

# ***THE HARRIS REPORT***

**SAFE MONEY STRATEGIES:**

**“WHAT BANKS AND  
INVESTMENT BROKERAGES  
DO NOT TELL YOU”**

DAVID F. HARRIS CLTC, CEP  
HARRIS INSURANCE SERVICES  
215-385-0876 / 215-292-2030 / (F) 215-402-0104  
[david@harrisinsurance.info](mailto:david@harrisinsurance.info) / [www.harrisinsurance.info](http://www.harrisinsurance.info)

**This industry report does not attempt to broadly criticize the Banking and Investment Brokerages. This report only applies to some Banks and Investment Brokerages that are not being transparent in their dealings. Too many Banks, Brokerages, Financial Advisors, and Insurance Agents are not giving their customers all their options when it comes to saving money.**

**The Harris Report will tell consumers what many Banks and Investment Brokerages are not willing to talk about and why. It will also educate you about a great financial product that many fail to inform their customers about. This financial product should be on every financial news program and talk show; especially now as consumers 401k's, 403b's, 529 plans, and mutual funds are sinking lower everyday. Unfortunately if it was widely known and understood the Banks and Investment Brokerages would loose billions.**

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## ***WHAT SOME INVESTMENT BROKERAGES AND ADVISORS DO NOT TELL YOU.***

### **Fee and Commissions**

**At the time of this report the Dow closed below 7000. Consumers are seeing their savings, retirement plans, college plans, and investments continue to decline. Years of saving and sacrifice are diminishing daily with no end in sight. In addition to the market decline some investment brokerages are still charging fees on your meager investment.**

**Do you know what fees and commissions you are charged? Did they forget to mention that regardless if you make or loose money you still pay fees? It reminds me of the movie "Trading Places" were the Duke Brothers explain to young William how they make money.**

**Even though you have lost hundreds and thousands of dollars in the market, you must deduct the fees or commission from your gains and losses. So how much are you really loosing if we count fees? Did you read that long perspective or the small print? And to add insult to injury, did you receive a call, email, or text message from your representative? You know, that call to see if you would like to move all or part of your life savings to something guaranteed. This report did not say something more conservative, because most of those investments are declining too. Wouldn't it be nice to have something with no fees, commission, and guaranteed?**

### **Loss and Gains**

**Did your investment representative emphasize the losses you could incur or the gains? Usually it is the gains that they emphasize - hundreds and thousands of dollars that you can make in the market. Do you remember the brochures and charts that showed how the past five year returns were 10% or 15%? Sure, you remember all that**

stuff. But did you remember that you could also lose 20% or 30% of your 401k or 529 plan?

How long did it take you to save \$10,000, \$20,000 or \$100,000? How many hours did you have to work in that cold and dirty factory? How many months did you have to endure that crazy manager or supervisor? How many of these Financial Advisors realize what losing thousands of dollars mean to a hard working customer making \$40,000 a year.

I know I hate losing money. I do not care if it \$5.00 or \$500.00. My stomach just starts to roll when I think about the money I lost, especially if there was a way I could have saved money and did not know. Do you remember the feeling of paying full cost at a store? Then later discovering you could have purchased it on sale and saved 30%.

It is not about a gain strategy all the time; it is about how much you do not lose. If you are young you may have time to recover from big losses. But if you are older and retired, working may not be an option. Don Vito in the movie "The Godfather" said that "Men cannot afford to make mistakes". Seniors and poor folks can not afford to lose money. They need an option where they can increase their savings without fear of loss.

## Investing vs. Saving

Did your investment representative explain to you the difference between investing and saving money? Probably not. They might have assumed that you knew the difference.

I remember helping a customer named Ms. Gunter when I worked as a Financial Specialist. Ms. Gunter asked me to look over her retirement account statement. She did not understand why her balance was not higher, it had failed her expectations. After reviewing the account I informed her that the retirement plan invested in mutual funds via a variable annuity (terrible choice) and had lost money. Ms Gunter was very upset and explained something to me I will always remember. She told me she did maintenance work for a living and did not make much money. She could only afford \$25.00 a month to put into her retirement account. Ms. Gunter asked the retirement plan advisor if her \$25.00 a month was guaranteed not to lose anything. Unfortunately, he said "yes", and 12 months later she only had about \$234 in her account. I explained that the product did not work the way she thought.

The way she thought is the way many consumers think. If you save \$25.00 a month for 12 months you should have \$300 plus some interest. If you think this way you want to save money, not invest. Investment means there will always be some risk of losing what you put in and what you have gained. Saving means that you should never lose what you put in even if there is little or no gain. The bank customer needed a saving vehicle, not an investment vehicle. What type of vehicle do you need to take you to retirement- savings or investment?

**Rescue your 401k and 403b Plans Now!**

**In the U.S. the 401k and 403b are the plans of choice when investing for retirement. These plans are very popular and convenient for consumers. It is a great way to save on taxes and put money away for your retirement. Unfortunately at the time of this report most 401k and 403b plans are declining with the Dow. Billions of retirement dollars are slipping away daily with consumers not given any options to save some of their money.**

**Do you know that you can take some of your money out of your 40k and 403b and transfer it to an account not subject to market fluctuation? Did your investment advisor tell you (or your employer) about the *"in-service, non-hardship withdrawal provision"*? *This provision allows an employee to transfer funds from an employer sponsored retirement plan (like a 401k) to a Self-Directed IRA (Individual Retirement Account) without retirement, disability, termination, hardship, etc.* How many 401k employees and employers know about this provision? In addition, there is another provision that allows transfer of employer's profit sharing/matching contributions to a Self-Directed IRA regardless of age, without triggering tax penalties. But why would your 401k investment advisor tell you about ways to take money out of your account and deprive them of fees and commissions? That is too much like doing right. If you knew about these provisions last year would you have left all your money in your 401k or 403b?**

**Don't be too hard on them.**

**2008 and 2009 was not a good year for investment advisors and investment brokerages. Some of the largest investment brokerages in country have failed or being forced to merge to stay in business. No more big bonuses and commissions. Many people in the industry have lost their jobs and houses. Don't be so hard on your retirement representative. They must maintain goals and quotas in order to keep there jobs and corner offices. How can they make fees and commission if you stop contributing to your 401k's, 403b, and 529 plans? Even though it is a good idea to buy stocks and mutual funds when they are low. They still should give you an option to put a portion of your money into a savings vehicle, not an investment vehicle, right?**

## **WHAT THE BANKS DO NOT TELL YOU?**

**What's your background?**

**From 2006-2007 I was a Financial Specialist for one of the largest banks in the U.S. The title "Financial Specialist" was suitable for me at the time. I had spent over 20 years in the financial service field. Unfortunately, some of my colleagues who were "Financial Specialist" did not have the same education, experience, and background. Some of the Financial Specialists were right out of college; some had sold mortgages, cars, and worked in staffing before banking. But after three months of training and licensing they were tilted "Financial Specialist".**

**If you want to be a Carpenter or Plumber, how many years do you have to be an Apprentice before you can be a Journeyman (or Journeywomen)? And after obtaining Journeyman level what additional education and experience do you need to be a Master Plumber? But to be a Financial Specialist less than a year of training was sufficient for the bank.**

**To be fair, some Financial Specialists are very smart and knowledgeable. They are honest, hardworking, and diligent in their duties. As a consumer you would be considered fortunate to have one at your local bank.**

**Did you ask the person at your local bank handling your savings and investments about their financial background? Remember, banking has changed over the years. Banks do mortgages, loans, insurance, investments, and estate planning. Besides the Insurance Agent and Tax Preparer, the bank Financial Specialist might be the only person to give consumers financial education. Their responsibilities range from managing your savings account, checking account, investments, employer direct deposits, social security direct deposits, credit cards, auto loans, and mortgages. With this type of financial responsibility should not the banks hire and maintain Financial Journeymen and Master Financial Specialist? The next time you go to your bank ask about your representative's financial education and experience. You might be surprised by the response.**

**A Savings Account?**

**I remember my first saving account was with the PSFS (Philadelphia Savings Funds Society) School Banking Program. It was a great program that allows many young people to open their first account and learn about banking. I was a school banking officer at Joseph Pennell Elementary School in Philadelphia, where I collected the deposits and passbooks from the students about once a month. I was thrilled when I saw my little dollars and interest grow every month. But one thing I do not remember was a bank fee.**

**Today's savings accounts at most banks are called statement savings accounts. The day of the passbook are about over. The statement savings usually charge a fee if your balance is below a minimum, for example \$200.00. This fee could be \$5 to \$15.00 a month if your balance is below the minimum. So unless you have the minimum, is it worth it to open a bank savings account? When I worked at the bank and customers had less than the minimum. I encourage them to first open a free checking account without a check card (banks make money on the check card, not the free checking account). Then I told them to save money in the checking account and then open an online account where the interest rate was much higher than the bank's.**

**The bank's saving account interest rate for low deposits was about .25 %, not even 1 percent. In order to get 1% or 1.5% you needed about \$1,000-\$2,000. One percent interest was ridiculous then and ridiculous now. Today March 9, 2009 a 15 year CD was only 1.9%. That interest rate doesn't even keep up with inflation and taxes. What type of saving is this? It is called "penny saving", because you will never get a dollar in interest and the search for higher interest has lead the uneducated banking consumer into the hands of the bank's Financial Advisor.**

### **A wolf in sheep's clothing?**

**Most banks have a Financial Advisor (SEC licensed to sell investments) on staff to help customers with other financial choices besides savings accounts, CD's, and money markets. The Financial Advisors are more financially knowledgeable than the Financial Specialist or Branch Manager. Sometimes they are bank employees (many banks now own investment brokerages) or employed by an investment brokerage that has a relationship with the bank. Some of these advisors are strictly compensated by commission. That means if they don't sell investments like mutual funds, stock, or bonds they don't eat.**

**My concern is to make sure consumers can eat after this banking experience. Too many banking customers have been sold investment vehicles instead of saving vehicles. The problem is consumers think because the investment was acquired at the bank it is covered by the FDIC like their saving account and CD's. This is a costly mistake made by some consumers in search of higher returns.**

**Most of the bank Investment Advisors have access to your account balances. When they see an account with a high balance (over \$5,000) that consumer might get a sales call. CD's and money markets don't generate large fees and commission like mutual funds and other investments. Many senior citizens fall prey to these advisors in search of higher returns to supplement their retirement.**

**When the market was up, I'm sure the seniors were delighted with the gains and dividends they received. How do they feel now with market down thousands of points? What happens to those seniors who were not given all their options? The money they lost in the market, do they have time to recoup? Can they pay their bill and buy groceries? I remember when I worked at the bank I met an elderly couple that supplemented their income from CD interest. The husband was self employed and did not have a pension, but he did save \$300,000 which he had in CD's. The couple supplements their income from**

**the interest off the \$300,000. Three years ago the CD's were paying about 5%. Today CD rates are much lower. I hope a financial advisor didn't persuade them to move their CD's to mutual funds or stocks to get higher returns.**

**Please monitor the bank accounts and transactions of your parents, grandparents, and other elderly relatives. Many bank financial advisors target senior citizens instead of younger people because they usually have higher balances. Some seniors are targets because they live alone and do not have anybody to help them with their finances. I know times are hard so be vigilant.**

# WHAT THE HARRIS REPORT WANTS YOU TO KNOW

In today's volatile financial environment consumers need saving options in addition to investment options. In the previous two sections dealing with banks and investment brokerages. The Harris Report gave you examples of financial information that is sometimes held back from consumers. This lack of information will limit their options when it comes to saving for retirement and college. Many consumers with declining 401k, 403b, and 529 plans are looking for a financial option or product that gives them;

- No fees and commissions deducted from contributions.
- Safety of principal and gains.
- Market-linked returns that hedge against inflation.
- Market linked gains with no losses.
- Tax deferred savings.
- Contractual guarantees from fraud and losses.
- Some liquidity without penalties.
- Flexible and low contributions for small businesses.

The financial option or product that has all these features is the FIXED INDEX ANNUITY.

What is an annuity and fixed index annuity?

An annuity is a contract in which a life insurance company makes a series of income payments in return for a premium. A fixed index annuity is an annuity that earns interest or provides benefits that are linked to an external index. Index examples are the S&P 500, Dow Jones, NASDAQ 100, and the Russell 2000. Both annuities are obtained from life insurance companies. Fixed Index Annuities have been around since the late 1990's. I was introduced to fixed index about eight years ago at an insurance seminar. I was immediately fascinated with this financial product. I began to study the various types of fixed index annuities and how they could help my clients.

## BENEFITS OF A FIXED INDEX ANNUITY (FLA)

In the past, consumers had to decide between two situations. On one hand, the safety and guarantee of contributions and credited gains. On the other hand, most people wanted the potential of higher returns by being linked to the market---the return potential that a fixed-rate investment cannot offer. This was the choice that retirement and college plan savers had in the past—(1) receive the guarantee of deposits and a minimum amount of interest (i.e. cd's and money markets) or, (2) participate in the market with potential of higher returns, but also the exposure of market downside and loss of investment. With the benefits of the fixed index annuity a consumer can have the best of both worlds. Guarantee of contributions, and the potential of market-linked gains with no risk of loss due to market fluctuations.<sup>1</sup>



**Your Banker or Investment Advisor should have informed you about this product? The FIA has been around since 1995! With the market losing billions of dollars a Fixed Index Annuity could have saved consumers from losing big-bucks in their retirement and college plans. I am familiar with several reasons why they did not tell you. One, if banks and investment companies sold fixed index annuities they will lose billions in deposits that is difficult to retrieve from life insurance companies. Second, investment brokerages get fees for assets under management. The more money they manage the higher the fees they receive on those funds. If they put your money into a FIA they will receive a commission from the insurance company. But the commission does not compare to the fees and bonuses they receive from the investment brokerage in the long run. And last, many bankers, investment advisors, and insurance agents don't really understand the potential of the product. If they don't understand the FIA, how can they explain it to you?**

These are some of the features of the fixed index annuity.

1. Guarantee of Premium
2. Minimum Guarantee Cash Value
3. Tax Deferral
4. Liquidity of Funds.
5. Guaranteed Lifetime Income
6. Strength of Legal Reserve Life Insurance Company
7. Potential of Stock Market- or Bond-Linked Growth
8. Bonuses on Premiums Contributions up to 11% a year for 7 years.
9. 10% Penalty Withdrawal Annually.

## **KEEP IT SIMPLE**

**Some consumers find the FIA difficult to understand. Here are a few things to remember.**

**IF THE MARKET GOES DOWN, YOU DON'T LOOSE ANYTHING, YOU GET A ZERO. A ZERO IS ALWAYS BETTER THAN A NEGATIVE 20% OR 30%.**

**WOULD YOU LIKE A ZERO CREDITED TO YOUR 401K OR A NEGATIVE 30%?**

**MUTUAL FUND & STOCKS -WHAT GOES UP MUST COME DOWN. IT'S THE LAW OF NATURE**

**FIXED INDEX ANNUITY - WHAT GOES UP STAYS UP WITH NO LOSSES. IT'S AGAINST THE LAW OF NATURE**

**DID YOUR BANK OR BROKERAGE GIVE YOU A BONUS FOR YOUR BUSINESS? OF COURSE NOT, BUT WE WILL GIVE YOU UP TO AN 11% BONUS FOR YOUR BUSINESS PLUS MARKET GAINS.**

*'NORTH AMERICAN FOR LIFE AND HEALTH, "UNDERSTANDING A FIXED INDEX ANNUITY", 2009.*

**INSURANCE COMPANY USE THESE INDEXES FOR THEIR INDEXED-  
LINKED ANNUITIES**

**S&P 500**

TRACKS 500 BLUE CHIP COMPANY STOCKS.

**DOW JONES INDUSTRIAL (DJIA)**

THE OLDEST INDEX THAT TRACKS 30 OF THE LARGEST BLUE CHIP COMPANY STOCKS (I.E. IBM AND AT&T).

**NASDAQ 100**

TRACKS 100 OF THE LARGEST STOCKS TRADED ON THE NATIONAL ASSOCIATION OF SECURITY DEALERS AUTOMATED QUOTATION EXCHANGE.

**RUSSELL 2000**

TRACKS 2000 SMALL CAP COMPANY STOCKS.

**S&P 400**

TRACKS 400 MEDIUM-SIZED COMPANY STOCKS.

**LEHMAN BROTHER U.S. AGGREGATE BOND INDEX**

REPRESENTS THE AVERAGE OF ALL PUBLIC-ISSUED, FIXED-RATE, NONCONVERTIBLE GOVERNMENT AND CORPORATE BONDS THAT ARE AT LEAST TRIPLE RATED.

**DOW JONES EURO STOXX 50**

A STOCK INDEX OF EURO ZONE BLUE CHIP REPRESENTATIONS OF SUPER SECTOR LEADERS IN THE EURO ZONE (EUROPE). IT COVERS 50 STOCKS FROM 12 EURO ZONE COUNTRIES.

**HANG SENG INDEX**

CAPITALIZATION WEIGHTED STOCK MARKET INDEX IN HONG KONG. THE 45 COMPANIES THAT MAKE UP THE INDEX REPRESENT 67% OF THE CAPITALIZATION OF THE HONG KONG STOCK EXCHANGE.

## **SAMPLE ALLOCATION OF YOUR DEPOSIT WITHIN A FIA**

A FIA gives the consumer the opportunity to diversify their premiums between various index-link accounts in one annuity. These premiums are not in the market. The premiums are in the life insurance company's general account. This is a guaranteed account. That's why we use the term index-linked because the premiums are not in the market. Your money is 100% protected against market loss and fluctuation.

The following example will illustrate how you can diversify your premiums between different indexes in one product. In addition to index options, all FIA's have a fixed account. This is an account that has a fixed interest rate that is guaranteed for 12 months. It's like having CD inside the FIA.

Two things to remember about a FIA vs. a mutual fund or stock.

Mutual Fund or Stock-----	unlimited upside or gain / unlimited downside or loss	
	i.e. +40%	i.e. -70%
Fixed Index Annuity-----	limited upside or cap / limited downside or no loss	
	i.e. +36%	i.e. 0

In the following example a client wants to rollover a \$100,000 CD in a FIA. Based on the client's suitability the following allocation was advised.

<u>INDEX</u>	<u>PERCENTAGE</u>	<u>CAP<sup>2</sup> OR MAX. GAIN</u>
S&P 500	20% (\$20,000)	2.4% A MONTH
S&P 400	20% (\$20,000)	8% A YEAR
NASDAQ 100	20% (\$20,000)	3.2% A MONTH
DOW JONES	10% (\$10,000)	6% A YEAR
RUSSELL 2000	10% (\$10,000)	7% A YEAR
DOW JONES EURO 50	10% (\$10,000)	6.5% A YEAR
FIXED ACCOUNT	10% (\$10,000)	3.2% A YEAR

SEVEN CHOICES IN ONE PRODUCT THAT YOU CAN CHANGE AROUND ONCE A YEAR.

<sup>2</sup>The cap is the maximum interest that you earn in one year or month. With the monthly cap, you multiply 12 times the monthly cap get the annual maximum (I.E. 3.2 % x 12 = 38.4% in a perfect economy). Just remember it can never go below zero.

# SAFE MONEY STRATEGIES

This section gives you an idea how the FIA works in various scenarios. One of the most unique features of the FIA is called the “premium bonus”. Some insurance companies that market FIA’S will give you a bonus on all the premiums they receive from the 1st thru the 7<sup>th</sup> year. For example, you give Company Z a premium of \$20,000. The Company Z bonus is 10% in the first year, so you receive \$2,000. In addition to the \$2,000 you receive 9% interest based on the market-linked indexes you selected.

## *HOW DOES IT WORK?*

DEPOSIT	\$20,000
+	
BONUS (10%)	\$2,000
+	
INTEREST (9%)	\$1800
=	
END OF YEAR BALANCE	\$23,800

## **TRY THESE STRATEGIES!**

You can also use an Educational IRA (Coverdell Educational Savings Account) in a FIA as an alternative to a 529 plan. That way you can get an annual tax deduction, bonus, and market-linked returns, and no losses.

Grandparents can use the bonus as a college gift without touching their principal and market gains. I.E. Grammy gets a \$50,000 FIA with a 10% bonus ( $\$50,000 \times 10\% = \$5,000$ ) and gives the \$5000 (10% penalty free withdrawal) to grandchild. Try that with a bank CD!

Churches can use the bonus as a scholarship or benevolence. Many churches have thousands of dollars in banks CD’s and money markets. If they purchased one FIA for \$100,000 with a 10% bonus, that’s a \$10,000 scholarship fund. And they can use the market gains to add to the scholarship fund every year!

## TRADITIONAL IRA STRATEGY

This example is based on a single female in a 15% tax bracket. She is using a 10% Bonus FIA with an IRA deposit of \$5,000. I call this the Quad-Savings Formula, 4 ways to save.

<b>IRA CONTRIBUTION</b>	<b>\$5,000</b>
+	
<b>10% PREMIUM BONUS</b>	<b>\$ 500</b>
+	
<b>TAX SAVINGS FROM IRA</b>	<b>\$ 1250</b>
<small>(\$40,000 GROSS INCOME -\$5,000 IRA CONTRIBUTION=\$35,000 ADJUSTED GROSS INCOME)</small>	
+	
<b>9% FIA 1<sup>ST</sup> YEAR INTEREST</b>	<b>\$ 450</b>
+	
<b>TAX DEFERRAL SAVINGS</b>	<b>\$ 142</b>
<b>TOTAL 1<sup>ST</sup> YEAR BALANCE</b>	<b>\$7342.00</b>

### **QUAD SAVINGS FORMULA**

$$\mathbf{\$500 + \$1250 + \$450 + \$142 = \$2342}$$

**46% RATE OF RETURN!!!**

You can also substitute a 403b plan into this example and get pre-tax savings instead of post-tax. It would be nice if 403b employees could get an 11% match on all their contributions for 7 years. Unlike 401k plans, 403b companies like 501(c3) non-profits usually do not match. This would be a great benefit. They would get a bonus and tax savings with no cost (403b plan with no administration fees or expenses) to the employer!

# **PASTOR'S PENSION PLAN STRATEGY**

**There are thousand of churches in the U.S., some are big and others small. However, the one thing they all have in common is a Pastor. In the larger churches they have the resources to give their pastors houses, cars, and good salaries. Unfortunately, because of limited resources, smaller churches may only be able to afford a parsonage or low salary. If the pastor and his spouse need a retirement plan, they may have to get a job that provides a pension or 401k.**

**A good pastor will dedicate their lives to the congregation and the community. Then after 30 or 40 years of service, what do they have for themselves and their family? Yet, many churches over look the need for a retirement plan for pastors.**

**The FIA Pastor's Pension Plan can be used as an individual retirement plan for ministers. Church employees like secretaries, janitors, and musicians can also participate in the plan.**

**Spouses are often forgotten after the death of a pastor. With the FIA Pastor Pension Plan survivor benefits can be used by the spouse or pasted on to the children. Many First Ladies of churches often work equally as hard as the Pastors. This would be a great way to show appreciation for their service.**

**A FIA retirement plan for the Pastor and church employees is a great way to say, "Thank You" for years of faithful service. Giving flowers and plaques are fine, but they can't be used to pay bills and groceries.**

**It is important to remember that the Internal Revenue Service (IRS) is clamping down on religious organizations and non-profits. The days of just taking money out the collection plate are over. All church contribution have to be accounted for and recorded.**

## **Does your church have a Pastor's Pension Plan?**

**Consider the benefits:**

- 5%-6% bonus/match on all contributions up to eight years**
- Market-linked gains and no losses.**
- Tax benefits to pastor and employees.**
- Lifetime Income they can't out live.**

**Also remember that a 403b plan can be established at no-cost to the church.**

## ARE YOU TAKING CHANCES WITH YOUR RETIREMENT FUND?

### 401K (MUTUAL FUNDS) VS. FIXED INDEX ANNUITY (FIA)

	401K	403B FIA
MARKET GAINS	YES	YES
MARKET LOSSES	YES	NO
CONTRACT WITH COMPANY	NO	YES
FEE AND EXPENSES DEDUCTED	YES	NO <sup>1</sup>
TAXED DEFERRED	YES	YES
GUARANTEE FUND AGAINST LOSS	NO	YES <sup>2</sup>
LEGAL RESERVES AGAINST LOSS	NO	YES <sup>3</sup>
ACCOUNT BONUSES	NO	YES (UP TO 6%)
TAX DEDUCTIBLE	YES	YES <sup>4</sup>
PENALTY FOR EARLY WITHDRAWAL	MAYBE <sup>5</sup>	YES <sup>5</sup>

<sup>1</sup> AN ANNUITY HAS SURRENDER COST THAT ARE INCURRED IF ANNUAL WITHDRAWALS EXCEED 10% OR THE ANNUITY IS SURRENDERED/CANCELED.

<sup>2</sup> **YOUR ANNUITY DEPOSITS ARE GUARANTEED UP TO ~\$50,000, UNLIKE THE 401K PLANS.**

<sup>3</sup> INSURANCE COMPANIES ARE REQUIRED TO HAVE LEGAL RESERVES EQUAL TO YOUR DEPOSIT. ALSO THE STATE INSURANCE DEPARTMENT REGULATES AND EXAMINES ALL INSURANCE COMPANIES OPERATING IN THEIR STATE.

<sup>4</sup> IF YOU CHOOSE AN IRA, SEP (SELF-EMPLOYED PENSION), OR OTHER QUALIFIED PLAN.

<sup>5</sup> UNDER THE 401K THERE ARE CIRCUMSTANCES THAT YOU CAN MAKE A WITHDRAWAL WITHOUT PENALTY. IF YOU HAVE AN ANNUITY IN A ROTH YOU CAN DO A 5-YEAR DON'T TOUCH AND NOT PAY TAXES ON INTEREST. ALSO MANY ANNUITIES OFFER UP TO A 10% ANNUAL PENALTY FREE WITHDRAWAL.

**"DON'T PUT ALL YOUR EGGS IN ONE BASKET – DIVERSIFY!"**

## ARE YOU TAKING CHANCES WITH YOUR CHILDREN'S EDUCATIONAL FUND?

### 529 PLAN VS. FIXED INDEX ANNUITY (FIA)

	529 PLAN	FIA
MARKET GAINS	YES	YES
MARKET LOSSES	YES	NO
CONTRACT WITH COMPANY	NO	YES
FEES AND EXPENSES DEDUCTED	YES	NO
TAX DEFERRED	YES	YES
GUARANTY FUND AGAINST LOSS	NO	YES <sup>1</sup>
LEGAL RESERVES AGAINST LOSS	NO	YES <sup>2</sup>
NURSING HOME RIDER	NO	YES
ACCOUNT BONUSES	NO	YES
TAX DEDUCTIBLE	NO <sup>3</sup>	YES <sup>3</sup>
PENALTY FOR EARLY WITHDRAWAL	YES	YES
MUST USE FOR EDUCATION	YES	NO <sup>4</sup>

<sup>1</sup> YOUR ANNUITY PREMIUMS ARE GUARANTEED UP TO \$300,000, UNLIKE YOUR 529 PLAN..

<sup>2</sup> INSURANCE COMPANIES ARE REQUIRED TO HAVE LEGAL RESERVES EQUAL TO YOUR DEPOSIT. ALSO THE STATE INSURANCE DEPARTMENT REGULATES AND EXAMINES ALL INSURANCE COMPANIES OPERATING IN THEIR STATE.

<sup>3</sup> IF YOU CHOOSE AN IRA, SEP (SELF-EMPLOYED PENSION), OR OTHER QUALIFIED PLAN. SOME STATE ALLOW 529 CONTRIBUTIONS TO BE TAX DEDUCTIBLE. NOT DEDUCTIBLE ON FEDERAL TAXES.

<sup>4</sup> IF THE FIA IS IN A TRADITIONAL IRA OR EDUCATIONAL IRA YOU CAN USE FOR EDUCATION WITH NO TAX PENALTIES. THERE MIGHT BE AN ANNUITY PENALTY FOR EARLY WITHDRAWAL.

**"DON'T PUT ALL YOUR EGGS IN ONE BASKET – DIVERSIFY!"**



## CONCLUSION

Thank you for taking the time to read the first issue of The Harris Report. I hope you found the report informative and financially beneficial. If you are interested in any additional information on the fixed index annuity or any other insurance product please contact me by phone, fax, or email.

### If you need to....

- PURCHASE A FIXED INDEX ANNUITY
- ROLLOVER A 401K, 403B, OR IRA
- TRANSFER CD'S AND MONEY MARKETS
- SEP-UP A 403B PLAN
- SET-UP A IRA, ROTH, COVERDELL ESA, OR SEP

CONTACT DAVID F. HARRIS AT 215-292-2030 OR 215-385-0876

[hdfharris1@aol.com](mailto:hdfharris1@aol.com) or [david@harrisinsurance.info](mailto:david@harrisinsurance.info)

## **AVAILABLE FOR SEMINARS AND WORKSHOPS**

### **HARRIS INSURANCE SERVICES PRODUCTS**

**LIFE INSURANCE**

**DISABILITY**

**HOMEOWNERS**

**BUSINESS INSURANCE**

**HEALTH INSURANCE**

**EMPLOYEE BENEFITS**

**RETIREMENT PLANS**

**COLLEGE PLANS**

**AND FIXED INDEX ANNUITIES**

**FREE COLLEGE SCHOLARSHIPS** TO ALL READERS WHO MAKE AN APPOINTMENT. MINIMUM SCHOLARSHIP \$500. SCHOLARSHIP ACCEPTED AT OVER 200 PRIVATE COLLEGES AND UNIVERSITIES IN THE U.S.

***NEXT ISSUE OF THE HARRIS REPORT, "LONG TERM CARE - DO YOU REALLY UNDERSTAND IT"***

## **ABOUT HARRIS INSURANCE SERVICES**

**Harris Insurance Services (HIS) was established in 1991 by David Felix Harris as a full service Property, Casualty, Life, and Health Insurance Agency. HIS serves Individuals and Small Businesses in PA, NJ, DE, MD, AND FL.**

## **ABOUT THE AUTHOR, DAVID FELIX HARRIS CLTC, CEP**

**David F. Harris is a Philadelphia native and experienced financial professional. He is a graduate of Howard University's Center of Insurance and Risk Management and holds various insurance designations. For over 28 years David F. Harris has dedicated himself to financial education in his community. The following are some of his accomplishments.**

- 1983      OBTAINED LIFE AND HEALTH LICENSE**
- 1984      HOWARD UNIVERSITY, BBA IN INSURANCE**
- 1984      CERTIFICATION OF GENERAL INSURANCE,  
INSURANCE INSTITUTE OF AMERICA**
- 1985      CERTIFICATE OF COMPLETION, H&R BLOCK**
- 1991      OBTAINED PROPERTY & CASUALTY BROKERS LICENSE**
- 1991      FOUNDED HARRIS INSURANCE SERVICES**
- 2002      CERTIFIED SENIOR ADVISOR, CSA**
- 2002      CERTIFIED LONG TERM CARE, CLTC**
- 2002      CERTIFIED ESTATE PLANNER, CEP**
- 2004      CERTIFIED FIXED ANNUITY AGENT**
- 2005      ATRIA UNIVERSITY FOR ASSISTANT LIVING**