income, and life.

Savings provide safety, yield and tax benefits.

Growth refers to income, growth potential and tax benefits.

Transition phrases through Cash Flow and Debt Window:

Our Leap Model is cash flow driven. This means that each year the model will demonstrate everything that's coming in and everything that's going out and help determine the correct money moves to make.

So, by using the Leap Model, we can organize your financial life and get you out of the financial junk drawer.

Our model can model every financial strategy related to protection, savings, and growth.

Transition phrase to Financial Coordination:

Now, I want to remind you about how important a Macro Manager is when it comes integrating advice from multiple sources.

Financial Coordination

Core Concept: Coordination among independent consultants is vital to financial success.

Review and read the page with your prospect.

Few people are better suited to act in the capacity of a Macro Manager than a financial professional like me because our Leap Model is designed to coordinate and integrate nearly every aspect of a person's financial life, and track the flows of money between assets to pick up additional benefits and money supply.

By minimizing the problems we've talked about and by helping you achieve the goals within the Rulebook, you'll be well on your way to better realize your financial potential.

Transition phrase to our Leap Strategic Process:

Let's take a look at how our Leap Strategic Process works.

Leap Strategic Process

Core Concept: See, Think, and Do

Review and read the page with your prospect.

Right now, we are in the Discover stage and are getting to know each other and you're getting to learn about our Leap process and Model.

The next is the Identify Stage, which is the process of gathering your financial data and putting it on our Leap Model to create your Present Position Model, which is a snapshot of where you are today.

Depending on how much of your model you would like us to work on, together we will schedule one or more meetings in order to complete our process.

Transition phrase to Our Working Relationship:

Here's how we can help you.

Our Working Relationship

Core Concept: Creating a Win-Win Relationship.

There are many differences between financial professionals, so be thorough in your explanations on how you choose to work with clients, as well as how you get paid, what products you are licensed to sell, and if your firm charges fees.

Once you explain how you get paid, make sure the prospect understands there is no obligation to act on any recommendation unless he or she is completely satisfied with the results. Explain that you are performance-based, which means that your expectation is that if the client finds value in the work that you do, that they will refer you to other people.

Before we move forward, I want to make certain we are clear and in agreement on our four objectives:

- *Without you having to spend additional money or take money out of your lifestyle.*
- *We will work to help you create more wealth and/or the ability for you to spend and enjoy more wealth.*
- *With the same or less risk.*
- *While making certain you, your family, and assets have maximum levels of protection, especially for lawsuit, disability, and premature death.*

When the question comes up about how you get paid, you can respond with the following as an example:

I get paid in three ways:

1. *For my time and expertise helping you to design your ideal model, I will not charge you anything, and there is no obligation to buy any financial products. Think of this work like an architect who is helping you complete a final blueprint of the exact 'financial home or addition' you want built.*

2. *Once we agree on the blueprint of what you want built, it's time to build it. At that time, I become your contractor. The companies and relationships we use to provide financial products and their expertise simply pay me a fee or commissions for getting them involved. Again, there is no obligation to buy any financial products.*
3. *When all of our initial phase of work is complete, if I have met or exceeded your expectations in our work together, I simply will ask you to introduce me to people that you know and, like you, fit my ideal client profile. We have a long way to go before we get to that point, but we just wanted to make you aware.*

Does this arrangement sound reasonable to you?

What questions do you have?

Understand that any answer the prospect gives is valuable. So, how the prospect reacts to these “filtering” questions above (as well as other questions during your conversation) enables you to ultimately determine which of the three following paths the prospect will most likely take:

1. Not Now:
The prospect does not wish to proceed. If this is the case, move on to your next prospect. Do not try to fit a square peg into a round hole.
2. Specific Transaction or Strategy:
It's clear that the prospect is focused on engaging you for the purpose of completing a specific transaction (e.g., term conversion to some type of permanent coverage) or executing a single strategy (e.g., using life insurance to pay for some or all of college for a child). If this is the case and the prospect fits your ideal client profile, move forward with transitioning to scheduling the next meeting.
3. Full Financial Check-up:
The prospect is excited to get started and has expressed a commitment to a more holistic analysis of their financial situation. If this is the case and the prospect fits your ideal client profile, move forward with transitioning to scheduling the next meeting.

Transition phrase to Scheduling Next Meeting to Gather/Verify the Data:

If we can accomplish most, if not all of your goals, without any additional out of pocket outlay, without any additional risk, while increasing your benefits and protection; would you like to begin working with me?

Glossary of Leap Tools

Calculator	Theme	Description
All-in-One	Time Value of Money	Use any of the five financial calculators on one screen
Anatomy of Compound Tax	Interest	Illustrate the impact of taxes and lost opportunity cost (LOC) in an incremental, year by year manner
Buy Term & Save the Difference	Life Insurance	Illustrate the LOC on term and other expenses (“carrying cost”) on an investment amount of money over time
Compound Interest	Interest	Same as Anatomy of Compound tax but with less detail
Compound Tax Savings	Interest	Illustrate the tax and LOC savings by avoiding compounding inside a taxable account
Dimensions of Life Insurance	Life Insurance	A comprehensive study of whole life insurance as to how it is designed, a look at the policy guarantees and dividends, and numerous benefits one may realize when using WL at the center of one’s financial life
Exponential Curve	Interest	A calculator-driven “study” of how the compounding of money works and how a variety of external costs and personal decisions can drive the results down over time
Future Value	Time Value of Money	Calculate a future value based on current balance, payments, interest rate, and years
Growth Securities	Interest	This educational calculator shows clients the properties of non-qualified accounts. Financial Professionals can build their own hypothetical account using short-term capital gains and dividends, long-term capital gains, and unrealized capital gains
Historical Data	Statistical Data	Using a variety of financial indices, you can calculate the average and actual returns over time
Interest Rate	Time Value of Money	Calculate the rate of return of an amount of money over time based on the current and future balance, payments, and years
Life Horizon	Statistical Data	A look at the life expectancy of one or two individuals using the 2017 CSO tables
Loan Amortization	Debt	Calculate the monthly payment, any tax savings and the LOC on a loan or mortgage
Marginal Tax History	Statistical Data	Calculate the projected annual tax and marginal tax rates over time based on one’s annual salary and any expected raises. Also view a historical chart of the top marginal tax rate to present
Mortgage Comparison	Interest	Allows you to illustrate two mortgage options to clients side-by-side with the option to show the difference in payments being saved into a hypothetical account

Netting	Interest	Calculate the internal LOC when netting taxes from an account
Paydown	Interest	Calculate how long an amount of money will last when paying down over a number of years and looking at the impact of inflation
Payment	Time Value of Money	Calculate the payment needed to go from a present to a future value, based on an interest rate and a number of years
Person A Person B	Life Insurance	Designed to show clients how different distribution strategies can be implemented during their retirement years. Financial professionals can compare two different strategies side-by-side with the flexibility to change assumptions such as account balance, interest rates, and tax rates for both qualified and non-qualified assets
Present Value	Time Value of Money	Calculate the Present Value of an amount of money based on the future value, any payments, interest rate, and number of years
Qualified Plan Savings	Interest	A simple calculator used to illustrate how qualified plan contribution “deductions” are not really a tax savings, rather a deferral to be paid upon distribution
Real World of Compound Interest	Interest	Take a more detailed look at how LOC works by analyzing an account’s compounding value and taxes
Retirement Plan Erosion	Interest	Illustrate the impact of 6 internal and external costs associated with retirement plans and see their effect on the efficiency. Also illustrate the amount of net income in retirement
Retirement Pressures	Interest	A calculator to help illustrate the impact that a “Poor Sequence of Returns” in retirement, especially early, can have on the ability for a portfolio to last. It also is used to show the impact of Sustainable Withdrawal Rates on retirement portfolios.
Term Opportunity Analysis	Life Insurance	Illustrates the true cost of term insurance by showing the cost of the premiums, LOC on premiums, and LOC on a missed death benefit when policies lapse
Time Period	Time Value of Money	Calculate the time period necessary in order to go between a present value and future value of money, based on payments and an interest rate
Variable Assumptions	Interest	An interest rate based calculator designed to show clients the true impact that management fees, taxes, and fluctuating interest rates can have on their wealth building potential
Versatile	Interest	A calculator that has almost limitless potential. Analyze a series of payments or withdrawals from an account using level or historical returns. Include a variety of costs such as taxes, term insurance, management fees, LOC, etc.

Prohibited Leap Conduct

- Don't increase the amount of mortgage debt.
- Don't increase debt over and above what a client has presently.
- Don't use reverse mortgage income to pay life insurance premiums.
- Don't use systematic borrowing from a life insurance policy for long term strategic purposes.
- Don't use Qualified Plan money without a fully disclosed and comprehensive analysis of the pros and cons of such use of funds.
- Don't replace other permanent life insurance policies unless it can be justified and approved by your home office.
- Don't sell premium offset unless it is fully understood by consumers that the analysis may not live up to its projections and have them sign the illustration.
- Don't use the Leap System worksheets in the direct solicitation of any securities transaction.
- Don't use life insurance policy loans as a regular source of retirement income.
- Don't sell an inadequate death benefit which does not comply with the economic life value concept or your home office suitability standards for determining the amounts of death benefit.

NOTES

This image shows a full page of blank white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page, providing a guide for handwriting or typing. There are no margins, text, or other markings on the page.

