



THE PLANNER NEWSLETTER

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Another tax season has come and gone so now is a good time to evaluate how your practice is performing so far and to determine what can be done to achieve your goals. This issue of *The Planner* aims to give some ideas on how you can build your practice.

In our last issue, Net Worth Strategies' CEO Bill Briggs contributed an article you can give to your prospects and clients with employee stock options. The goal of this article entitled "Getting the Most From Your Employee Stock Options" is to enable you to explain the process and value of what we call High Value Stock Option Planning (HVSOP).

HVSOP is designed to serve the needs of highly compensated executives through an interactive, iterative and educational process. This process demonstrates the effects of various exercise and sell strategies empowering the client to make informed decisions. This results in peace of mind, risk reduction, tax efficiency and timely implementation. If you don't have this article you can find it at: www.networthstrategies.com/NWSI/docs/archives_index.asp

In this issue we will examine the art of becoming a HVSOP advisor. Since announcing StockOpter in December of 1999, we have learned that high-quality software alone

does not enable advisors to effectively market and deliver HVSOP.

Consequently, we have developed a comprehensive suite of education course that we call the "HVSOP Business Development Program."

This new program is divided into three separate modules/days designed to achieve specific results:

Day 1: HVSOP Education - Provides advisors with a solid understanding of employee stock options and how StockOpter can be used to deliver HVSOP.

Day 2: HVSOP Marketing and Sales - Produces an actionable plan to market and deliver HVSOP.

Day 3: HVSOP Advanced Case Studies - Increases an advisor's stock option planning expertise using StockOpter.

The Business Development Program (BDP) is coming to a city near you and our schedule for the next 3 months is provided on this page. For more information on the BDP including a 6 minute video visit our website. To enroll call us toll free at 877-728-5964.

You may remember reading a two-part series on cashless collars in the June and August issues of *The*

Planner by Dr. Donald Moine. In this issue Dr. Moine returns with some proven tips on building your practice by delivering powerful and profitable seminars.

In the last issue, Corey Rosen from the National Center for Employee Ownership (NCEO) explained several year-end planning considerations for employee stock options. One consideration in particular dealt with deciding whether or not to disqualify incentive stock options (ISOs) before 12/31 of the year of sale to avoid the alternative minimum tax (AMT).

This month's StockOpter Tip addresses the issue of optimizing for AMT. If your clients have ISOs they can start the clock on the one year holding period and be tax efficient. This planning technique using StockOpter is a great way of demonstrating your value and expertise.

As always we encourage your input on articles you would like to see in future editions of *The Planner*. Let me know at 541-383-3899 or info@networthstrategies.com

Sincerely,

Bill Dillhoefer
The Planner Editor

BUSINESS DEVELOPMENT PROGRAM SCHEDULE

Date	Location
May 15-17	Bend, OR
June 3-5	Columbia, MD
June 19-21	San Francisco, CA
July 17-19	Houston, TX
July 29-31	Chicago, IL
For details about the new BDP classes, or to enroll call 877-728-5964.	

Planning Article of the Month:**Tapping the High Value Stock Option Planning Opportunity**

By Greg Fowler, CPA

As you probably know, over 12 million people receive Employee Stock Options. Of those 12 million, several hundred thousand are executives with highly complex and concentrated positions in options and restricted stock. Most of these executives also have extensive holdings in other financial assets that require management. How many highly compensated executives do you serve?

If you have 100 option-holding clients, you have garnered about 0.0008% of the potential market. In reality, most of our StockOption users serve less than 10 option holders. In fact, based on discussions with hundreds of financial planners who are pursuing this market, we have concluded that less than 5% of high net worth executives with Employee Stock Options are receiving the kind of High Value Stock Option Planning service Bill Briggs discussed in the last issue, *Getting the Most From Your Employee Stock Options*. (www.networthstrategies.com/NWSI/docs/Value_Explained.pdf).

In that article, Bill wrote about High Value Stock Option Planning (HVSOP) from the option-holding executive's point of view. In this issue, I would like to explore HVSOP from the financial planner's point of view. While most executives may have a financial planner, it is unlikely they are receiving high value stock option planning. This provides an opportunity for

planners to acquire more high net worth executives by differentiating themselves.

Option planning is one of the hottest practice development opportunities in the financial services industry today. So, why aren't more planners tapping into this golden opportunity? There appear to be two primary reasons:

- 1) Few planners have developed the level of expertise required to confidently approach high-level executives with Employee Stock Options.
- 2) Few financial planners, teams or firms have made the marketing commitment necessary for success. Success in this area comes from a well designed marketing plan and a commitment to implement it. This commitment is likely to only be made as a result of a deliberate planning and decision-making process.

Employee Stock Options are, by their very nature, complex. Gaining an adequate level of expertise to provide client value can seem a daunting task. For instance the financial advisor needs to be able to address issues such as:

- What assumptions are most critical in developing a strategy that will best serve your client's

needs.

- What are the most effective ways to educate an executive on the value of systematic diversification.
- How do you determine the combination of grants to exercise & sell to meet a diversification goal.
- What happens if an option holder pays the strike price of an ISO by surrendering immature ISO shares?

An inability to address these issues when approaching executives can undermine your credibility as an expert. Furthermore, if you are engaged by the client to provide option planning, lacking adequate knowledge will result in a higher level of risk that you will provide inaccurate or incorrect analysis. These fears often cause advisors to delay pursuing this untapped market.

For those planners who have mastered the complex planning issues surrounding Employee Stock Options, the next challenge is winning high net worth option holders as clients.

Success in this endeavor requires a deliberate plan, developed

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Building Your Practice Through Seminars:**How To Deliver Powerful and Profitable Seminars**

By Dr. Donald Moine

A financial planner I did not know called me and tried as hard as he could to control his voice as he recounted what had happened at his most recent seminar. At a cost of more than \$14,000, he had sponsored a seminar at a luxury hotel in his city and had attracted nearly 190 attendees. His featured speaker (probably the main draw of the night) was a retired high-level government official who charged \$7,000 per speech. The financial planner himself spoke for only about fifteen minutes and the government official spoke for nearly an hour. The financial planner booked seventeen office appointments and ended up getting only two small clients from this seminar. This was the seventh seminar the financial planner had conducted and it drew the biggest crowd. However, none of his previous seminars had produced much business. *"I've tried everything in the seminar business and I've learned that seminars just don't work," he told me.* He then asked for my advice on other ways he could build his practice.

"Seminars **do** work," I explained to him, "if you do them right." In fact, almost all of the million dollar producers I have worked with use seminars to gain new clients. Some top producers use seminars as their sole marketing tool.

Every few weeks I get a call from a financial advisor who informs me that "Seminars don't work."

Thanks for the advice, but please don't tell that to the financial planners, brokers, insurance agents and others who are rapidly building massive practices through seminar marketing. I know planners who have individually brought in more than \$300 million dollars in assets under management in just a few years through seminar marketing. One estate planning attorney with whom I have worked has acquired more than 3,000 clients through seminar marketing. An insurance agent client of mine earns about \$750,000 a year working only from November through March and she acquires almost all of her

In my experience, many of those burnt-out stressed-out financial planners are overly dependent upon one-to-one marketing.

clients through seminar marketing. How do they do it? In this article, I will share with you some of the most powerful secrets for success in seminar marketing today.

Seminar Marketing Economics

Why is seminar marketing such a powerful practice building tool? It is much more effective to market to a group than to market to individuals one-on-one. Individual marketing is extremely time consuming and hampers

your productivity. Selling through the use of seminars is like selling bananas—you want to sell them in a bunch rather than individually. Of course, prospects do deserve personal attention. Once prospects become clients, you can give them **all the personal attention they want and need.**

Have you ever known a financial advisor with a thriving practice who gets burnt out and decides to sell his or her practice? In my experience, many of those burnt-out stressed-out financial planners are *overly dependent upon one-to-one marketing.* Giving the same presentation several thousand times to couples and individuals frequently leads to burn-out. One planner told me he felt like "a human being tape recorder," from going over the hour-long basics of financial planning, his practice, etc. with so many individuals. Why not explain all the basics to **groups** of people rather than solely to individuals and couples? You will not only make more money, but you will have less stress and

more free time if you use seminar marketing to build your practice.

Seminar marketing does not have to be expensive to be successful. Some of my clients do workplace seminars. The costs are minimal because the employer sends out flyers and posts notices on bulletin boards and on the company web site. Even if you do a mailing to promote a seminar, the cost does not have to be great. Frequently, a black and white mailing piece pulls just as well

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Tapping HVSOP Mkt.

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through consideration of a number of key questions:

- 1) How will you differentiate yourself from competitors?
- 2) Who is your target client?
- 3) What value can you offer that client?
- 4) What is/are your target industry groups?
- 5) How do you plan to position yourself or your firm?
- 6) What's your method to prospect High Net Worth Employee Stock Option holders?

As you can see, the considerations are numerous. This calls for a systematic approach in order to develop an effective plan.

Addressing the two critical areas, expertise and creation of a marketing plan, is absolutely critical if you want to capitalize on this practice building opportunity.

Now that I've piqued your curiosity, what is High Value Stock Option Planning (HVSOP)? How is it different from other forms of planning? Dwight D. Eisenhower once said, "In preparing for battle I have always found that plans are useless, but planning is indispensable." HVSOP is about planning not creating a plan. Unlike many approaches that are designed to deliver a recommended decision or plan to the client, HVSOP is designed to empower the client to make decisions through a highly interactive,

iterative planning approach. It leads the client through a systematic process that educates them on their alternatives, brings peace-of-mind that they have thoroughly evaluated those alternatives and most importantly, results in timely decisions and action.

To deliver HVSOP you will need to

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have an in-depth understanding of the planning issues involved with Employee Stock Options. Some of these issues include, how to minimize AMT, how to manage cash flow tax efficiently, how to identify the proper order to exercise grants and which shares to sell. HVSOP also requires you to be a good listener. Helping your client make informed decisions means you will need to understand your client's goals and expectations in order to develop appropriate scenarios and competently present the alternatives. This may include

reworking the analysis several times as the client's increasing understanding of their alternatives will raise additional questions and concerns. You will likely need a method to create and deliver the analyses. This may mean buying software, training yourself or a staff member or hiring a consultant. Most importantly, HVSOP requires a commitment of time on the part of both you and the client. Time to create and review the analysis and time to revisit the client's situation on a regular basis. After all, it is this customized, on going client-planner interaction that will

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StockOpter Tip of the Month

Optimize Alternative Minimum Tax (AMT)

This issue's tip is a strategy we demonstrate in our StockOpter training class. It allows you to maximize the number of options that you exercise within a given ISO without triggering alternative minimum tax.

The approach is to ask Excel to calculate the number of options to exercise so that the Tentative Minimum Tax (in the Tax Calculations section) equals the Federal Income Tax.

To exercise an ISO without

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StockOpter Tip of the Month

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triggering AMT

1. Click the **BaseCase** sheet or the case sheet in which you want to apply Goal Seek.
2. In the case sheet that contains the ISO data, scroll down to the row **Tentative Minimum Tax** and click to select the cell that corresponds to the year in which you want to exercise the options.
3. Click the **Goal Seek** icon. The **Goal Seek** box displays. The cell address that you selected is displayed in the **Set Cell** box.
4. In the case sheet that contains the ISO data, scroll up to the row **Federal Income Tax**.
5. Click the **To value** box and type the value in the cell of the row **Federal Income Tax** that corresponds with the year in which you want to exercise the options.
6. Click the **By changing cell** box.
7. Scroll up to the ISO grant that you want to exercise.
8. In the row **# of qualified options to exercise**, click to select the cell that corresponds to the year in which you want to exercise the options. A cell address displays in the **By changing cell** box.
9. Click **OK**.
10. When Goal Seek has found a solution, click **OK** again

Delivering HVSOP *(Continued from page 4)*

differentiate a High Value Planner from the rest.

Once you and your team have decided to embrace HVSOP, what does it take to succeed? Just as planning is essential to your clients, so it is with you. Success will come from:

- 1) Thoughtfully defining your target market.
- 2) Determining how you are going to deliver HVSOP.
- 3) Pricing your offering.
- 4) Developing your prospecting approach and marketing materials to promote your offering.

In addition, you will want to develop sufficient expertise to confidently sell and competently deliver HVSOP.

With this in mind, Net Worth Strategies is offering the HVSOP Business Development Program. This is an intensive education and planning program that is specifically designed to teach an advisor the concepts talked about in this article. For more information on this program view a brief video by clicking on <http://www.networthstrategies.com/StockOpter/docs/bdpvideo.asp>

ABOUT THE AUTHOR

Greg Fowler, CPA, is a HVSOP educator and consultant at Net Worth Strategies. He has taught numerous employee stock option planning courses around the country for financial planners and CPAs. Mr. Fowler has provided expertise in the field of option planning to mutual fund companies, wirehouses, investment firms, financial trade publications, and the national media. He may be contacted at gfwler@networthstrategies.com

Powerful & Profitable Seminars

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as a fancy glossy brochure. If you are doing newspaper advertising, you can start with smaller ads in smaller regional papers. Some of my clients have had outstanding results by advertising their seminars in newspapers serving highly affluent smaller towns.

Don't let the small investment you must make in seminar marketing scare you off. In many cases, you can expect a \$5 to \$10 return on every dollar you spend on seminar marketing. When was the last time you found a stock or mutual fund that returned five times or ten times your original investment? Besides the financial payoff, seminar marketing will enable you to grow your business faster and to have a more enjoyable lifestyle.

Factors Hindering Success

Economics or a lack of money should not prevent you from offering seminars. As mentioned above, you can do workplace seminars at practically no cost. You can also offer seminars through your local community college or adult education group without paying any promotional expenses. In some cases, they will pay you!

If there is no economic reason not to do seminars, then why don't more financial advisors use this powerful practice building tool? More than any other factor, negative thinking keeps financial advisors out of seminar marketing. Recently a broker from a major wire house called me to ask for

help. In a booming authoritative voice, he informed me that seminars do not work in today's environment. I asked him the date of the last seminar he had offered and he told me it was more than four years ago. I then asked him how his business was doing. He told me he had lost a number of clients in recent years and that his income was half what it used to be. Despite the fact that his business had declined every year since he stopped offering seminars, he was absolutely certain seminar marketing would not work for him. He told me that seminars used to work in his city but didn't anymore because people were "seminared out."

As Henry Ford once said, "Whether you think you can—or you can't—you are right." I told this broker that I knew a financial planner in his city who had doubled his business over the past 18 months through seminar marketing. The broker calling me was dumb-founded.

The belief that "seminars don't work" is widespread today (especially among the less successful financial advisors)—and that is good news! It means that you now have fewer competitors when you offer a seminar. In traveling around the country working with financial advisors, I take note of the financial seminars advertised in

local newspapers. Seminar offerings have declined in number and frequency. That spells opportunity for you!

The Desire for Seminars

We all love seminars. When you attend financial planning association meetings, broker/dealer workshops or mutual fund company programs, you participate in dozens of seminars. Sometimes you arrive a day early or stay a day late to take in a special all day workshop.

The general public loves seminars as much as we do. When financial planners and advisors can't or won't fulfill the public's thirst for seminars, others will rush in to fill the void. This is exactly the situation we find ourselves in today. Dozens of non-financial planning firms are collectively mailing millions of seminar promotional letters inviting people to attend their seminars.

Wade Cook is one of the most prominent investment seminar leaders around. According to SEC filings, his seminar firm lost 89% on its recommended trades during 2000. Did that hurt the seminar business of Wade Cook? Not at all. Financial planners are amazed when I tell them that non-financial planner, non-college graduate, ex-cab driver Wade Cook has been paid more than **\$28 million** by his seminar promotions company just since 1996. Again, this is according to SEC filings. Think about these figures. \$28 million is more money than many financial

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Powerful and Profitable Seminars

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planners have under management and that's what Wade Cook has earned in five short years from doing financial seminars. Do you still think that no one wants to attend seminars anymore?

I am not recommending Wade Cook or his methods and he is not a client of mine. However, he is Exhibit #1 in establishing that the public has a **deep hunger for financial seminars**. Why else would thousands of people pay him up to \$7,995 to attend his two day programs? If you think you cannot offer a free seminar and get dozens of highly qualified people to attend, you must readjust your thinking (or what you are doing to promote your seminars).

This article is to encourage you to try seminar marketing. It is truly one of the most powerful practice building strategies.

Does Your Firm Want You to Do Seminar Marketing?

I've had a number of brokers and financial planners tell me that their broker dealer is against seminars. In a recent conversation with a financial planner, I was told that "it is impossible to get any seminar approved by a compliance department nowadays." This is untrue. Wire houses and broker/dealers themselves realize that seminars are one of the most effective marketing and practice building techniques in existence. I don't know of any financial

planning firm, brokerage house or mutual fund company that is against seminars—yet many representatives believe they are!

Rather than being against seminars, many firms will offer you **assistance** in sponsoring a seminar. The assistance may include helping you design the program or even offering a pre-packaged ready-to-go seminar. Some mutual fund companies or wholesalers may offer financial assistance. They may pay for attendee meals or help subsidize marketing costs. They may help pay the cost of a consultant to help you design or customize a seminar. Ask your favorite mutual fund company or wholesaler what type of seminar support they can offer.

The Pros and Cons of Pre-packaged Seminars

Pre-packaged seminars are "ready to go" and can help you build your practice much more quickly. Designing a seminar from scratch is a lot of work. I know this from personal experience because I've designed, written and redesigned dozens of seminars. Even though I know many time-saving and effort saving techniques to produce a high-quality compelling seminar, it is still a lot of work—and thus the allure of pre-packaged seminars.

Tips for Success: If you are going to offer a pre-packaged seminar, I would strongly suggest you customize it. Most pre-packaged seminars are rather bland or downright boring. A broker from one of the largest firms in America

called me last year to ask for help in redesigning a seminar he had just used. He had decided to use

Rather than being against seminars, many firms will offer you assistance in sponsoring a seminar.

a pre-packaged program his company offered because it had already gone through all of the compliance checks. There were no compliance problems because

the seminar was bland, boring and gutless. The broker spent a fair amount of money on newspaper advertising to promote this boring program. Do you know how many people registered for his heavily promoted seminar? Exactly one. The bland pre-approved advertising copy was so non-persuasive that only one of the ten thousand or so people who read the newspaper advertisement decided to register for the seminar. When I showed him how to customize the ad and the seminar content (and get compliance approval), his success rate soared.

Evaluating The Pre-packaged Seminar:

To effectively customize a pre-packaged seminar, you must first objectively diagnose its strengths and weaknesses. If you use a pre-packaged seminar, ask yourself these questions: "Would I attend this program? Why or why not? What are the *strongest* parts of the seminar? What are the *weakest* parts?" By answering these questions honestly, you will know what to concentrate on in redesigning and customizing the

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Powerful & Profitable Seminars

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seminar. It is also a good idea to practice delivering the seminar to several of your friends and/or business associates. Don't just trust your own judgment. You need some additional sets of eyes and ears to evaluate the program.

Make sure that whoever gives you feedback on the seminar is **objective**. Without honest feedback, you won't be able to make the program as powerful and effective as it can be. I will be meeting with two financial planners tomorrow to co-architect and polish their seminar. While their program had received many positive reviews from attendees, it was not bringing in the business. One of the financial planners called me and said, "Well, we are ready to get criticized." I corrected her. "No," I said, "you are ready to get better." In my opinion, feedback is only beneficial if it leads to an increase in business. Ratings and applause do not pay the bills.

If you can, **tape record** or **videotape** your seminar. Studying and analyzing those tapes can lead to rapid improvements in your seminar performance. I've been rewriting some seminar brochures for an attorney in Florida who earns several hundred thousand dollars a year in extra income through his seminars. I knew he was serious about his seminar success when he informed me that he had videotapes of his programs that he wanted me to analyze. We will be meeting in a few weeks to go over these tapes and make his seminars even more powerful and effective.

Do not take the above comments on pre-packaged seminars as criticism.

In fact, I have found that **most** pre-packaged seminars are fairly good. Usually about 80% of the material is worth keeping—and using that already assembled material can save you a tremendous amount of time and money you would otherwise have had to spend if starting from scratch. If you customize the other twenty percent of the program, you should have a powerfully effective seminar. Just don't expect to buy a seminar off the shelf and bring in hundreds of new clients with it. If it were that easy, then everyone would be making \$1 million a year from their practices.

Additional Tips: If you are buying or licensing a seminar from one of the pre-packaged seminar companies, make sure you find out exactly how many other licensees they have in your area. "Retirement Planning Secrets" may look like a hot seminar offering to you—until you find out that 13 other financial planners in your town have offered the same seminar during the previous two years. **Tip #2:** Make sure you ask about both current and previous seminar licensees. Some companies will tell you they only have two licensees in your city. That's now. What they won't disclose (unless asked) is that they have had 27 licensees in your city in the past few years. The seminar you are so excited about is old hat in your area. **Tip #3:** Make sure you get their claims in writing. Some pre-packaged seminar companies will tell you almost anything over the phone ("We've only got three licensees in your area."). Yet if you could see the facts in black and white you would notice that they have had 39 licensees in your city over the previous several years offering the very same seminar. This tip alone could save you \$10,000 or more and help you avoid the mistake of buying a canned

seminar that people in your area will see as a re-run.

The best seminars combine **education** and **group involvement** with **trust-building** and a little **entertainment**. An effective seminar must offer content of genuine educational value. Product specific seminars or "sales" oriented seminars usually turn off prospects and lack effectiveness. While it is perfectly acceptable to have a goal of bringing in many new clients from each seminar, you should make sure that **everyone** who attends—even those who do not become clients—receives something of value.

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Dr. Donald Moine is a sales and marketing psychologist, seminar leader and success coach who help financial planners build their practices. Email him your questions at DrMoine@aol.com



960 SW Disk Drive, Suite B
Bend, OR 97702
541-383-3899
Info@NetWorthStrategies.com
www.NetWorthStrategies.com