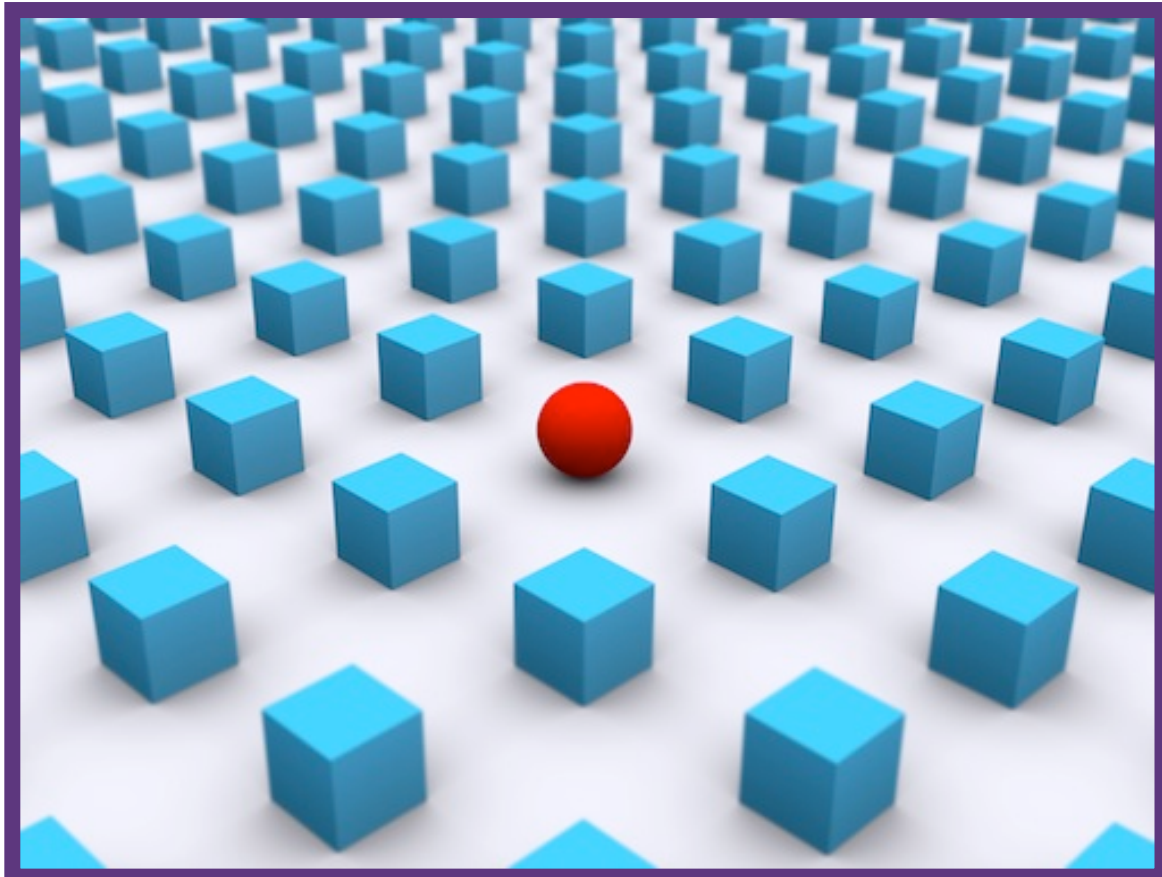




REGAL
INVESTMENT
ADVISORS™

White Paper

New Era of Financial Services



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Contents

Premise	2
The Need	2
Problem One	3
Problem Two	4
Problem Three	4
The Solution	4
Summary	5

Premise

The great recession, among other aspects, caused the American investor to be confused and frustrated, creating an opportunity for professionals who have both their insurance and investment licenses.

The Need

New surveys show new issues for retirees.

Problem One

Newly passed legislation will change the way we conduct business. Downward trends will continue like the past twenty years.

Problem Two

Outdated business models are not equipped to work on smaller margins.

Problem Three

Insurance companies withheld information rather than leading and communicating to the general population.

The Solution

Regal Investment Advisors was founded to train, mentor, and assist insurance agents, registered representatives, and independent investment advisors in building their respective businesses.

Summary

Regal Investment Advisors, following the three guiding principles of integrity, innovation, and independence, is dedicated to solving client problems.

Premise

The financial service industry is taking a relative breather, along with the general American investor. The time to increase market share and build an extraordinary financial service practice is now. This breather will allow professionals to refocus on our collective goals and objectives.

The effects of the 'great recession' have caused increased government intervention and regulation in the financial service arena. Advisors are starting to see the effects of the Dodd-Frank legislation and the reaction of the financial markets, or the service companies that represent, solicit, and create products in our country's economy. These regulations were caused by a governmental overreaction to market meltdowns and a political grandstanding rather than a consumer advocacy stance.

The idea of a new transparency in client communication will lead to greater bureaucracy. The attempt to regulate fraud in the industry by increasing paperwork and compliance rules and regulations will lead to attrition in the distribution systems, greater leverage on technology, and heightened cynicism from industry professionals.

The average American investor is frustrated and confused. The opportunity to build relationships and solve the problems of the American consumer is enormous. A professional holding insurance and investment advisory licenses will provide the necessary state and federal licenses to offer products and services to fulfill prospects and clients needs.

The Need

The American population is racing into their retirement years. The Baby Boomer generation and their challenges are all too well documented. The information garnered out of the Allianz Sponsored Whitepaper "Reclaiming the Future," brings up some interesting issues. The survey that interviewed a cross-section of more than 1600 households found these issues to be a concern for the wave of retirees:

1. Americans are planning for retirement at an earlier age.
2. The economic downturn was a big wakeup call.
3. Younger baby boomers are seeking guaranteed solutions.
4. Baby Boomers are open to working with Financial Professionals.
5. Annuity solutions are gaining relevance and appeal.

Problem One

Due to the demise of the career insurance distribution systems and the high turnover of banking and wire house channels, the distribution of the financial service products will continue to grow in the independent channel. Lack of support, training, and remuneration will force quality producers into the independent channel. Investment News clearly charted the growth of the Indy channel over the other traditional distribution models in their, "Annual Survey of Financial Service Sector." The lure of true independence and the entrepreneurial glory will continue to bring talented, hard working professionals into our space of the financial service arena.

These innovative individuals will continue to push for greater services and products to solve client needs. The new model of financial service professionals will include talented insurance professionals being forced to get their IAR license in order to satisfy new legislation requirements and/or client needs. The skill set of the insurance professional, including relationship building and sales ability, will be needed to communicate the new products and services that will be available to solve prospect and client problems.

Direct sales from industry leaders, including Schwab, Fidelity and TD Ameritrade, will continue, but will remain a minority position for the next generation of retirees. The average American retiree wants advice and interaction from a local entity that can be trusted. Online options are still questioned by investors in comparison to a handshake and smile.

The insurance professional that is educated and continues to grow and progress with the education and business practices will add value to the American retiree. Regal Investment Advisors will be an organization that will help and train these professionals to meet the challenges of the future.

Newly passed legislation will change the way we conduct business. More disclosures, rules, and regulations will need to be explained by professionals and not by internet videos or television commercials.

Traditional insurance career shops will continue to dismantle their proprietary sales forces by changing structures with compensation and compliance issues. Their corporate goal is to make profits and protect their margins. They will turn into product manufacturers and abandon their expensive distribution models. This trend will continue its downward spiral of the past twenty years.

The evolution of technology has made mobile and small offices easy to set up and maintain. The independent producer can easily duplicate the proposals and environments once garnered only by the larger wire house and career shops. Economies of scale regarding technology are being manipulated as profit margins. We see the independent advisor channel winning on both the technology and economic fronts.

In addition, increased compliance requirements will need to be pushed through technology platforms in order to keep profit margins and would take a simplistic procedural approach in order to be embraced by producers and consumers alike. A pragmatic approach to the new regulations will allow smaller and more progressive operations to capture greater market shares.

Problem Two

Financial Service companies have outdated business models that are not equipped to work on smaller margins and closer regulatory scrutiny. Distribution models and compensation models will change within the next five to ten years, reflecting the current political climate. Career shops and direct distribution will take drastic shifts. The independent financial service professional will have a tsunami of opportunity to serve the needs of a confused and skeptical Baby Boomer generation.

Problem Three

In a more extraordinary observation, insurance companies have been reactive and reluctant to advertise their success in providing secure retirement solutions for the boomer generation. They have quietly worked behind the scenes of this great recession instead of leading and communicating to the general population. The benefits that mark their greatness are not clearly illustrated to the consumer.

The Solution

Regal Investment Advisors was founded to train, mentor, and assist insurance agents, registered representatives (*RR*), and independent investment advisors (*IAR*) in building their respective businesses. Traditional business models are not equipped to handle the freedom of choice and the ability to react in real time.

Regal RIA is teaming up to with various insurance marketing organizations to assist independent Financial Service professionals and their respective practices to solve their client problems with products and services that are simple and effective. We have an organically developed and hard tested approach that addresses client needs, mitigates industry chaos, and relieves market uncertainty. We have the talent, resources, and the commitment to embrace this new era of the financial service arena.

The merging of a traditional insurance product for guarantees and the liquid inflation hedge strategy of a managed money model is what America needs and advisors are clamoring to provide in The New Era of Financial Services. This thought is backed and supported by, “Russell Investment Financial Professional Outlook Survey 2, 2014.”

This new hybrid business model is compliant effective, and solves client problems. As independent organizations products and services can be custom tailored to fit any client need or situation, we have the flexibility and talent to move strategically and tactically to maximize investor returns. The insurance products can be flexible and interchangeable while providing stability and security.

Risk tolerance and suitability forms will determine client risk tolerance. Accounts will be rebalanced in order to stop style drift and sector overloading. The fixed insurance products will provide the client with safety and guarantees. The RIA investment will remain liquid. The use of the IAR with ETF sector investing will reduce investment model costs and insure proper diversification under the Regal Investment Committee.

This hybrid model is customer centric and broker friendly. This model is cutting edge and takes the best of the past while focusing on the horizon of the future. As we face the challenges of the next several years, this model has the flexibility to evolve, remain compliant, and satisfy the needs of the American Investor.

The United States has never experienced the intergenerational transfer of money that it will see in the next 20 years. In addition to this, the amount of wealth that is going from the retirement accumulation phase into the retirement distribution phase is a new experience for the United States.

As said before, an unbiased approach needs to be presented to the American investor that represents the solution to their wealth transfer needs. The complexity of issues again leads one to the deduction of current online providers. Career sales people do not have the tools or diversification in their products and service arsenal to solve these issues with the optimal and most effective resolution.

A cross section of products and services derived from multiple sources can be accessed by the independent financial professional. These can include, but are not limited to, one or all of the following:

- Annuities that can be used to generate guaranteed income streams and to protect from down turns in the market
- Insurance contracts that protect seniors from long term care exposures
- Investment advisors services that allow flexibility and access to retirement funds while hedging inflation

Summary

Regal Investment Advisors is dedicated to solving client problems. Our approach of sporting insurance-based products with our RIA platform allows guarantees for and liquidity for client retirement portfolios. Regal Investment Advisors guiding principles, integrity, innovation, and independence, will lead to compliant and effective solutions for your clients.