



Money Concepts at: *Belgrade State Bank*

In April of 1994, Kinneth and Kenny Parker, Regional Vice Presidents of Money Concepts International, Inc., worked with Belgrade State Bank to set up their financial planning department. They began operations in two of their six branches. Harold Turner, Chairman of the Board, reports that "when we started our financial planning centre, I thought this was an integral part of banking business and Money Concepts seemed to be the best conduit for this important service. The Parkers, Money Concepts and our representative, Ray Reese, have proven me correct."

Belgrade State Bank is a 118 million-dollar asset bank with 6 offices, all within an hour and a half south of St. Louis. The demographics of the branch offices range from older declining communities with higher than average state unemployment to growing communities with high employment percentages. A unique characteristic of Belgrade State Bank is that it is 100% owned and managed by the Turner family. Harold Turner is the Chairman of the Board, his brother Donnie, his son Jonathan, and his daughter Julie all work at the bank. All six Directors on the

Board are members of the Turner family.

Since the inception of the service, they have had great response from their customers. They regularly open new accounts and other



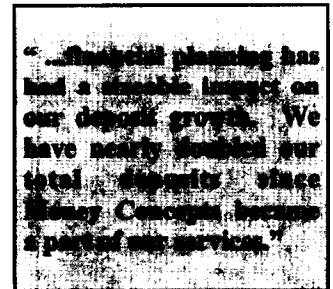
Harold Turner
President

bank services through referrals from the Money Concepts division. In addition, the bank employees are taught to cross sell and have incentives to refer customers to the financial planner, Ray Reese.

Two significant challenges the bank faced were; one, to make sure they had the right person for the job as financial planner, second, eliminate a concern that Money Concepts would take Certificate of Deposit money away from the bank. Soon after implementation, both of these concerns were put to rest. Disintermediation has

never been a problem for Belgrade State Bank. They have trained their staff to refer people to Ray if they can't sell any of their traditional accounts or if they think they are using another financial planner for investment services.

"I believe our Money Concepts Financial Planning Centre has and will continue to enhance long-term customer relationships for us. This service has achieved our original objectives. Our current goals are much higher since I can more readily see the potential," reports Mr. Turner. Chairman Harold



Turner continues, "I think financial planning has had a sizeable impact on our deposit growth. We have nearly doubled our total deposits since Money Concepts became a part of our services."

Belgrade State Bank started with the Money Concepts

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program after talking with Kinneth Parker. This was done after several other firms and banks had tried to sell them on their program. "Money Concepts sounded the



RAY REESE

best to me and has proven to be. I would tell any financial institution that financial planning and investment services are very rewarding through Money Concepts. We are very happy with it."

Ray Reese is a 15 year industry veteran and has

been working with Belgrade State Bank for 5 years. Ray feels that working in a bank environment offers the opportunity to build a relationship of trust with the bank officers

and employees so that they refer their customers. Also, being in the bank brings an

"I would tell any financial institution that financial planning and investment services are very rewarding through Money Concepts."

atmosphere of trust and integrity to your business that might take several years to build on your own. He states that "it is very powerful to have the support and credibility of the bank standing behind you."

Ray continually finds himself among the leaders at Money Concepts. He reports that their most successful marketing tool is seminars. "There is just not a more effective way to reach several potential customers at one time. If you provide dinner and an exciting educational seminar, you will usually have a great response. This is also a fantastic way to build your name recognition with the bank's customers."

With a production balance of 70% fees and 30% commissions, Ray finds that the most productive market for him is the retirement / rollover market. However, working in the bank environment, he is happy to work with anyone.

As a company leader, Ray would advise other representatives working in a financial institution "to support the institution, and deliver on what you say you are going to do. Try to put yourself in the position of the owner or officer of the financial institution and understand their concerns. It's not just about receiving referrals from them, you need to be referring your clients and colleagues to the institution as well." Ray continues, "You must keep them informed of your business plan and goals and the progress you are making towards achieving them. If you don't have their support, then you most likely do not have their trust."



DO YOU HAVE REALISTIC MARKET EXPECTATIONS?

What kind of market returns do you expect in the coming decade? Will stocks bounce back to the high returns of the late 1990s, equal historical averages, or slip below that? Will the returns you anticipate be enough for you to meet your personal financial goals? What will you do if returns come in below average? Or are you uncertain as to what the market will do and not sure what to do next? Join the crowd.

One of the hot topics among investment experts today is not whether we'll see a return soon to the double-digit performance of the 1990s—most concur we won't—but just how much lower the market will perform in coming years.

Even a cursory review of the professional literature and overheard debates among investment advisors quickly reveals that the vast majority of experts anticipate yearly stock market returns in the single digits for at least the next decade, perhaps longer. Many CERTIFIED FINANCIAL PLANNER™ professionals cautioned investors during the heyday of the late 1990s about the inevitable market decline, and that has come true. The questions today are, how low will returns sink

and how long will lower returns stay? Many experts expect annual total market returns (before adjustment for inflation) of seven to nine percent. That's not only below the lofty returns of 1995-1999, but below the historical average of around 11 percent for large-cap stocks and 12 percent for small-cap stocks.

These same experts estimate a modest risk premium—the extra return that stocks would earn above a risk-free investment, usually U.S. Treasury bonds—in the range of three to four percent. This, too, is well below recent risk premiums of six to seven percent or higher.

Some investment experts are even less optimistic, citing what they consider an overvalued market. One argued in a recent article in the *Journal of Financial Planning* that the future risk premium will be zero—essentially saying that stocks won't do any better than bonds in the coming years.

These viewpoints of future equity returns differ sharply with the far more optimistic view of the investing public. Although a poll by the Vanguard Group toward the end of 2001 found investors anticipating returns averaging only seven percent over the next year or two, these same investors were rosier about the long term. They saw returns averaging 15 percent over the next two decades—about the same as 1985-2000. One-

fourth predicted stock prices to average 30 to 100 percent annually, which is virtually impossible to sustain for that long, say experts.

Assuming the experts are reasonably accurate in their predictions—and one can never be sure when it comes to the stock market—what should you do?

First, be realistic. If the historical average for stocks is around 11 percent, why assume that stocks will return 30 percent for the next 20 years? Many financial planners assume a modest overall portfolio return (usually a combination of stocks, bonds, cash and perhaps other investments) of around seven to nine percent.

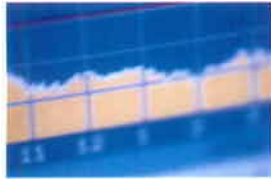
Don't invest backwards. Many people start by assuming the stock market will return a certain rate (often high) and then save and plan accordingly. Instead, suggest many planners, start first by clarifying your personal goals—retirement, a college fund, money to start a small business. Next, determine how much money you will need to accumulate in order to achieve the goals, calculate a modest return on your investments, and then arrive at a figure of how much you need to invest each month.

This avoids the risk of undersaving or having to save longer than planned, which is what happens when you assume unrealistically high returns. And should the market exceed expectations, you won't have to borrow as

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much for college, can take more vacations during retirement or even retire earlier than planned.



compensate for lower returns.

Watch taxes and fees more closely. It was easy to overlook them during the bull market, but they take a bigger bite when investment returns are lower.

Diversify more. Don't concentrate on bigger single bets. If stock returns slow down, other types of assets such as bonds or real estate may pick up some of the slack. Higher net worth investors may want to explore alternative investments, such as private equity, commodities and hedge funds. Remember, the object isn't to beat the market...it's to reach your financial goals.

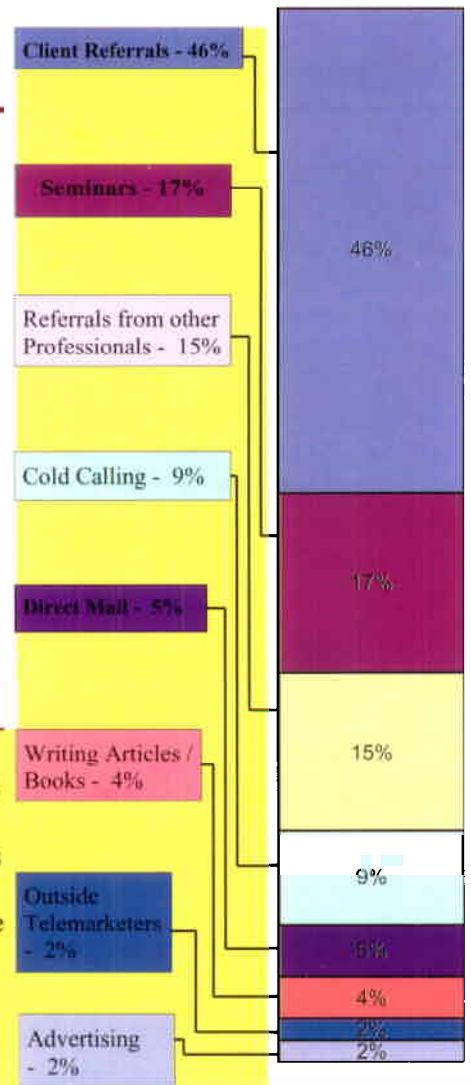
This column is produced by the Financial Planning Association, the membership organization for the financial planning community, and is provided by Barry L. Dayley, CFP™, a member in good standing of the FPA.



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Advisors Reveal Effective Marketing Methods

A recent survey conducted by NF Communications, Inc. reveals that client referrals and seminars are overwhelmingly the most effective marketing methods used by financial advisors. Several thousand financial advisors across the United States were asked to rank their top marketing methods. The chart to the right ranks the methods in order of effectiveness and by what percentage of financial advisors, 70 percent of whom described themselves as financial planners, named the methods as their top marketing tool. Complete survey results are posted at www.fncom.com/surveyresults.htm.



New Centre Openings... *A hearty welcome to the financial institutions who have recently joined the Money Concepts ranks.*

We are excited you are with us!!!

- VALLEY FEDERAL CREDIT UNION
Brownsville, TX
- KAISER FEDERAL BANK
Covina, CA
- ONSTED STATE BANK
Brooklyn, MI
- THE BANK OF BENNINGTON
Bennington, VT
- LEDGLIGHT FEDERAL CREDIT UNION
Groton, CT
- MCM SAVINGS BANK
Hannibal, MO
- FIRST HOME SAVINGS BANK
Mountain Grove, MO
- FRANKENMUTH CREDIT UNION
Frankenmuth, MI
- TIMBERLAND SAVINGS BANK
Hoquiam, WA

Money Concepts Experience - Turn Key Marketing CDs

Marketing a financial planning practice is one of the keys to successfully establishing a new financial planning centre. In addition, ongoing, consistent marketing is what drives the necessary activity to build business and form long lasting client relationships. To help do this, Money Concepts International, Inc. produces new and contemporary marketing materials on an ongoing basis. It is our philosophy that "Your Success Must Come Before Our Success".

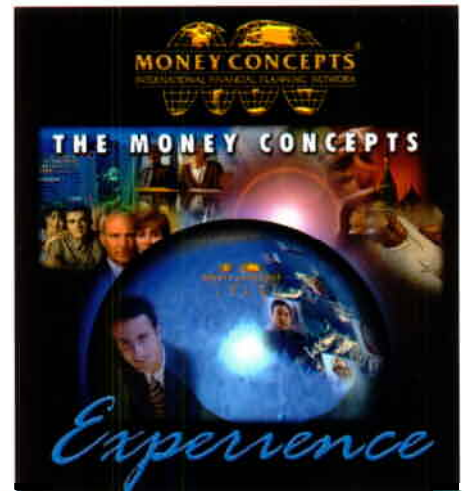
Money Concepts International, Inc. is first a marketing company and second a financial planning firm. Associates of Money Concepts International, Inc. receive ongoing marketing support and materials. At our most recent Council of Presidents' training sessions, all associates received a three CD set containing a plethora of

marketing and support tools. These CDs titled "The Money Concepts Experience™", are designed in an Internet Explorer format making it easy to find and use any of the tools or materials. The following is a list of what is found on the CDs.

- Marketing Letters
- A Seminar Marketing System
- Seminars Presentations
- Brochures, Announcements
- Newsletter Articles, Statement Stuffers
- Electronic Blotter & Referral Tracking Systems
- Profitability Planning Tools
- Integrated Training Programs
- Television & Radio Spots
- Business Forms

- Money Tools
- Advertisements
- Training Tools

To learn more about how the Money Concepts program can benefit your financial institution, please contact us at (800) 326-1815 Ext: 5050.



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Formed in 1979, Money Concepts is a worldwide network of financial planning centres keyed to individual, family and business financial planning. Currently Money Concepts has over 500 Financial Planning Centres throughout North America, Europe, and the Pacific Rim.

Money Concepts is associated with Money Concepts Capital Corp., A Registered Investment Advisory Firm, A Broker Dealer and Member of the NASD & SIPC.

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