

Questions from NAFA Webcast: What to Expect in 2011

The following are answers to questions we were not able to address during the call.

Q: If I have my Series 65, am I "safe" to discuss their portfolio? And, if I the client wants to move a portion of their portfolio that is for example, all individual stocks to an annuity, does the client decide which stocks to liquidate to the annuity or do I help the client with this effort?

A: If the agent is also a series 65 investment advisor representative (IAR), she can give investment advice. She can help the client pick stocks to sell or even direct the client what to sell (assuming client does not object). I don't think there are any advice issues with an indexed annuity sale if she has a 65 (or Series 66). As a 65-licensed IAR, she has other requirements of a compliance nature AND the fiduciary standards too (e.g., an agent-IAR replacing a stock portfolio must disclose they are an insurance agent too and that they are then acting as an insurance agent and not an investment advisor).

Q: To the point of the 4 hour CE course that will be required in '11, will NAFA offer that course? When will info become available on that? What insight do you have to that?

A: Yes – Wisconsin, Iowa and Oklahoma have approved the 2010 Suitability Model. NAFA and SuccessCE have partnered to develop a course and it is approved in Iowa and OK at this time. Wisconsin's approval is pending the department's completion of the final CE Requirements. Visit www.nafa.successce.com for more information. As states approve the Model they will become available to NAFA members.

Q: If I purchase material from a third party vendor with a Finra review letter how much additional compliance is needed from my b/d?

A: The FINRA review will probably be all that the BD needs. They will not flyspeck any piece that has been reviewed and passed by FINRA. Most BDs will ask for a FINRA letter in lieu of the BD actually having to do a compliance review, especially for things they don't understand. So the rep who buys something with a FINRA letter needs to send it to her BD like anything else. They must include the FINRA letter but should have no compliance issues and a short review time.

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