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Annuities: Gearing Up for the New Market and Being Different

by John Amann

A new opportunity has surfaced and early indications suggest that it will overshadow every other opportunity that has emerged in the financial services industry. It is the income market. As people become more and more satisfied that their accumulation needs are being met, they are becoming quite concerned about their need for income.

Advisors have never-ending opportunities to differentiate themselves fairly and competitively. But, very few take advantage of these opportunities. No one calls you unless they believe you can provide cutting-edge ways to help them reach their financial objectives. Certainly, they do not want to talk to an advisor who offers the same-old, same old.

At any given moment, most advisors are branding themselves and trying to differentiate themselves almost identically (an oxymoron, of course) with their competitive peers. This "me too" syndrome is fueled by the mindset that "I have to position myself to get a piece of what's hot." This gold rush mentality is not a good strategy for the sustainable growth of a practice. At best, good advisors waste time and money playing catch-up or ride the wave of opportunity all the way to the beach only to see it dry up.

Many financial advisors focus primarily on designs, colors, office setting, and marketing systems to differentiate themselves. While these things are necessary, the best opportunities are often the hardest to recognize.

Consider what's transpired in the life insurance industry over the past two decades. Twenty years ago, the sale of life insurance products dominated the focus of companies and agents. Everyone was going about business as if the primary need for life insurance benefits would never go away; no one paid attention to changing demographics.

A few good companies and advisors led the charge by marketing and selling products that rewarded people for living -- not dying. Thus began the immensely successful rise of the tax-deferred annuity market. Advisors who took risks were able to differentiate themselves by helping prospects safely accumulate funds for retirement. In contrast, those who continued to focus on life insurance sales became unpopular with prospects.

While the stock market continued to grow at an unprecedented rate about 10 years ago, tax-deferred annuity sales began to slow. Everyone had to have a piece of the action and greed took hold. Another great opportunity emerged in the form of indexed annuities. Many wrote these products off as gimmicky and valueless continued to spin their wheels selling traditional fixed annuities.

Once again, some companies and advisors embraced the new concept of indexed annuities. They forged ahead with a full out effort to brand and market themselves as the place to go for safe accumulation while getting a potential portion of market returns. It's a simple notion that the first few to recognize an opportunity are the ones who refine their brand and approach and often end up being the most successful. This is being what being entrepreneur is about, which is what advisors are -- at least the successful ones. The cynics say the income market is too new and won't emerge naturally for another five years. To them, we say "thank you." This cynicism should keep most of your competition away. Therein lies the golden opportunity for you to learn how to be successful in the emerging new income market. Opportunity suggests branding yourself as someone who recommends income solutions before everyone is doing the same thing. You owe it to your entrepreneurial practice and spirit.

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