Live. Interest Free

Selling Live. Interest Free System

The Live Interest Free selling system walks you through a very precise, defined set of steps that have been designed to maximize your opportunity for a closed sale. We highly recommend you learn and practice this methodology and believe you will achieve the results you desire.

As with all Velomon selling systems, this is designed as a two-meeting close, acknowledging that other meetings (known as 'triage' meetings) may become necessary.

Pain Meeting

1. Opening discussion
2. Pain Funnel questions
3. Up Front Contract
4. Commitment to Data Sheet
5. Data Sheet
6. Agreement for Solutions Meeting

Solutions Meeting

1. Confirm Commitment to Move Forward
2. Review Client Concerns or Questions
3. Review Agent Commitments
4. Review Solutions
5. Call the Question
6. Take Application

The following notes, ideas, and conversation elements are designed to optimize your effectiveness. As with all Velomon selling systems, the first meeting with a prospect is a 'pain' meeting. The purpose of the meeting is twofold:

1. To identify whether the prospect has 'real' pain (as opposed to 'surface' pain or a 'pain indicator');
2. To identify whether the prospect is a good candidate for the program (if they have no way to pay they are not); and if so…

To take a data sheet that will trigger the design of a solution.

Remember, only move to the data sheet if the prospect is cooperative, engages the pain conversation, and you truly believe they are sufficiently motivated to work with you rather than consuming your time building reports, following-up, etc.

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The Pain Meeting

General Interest/Conversation Starters

You expressed an interest in eliminating your debt – but before we go there, what would you say are your top 2-3 money concerns overall?

Tell me what caught your attention about our message? (idea of getting out of debt, idea of building wealth, idea of converting interest into wealth, idea of reclaiming the cash by eliminating payments)

If you could change one thing about your financial situation – what would it be?

If you looked at the flow of money in your life – you have income – you have spending – and you have saving/investing. Which of those three do you think you're doing best at/worst at?

When you think about your personal finances, what keeps you up at night?

What is Pain?

Pain is a Sandler (Sandler Sales System) term that has a much deeper meaning than most would ascribe to it. David Sandler teaches that people buy for only one of two reasons: to experience pleasure, or to avoid pain – with pain avoidance being the much stronger, more motivating of the two.

The concept of the pain meeting or pain conversation is to help you help the client uncover pain if it exists. If it doesn't, the process will allow you to professionally disqualify the prospect, bring the conversation to a comfortable conclusion, and move on without investing unproductive time. Pain funnel questions are the tactical plan that helps us get there. The reason for the depth of the pain funnel questions is to get at real pain – and not get tricked into acting on surface pain or pain indicators.

True pain exists only when the client identifies and articulates all three elements of pain:

What is the pain? (ex: 'We've gotten ourselves too far in debt and it's killing us')
Why does it exist? (ex: 'We bought too much stuff before we could really afford it')
What are the personal consequences of not getting the problem solved? (ex: 'We aren't able to save for retirement and risk not being able to ever retire).
Below are sample 'pain funnel' questions that increase in intensity and emotion. Don't feel confined by the questions listed – rather be nimble enough in your conversation to add pain funnel questions of your own. Mastering the pain funnel is the single most important skill you can hone to maximize your results. Take it seriously – practice it regularly – critique yourself honestly – and use it consistently.

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Pain Funnel Questions

- *What is it about debt that causes the biggest problem in your life? (Cash Flow, Access to Credit, Inability to purchase a home, Credit Score, no way out)*
- *Which of your various accounts bugs you the most/why?*
- *Pretend you are debt free right now – what changes in your life/your relationships? What kinds of thing would you and your family be able to do that you can't do now?*
- *If I handed you $1,000 right now – no strings attached – would you spend it – or save it?*
- *If spend: What would you spend it on?*
- *If debt – which one and why?*
- *If save: What would you invest in/why?*
- *What have you tried to do to deal with your debt?*
- *How's that working out?*
- *What advice have you sought out?*
- *When you talked to those you trust on these kinds of issues, what kinds of advice have you gotten?*
- *On a scale of 1 – 10 – ten being 'gotta solve it soon or else' – where would you say this ranks for you and your family?*
- *Tell me about the conversations you've had (with your spouse) about your debt situation.*
- *If you were to ballpark how much is going out the door each month in debt payments – what would you guess that number is? (Do some quick head math and calculate the annual amount i.e. $800/month is about $10,000/year).*
    - *Quick math tells me that's about $10,000 a year. How much of a salary increase would you have to get to bring home $10,000 more?*
    - *Tell me what it would mean at your house if you had an extra $10,000 a year of available cash?*
    - *When you think of it that way – in terms of a lump-sum annual number or in terms of what percentage of a pay increase it would take for you to be able to bring home an extra $10,000 a year – how does that make you feel?*
- *Tell me how you got where you are now debt-wise?*
- *Have you ever thought about when you'll be out of debt?*
    - *What is your longest debt now?*
    - *How old will you be then? Your kids?*
    - *Do you think it's likely that before you get there – you'll need to take on more debt –like replacing cars, sending kids to college, or other things?*
- *If you spent the next XX years (whatever their longest debt is) paying off your debts, what do you expect you'll have in the bank when you get there? (typical answer will be 'nothing')*
- *Do you find that debt issues are creating anxiety in your relationships?*
- *What happens if you don't find a way out of your situation?*
- *Have you thought about more draconian options like bankruptcy?*
- *What impact does your debt situation have on college/retirement/other things you want to do?*
- *Have you given up?*
- ***How were you hoping I could help you?***

Assuming that – at this point – the client asks you to help them/show them how to solve their problem, move to a presentation of a 'generic' solutions report.

"Mr. Prospect, I want to help you if I can – and I believe based on our brief discussion – there's a good chance I can show you some really exciting and encouraging options."

"What I'd like to do is show you is how we approach the challenge of getting you out of debt. It will take 10-15 minutes for me to review this process with you."

"If you're okay with the basic methodology and would like to ask me to build a report with your information, then I'll need another 20-minutes or so to gather some personal information from you."

"I'll take that information with me – work with our case design specialists back at the office, and build your own custom report."

"The last thing we'll do before I leave is set a follow-up meeting for about a week out to review your report and see how quickly we can get you debt-free and how much money you'll have in your 'bank' when we get there."

"That will take a total of about 30-40 more minutes depending on what questions you might have – are you good for another 30-45 minutes?"

The Data Sheet

Now, let's look at the data sheet. Rule number one: DO NOT LEAVE THE DATA SHEET WITH THE PROSPECT. Always complete it in their presence. This is an opportunity to expand the discussion as you move through the data sheet, and will give you the highest assurance that it gets completed so you can order your Big Picture report.

In some cases, you may encounter resistance as you try to take a data sheet. Much of the information is personal and the prospect may not know all the totals from memory. If you encounter resistance to providing this data, one of three things is most likely happening:

1. They are concerned about privacy. If this is the case, assure them that their information will be held in the strictest confidence.
2. They are not sure about your ability to help. This is a credibility issue and you need to go back to the pain discussion to make sure they are confident in your expertise.
3. They are not feeling sufficient pain to move forward. Again, go back to your pain discussions. Did any of the consequences they mentioned have deep pain associated with it? If so, ask them about how they are going to resolve that situation. If they have not identified any pain that deep, go back to the pain funnel.

Logic may suggest you leave it with the prospect to complete so they can access their records and provide more accurate, detailed information. Unfortunately, the minute the client walks out of your office you lose control of the situation. Their interest may wane, they may Google YFB or you, or they may ask their financial advisor about the program. Ultimately, you give them the chance to 'Hide' from you which can kill the sale. So, while completing the data sheet in person puts the burden on you to get the accurate and complete information, it also keeps you in relative control of the timeline – and it's what you're getting paid to do.

Chances are, not every client will come to the first meeting with all the information you'll need – although in setting the meeting you should ENCOURAGE THE PROSPECT TO BRING ALL THEIR INFORMATION/FILES RELATIVE TO THEIR DEBT ACCOUNTS. If they don't have it – prepare a hand- written homework assignment for them so they know exactly what they need to provide you – and get a commitment when they can have it back to you. Write that committed time on the homework sheet to remind them and you. Ideally you will set a time when you can call them on the phone or meet again in person to complete these details

Challenge them on this using a version of the script below:

"This is always a bit of an awkward conversation, but a small portion of the people I meet never return the information needed to produce their report. I end up chasing them – their interest gives way to other things – and we never seem to complete the process. That means they stay in debt and lose the opportunity to achieve their dreams. My sense is that this is a priority for you – but if you have any doubt or concerns about moving forward – it's perfectly okay to say so now and save us both the frustration of a run around. Is that a fair thing to ask you?" **Assuming you get a 'Yes':** *"Ok, when is a good time for me to call you and get the rest of this information?"*

Section 1

- I'm going to show you a list of financial objectives and I'd like for you to identify the ones that are important for me to know about as I construct a solution for you.
- Are there other financial goals or aspirations you have that aren't on the list?
- If you were to prioritize the one's you did mark here – which would be the top 2-3?

Section 2

- Do you have your taxes and insurance rolled into your monthly mortgage payment?
    - If so: Do you have a copy of a recent mortgage statement?
    - Do you know how much of that payment is just principal and interest?
        - Do you know how much your taxes are? Insurance?
- What is the outstanding balance – your payoff (not what you originally borrowed)?
- How many years of payments do you have remaining on your mortgage?
- What is the interest rate on your loan?
- Is your interest rate fixed – or can it adjust?
    - How often can it adjust? By how much?
- Does your loan amortize (pay down) the principal or is it an interest-only payment?

Section 3

Name: What is the account name or other name that will identify or help the client recall which debt is being referred to, i.e. Mary's Car Loan – or Auto Finance Inc. – whichever will help them know what account you're talking about down the road.

Amount Owed: This is the current outstanding balance, not the original loan amount

Interest Rate: This is the interest rate that applies to the principal. If the interest rate varies, make margin notes at the bottom of the page for the case design team. For example, "client has a $1,000 balance on a credit card that is interest-free for 12 months." Enter the interest rate as zero, but make a note that, "this debt MUST be paid off by _ month or accrued interest will be added to the principal amount."

Minimum Payment: This is the minimum payment required by the lender. If the client pays more – the client is not making the minimum payment. This is an important distinction since payments that exceed the minimum translates into premium that can be reallocated into a YFB policy.

Actual Payment: This will be different from the minimum payment ONLY if the prospect is paying more than the required minimum.

If you have student loans – it is critically important to identify student loans by their individual components, not the overall principal and monthly payment. Typically, student loans are broken down into 'per semester' tranches – meaning an undergraduate might have 8 different individual loans that are consolidated into one principal amount or payment. A grad student or advanced degree may have more. Each tranche may have its own interest rate, its own principal amount, its own repayment term. Breaking these statements down can make a tremendous difference in the client's outcome.

ALWAYS GET ACTUAL ACCOUNT STATEMENTS WHENEVER POSSBILE. CLIENTS WHO 'GUESS' AT THEIR NUMBERS, OR SEEM UNSURE WILL RESULT IN DELAYS, CASE REDESIGNS, WITHERING INTEREST IN A SOLUTION, MORE WORK FOR YOU, AND LOWER CLOSING RATIOS!

Section 4
Be sure to identify somewhere on your page whether the client's life insurance is 'personally owned' versus through an employer-provided group plan. Group plan life insurance is not owned by the prospect, and the client will not be covered if they leave their job.

Be sure to get the prospect's premium payment information as they may be able to reallocate this money toward their YFB bank.

Section 5
You want to capture their gross income, not their net take-home pay. Identify all sources of income, including making margin notes about bonuses (if either spouse is bonus-eligible).

Complete the 'Desired Retirement Income' fields as this can give you another closing tool as you may be able to show the prospect much more retirement income than 1) they hope for and 2) they could get from their current plan.

Use the notes field to identify anticipated income changes i.e. new job, new certification or degree, retirement, etc.

Section 6
Financial Institution: Select a name that will help you and the prospect identify which account you're referring to. You may use the firm name, i.e. 'Merrill Lynch;' or you may use something more familiar or descriptive i.e. 'Mary's Inherited IRA.'

Account Type: Identify whether the account is qualified (Q) – or non-qualified (NQ). Qualified accounts include IRAs, 401ks, 403bs, 457s, SIMPLEs, SEPs, and a few others. You may also want to note whether the account is of the 'Roth' variety or 'traditional.'

Available? Check this box only when you know for certain the prospect is willing to use/reallocate the principal balance to get after their debt.

Under most circumstances, <u>you should not recommend using the principal balance of 'tax-qualified' accounts</u> (see above) for debt elimination purposes. Not only do the new DOL rules expose you to additional regulatory oversight, but the tax and potential penalty implications to the client make this a more 'hazardous' place to look for premium dollars.

Interest Rate: This is the interest rate that applies to the principal. If the interest rate varies, make margin notes at the bottom of the page for the case design team. For example, client has a $1,000 balance on a credit card that is interest-free for 12 months. Enter the interest rate as zero, but make a margin note that the corresponding portion of the balance must be paid by _ _ otherwise accrued interest will be assessed.

Available? Check this box only when you know for certain the prospect is willing to use/reallocate the monthly contribution to get after their debt.

> Unlike the discussion above about the principal balance in qualified plans, you will almost always want to recommend reallocation of the prospect's ongoing savings dollars – whether qualified or not – to the task of accelerating the elimination of debt. This is easy 'premium' money and can be explained on the basis that if the client is saving money – and sending money off to lenders in the form of interest at the same time – they're only treading financial water – not making progress toward their ultimate financial goals. Remember, those reallocated dollars are still going into a savings account (the cash side of the insurance policy) where they will grow and compound without risk of loss – and where they will be available on tax-free basis.

Section 7
THIS SECTION IS WHERE YOU MAKE YOUR MONEY – TREAT IT AS SUCH

All of the areas listed represent ways to find premium that can go into the prospect's bank and reduce their debt payment cycle.

Monthly Over-Payments from Debts: These are additional payments the client may be making against one or more of their debt accounts to get after their problem in the only way they know how. You will absolutely want to grab these dollars and reallocate them while advising the prospect to make the minimum payment only from then on. Those overpaid dollars will be much more efficiently deployed in their Family Bank.

Monthly Contributions to Investments: As we said earlier, saving money while paying debt is like treading water – the prospect isn't getting ahead – they just feel like they are because the destination for those dollars has a label that seems like progress.

Let's assume the client has a debt with an interest rate of 8%. Ask the client if given a choice – they would make another contribution to their savings/investments – where the money will likely be at market risk – where there will be taxes on any gains – and where the growth is both unknown and uncertain; or would they prefer to put those same dollars into an investment where they can earn a **guaranteed 8% return – that is tax-free?**

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By reallocating those dollars to their 8% debt, that's essentially what they're doing – and presenting it this way will make a lot of sense to the client – earning you commissionable premium for their bank.

You may run into an objection about **'matching funds'** added by an employer to their contributions if they have access to a 401k or similar plan. The client may express their reluctance to 'give up' that 'free money' from their employer. In this case you may say something like,

"I assume you'll want to take advantage of my matching contributions if they're better than your employer's, won't you?"

You can very effectively make the case that every dollar of interest we will save the client is just the same as a dollar added to a retirement account from an employer. Chances are, you'll save them more in interest than they'd get in the form of matching funds over the same timeframe.

Found Discretionary Money: The spending planner can seem like extra work – or work that might be embarrassing or remedial for the prospect. But it is usually an eye-opening experience for the prospect, and an excellent source of easy money to fund the prospect's bank. Take the time to either walk the client through the exercise – or highly recommend they do so on their own.

Even in instances where you don't find any 'easy' money, oftentimes this will come back to benefit you. Many prospects who might not otherwise volunteer to curtail their spending in a 'sacrificial' way – when they see how quickly they can be out of debt – will be newly motivated to find additional money to get after their debt even quicker. Having done the spending planner, it will be fast and easy to identify expenses the prospect can cut from their budget to comfortably identify extra dollars for their bank.

Amount from Qualified Accounts: If the prospect is under 59-1/2, they will pay both tax and penalty on money they reallocate from a qualified account to a life insurance policy. The exception is 72t withdrawals, which is a bit more sophisticated strategy and should involve an account or tax professional. Generally, this is not a great place to look for money – although in some circumstances – and with some clients – it can be. Be careful when talking about qualified money as the new DOL rules will apply to the advice you offer your client.

Amount from Non-Qualified Accounts: Non-qualified money on the other hand – can be a ready source of premium for a LIF policy. In many cases, a prospect's not-qualified money is their 'emergency' account. They should know that most of that money – as it is redeployed remains 'liquid' in the event of an emergency. Additionally, the prospect should know that you will be building your proposal with a **built-in reserve** which will be available at all times.

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1035 Exchange: This is super-easy money as the transfer can happen in a tax-free exchange, and the transferred amount is immediately available for debt elimination purposes. You may find some clients reluctant to do a 1035 exchange – thinking they can do the same thing from their existing cash-value life insurance policy.

Our experience is that most 'incumbent' cash value insurance has two problems as relates to debt elimination. First, the death benefit is typically not 'minimized' as it would be in a LIF scenario. That makes their incumbent policy less efficient than a new LIF policy will be. Second, the loan interest rate from some carriers is far more than from a LIF policy. This can make is untenable to eliminate debt from an existing policy.

You can always point out that a newer policy likely has lower mortality charge (age comparable), and that the 'living benefit' package is likely far better in a newer (LIF type) policy.

Life Insurance Premium Exchange: Again – low hanging fruit. If the client has a policy that their new policy will replace, the premium from the old policy can be rolled up into premium for the new Live Interest Free policy.

Two caveats. First, make sure the face amount/death benefit is at least as much as the policy that is being replaced. Make a margin note that you need a minimum $XXX,XXX of death benefit. This can normally be accomplished with a low-cost term rider attached to the policy. Second, be sure the prospect does not cancel their existing policy until the new one is in force. If the client wants to avoid double premiums, they can suspend premium payments to their current policy and let it go into the grace period ONLY if they are careful to ensure that it does not lapse until/unless their policy is placed in force. Diligence can avoid a lapse in coverage and double premiums.

Other Available Money (future): Use this to identify any inheritance, process from the sale of a business or asset, or other source of future income that could be allocated to premium for a Live Interest Free policy.

Another Idea: If asked, many prospects will tell you they regularly get a tax refund in the spring each year. Often, this is money they would consider using to get after their debt situation. You can easily accomplish this by advising them to go to their employer's personnel office and asking to adjust their withholding taxes – which they do by submitting a new form W-9.

If the prospect typically gets an annual refund of about $3,000, you might suggest they adjust their exemptions to put about $200/month back into their paycheck. That will still leave them a $600 refund (don't suck up all their refund), and it gives you an extra $200/month of commissionable premium – while helping them corral their debt situation even more efficiently.

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Closing the Pain Meeting – Setting the Solutions Meeting

Thank the prospect for sharing so openly. Reassure them that you will keep their information confidential. Reinforce the importance of complete and accurate information in order to get them the best possible outcome.

Explain that you'll be putting their information into your case design software.

The product of the Case Design process will be the Big Picture Report.

Close with an upfront contract:

"Okay – so we're getting back together on the 12th at my office at 9:00 a.m. We're going to need about 90 minutes for that meeting. I'll review our solutions with you – we'll see if it makes sense to take the next steps or not – and we'll either continue down that path– or I'll get you out before the 90-minute mark. Does that sound about right?"