



In The 21st Century...

STRATEGIC PLANNING REPORT

**SUBMITTED TO:
NAIFA BOARD OF TRUSTEES
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EXECUTIVE SUMMARY

NAIFA in the 21st Century is a blueprint designed to reshape NAIFA to help its members achieve success in this new century. The plan represents the collaborative work not only of the NAIFA officers, Board and key staff members, but also Past Presidents, representatives from GAMA, AHIA, SFSP, MDRT, LIMRA, LIFE and ACLI as well as the Association Executives and the Young Advisors Team (YAT). In short, it represents the best thinking of the best in the industry. Furthermore, it is based on solid research of members, lapsed members and potential members done by one of the most prestigious research firms in the world.

It is also a natural and necessary follow up to the NAIFA Transformation Task Force (TTF), which made its report to the National Council in September 2003. As the recommendations of the TTF began to reach their conclusions it became evident to the Board of Trustees of NAIFA that much remained to be done that was not covered or anticipated in the TTF Report. Furthermore, despite the very best efforts of volunteers and staff, membership continues to decline at two percent per year. A financial projection based on a continuation of that decline clearly indicates that either program and staff cuts have to be made or reserves will have to be spent to maintain those programs and staff. That option, however, would mean NAIFA will have spent its reserves by 2011 and basically be insolvent.

The NAIFA Board believes such an outcome is not inevitable if something is done now. That something is “NAIFA in the 21st Century”.

The research firm, Ketchum, Inc., did both qualitative (focus groups) and quantitative (both online and telephone) surveys among members, recently lapsed members and potential members to determine attitudes, needs and desires of producers in the financial services marketplace.

The conclusions they reached were tested for credibility, reliability and practicality against the experience of the diverse and experienced members of the various committees involved in producing the Report.

What emerged was a picture of an industry that has changed dramatically over the past 20-30 years and of an organization (NAIFA) that has not kept pace with that change. From programs to governance to structure, NAIFA has done very little to acknowledge or respond to the shifting environment. Even the name change from NALU to NAIFA in 1999 is seen as form over substance. As a result, NAIFA is increasingly viewed as an irrelevant and archaic organization for a limited segment of the industry. The fact that its membership has dropped by more than half over the last 14 years and the average age of those remaining is now well over 50 is a searing indictment of NAIFA's inattention to the realities of the changing industry.

However, it is also clear that in terms of the problems large numbers of producers say need to be addressed, namely advocacy, education, training, motivation, sales ideas, networking and mentoring, NAIFA is well positioned to recapture the playing field. No other organization has the potential to "do it all".

But the window of opportunity is closing rapidly. Because companies are not providing the training and sales support they once did, other organizations and for-profit companies are racing to fill these gaps. The close relationships NAIFA has forged in recent years with AALU, ACLI and NAILBA with respect to advocacy are a solid base from which NAIFA once again can assert its leadership in this dynamic and tumultuous arena. But as membership continues to decline the perception of NAIFA grassroots strength will decline with it.

To strengthen this leadership position will require a willingness to let go of the past in many different ways and embrace fundamental change. From mission to vision to programs to governance to structure, the Strategic Planning Committee recommends a broad sweep of changes. Some will be easy to make. Others will not. But in the opinion of the members of the various groups involved in the process, all are necessary.

The Strategic Planning Committee believes fundamental change will position NAIFA as the essential organization supporting and empowering producers as they help provide America's families and businesses with financial security at death, disability, illness and retirement.

To get there, the Strategic Planning Committee has designed an innovative plan to strengthen our industry leadership and core product, advocacy, and make the products and services we offer the insurance agent and financial advisor community second to none.

First, members must be seen as "customers," and NAIFA must adopt a "customer orientation" on behalf of its members.

Second, NAIFA must create “customer” value by expanding its product portfolio based on its members’ needs and dedicate itself to their success like no other industry organization.

Third, NAIFA must collaborate with other industry organizations to bring the highest quality products to the table.

Fourth, NAIFA must deliver these new products in a way that gives members total ease and convenience of access—in other words, give them what they want, where they want it and when they want it. This “on-demand” approach will require NAIFA to embrace the latest technology has to offer.

Maximizing use of 21st century technology will minimize reliance on the 118-year-old distribution system which relied on local associations. That was a necessary system when communication options were limited. However, today, with wireless and computer technology, it is possible to become a virtual association delivering information, education and training on demand, “24/7.” In this new world, local associations are no longer essential although they may well be desirable in many locations.

Therefore, the 21st century NAIFA gives producers the option of joining a local association, but does not require it for membership in their state and national association.

Ketchum research indicates local associations are NAIFA’s “greatest strength and its greatest weakness.” Some locals provide exceptional member benefit while others do not. Therefore, the strategic plan capitalizes on the strengths of those locals providing value by adopting a marketplace-driven approach to local membership. Under the plan, members have the option to join a local organization or not. Furthermore, they are also free to choose which local they wish to join based on where they believe they receive the most value. The result is a 21st century NAIFA where excellent local associations provide enhanced member value.

These local associations will be provided program support and assistance by National and State associations. They may deliver added member value in the form of networking opportunities, co-sponsored meetings, continuing education, or do anything else local members may desire. NAIFA local associations would also continue to serve as a delivery channel for NAIFA-created products and information.

When development of the 21st century NAIFA plan is complete, NAIFA will implement a marketing program to showcase its new products, services and 21st century delivery system. In doing so, the program will improve NAIFA’s image and demonstrate that it is ready and able to serve the customer in a much more effective way.

To launch the initiative, NAIFA will contract with a communications management firm and create task forces to analyze and develop tactics around the strategic plan's key goals. The process of customer value creation will begin immediately, and from late April until September, NAIFA will work with the firm to implement Part 1 of a marketing/membership plan. In this phase, NAIFA will promote the strategic plan to the NAIFA federation along with any elements that have been implemented.

From September 2007 onward, NAIFA will implement Part 2 of the marketing/membership plan. Components include improving NAIFA's image, increasing awareness of the 21st century NAIFA and fully implementing the membership marketing plan.

The result will be an organization unique in the entire financial services industry – an innovative and dynamic leader in helping its members become successful in the 21st century.

PROCESS OVERVIEW

Overview

In 2003 the Transformation Task Force (TTF) examined every aspect of NAIFA and put together a strong plan to help NAIFA recover from a tumultuous period. From 2003 through today, implementation of that plan has been taking place. However, the Board of Trustees recognized in 2006 that the TTF plan was a beginning, but more work needed to be done.

In January 2006, the Board engaged in a “Day of Discovery” meeting facilitated by Charlie Smith. The Day of Discovery revealed several issues of significant concern. The Board then voted in April to engage a professional consultant, Bob Kocher, to advise the organization on the steps required for a thorough strategic planning process. Additionally, they appointed a Strategic Planning Group to work with the consultant and report back to the Board.

In July, the Board approved an allocation of \$250,000 from the NAIFA Reserve Fund to support the process. Work began in earnest in late summer and continued through the fall and early winter with the goal of a preliminary report to the Board at its January, 2007 meeting.

Participation

The Strategic Planning Group consisted of four different working bodies based on the specific need for involvement. Those four working bodies included a Core Group, Steering Committee, Working Group and the Board of Trustees. (*Participant Lists and Charges are attached in Appendix A*). Each group has met and participated throughout the process.

Process Timeline

Several meetings and countless conference calls have taken place over the course of the year. (*Timeline including steps of the process and in-person meetings is attached in Appendix B*)

Stages of Development

Strategic Planning is always arduous and complex. NAIFA in the 21st Century consists of four phases. This report contains recommendations for Phases I & II. Phases III & IV are contingent on approval of Phases I & II and will be developed pending the Board’s action with respect to Phase I and II.

Phase I

Phase I began with an environment scan and recognition of issues concerning the industry and NAIFA. After receiving proposals from 6 firms, the nationally known and widely respected research firm, Ketchum, Inc., was hired to conduct a thorough research project focusing both internally on NAIFA members, but also externally at opportunities among both recently lapsed members and non-members. This report is based on the solid research done by Ketchum, backed up against the experience and industry and association knowledge of all members of the planning groups.

Armed with the information from Ketchum, the groups began to determine what producers wanted that NAIFA should/could provide. In conjunction with gaining an understanding of what NAIFA's value proposition should be, the group also defined NAIFA's current and potential market for members. An essential first step was to redefine NAIFA's Mission and Vision.

Phase II

Once Phase I was complete, the group began to focus on how NAIFA could deliver on its value proposition to the clearly defined market – Phase II. The group concluded that NAIFA's structure should result from and support the delivery system, even if that meant a change in Federation structure. All aspects of the Federation were taken into consideration to develop a recommendation that is sound and supports the needs and opportunities identified. The bulk of this report describes in detail the findings and recommendations contained in Phases I & II.

Phase III

Phase III will focus on marketing the plan. There are actually several parts within Phase III that will need to be determined once the Board takes action on Phases I & II. Phase III will possibly require outside expertise to complete successfully and will include:

Part I – Communicating the results of the January Board meeting immediately so as to begin to build excitement and support for the Plan across the Federation. Particular emphasis will be placed on what can be done immediately as well as making the case for whatever changes will be recommended to the National Council in September.

Part 2 – A broad-based marketing/membership development plan will be created and that will begin immediately. It will evolve as approvals are received for the various components of the Plan.

Part 3 – A targeted campaign to establish NAIFA's new focus and momentum on Capitol Hill, in the state houses and with the trade and business media.

Phase IV

Phase IV is the implementation plan for the total project. It will identify timing, responsibilities, roles and financial implications. It will be developed in tandem with Phase III but will be separate to ensure success.

PART I: ENVIRONMENTAL SCAN

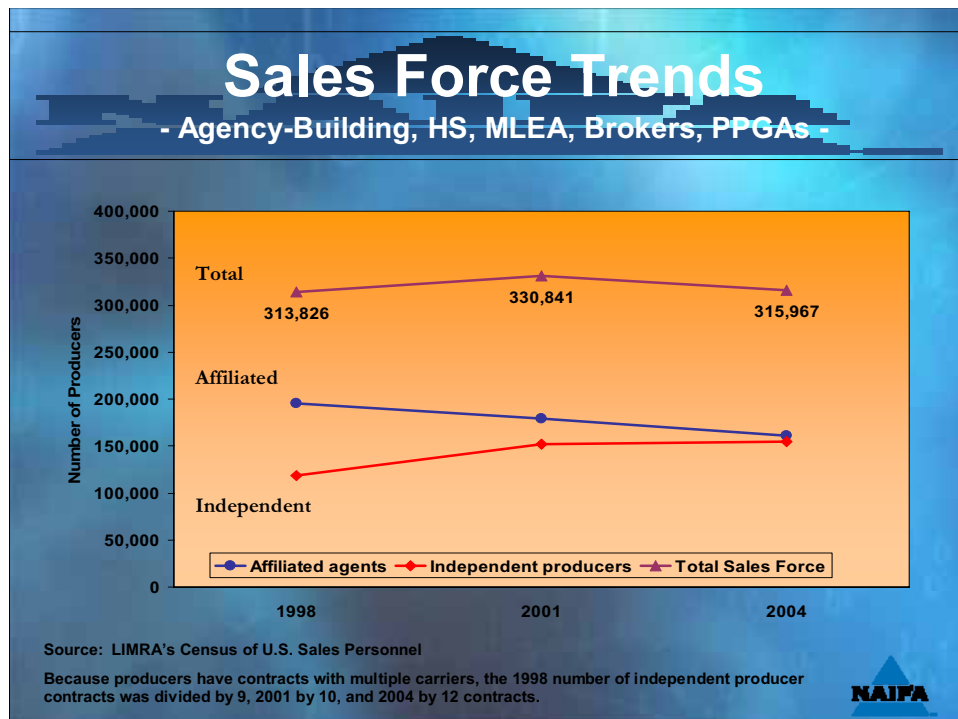
SITUATION ANALYSIS

During the last couple of decades, major shifts have occurred in the life insurance industry that have created a near perfect storm of obstacles for the traditional industry organizations. Together they present a significant challenge to all organizations. It is imperative not only to identify all the changes that have occurred but also to understand the significance of those changes as they relate to any company or organization.

The strategic planning steering committee and working groups spent a good deal of time early in the process doing just that – identifying and understanding industry changes.

The Producer Marketplace

- ◆ According to LIMRA, the total number of people with licenses to sell life insurance is approximately 315,000. Of that, about 165,000 are “affiliated” either as career (85,000), multiple line exclusive (70,000) or home service (10,000) agents. The balance of producers are independents, including insurance brokers, stock brokers, mutual fund sales people, bankers, CPAs, attorneys, PPGAs, etc. The number of producers in each category is not available, but market share by premium is roughly: stock brokers (10%) and brokers, PPGAs (52%)



- ◆ Recruiting activities account for approximately 30,000 producers annually. However, included in that are agents moving from one company to another. The number of new recruits into the industry is not clear. Some companies are recruiting “green peas”. Other companies are recruiting experienced agents. And some companies are doing both.
- ◆ Overall four-year retention is around 13 percent. However, some of the departing 87 percent are becoming independents or are going to another company and not actually leaving the business. Actual retention rates are unclear, but still low.
- ◆ Solid sales training and supervision is lacking in most companies.
- ◆ It seems self-evident that as the number of affiliated producers continues to decline, the number of independents will start to fall also. While independent firms, producer groups and IMOs will do some recruiting, it doesn’t seem likely that it will be enough to stem the falling tide of face to face producers.

Life Insurance Sales

- ◆ Many companies are trying to figure out how to sell more life insurance. Others are trying to figure out how to capture the trillions of dollars in the retirement market. Most are trying to do both.
- ◆ Despite the company push to sell more life insurance, producers will be pushed by their clients and prospects to do more retirement planning. Since retirement planning appears to be where the money is, if not the profits, is an easier sale and lends itself to fee based planning, without broad-based remedial action, life insurance sales will continue to fall. The consequences will be substantial and damaging to our nation’s social and economic structure.
- ◆ Little life insurance is bought without the help and encouragement of an agent/advisor.

The Political Landscape

- ◆ There is considerable concern about the political landscape over the next decade. Increasing demand for revenue to fund Social Security, Medicaid and Medicare, as well as the cost of the long battle against global terrorism, will put increasing pressure on Congress to tax life insurance.
- ◆ Tax reform represents a significant threat to the tax advantages of the industry’s core products as Congress seeks additional sources of revenue.
- ◆ Some form of regulatory reform, such as an Optional Federal Charter enabling law is likely to pass.

Although a legitimate and appropriate transaction in the right circumstances, life settlements will become an increasingly significant issue for the industry, some of it quite negative. Public perceptions may not distinguish between the excesses of some life settlement schemes and the legitimate uses of life insurance. This may put even further pressure on Congress to remove life insurance tax advantages.

- ◆ NAIFA's grass roots strength is respected. However, as numbers fall , NAIFA's clout may diminish along with industry support. If that happens NAIFA's partners – ACLI, AALU and NAILBA – may see less value in the partnership. That will result in a decreasing willingness to accommodate NAIFA's views in legislative and political decisions.

Producer Needs

- ◆ NAIFA surveys indicate education and training is a top need for both members and non-members. But it must be at their convenience.
- ◆ Because most companies will continue to diminish their training and supervision budgets and the percentage of independents will continue to increase even as absolute numbers of producers decline, demand from practitioners for sources of education and training, particularly online, will grow rather dramatically. For profit providers and other industry groups are rushing to fill the demand.
- ◆ When it comes to life insurance industry organizations, most multi-line members are interested in organizational offerings to help them sell more life insurance, DI and LTC insurance.

COMPETITIVE ANALYSIS

Part of the landscape of the industry consists of numerous organizations that together support life insurance in this country. It is impossible to consider the industry without examining the other industry organizations and how they work independently and interdependently.

- ◆ Most traditional industry field organizations will continue to face US membership declines.
- ◆ Those membership organizations that seem particularly strong and dynamic in terms of membership growth and involvement are NAILBA, NAHU, FPA and the Big I. Ketchum Research indicates NAIFA is often seen as a life insurance organization for career and home service agents with some multi-line members.

Interdependence and Integration

Some of the industry organizations, e.g. NAIFA, GAMA, AALU, MDRT, SFSP are struggling to maintain a constant U.S. membership base, never mind growing one. And yet each plays a significant role in the health and viability of the industry. Those roles are, broadly speaking:

- ◆ NAIFA – Grass roots advocacy and broad based education, sales training and motivation.
- ◆ GAMA – Field management training and education.
- ◆ AALU – High-end sales support and tax and advanced sales related advocacy.
- ◆ MDRT – Sales support and motivation.
- ◆ SFSP – Technical support and education for experienced and credentialed producers in more sophisticated markets.

NAILBA is offering a growing array of benefits for members and their brokers. For example, they have a growing PAC, a new foundation, a “Next Generation” program aimed at younger people, and an exciting annual meeting with big name speakers (e.g. George H.W. Bush in 2006).

The FPA offers CE credit seminars and they will often draw 150 – 200 people compared to 25 – 30 at a comparable local NAIFA meeting. One possible reason the FPA attracts so many people is because they offer a networking opportunity with other professionals, e.g. lawyers, accountants, trust officers, etc. However, not all FPA chapters are strong.

These organizations are, knowingly or unknowingly, increasingly interdependent to a greater or lesser degree. And yet, for the most part, each operates in a silo and in some ways competes with others for members and relevance. (A *Competitive Comparison Chart* is attached in Appendix C).

With scarcer resources, an increasingly diverse membership and greater complexity of demand in the marketplace, these organizations must seek ways to further integrate and coordinate their activities to maximize benefits for their members.

RESEARCH METHODOLOGY

To assist in its long-term planning and recruitment efforts, NAIFA commissioned Ketchum, Inc. and Alan Newman Research (ANR) to conduct a comprehensive quantitative and qualitative assessment of current and lapsed member satisfaction as well as prospective member interest.

Ketchum and ANR conducted research activities in four key areas from July through October 2006:

Focus Groups

Nine focus groups were conducted in August 2006, three groups in each of three cities: Charlotte, NC; Kansas City/Overland Park, KS; and San Francisco, CA. In each market, one group was conducted with current NAIFA members, one group with recently lapsed (within the last 12 months) NAIFA members, and one group with potential members. Participants in all groups were recruited to represent a mix of genders, ethnicities, business types and affiliated versus independent agents, and all were screened to ensure they had worked in the industry at least two years. NAIFA members and lapsed members had been members for varying periods of time. Members and lapsed members were recruited from lists provided by NAIFA. Potential members were recruited from lists obtained by ANR.

Current and Lapsed Member Survey

The overall objective of the research was to quantify current and lapsed members' awareness of and attitudes toward NAIFA and its programs and services related to member benefits, advocacy, governance, and administration.

Using a list of current and lapsed (within the past two years) members provided by NAIFA, email invitations containing a link to an online survey were sent to a total of 64,691 people beginning on September 15, 2006.

A reminder invitation was sent to those who did not complete the survey on September 25, 2006. From the total of 64,691 email invitations sent.

Of the current and lapsed members who presumably received a link to the online survey, 4,212 completed the survey.

A sample size of 3,850 (current members) has a maximum margin of error of ± 1.6 percent at the 95 percent confidence level, and a sample size of 362 (lapsed members) has a maximum margin of error of $\pm 5.2\%$ at the 95% confidence level.

Survey of Prospective Members

Using a purchased list of people who work in the financial services industry, 300 telephone interviews were conducted among prospective NAIFA members (who have never been a member). Respondents were qualified as being individuals who sell life, health, disability or long-term care insurance or individuals who are fee-based financial planners.

Interviews were conducted from September 14 to September 25, 2006 (average length of 14 minutes). A sample size of 300 has a maximum margin of error of ± 5.7 percent at the 95 percent confidence level.

Research Objective

The overall objective of the research was to explore the awareness and attitudes of three key segments - current members, lapsed members and potential members - regarding key aspects of NAIFA member benefits, advocacy, governance and administration.

Specific objectives of the research included the following:

- ◆ To understand current members' impressions of and satisfaction with NAIFA, and to identify opportunities for improvement.
- ◆ To understand the motivations of lapsed members, both in terms of the rationale for leaving NAIFA and what other organizations or information sources may have replaced NAIFA.
- ◆ To understand the interest level of potential members in specific NAIFA benefits and in NAIFA overall.

RESEARCH HIGHLIGHTS

Current and Lapsed Members

- ◆ **Advocacy** was mentioned most frequently as a key NAIFA function; participants in every group mentioned NAIFA's advocacy specifically for agents.
- ◆ The majority of participants in current and lapsed member groups were strongly **encouraged or required to join** NAIFA by a supervisor/mentor/office manager, generally early in their career. Other reasons for joining included pursuit of professional certifications, to meet the requirements of MDRT membership, to obtain continuing education (CE) credits, to support the industry, to network within the industry, and to obtain errors and omissions (E&O) insurance.
- ◆ The majority of participants in both current and lapsed member segments **perceived NAIFA to be focused on life insurance** agents and on financial planners who sell life insurance. Some commented that the organization was primarily for agents employed by major companies, and that independent agents were underrepresented.
- ◆ Members renewed their **memberships to support industry advocacy** efforts and to **access education and networking opportunities**. Many long time members also spoke warmly of the friendships and camaraderie of the local meetings, and said this was a reason for renewal, as well. (Note, however, that some found the personality of the local meetings to be somewhat old, traditional, cliquish, and lacking ethnic, gender and insurance specialty diversity.
- ◆ Approximately half of NAIFA members were **satisfied** with their membership, while half were not. Satisfied members were pleased with the advocacy efforts and information provided by NAIFA. **Dissatisfied** members often mentioned very specific issues including the atmosphere and quality of the local meetings, or they had found new sources of CE credits, information, or E&O insurance.
- ◆ Members generally let their membership lapse when they felt that they were not receiving **sufficient value** to offset the investment of time and money. Lack of time for and/or lack of value of local meetings were often issues. Between one-third and one-half of the lapsed member participants expressed interest in an option for a national-only membership level, which would allow them to support NAIFA advocacy efforts.
- ◆ **Communication** was seen as a weakness by current and lapsed member participants. A significant minority reported issues with receiving local meeting notices and information on NAIFA activities and benefits. Many believed that new members, in particular, did not receive a strong welcome or orientation to the organization.

- ◆ **Dues level and dues structure** were issues to many current and lapsed participants, particularly if they could not attend the local meetings. The overall level of dues was seen as high for those first entering the industry, for those making a transition to the business, and for those who were retiring. In addition, many objected to having national and local dues bundled with the food cost for monthly local meetings. There was strong interest in separating national and local dues to allow the option to support national advocacy efforts without attending (and paying for) local meetings. Additionally, a large number of participants would like an option to separate the food costs from the local dues.

Potential Members

- ◆ Potential members were relatively **unaware of NAIFA**. They were surprised that NAIFA is the largest financial services membership organization, and that it is more than 100 years old. A number wondered why they had never heard of NAIFA, and assumed that the organization keeps a low profile.
- ◆ Many described the ideal professional organization as one that offers **advocacy, education, and networking**. Some noted that the ideal organization would also offer business leads, which made them question the value of an organization where participants all worked in the same industry.
- ◆ Potential members were primarily interested in NAIFA for the advocacy efforts and the education and training programs. While some were interested in local meetings on these topics, many others felt they would not have the time to attend local meetings. Because of their limited interests and limited time, some questioned whether the NAIFA membership would generate **sufficient value** to warrant the dues level. Others believed the absolute level of dues was too high, given their business needs and other membership dues they already paid.
- ◆ More than a third of potential members expressed at least moderate interest in **considering membership** in NAIFA. This ranged from more than half in Charlotte and Kansas City, to none in San Francisco. A number of participants' interest in membership increased when they were offered the possibility of a lower cost membership to support NAIFA's advocacy programs.

NAIFA Benefits

- ◆ Members, lapsed members, and potential members were all asked to rate a list of 19 **NAIFA member benefits** as being of high, medium or low importance. Results were largely similar across the groups, with small differences between them. Virtually all participants found at least one benefit that was of high interest to them personally.

- ◆ Current members, lapsed members, and potential members consistently rated **advocacy** as the highest value benefit. This was seen by all three segments as the single most compelling reason to join NAIFA. Within the advocacy benefit area, all four individual benefits—federal legislation, IFAPAC, state level activities and relationships with other associations were seen as highly important.
- ◆ Across the three segments **education** was of high interest to potential members, though every segment found at least some of the educational benefits to be important. There was agreement on the importance of professional designations among all groups.
- ◆ Across the three segments, **sales tips and motivation** were also of high interest to current members, who were very interested in Advisor Today, and moderately interested in E-tips and LIFE. Lapsed members had interest in Advisor Today, but were generally not interested in other programs.
- ◆ Overall, participants had little awareness of or interest in the NAIFA **affinity programs**. While many were surprised and mildly interested in specific benefits like the UPS and Office Depot discounts, these generally were not seen as unique or as a reason to join the organization.

Participant Recommendations

Participant recommendations for NAIFA improvements included the following:

- ◆ Communicate NAIFA's advocacy agenda and activities in a more complete and coherent fashion - describe the issues, NAIFA's position, and activities and accomplishments. Provide a means for members to decide what information they want to receive—what topics and at what frequency.
- ◆ Clearly communicate NAIFA's benefits to members. Participants suggested an introductory DVD/CD-ROM or a local introductory meeting for new members.
- ◆ Change the dues system: Separate local from national dues and allow members to join one or a combination of levels; provide reduced-dues memberships for new-to-the industry and retiring members. Providing a national-only dues level that allowed busy professionals to support NAIFA advocacy efforts without requiring them to pay for or attend local meetings was of significant interest to both lapsed and potential members.
- ◆ Provide a strong local organization that offers educational programs that are useful to the full spectrum of current and potential members.
- ◆ Consider segmenting the organization meetings or communications by type of business. Many lapsed and potential members believe the organization is primarily focused on life insurance, and has little value to those in property and casualty (P&C) insurance, employee benefits, or financial planning.

Conclusions

- ◆ NAIFA is perceived to be, at its core, an advocacy organization. It was generally (but not entirely) clear to participants that NAIFA advocates for individuals, not for companies.
- ◆ While NAIFA is regarded positively as an advocacy organization, participants were not aware of specific activities and accomplishments in advocating for them.
- ◆ Beyond NAIFA's advocacy, the benefits of belonging to NAIFA have not been clearly communicated.
- ◆ Potential members have low awareness and knowledge of NAIFA.
- ◆ The local NAIFA organization shapes and controls member perceptions of NAIFA; many of NAIFA's problems with member satisfaction and retention, as well as with low potential member awareness, appear to originate in problems at the local level. There appears to be a direct link between the decline in membership and vigor of local organizations.
- ◆ A decline in program quality has led to a decline in the perceived value of membership.
- ◆ Small local meetings attended primarily by long-time members lead to perceptions of lack of gender and ethnic diversity and lack of representation of a broad range of insurance specialties.
- ◆ Communication about all of NAIFA - which has occurred largely at the local level and via local means - has decreased.
- ◆ New member recruiting and outreach, which has been done through local face-to-face contact with potential members (and which potential members say is their preferred method of being recruited) has decreased.
- ◆ Across segments, participants were unsure about which insurance/financial services professionals NAIFA serves. Most knew that life insurance professionals had been the core audience - the new name, as well as information provided in the groups indicated that this audience has broadened, but it was unclear to most what this change meant in terms of activities and benefits provided by NAIFA. This led both life insurance specialists and those with other specialties to question whether or not NAIFA is currently for them.
- ◆ Across segments, a number of participants thought that NAIFA is not unique. Participants are able to get industry information, access to professional certifications, CE credits and other formerly-unique member benefits in a variety of ways. While NAIFA's advocacy does set it apart for some, many were not aware of details of the advocacy effort, and therefore, could not evaluate whether or not NAIFA's activities uniquely benefit them.
- ◆ There appears to be some interest in a national-only reduced cost membership that supports advocacy and provides national-level benefits.

SWOT ANALYSIS

A general SWOT analysis was conducted based on the research findings from Ketchum and ANR.

Strengths

- ◆ Among the specific NAIFA benefits that current members were asked to rate regarding their importance to business success, professional designations such as LUTC Fellow, the Life and Health Insurance Foundation for Education, *Advisor Today* and the *Frontline* newsletter were deemed most important.
- ◆ Among the specific NAIFA benefits that lapsed members were asked to rate regarding their importance to business success, professional designations such as LUTC Fellow, the Life and Health Insurance Foundation for Education, and *Advisor Today* were deemed most important.

Weaknesses

- ◆ While a majority of current NAIFA members (52%) are satisfied with the association, a significant portion (41%) is neutral. An additional six percent is dissatisfied with NAIFA.
- ◆ Among lapsed members, only 16 percent are satisfied, 46 percent are neutral, and 33 percent are dissatisfied.
- ◆ Those under age 45 are less likely than those 45 and over to be satisfied with NAIFA.
- ◆ Areas in which less than a majority of current members are satisfied include: coordination between national, state and local levels; value of NAIFA benefits on the bottom line; management of NAIFA; and the efficiency of NAIFA.
- ◆ Overall, only 40 percent of current members and 12 percent of lapsed members agree that the total amount of NAIFA dues is appropriate considering the value of NAIFA benefits.
- ◆ Similarly, only 41 percent of current members and nine percent of lapsed members agree that they get an adequate return on their dues investment.
- ◆ **Less than half of NAIFA current members (43%) believe their membership is a good value**, and only nine percent of lapsed members feel this way.

Opportunities

- ◆ Word-of-mouth and peer-to-peer channels are essential for awareness of NAIFA: 52 percent of current and lapsed members heard about NAIFA through their company or office, and 37 percent through their colleagues.
- ◆ While peer or manager recommendation is a key motivation for joining NAIFA, a majority of current members say they joined to support the insurance industry.
- ◆ Additional challenges for NAIFA appear in those areas where there is a gap of more than 30 percentage points between the satisfaction of current and lapsed members. These areas include the usefulness of the NAIFA membership, the relevance of NAIFA benefits and tools for business, and NAIFA's representation of agents rather than insurance companies.
- ◆ Political advocacy is the most valued benefit among current NAIFA members. Also valued are sales ideas and resources, education and information, local events and activities, and networking opportunities. Less valued are discounts, national events, and volunteer and leadership opportunities.
- ◆ Political advocacy is the most valued benefit among lapsed NAIFA members. Also valued are sales ideas and resources, and education and information. Less valued are local events and activities, networking opportunities, discounts, national events, and volunteer and leadership opportunities.
- ◆ Less than half (46%) of current NAIFA members are satisfied with NAIFA's overall communications. Only 19 percent of lapsed members are satisfied with NAIFA's overall communications.
- ◆ Less than half (41%) of current NAIFA members are satisfied with the usefulness of NAIFA's communications. Only 16 percent of lapsed members are satisfied with the usefulness of NAIFA's communications.
- ◆ About half of current members (51%) are satisfied with the quality of speakers at local meetings, compared to only 25 percent of lapsed members who are satisfied.
- ◆ About half of current members (51%) are satisfied with the topics discussed at local meetings, compared to only 25 percent of lapsed members who are satisfied.
- ◆ In terms of what potential members value in a member association generally, education/training is the most important benefit. Networking and credentialing are also important, while prestige and discounts are viewed as not as important as other benefits.
- ◆ Education, in the form of information and/or training, is the most valued benefit to potential members among those offered by NAIFA. Also valued are sales ideas and resources, political advocacy efforts, and networking opportunities. Less valued benefits include discounts, activities and events at the local and national levels, and volunteer and leadership opportunities.
- ◆ Of potential members, women and ethnic minorities consistently were more likely to rate NAIFA benefits as important or highly important.

- ◆ Nearly a quarter (24%) of potential members surveyed said they are somewhat or very likely to join NAIFA, based on what they now know about the organization. Specific segments more likely than average to join NAIFA include: Professionals under age 45, those who have been in the industry 10 years or less, multi-line agents, ethnic minorities, and women.

Threats

- ◆ Nearly a third (30%) of lapsed members indicated they have joined or are planning to join a professional organization in place of NAIFA. Among those who indicate they have joined or will join another organization, the Financial Planning Association (FPA) and the Society of Financial Service Professionals (SFSP) are the most popular.
- ◆ A majority of potential members surveyed (63%) belong to no professional organizations indicating a lower level of interest in joining organizations without a specific purpose.
- ◆ Half of the potential members had not heard of NAIFA before they were read a description of the association while taking the survey. Another 49 percent had heard of NAIFA, and one percent did not know if they had heard of it before.
- ◆ When asked to the extent they agree or disagree that the total amount of NAIFA dues is appropriate for the benefits gained, only 15 percent of potential members agreed. An additional 35 percent disagreed that the dues are appropriate, 36 percent are neutral, and 14 percent do not know.

(A copy of the full Ketchum presentation and demographic breakdowns of those surveyed are attached in Appendix E.)

ISSUES OF CONCERN

After examining the situation and the industry, and receiving the Ketchum research, the problem became clear – the industry has changed dramatically and NAIFA has failed to adequately respond to that change. This loss in membership is not the problem, but rather the result of that failure.

What has changed?

Agents

Three major factors have changed among producers over the last couple of decades. First, there has been a shift in agent-insurer relationships from a majority of affiliated agents to a growing independent population. Second, there has been a shift from protection products to accumulation products and fee-based planning. And third, producer demographics have shifted to an increasing number of younger males, females and ethnic minorities at the same time that the traditional population of male agents is retiring.

Competition

There is an ever-increasing number of competing associations in the industry. NAIFA must recognize and respond to this competition. Furthermore, the market is beginning to fragment as many organizations compete for the same members. Some organizations have been successful in increasing membership by finding value strategies such as business development or intra- or inter-profession networking to attract producers. Those organizations are successfully adapting to the changing environment with varying degrees of success. As a result, 33 percent of NAIFA members lapsing have already or plan to join another association such as the FPA.

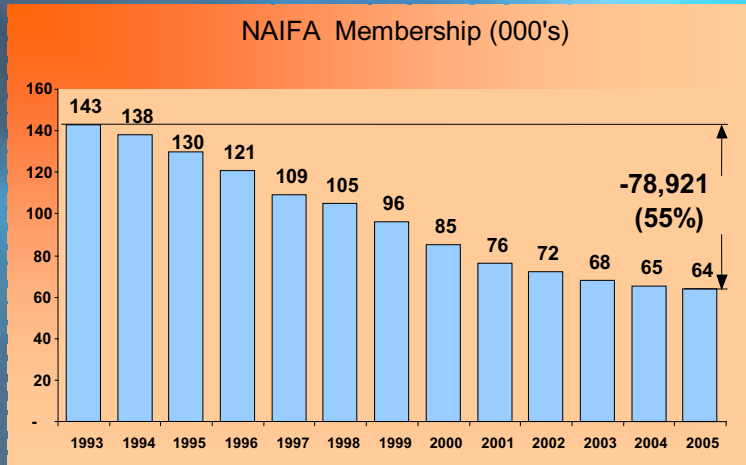
Membership

As a result of the industry changes that have occurred and NAIFA's failure to respond adequately, membership has been declining since 1993. While annual attrition has slowed from a high of around 13 percent to less than 2%, it is still problematic. NAIFA membership has decreased by more than half (55%) since a high of 143,000 in 1993. More significantly, of the remaining 63,000 current members, almost half (47%) are "at risk":

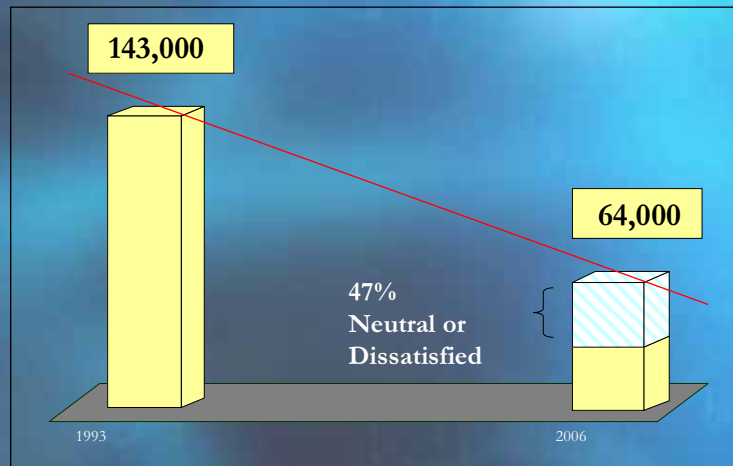
- ◆ 52% overall say they are satisfied with NAIFA
- ◆ 41% of current members are neutral
- ◆ 6% of current members are dissatisfied
- ◆ 60% of current members feel NAIFA does not provide value for their dues

NAIFA Membership

- A Key Challenge -



NAIFA Membership



(Attached is overall membership demographic info in Attachment F).

PART II: STRATEGIC PLAN

MISSION / VISION

Mission Statement

NAIFA is dedicated to the success of insurance agents and financial advisors by being the unique provider of advocacy, education, sales training and support, networking opportunities and ethical standards for all who are engaged in planning the financial security of the public at death, disability, illness and retirement.

Vision Statement

NAIFA empowers insurance agents and financial advisors to provide financial security solutions for the public. Our association is the preeminent resource of the finest educational, sales training and support programs available. We provide networking opportunities for members in all career stages and practice specialties. We provide strong leadership, in collaboration with other industry organizations, in advocating for laws and regulations that allow and encourage the public to provide for their financial security through products and services offered through NAIFA members.

STRATEGIC OBJECTIVES

Based on the revised mission, there are six overarching strategic objectives that will help NAIFA achieve success.

Develop a Customer Focused Culture

NAIFA volunteers and staff will base all decisions and activities on what members have said they want and need.

Enhance Image in the Marketplace

NAIFA will develop and implement a strong marketing plan to increase awareness and enhance the image of NAIFA within the industry and externally.

Increase Membership

NAIFA will dramatically increase membership by retaining existing customers and attracting new customers from both existing and diverse market segments.

Strengthen Legislative Leadership Position

NAIFA will work to strengthen its leadership position within the industry by expanding policy, proactively seeking consumer oriented legislation and regulations, even more aggressive PAC and PIC development and better communicating all activity.

Deliver Customer Value

NAIFA will provide “best-in-industry” product value and innovation and employ multi-channel customer-centered delivery methods.

Maintain Financial Vitality

NAIFA's will achieve and maintain financial strength and vitality as a result of activity centered around meeting the needs and wants of members and non-members.

STRATEGIC GOALS

Clearly Defined Market

NAIFA's marketplace has been expanded to include "all professionals who provide for financial security of consumers at death, disability, illness and retirement.

Product Value

In order to respond to marketplace demands, NAIFA must refine its product offerings to:

- ◆ Advocacy
- ◆ Education
- ◆ Sales Training
- ◆ Networking

The Education and Sales Training and to some extent the Networking component will be delivered through markets based on age and experience in the business. These markets will create a clear path throughout a producer's career. Three markets will be developed: Early-years, Mid-years and Late-years. (*Charts in Appendix G show the concept visually.*) NAIFA will take utilize multiple distribution channels to deliver its four product lines, including all relevant and appropriate technological innovations. NAIFA's products will be the finest in the industry and its delivery system the most unique, innovate and accessible in the industry.

Collaborate within the Industry

In order to deliver the "best in the industry", NAIFA will actively seek and develop partnerships and collaboration opportunities with other organizations based on their strengths and a willingness to seek mutual opportunities including possible mergers.

Create an "On Demand" 24/7 Delivery System

Respond to the demands of producers in the 21st century who said they want access to NAIFA offerings when it is most convenient and in whatever medium they choose.

Strengthen Communications

Develop and implement an integrated marketing communications plan that will enable NAIFA to better promote the organization within and outside the industry and improve its image. The marketing communications plan first requires approval of Phases I & II from the Board before fully proceeding. Subsequent to approval, development of the marketing plan should be done with professional consulting involvement. It will require three parts: 1) communicating the results of the January Board meeting; 2) a broad-based marketing/membership development plan and; 3) a targeted campaign to establish NAIFA's new focus, momentum and image.

PRODUCT – ADVOCACY / CAREER STAGES / NETWORKING

NAIFA's product is one of the three prongs that make up a complete strategy. Without a strong and compelling value proposition, market definition and delivery are irrelevant – just as the other two prongs cannot stand alone. Therefore, it is imperative that an exciting value proposition be defined and developed for NAIFA members and potential members. Based on the research findings and discovery by the Strategic Planning Group, the following are recommendations for NAIFA's strengthened and focused value proposition.

It was determined that NAIFA members and potential members value four things above all others – advocacy, education, sales training and networking. All other possible benefits are deemed insignificant or unwanted. All considerations about NAIFA's value proposition revolve around these four pillars of value.

Advocacy has been and will continue to be NAIFA's most significant and important role. Without NAIFA's legislative and regulatory efforts and grass roots network, the entire industry is at great risk.

Education and training are both imperative to the success of any producer. Education provides the product and industry knowledge that is necessary to give sound advice. Sales training provides the ability to reach the public efficiently and effectively. NAIFA must offer its members a path to success which incorporates both education and training in a fashion tailored to each stage in a producer's career.

Another key aspect of a producer's success is the opportunity to network. NAIFA must provide networking opportunities both within the industry and with those in related professions. Internal networking provides members a chance to learn from mentors and peers. External networking with other professions helps a producer grow his/her business through key relationships. These opportunities can also be tailored to specific career stages.

For NAIFA to offer the best of each area to its members, collaboration must be an integral part of its strategy. NAIFA cannot and should not produce everything from scratch when there are superb quality products already available. An example of this is for NAIFA, The American College and SFSP, MDRT and LIFE to work hand in glove to deliver (NAIFA) a continuum of education (SFSP and TAC) and training (TAC, MDRT and LIFE) to their members and prospective members. It could and should be a package of unparalleled quality and value. In such an environment competition and turf become irrelevant. Everyone prospers.

An example of where that integration is already taking place is in the advocacy arena. NAIFA, ACLI, AALU and NAILBA are increasingly presenting themselves to legislators and regulators as “the life insurance industry”.

Advocacy

If “Advocacy is Job One”, then all signs must point in that direction. NAIFA’s visibility on Capitol Hill, in the state houses and commissioners’ offices and in the trade and consumer media must be high. In this regard a politically experienced, well-connected and visible CEO should be considered as David Woods’ successor. Furthermore, NAIFA’s focus on financial security at death, disability, illness and retirement is unique and compelling and is our exclusive franchise. All advocacy efforts must support the needs of the public and the agents/advisors who serve them. Collaboration with AALU, ACLI and NAILBA is vitally important. NAIFA’s leadership role in key consumer and producer pocketbook issues involving not only insurance products, but also accumulation products, is vital to a strong and dynamic organization.

In support of NAIFA’s goals, advocacy efforts will include:

- ◆ Expanding legislative policy to include a broader issue base under the new mission statement.
- ◆ Proactively seeking legislation and regulations which will benefit consumers.
- ◆ Effectively communicate all advocacy activity to the membership to encourage member involvement and keep them informed. Be “first with the news”

Education & Training

In order to best provide a path to success, the membership can be divided into three segments: early career, mid-career and late career. A portfolio of education, training and networking opportunities will be developed specifically for each stage. *(A sample of suggestions for two career stage portfolios is attached in Appendix H).*

Networking

With the definition of networking more clear, it is necessary to consider both networking with peers in the industry and building relationships with peers in other industries.

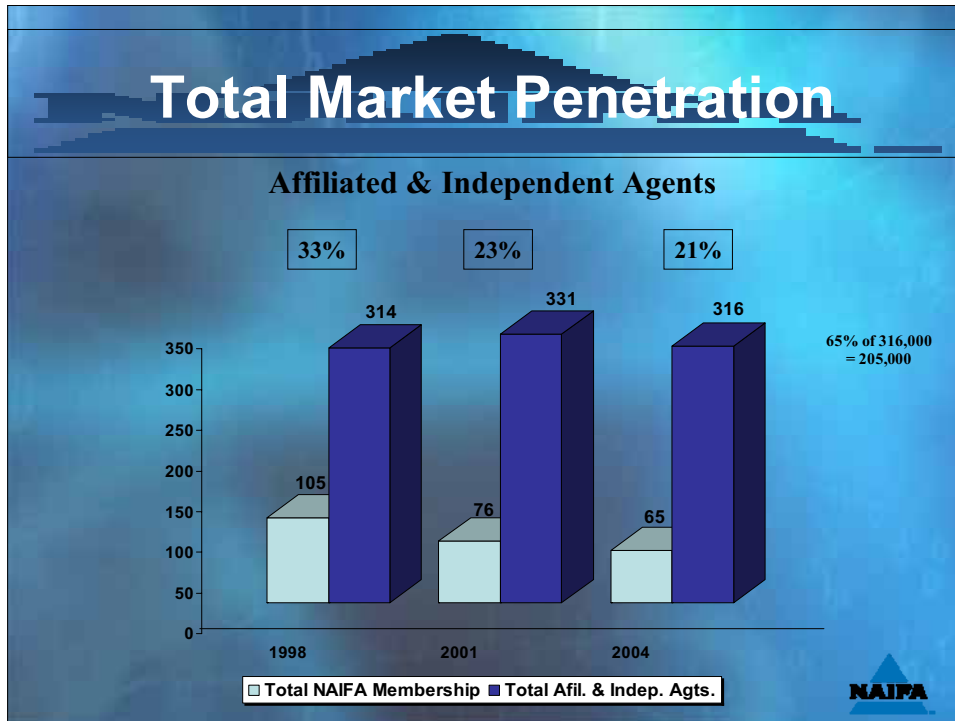
- ◆ Internal Networking might include things such as NAIFA sponsored study groups, chat rooms, blogs, mentoring or face-to-face meetings.
- ◆ External Networking might include cross-industry seminars or NAIFA hosted social gatherings.

MARKET – CUSTOMER

The insurance industry has shifted drastically over the last couple of decades. The result is that agents and advisors have a very different perspective both in who they work for and what their purpose is. They are not as tied to individual companies and their focus has broadened to include multiple product lines including retirement.



Furthermore, NAIFA's penetration in the overall market continues to drop and will soon be below 20 percent. This can be seen as an opportunity because there is a lot of room for growth. And in defining a value proposition, there is much greater potential to reach out to the 80 percent of producers who are not yet members to gain market share.



However, in order to successfully gain market share, it is imperative that NAIFA segment the market into subgroups recognizing their varying needs and perceptions of value. Subgroups include:

- ◆ Affiliated v. unaffiliated
- ◆ Life insurance v. others
- ◆ Men v. Women
- ◆ Ethnic minorities
- ◆ Younger v. older

These segments all have different wants and needs. And, there is greater potential among certain segments than among others. Therefore it is important to concentrate the majority of resources on those segments that will offer the greatest return on investment. Among those groups are, broadly NAIFA's traditional market of affiliated agents, some 120,000 of whom are not NAIFA members. But there is opportunity among independents (roughly 130,000), women, ethnic minorities and producers under 40 years of age, whether they are independent or affiliated.

NAIFA has defined its marketplace as “all professionals who provide for financial security of consumers at death, disability, illness and retirement.” It has segmented this market into two broad segments; affiliated and unaffiliated agents and further into sub-segments within those two categories representing groups of producers with different needs (See Chart). It is important to note that three key groups have been identified that cross all of the market segments: women, ethnic minorities, and younger agents. There is great opportunity among these groups and the Ketchum research showed a number of common needs within the groups

Market				
“all professionals who provide for financial security of consumers at death, disability and retirement.”				
Segment	Sub-Segment	Cross Market Segments		
		Youth <10 yrs Exp. <45 yrs Age.	Females	Ethnic Minorities
I. Affiliated Agents	a. Agency Building b. Multiple Line (MLEA) c. Home Service	↓	↓	↓
II. Independent Agents	a. Brokerage Mgt/Brokers b. Independent B/D's c. Personal Producing GA's d. Bank distributors e. CPA's Attorneys f. Employee Benefit Reps. g. Stockbrokers			

DELIVERY – STRUCTURE

There is a truism that “form follows function”. In NAIFA terms that means “structure follows delivery”. Therefore, it is imperative that we consider the means for delivering value to the marketplace. If NAIFA is going to achieve its goals of being customer focused and meeting the needs of the member, then delivery is an essential part of the equation. Customers have said in the research that they want to be able to access what they want, when they want and where they want. NAIFA must respond to these demands of time and space and must ensure prompt and versatile delivery.

Since 21st Century members and potential members demand a 21st Century NAIFA delivery system should utilize some or all of the following:

- ◆ Email
- ◆ Webinars
- ◆ Podcasts
- ◆ Cell phones
- ◆ Blogs
- ◆ TIVO technology
- ◆ Online
- ◆ Educalls
- ◆ Radio NAIFA
- ◆ Chat rooms
- ◆ Face-to-face

Historically, delivery required national, state and local associations. But technology has virtually erased natural geographic limitations that existed in NAIFA’s first 100 years of existence. The physical demands on travel made local associations imperative. With technology and interstate highways, air travel etc. those artificial limits no longer apply. And, while national and state associations are still essential for advocacy and, in varying degrees, benefit delivery, there is no apparent need for all 700+ locals.

Based on the research results from Ketchum, it is apparent that where locals are strong, they serve their members needs very well. However, the research also shows the opposite effect – that where locals are not strong they actually leave members with a negative impression of the entire NAIFA Federation. Therefore, the recommendation is to allow the marketplace to decide where locals exist and where there is no support. Strong locals of any size can flourish and even grow based on member satisfaction.

Local membership would not be required for NAIFA and State membership.

The new system is designed to answer the needs of the marketplace and remain customer focused. With this focus, the member will have the choice about whether to join his/her local association. Additionally, there will no longer be any boundaries mandating a member join a particular local based on geography. This system will allow the locals that provide value and satisfaction to members continued success and even the opportunity to gain new members from other areas.

Specific recommendations are:

- ◆ Local membership will be voluntary. Any member will be a member of both their state and national and have an option to join any local or no local.
- ◆ The State will maintain the number of National Council votes that it reports for the 2008 Convention. It will be the states' responsibility to determine the best distribution of those votes within a state.
- ◆ No minimum standards will be created because this system is marketplace driven and therefore will self-regulate.
- ◆ A transition period will be established to allow local associations an opportunity to enhance their value proposition and succeed in the marketplace.
- ◆ National will develop a plan to help locals prepare for a shift in structure.

MEMBERSHIP

This strategic planning process began as a means to solve the membership problem. However, as the Strategic Planning group learned more through Ketchum's research and really began to understand industry shifts and the marketplace, it became infinitely clear that the membership problem was merely the result of a larger problem that needed to be addressed.

Since NAIFA's inception in 1890, the world has changed drastically – from culture shifts to economic dynamics to technologic innovations. And during all the changes that have occurred in 118 years, NAIFA has not fundamentally changed. Being static in a world that is rapidly evolving is the root of NAIFA's problem. And with all the challenges NAIFA was facing as a result of not responding to a changing environment, it was natural to focus on how to save NAIFA. The result was a continual drop in membership. Rather than focusing on where the world was going and responding to member needs for their success, the focus had been on saving NAIFA.

This strategic plan is designed to move NAIFA into the 21st century and catch up with the world around it. After achieving that, the membership “problem” will be resolved. However, it will require a sound marketing and membership plan that will be developed in Phase III of this planning process.

In keeping with bringing NAIFA into the 21st Century, the membership calendar year will be moved from June 30 to August 31 to coincide with NAIFA's fiscal year. There will be several details that will need to be adjusted as a result of this recommendation that will be considered in the membership plan.

PART III: IMPLEMENTATION

BOARD CONSIDERATIONS

- ◆ Ensure leadership continuation

- ◆ Empower staff

- ◆ Manage as a business
 - ✓ Annual strategic assessment and review
 - ✓ Quantifiable measures of success
 - ✓ Continual operational assessment

ROLES, RESPONSIBILITIES, CHARGES

As called for in the strategic plan, there are phases subsequent to Board approval that require additional consideration. Part of the requested Board approval is also the creation of the following Task Forces to analyze and develop tactics around key goals set forth in the plan. The Task Forces will each be charged to recommend a tactical plan to the Board of Trustees at the April meeting. Following are the recommended Task Forces to be formed.

Advocacy

Education & Sales Training

Networking

Marketing and Communication

Technology

IMPLEMENTATION TIMELINE

January 20	Final approval from the Board of Trustees
January 20	Approval of Marketing/Implementation Task Force and Sub Groups to develop tactical plans for specified areas – Plan recommendations to be presented to the Board in April
January 20	Board to approve the concept of hiring a marketing communications firm to develop and implement a plan.
January 20 – 31	Initial release of Strategic Plan white paper, news release, research, conference calls and meetings
Jan 22 – early Apr	Mkt/Imp TF sends RFPs to consultants, reviews proposals and hears presentations. Determine one firm and plan to recommend in April.
Jan 22 – early Apr	Communications committee and staff implement marketing communications campaign around NAIFA in the 21 st Century
Jan 22 – April	Task Forces meet to determine detailed recommendations for Board review in April
February 1	Final draft of full report complete and approved for distribution upon request
Jan - Apr	Prepare for the NLC and discussion about Strategic Plan during the meeting
Early April	Finance Committee reviews and approves investment for consulting firm
April 13-14	Board to review and approve plans and consulting firm.
Late Apr – Sept	Firm implement Part 1 of marketing/membership plan including: promoting the SP to the Federation, building hype about NAIFA in the 21 st Century, and first part of membership marketing plan around what has been approved without need for bylaw changes
Sept – end of plan	Implement Part 2 of marketing/membership plan including improving NAIFA's image based on the SP, increasing awareness and implementing full-scale membership marketing plan.

APPENDIX A

Strategic Planning Participants

Steering Committee

Dave Smithkey (Chair)
John Davidson
Jeff Taggart
Bob Brown
Peter Browne

Cliff Wilson
Kim Stoneking (Exec)*
David Woods
Bob Kocher (Consultant)
Francesca Dea (Project Manager)

Charge – To guide decisions and activities of the process by developing direction, driving the process and ensuring implementation

Working Group

Dave Smithkey (Chair)
John Davidson
Jeff Taggart
Bob Brown
Peter Browne
Cliff Wilson
Kim Stoneking (Exec)*
David Woods
Bob Kocher (Consultant)
Francesca Dea (Project Manager)

Ward Anderson
Brian Ashe
Greg Bailey
Diane Boyle
Anthony Domino
Michael Gerber
Rod Hansen
Mike Hunter
Doug Mishkin
Deb Newman
Walton Rogers
Steve Siesser

Board of Trustees

The sitting Board of Trustees throughout the process

Charge – To remain strategic, commenting on final drafts and granting approvals

Core Group

Dave Smithkey

Bob Kocher

David Woods

Francesca Dea

Charge – To manage the administrative activities including: drafting plans/documents, initial thinking and driving action.

*Scott Jackson represented the Execs during the first half of the process.

APPENDIX B

Strategic Planning Timeline

2006

January 19-21	Day of Discover	Board of Trustees
February 10	Strategic Planning Meeting	Steering Committee
March 31 – April 1	Consultant Report - Research Approval	Board of Trustees
April – May	Research Proposals	Various Firms
June 14	Research Firm Presentations	Steering Committee
June – August	Research	Ketchum
August 25	Progress Report – Discussion	Board of Trustees
October 9	Strategic Planning Prep	Core Group
October 26 – 27	Strategic Planning Meeting	Working Group
November 16 – 17	Strategic Planning Meeting	Working Group
December 7	Strategic Planning Prep	Core Group
December 11 – 12	Strategic Planning Meeting	Working Group
December (late)	Draft Report	

2007

January 9	Strategic Planning Meeting	Working Group
January 19 – 20	Phases I & II Report Research Report	Board of Trustees
January – March	Development of Phase III & IV	Steering Committee
April 13 – 14	Phases III & IV Report	Board of Trustees
April -	Marketing & Implementation	
September	National Council Vote (if needed)	

APPENDIX C

Competitive Comparison Chart

FINANCIAL PLANNING ASSOCIATION

Overview:

Founded in January 2000 – Approximately 30,000 members –Approximately 75 staff

Budget Info:

Operating Revenue 2006

Membership, community and research	6,982,097
Institutional membership and sponsorship	869,909
Corporate mailing lists	96,468
Product sales and exam processing fees	632,501
Annual conference	3,146,394
Other conferences and educational seminars	1,008,702
Chapter relations	73,900
Publications and website	2,068,714
Interest and dividends	47,475
Net assets released from restriction	305,692
Total operating revenue	\$15,231,852

Type of Organization: National with 100 Chapters

Description of Members:

FPA's individual members include financial planners, accountants, attorneys, bankers, charitable giving specialists, insurance agents, stockbrokers, money managers, investment consultants, broker-dealer and corporate executives, and others who champion the financial planning process. FPA institutional membership connects firms that support the financial planning process to the financial planning community.

Member Benefits:

FPA is the organization that helps practitioners succeed as financial planners. We cultivate the body of knowledge for financial planning, share best practices and encourage professional development. FPA provides opportunities for members to develop leadership skills to advance their personal and professional goals. We recognize leaders in the financial planning profession.

Following are some of the ways FPA is accomplishing that. For a complete list of member benefits, please [click here](#).

Local Chapters -- FPA is home to a nationwide network of 100 chapters that form the backbone of our association and attract the best in the financial planning community. As a member of your local FPA chapter, you'll connect with your colleagues, share ideas and walk away with techniques you can put to work in your own business. You'll have access to convenient continuing education and networking opportunities. You'll take part in public relations and consumer events. You also will be privy to the latest news about legislative and regulatory issues that may affect you directly. Getting involved with your local FPA chapter is the best way to meet and work with some of the most knowledgeable financial professionals in your area.

Journal of Financial Planning -- FPA's official publication is the *Journal of Financial Planning*. This award-winning publication features prominent writers who cover all aspects of financial planning including news that shapes our community.

FPA Connections -- FPA provides several ways for members to make connections, engage in conversation and exchange knowledge. This includes face-to-face gatherings, conversations in virtual space and communities.

Career Development -- Career Development provides information, resources, services and programs for prospective financial planners, financial planning students, and beginning financial planners to assist and support them throughout their careers.

Introducing FPA's new, online job board, **FPA Career Center**. FPA Career Center is your resource for making online employment connections in the financial planning profession.

Many employers and job seekers today are discovering the advantages of shopping online for industry jobs and qualified candidates to fill them. But the one-size-fits-all approach of the mega job boards may not be the best way to find what you're looking for. FPA Career Center offers employers targeted access to quality financial planning professionals, along with quick and easy job posting and online job activity reports.

Job seeking professionals can make sure their resumes are being seen by those in the industry who matter most to them. FPA Career Center offers job seekers free and confidential resume posting, automated weekly email notification of new job listings, and the ability to save jobs for later review.

Introducing FPA's new, online job board, **FPA Career Center**. FPA Career Center is your resource for making online employment connections in the financial planning profession.

Continuing Education -- Continuing education is more than a requirement for maintaining professional credentials. It's essential to keeping pace with rapidly changing developments in the financial planning profession. FPA makes available more than 300 continuing education credit hours each year through conferences, publications, online courses, self-study programs, and more.

FPA conferences and educational programs—both face-to-face and online—serve as gathering places for the financial planning community. As a member of FPA, you will have the opportunity to attend meetings and conferences at substantial discounts. In addition to hundreds of local and regional programs, FPA conducts several national gatherings:

- **FPA Nashville 2006** - our annual meeting and exposition, the gathering place of the worldwide financial planning community.
- **FPA Residency Program** - for planners new to the profession.
- **FPA NexGen 2006** - cultivating the next generation of financial planners.
- **Leadership Conference 2006** - Provides the focus for training leaders to lead — open to all leaders in 2006.

- **Retreat 2007** - a conference unlike any other, for coming together to learn, share, build your knowledge and immerse yourself in your craft.

Government Relations -- Members of FPA benefit from our legislative involvement by staying informed, having an advocate, and helping shape policy.

Public Relations -- Through its public relations efforts, FPA promotes the value of financial planning and the benefits of using a competent, ethical financial planning to media across the country.

Public Awareness - FPA is the premier resource connecting consumers with financial planners that will deliver advice using an objective, client-centered, ethical process. FPA collaborates with organizations to help the public discover the value of financial planning and build awareness for the use of competent, ethical financial planners.

NATIONAL ASSOCIATION OF HEALTH UNDERWRITERS (NAHU)

Overview:

NAHU will improve its members' ability to meet the health, financial and retirement security needs of all Americans through education, advocacy and professional development.

Founded October 14, 1930 – Approximately 24 staff

20,200 members with 86% retention – Approximately 250 person growth from 2005 to 2006

Budget Info: No specific information given. But, National dues are \$145 for 20,200 members plus other sources of revenue.

Type of Organization: National with approximately 150 chapters.

Member Benefits:

Wellness Programs

- ◆ Diagnostic
- ◆ Education-Coaching
- ◆ Employee Assistance Program
- ◆ Health Risk Assessment
- ◆ Incentive
- ◆ Medical Records
- ◆ Management-Consulting
- ◆ PPO Network

- ◆ [Screening](#)
- ◆ [Services](#)
- ◆ [Supplement-Product-Discount](#)

Affinity Programs

- ◆ [Errors & Omissions Insurance](#)
- ◆ [DHL Domestic and International Shipping](#)
- ◆ [UPS Delivery](#)
- ◆ [MBNA Reward Credit Card](#)
- ◆ [Hertz Car Rental](#)
- ◆ [Smart's Publishing Newsletters](#)
- ◆ [Your Health Matters Book](#)

Business Resources

- ◆ [CommPartners - Teleconference Services](#)
- ◆ [Chapter & Business Websites](#)
- ◆ [Group Benefits Manager - Online Benefits Management](#)
- ◆ [BasicGURU - Online Agency Operating System](#)
- ◆ [NAHU Logo](#)

Practice Specialties

- ◆ [LTC Connection](#)
- ◆ [My LTC Office - LTC Connection](#)
- ◆ [Health Savings Accounts \(HSA\) Dashboard - Cordova Advisors](#)
- ◆ [HSA Simulator](#)

Practice Resources

- ◆ [National Underwriter](#)
- ◆ [InsuranceNewsNet](#)

- ◆ [AHIP - HealthDecisions.org Agent Locator](#)
- ◆ [AHIP - HealthDecisions.org eNewsletter](#)
- ◆ [The HSA Strategy Book](#)

Education & Training

- ◆ [Annual Convention](#)
- ◆ [Educational Web Seminars](#)
- ◆ [Designation & Certification Programs](#)
- ◆ [HIPAA Privacy Requirements Compliance Guide](#)
- ◆ [Financial Privacy Requirements Compliance Guide](#)

Industry Meetings - Discounted Registration

National LTCi Producers Summit
November 5 - 7, 2006 - Austin, TX
Hilton Hotel, Downtown Austin

NAHU is proud to be working with this conference that focuses exclusively on marketing and building long-term care insurance sales. The Summit is an outstanding conference attended by hundreds of LTCi specialists and packed with information you won't want to miss. NAHU members will enjoy a \$100 discount on registration (applies to Early Registration cost). [Click here](#) to register. Enter the code "NAHU" in the Discount Code box on your registration form to receive the NAHU discount!

INDEPENDENT INSURANCE AGENTS & BROKERS OF AMERICA (Big I)

Overview:

The Independent Insurance Agents & Brokers of America (IIABA) is a national alliance of 300,000 business owners and their employees who offer all types of insurance and financial services products.

IIABA was founded in 1896 as the National Local Association of Fire Insurance Agents. With the expansion of property-casualty business and coverages, the organization's name was changed to the National Association of Insurance Agents in 1913. To emphasize its members' ability to work with a variety of insurance companies, the organization became the Independent Insurance Agents of America in 1975. The Association's name was changed in 2002 to the Independent Insurance Agents & Brokers of America to reflect the diversity of its membership, which includes both independent insurance agents and insurance brokers.

Budget Size:

\$11,513,000 in 2004

Type of Organization:

IIABA is a voluntary federation of state associations and local boards, with affiliates in every state and the District of Columbia.

Description of Members:

Its independent insurance agents and brokers are politically astute and are involved both locally and nationally. They monitor and affect consumer, insurance agent and broker, and small business issues in Washington through IIABA's active, professional staff on Capitol Hill.

Member Benefits:




- ◆ Consumer information
- ◆ Education – IIABA offers multiple designation programs designed to educate independent insurance agents and brokers and help distinguish them from the competition: Associate in Insurance Production, Accredited Customer Service Representative, Accredited Financial Services Representative, Associate in Insurance Account Management:
- ◆ Young Advisors – The National Young Agents Committee ensures the perpetuation of the independent agency system by providing sales and leadership training, networking opportunities and support to IIABA's young agent members strengthening their state young agents programs and agencies.
- ◆ Diversity Task Force – The IIABA Diversity Task Force is charged with fostering a profitable independent agency force that reflects, represents and capitalizes on the opportunities of the diverse U.S. population.
- ◆ Virtual University – New Online Course and Designation – Independent agents and brokers can now earn their environmental Strategist (eS) designation through the environmental Strategist class offered online through the Big "I" Virtual University. The class will equip agents and brokers with the knowledge to produce and deliver better all around products to their clients, by understanding and analyzing the risk involved in environmental issues. The class aims to demystify environmental insurance, a product that has long been viewed as an extremely specialized coverage. eS designees will be able to seamlessly incorporate environmental risk management and insurance into their everyday routine. Designates receive the certification by successful completion of the informational seminar and online course content, and are provided with a variety of additional benefits for one year including unlimited use of the reference library containing hundreds of published environmental risk related articles, a quarterly eStrategist™ newsletter and full access to the glossary of environmental acronyms and terms.
- ◆ Government Affairs

- ◆ InsurePac
- ◆ Legal Advocacy
- ◆ Products and Services
- ◆ Events & Conferences
- ◆ IA Magazine
- ◆ Best Practices – The Best Practices program provides performance benchmarks and business strategies that guide in improving agency performance. A comprehensive series of tools are available with an extensive range of topics.





APPENDIX D

Advocacy Comparison Chart





Insurance and Related Trade Association Comparison Chart

Organization Description (as the organization describes itself)	Operating Budget/PAC Budget	OFC	SMART Act	Interstate Compact	Investment Advice	Health Savings Accounts	Association Health Plans (AHPs)	Lifetime Savings Accounts (LSAs)	Lifetime Annuities	Long-term Care Tax Incentives	Estate Tax	NASD Suitability Standards for Fixed/Equity Indexed Annuities
 <p>Founded in 1890, NAIFA comprises 800 state and local associations representing the business interests of 225,000 members and their employees nationwide. Members focus their practices on one or more of the following: life insurance and annuities, health insurance and employee benefits, multiline, and financial advising and investments.</p>	Over \$16 million/Over \$1.3 million	Neutral	Has indicated support, but has not endorsed. Still in draft form.	Support	Support House Bill/Oppose Senate Bill	Support	Oppose	Oppose	Support	Support	For reform	Oppose
 <p>AIA's mission is to provide leadership in sustaining and improving the business environment for the health care industry by making a broad range of health-related products and services. AIA takes a lead advocacy role on issues, which impact members involved in the sale of group and individual health related products including major medical, disability, long-term care, critical illness and Medicare supplement insurance.</p>	Under \$1 million/ \$125,000 War Chest (not PAC)	Neutral	No position	No position	N/A	Support	Oppose	N/A	N/A	Support	N/A	N/A
 <p>AALU is a national association of nearly 2,000 advanced life insurance planners who are committed to preserving insurance through political involvement. AALU's members sell insurance for business continuation, estate and service substantial volumes of life insurance. AALU's members are also involved in charitable planning, and employee benefits for individuals, families, estates, small businesses and corporations.</p>	Over \$6 million/over \$700,000 EC	Supports Concept									For Reform	Oppose


Insurance and Related Trade Association Comparison Chart

Organization Description (as the organization describes itself)	Operating Budget/PAC Budget	OFC	SMART Act	Interstate Compact	Investment Advice	Health Savings Accounts	Association Health Plans (AHPs)	Lifetime Savings Accounts (LSAs)	Lifetime Annuities	Long-term Care Tax Incentives	Estate Tax	NASD Suitability Standards for Fixed/Equity Indexed Annuities
 <p>The ACLI's 377 member companies account for 91 percent of the life insurance industry's total assets in the United States, 90 percent of life insurance premiums and 95 percent of annuity considerations. In addition to life insurance and annuities, ACLI member companies offer pensions, including 401(k)s, long-term care insurance, disability income insurance and other retirement and financial protection products, as well as reinsurance.</p>	Over \$30 million/Over \$300,000	Strong Support	Tepid Support; prefers OFC	Support	Support House bill	N/A	N/A	Oppose	Support	Support	For reform	Oppose
 <p>AHIP is the national association representing nearly 1,300 member companies providing health insurance coverage to more than 200 million Americans. Member companies offer medical expense insurance, long-term care insurance, disability income insurance, dental insurance, supplemental insurance, stop-loss insurance and reinsurance to consumers, employers, and public purchasers.</p>	\$40 million/Over \$260,000	No position -- health not included -- but "federal government can have a significant role in assisting the states to become more efficient"	No position	Support	No position	Support	Oppose	No position	No position	Support	No position	N/A
 <p>The National Association of Health Underwriters represents over 20,000 health insurance agents, brokers, consultants and professionals. Members serve employers and individual consumers in accessing and purchasing affordable health insurance and related products.</p>	Over \$5 million/Over \$230,000	No position -- but supports preservation of state based regulation	No position	No stated position	N/A	Support	Opposes AHPs, but supports the modified SBHPs	N/A	N/A	Support	N/A	N/A
 <p>Founded in 1913, The Council of Insurance Agents and Brokers is the premier association for commercial insurance and employee benefits intermediaries. The Council represents the leading insurance brokers and agents in the United States. The Council members annually write 80 percent of all commercial property/casualty premiums in the United States and administer billions of dollars in employee benefits accounts.</p>	Over \$4 million/Over \$255,000	Strong Support	Support	Support	No position	Strong Support	Reluctant supporters if any AHP bill assures a level playing field across markets.	No position	No position	Support	No position	No position

Insurance and Related Trade Association Comparison Chart

Organization Description (as the organization describes itself)	Operating Budget/PAC Budget	OFC	SMART Act	Interstate Compact	Investment Advice	Health Savings Accounts	Association Health Plans (AHPs)	Lifetime Savings Accounts (LSAs)	Lifetime Annuities	Long-term Care Tax Incentives	Estate Tax	NASD Suitability Standards for Fixed/Equity Indexed Annuities
 <p>The American Bankers Insurance Association (ABIA) is the separately chartered insurance affiliate of the American Bankers Association (ABA) and is the only Washington, D.C.-based full service association for bank insurance interests. ABIA Membership consists of banks, and their affiliated agencies, insurance companies, marketing, and administrative services suppliers, non-bank lending organizations and other firms involved in the bank affiliated insurance industry.</p>	Approx. 1.2 million/Uses ABA PAC which is over 1.5 million	Strong Support	Tepid Support; prefers OFC	Support	Support House bill	Strong Support	Oppose	ABA is a big supporter of LSAs but ABIA, as life insurer sales agents, is opposed.	Support	Support	No stated position	Oppose
 <p>The National Association of Independent Life Brokerage Agencies is a nonprofit trade association with 353 member agencies in the U.S. representing 100,000 producers who deliver more than one billion dollars of first year life insurance premiums annually.</p>	Not Available/Over \$25,000	Support	Support	Would support if all 50 states would sign on -- doesn't believe they will.	No position	No position	No position	No position	No position	No position	For reform	Oppose
 <p>Founded in 1896, the Big 1st is the nation's oldest and largest national association of independent insurance agents and brokers, representing a network of more than 300,000 agents, brokers and their employees nationally. Its members are businesses that offer customers a choice of policies from a variety of insurance companies. Independent agents and brokers offer all lines of insurance—property, casualty, life and health—as well as employee benefit plans and retirement products.</p>	Over \$15 million/Over \$700,000	Strongly Oppose	Strong Support	Support	Support House bill	Support	Neutral	No position	No position	Support	Supports significant reform or repeal	No states position
 <p>Founded in 1931, and celebrating its 75th anniversary in 2006, PIA is a national trade association that represents member insurance agents and their employees who sell and service all kinds of insurance, but specialize in coverage of automobiles, homes and businesses. PIA members are Local Agents Serving Main Street America.</p>	Over \$3.5 million/Over \$64,000	Strongly Oppose	Strong Support	Support			Oppose					

Insurance and Related Trade Association Comparison Chart



Organization Description (as the organization describes itself)	Operating Budget/PAC Budget	OFC	SMART Act	Interstate Compact	Investment Advice	Health Savings Accounts	Association Health Plans (AHPs)	Lifetime Savings Accounts (LSAs)	Lifetime Annuities	Long-term Care Tax Incentives	Estate Tax	NASD Suitability Standards for Fixed/Equity Indexed Annuities
 <p>FPA's individual members include financial planners, accountants, attorneys, bankers, charitable giving specialists, insurance agents, stockbrokers, money managers, investment consultants, and other financial professionals. FPA's financial planning process, FPA's Institutional membership connects firms that support the financial planning process to the financial planning community. FPA is the organization that helps practitioners succeed as financial planners.</p>	Over \$13 million/Over \$56,000	No stated position	No stated position	No stated position	Oppose House Bill/Support Senate Bill	No stated position	No stated position	No stated position	No stated position	No stated position	No stated position	Support

¹Organization actively says it has no position.

²Position not stated anywhere in organizations publications


APPENDIX E

Ketchum Research Presentation

Research Findings & Conclusions
for the National Association of Insurance and Financial Advisors

Presented by Ketchum & Alan Newman Research November 2006




Agenda

- Market Opportunities/Segments
- Focus Groups
 - Findings & Conclusions
- Current/Lapsed Member Survey
 - Findings & Conclusions
- Potential Member Survey
 - Findings & Conclusions
- Recommendations
- Stakeholder Ideas
- Discussion/Questions




Market Opportunities


- Total Sales Force, 2004
 - 315,967
- Key Segments
 - Affiliated agents
 - 160,917 in 2004
 - 51 percent of total, but trending down
 - Independent agents
 - 155,050 in 2004
 - 49 percent of total, but trending up
 - Key sub-segment: brokers (119,298)

(Source: LIMRA, U.S. Census of Sales Personnel)






Focus Groups

- Methodology
 - Nine focus groups in three markets – Charlotte, NC; Kansas City, KS; San Francisco, CA.
 - In each market:
 - One group with current members.
 - One group with recently lapsed members.
 - One group with potential members.
 - Groups conducted in August 2006.


Focus Groups

- Findings: Current/Lapsed Members
 - Advocacy mentioned most frequently as key NAIFA function.
 - Majority of participants joined because they were required/strongly encouraged.
 - Others joined for professional certification, for CE, to network, for E&O insurance.
 - Participants perceived NAIFA to be focused on life insurance.

Focus Groups

- Findings: Current/Lapsed Members (cont.)
 - Majority of members were satisfied with their membership.
 - Dissatisfied members mentioned:
 - Atmosphere and quality of local meetings.
 - Lack of uniqueness – other sources of CE, information, E&O insurance.







Focus Groups





- Findings: Current/Lapsed Members (cont.)
 - Members let their memberships lapse when they did not receive value for their investments of time and money.
 - Lack of time for and/or lack of value of local meetings was often mentioned.
 - Communication seen as weakness, including:
 - Local communication.
 - New member communication.


Focus Groups





- Findings: Current/Lapsed Members (cont.)
 - Dues level was an issue, particularly when participants could not attend local meetings.
 - Bundling of national dues, local dues, and food costs for local meetings objectionable.
 - Dues too high for those new to industry, those transitioning to their own business, retirees.
 - Lower cost national-only membership was suggested as restoring value equation.

Focus Groups





- Findings: Potential Members
 - Relatively unaware of NAIFA.
 - Primarily interested in NAIFA for advocacy and education/training.
 - More than a third expressed some interest in membership.
 - Interest increased for a national-only advocacy support membership.


Focus Groups





- Findings: NAIFA Benefits: All Segments
 - Advocacy highest value benefit.
 - Potential members found educational benefits important – professional designations important to all segments.
 - Current members expressed interest in sales tips/motivation, particularly *Advisor Today*.
 - Least awareness of and interest in affinity programs.


Focus Groups




- Findings: Participant Recommendations
 - Communicate advocacy agenda and activities more effectively.
 - Communicate all of NAIFA's membership benefits more clearly – especially to new members.
 - Improve new member recruiting – contact those newly licensed.
 - Change the dues system – separate local from national.





Focus Groups




- Conclusions: All Segments
 - NAIFA is perceived to be an advocacy organization.
 - Advocacy for individuals not entirely clear.
 - Participants not aware of specific advocacy activities and accomplishments.
 - Benefits of NAIFA membership – beyond advocacy – have not been communicated.
 - Potential members have low awareness and knowledge of NAIFA.








Focus Groups





- **Conclusions: All Segments (cont.)**
 - Local NAIFA organization shapes and controls perceptions of NAIFA.
 - Problems with member satisfaction and retention appear to originate at local level.
 - Problems with low potential member awareness appear to originate at local level.


Focus Groups




- **Conclusions: All Segments (cont.)**
 - Key problems appear to be tied to decline in membership and vigor of local organizations:
 - Decline in program value has led to decline in perceived value of membership.
 - Small local meeting attended by long-time members leads to perceptions of lack of gender, ethnic and business diversity.
 - Communication about NAIFA - largely a local activity - has decreased.
 - New member recruiting - largely a local activity - has decreased.

Focus Groups




- **Conclusions: All Segments (cont.)**
 - Participants unsure about which insurance/financial service specialties are served by NAIFA - not sure it is for them.
 - A number thought that NAIFA is not/is no longer unique - in advocacy, industry information, education.





Focus Groups





- **Conclusions: All Segments (cont.)**
 - Appear to be opportunities for NAIFA to improve member satisfaction and increase interest in membership:
 - Communicate about advocacy.
 - Communicate about member benefits.
 - Raise awareness of NAIFA with new-to-the industry potential members.


Survey of Current/Lapsed Members




- **Methodology**
 - Using a list of current and lapsed (within the past two years) members provided by NAIFA, email invitations containing a link to an online survey were sent to a total of 64,691 people beginning on September 15, 2006. A reminder invitation was sent to those who did not complete the survey on September 25, 2006.
 - From the total of 64,691 email invitations sent, approximately 10,419 (16%) returned a message of invalid email address.
 - Of the approximately 54,272 current and lapsed members who presumably received a link to the online survey, 4,212 completed the survey, a response rate of 8% of those who received the survey link.
 - A sample size of 3,850 (current members) has a maximum margin of error of $\pm 1.6\%$ at the 95% confidence level, and a sample size of 362 (lapsed members) has a maximum margin of error of $\pm 5.2\%$ at the 95% confidence level.






Survey of Current/Lapsed Members




- **Characteristics of Sample**
 - **Current Members**
 - Half of current members have been in the financial services industry for more than 20 years; more than a third have been a member of NAIFA for as long. Just over two-fifths are 55 years old or older. Two out of five describe their profession as selling securities as well as insurance to individuals and businesses.
 - **Lapsed Members**
 - Nearly two out of five lapsed members have been in the financial services industry for 10 years or less; two-thirds were a member of NAIFA for as long. Just over a third are 55 years old or better. Two out of five describe their profession as selling securities as well as insurance to individuals/businesses, and a third describe their profession as selling a broad line of insurance to individuals/businesses.



 **Survey of Current/Lapsed Members Awareness/Communications**



- Awareness of NAIFA
 - Word-of-mouth channels are essential
 - 52 percent of current/lapsed members heard about NAIFA through their company/office, and 37 percent through their colleagues.
 - Career agents (63%) more likely than average to have heard through company/office.
 - Independent agents (41%) and multiline agents (41%) more likely than average to have heard through colleague.





 **Survey of Current/Lapsed Members Awareness/Communications**




- Top Motivations to Join NAIFA
 - Among current members:
 - Majority (58%) joined to support the industry.
 - Other motivations include manager recommendation (46%), company recommendation (41%) and friend/colleague recommendation (40%).
 - Among lapsed members:
 - Same top four motivations.
 - Those in the industry 20+ years more likely than average to have joined to support the industry.
 - Those in the industry less than 10 years more likely than average to have joined because a friend/colleague recommended it.



 **Survey of Current/Lapsed Members Awareness/Communications**



- Satisfaction with Communications
 - Communications overall
 - Less than half (46%) of current NAIFA members and 19 percent of lapsed members are satisfied with NAIFA's overall communications.
 - Methods of communications
 - Half of current NAIFA members and 23 percent of lapsed members are satisfied with NAIFA's methods of communications.
 - Usefulness of communications
 - Less than half (41%) of current NAIFA members and 16 percent of lapsed members are satisfied with the usefulness of NAIFA's communications.
 - Frequency of communications
 - Less than half (45%) of current NAIFA members and 16 percent of lapsed members are satisfied with the frequency of NAIFA's communications.





 **Survey of Current/Lapsed Members Value/Benefits**




- Overall Satisfaction
 - Majority of current NAIFA members (52%) are satisfied with the association.
 - Significant portion (41%) of current members is neutral; additional six percent is dissatisfied with NAIFA.
 - Among lapsed members, only 16 percent are satisfied, 46 percent are neutral, and 33 percent are dissatisfied.
 - Satisfaction lower among those in industry less than 10 years (44%).
 - Satisfaction higher among African Americans and Hispanics compared to Caucasians.





 **Survey of Current/Lapsed Members Value/Benefits**




- Value by Level
 - Local association
 - 50 percent of current members satisfied with the value of their NAIFA local association, compared to 17 percent of lapsed members.
 - National association
 - 44 percent of current members satisfied with the value of their NAIFA national association, compared to 16 percent of lapsed members.
 - State association
 - 38 percent of current members satisfied with the value of their NAIFA state association, compared to 11 percent of lapsed members.



 **Survey of Current/Lapsed Members Value/Benefits**




- Why Lapsed Members Have Not Renewed
 - Top five reasons cited as a significant factor for lapsing:
 - Not using local benefits (42%)
 - Too expensive, not a good value (41%)
 - Not using state benefits (33%)
 - Not using national benefits (33%)
 - No time to attend local meetings (32%)
 - Nearly a third have joined or are planning to join a professional association in place of NAIFA
 - Top choices include Financial Planning Association (39%) and Society of Financial Service Professionals (32%).
 - Lapsed members who had been in NAIFA 11-20 years are more likely than others to cite the following as significant factors for lapsing:
 - No time to attend local, state or national meetings; not using benefits at all three levels; found other local or national association to fit needs.



NAIFA

Survey of Current/Lapsed Members Value/Benefits

- Options to Renew
 - Local-only is most popular renewal option, but significant numbers prefer state and national:
 - 54 percent of lapsed members said they would be likely to renew with a local-only option;
 - 44 percent with a national-only option; and
 - 40 percent with a state-only option.




NAIFA

Survey of Current/Lapsed Members Value/Benefits

Attitudes About NAIFA Values

NAIFA Value	Percentage of Current Members Who Agree	Percentage of Lapsed Members Who Agree	Gap
NAIFA membership is a useful addition to a member's professional credentials	50%	24%	-31
NAIFA benefits are relevant for business	51%	20%	-31
NAIFA offers tools to enhance business and professional skills	50%	22%	-28
NAIFA promotes ethical conduct	71%	50%	-21
NAIFA is a trusted source of information	72%	47%	-25
NAIFA advocates for a positive legislative and regulatory environment for the industry	79%	49%	-30
NAIFA's advocacy efforts have a direct impact on business	52%	27%	-25
Members are well-represented by NAIFA in government advocacy	55%	34%	-21




NAIFA

Survey of Current/Lapsed Members Value/Benefits

Attitudes About NAIFA Values


NAIFA Value	Percentage of Current Members Who Agree	Percentage of Lapsed Members Who Agree	Gap
NAIFA offers professional community for networking	50%	32%	-28
NAIFA and its affiliated state and local organizations are well coordinated	40%	20%	-20
NAIFA benefits have a positive impact on the bottom line	44%	15%	-30
NAIFA operates efficiently	41%	16%	-25
NAIFA is well managed	47%	20%	-27
It is important to support an organization that advocates for its members and the industry	52%	49%	-31
NAIFA advocates for the agent rather than the insurance companies	52%	29%	-34
NAIFA is prestigious	46%	22%	-24



NAIFA

Survey of Current/Lapsed Members Value/Benefits


- Satisfaction With Dues
 - Overall satisfaction
 - 40 percent of current members and 12 percent of lapsed members agree that the total amount of NAIFA dues is appropriate for the value of NAIFA benefits.
 - Return on investment
 - 41 percent of current members and nine percent of lapsed members agree they get an adequate return on their dues investment.
 - Good value
 - Less than half of NAIFA current members (43%) believe their membership is a good value, and only nine percent of lapsed members feel this way.
 - Those who are dissatisfied with the dues level believe the dues should be in the range of \$100 - \$250 per year.



NAIFA

Survey of Current/Lapsed Members Value/Benefits

- Value of Dues By Level
 - Local association
 - 51 percent of **current** members rated the dues at the local level as a good value, compared to 16 percent of lapsed members.
 - National association
 - 44 percent of **current** members rated the dues at the national level as a good value, compared to 15 percent of lapsed members.
 - State association
 - 40 percent of **current** members rated the dues at the state level as a good value, compared to nine percent of lapsed members.




NAIFA

Survey of Current/Lapsed Members Value/Benefits

What Current Members Value in NAIFA Benefits

NAIFA Benefit	Percentage Who Find It Important	Percentage Satisfied	Gap
Political advocacy	76%	68%	8
Sales ideas and resources	68%	41%	-15
Education, in the form of information and/or training	57%	41%	-16
Local activities and events	53%	46%	-7
Networking opportunities	42%	36%	-7
Volunteer or leadership opportunities	32%	32%	None
National activities and events	27%	29%	-2
Discounts and affinity programs	19%	19%	None



NAIFA

Survey of Current/Lapsed Members Value/Benefits

What Lapsed Members Value in NAIFA Benefits

NAIFA Benefit	Percentage Who Find It Important	Percentage Satisfied	Gap
Political advocacy	42%	35%	-7
Sales ideas and resources	42%	23%	-20
Education, in the form of information and/or training	41%	23%	-18
Local activities and events	34%	20%	-14
Networking opportunities	29%	15%	-14
Volunteer or leadership opportunities	12%	11%	-1
National activities and events	8%	8%	None
Discounts and affinity programs	7%	6%	-1

NAIFA

Survey of Current/Lapsed Members Value/Benefits

- Bottom Line Value of Specific NAIFA Benefits
 - Most valued among current members:
 - Adviser Today (88%)
 - Political/Trade (76%)
 - Professional designations (74%)
 - Website (70%)
 - LIFE (69%)
 - Annual convention (41%)
 - Less valued:
 - Young Advisors Team (33%), *Horseshoath* (27%), Educalls (45%), Programs in a Box (42%) and Leadership in Life Institute (41%).

NAIFA

Survey of Current/Lapsed Members Value/Benefits

- Bottom Line Value of Specific NAIFA Benefits
 - Most valued among lapsed members:
 - Adviser Today (64%)
 - Political/Trade (48%)
 - Professional designations (43%)
 - Website (34%)
 - LIFE (31%)
 - Less valued:
 - Young Advisors Team (11%), *Horseshoath* (10%), Educalls (17%), Programs in a Box (14%), Leadership in Life Institute (15%) and annual convention (16%).

NAIFA

Survey of Current/Lapsed Members Local Meetings/Activities

- Attendance at Local Meetings
 - Nearly a third of current members (32%) attend nine to 12 local meetings per year.
 - An additional 35 percent attend four to eight local meetings per year,
 - 24 percent attend one to three per year, and
 - Nine percent never attend local meetings.
 - Among lapsed members, 27 percent attended nine to 12 local meetings per year.
 - An additional 27 percent attended four to eight local meetings per year,
 - 30 percent attended one to three per year, and
 - 16 percent never attended local meetings.

NAIFA

Survey of Current/Lapsed Members Local Meetings/Activities

- Satisfaction with Local Meetings
 - Current and lapsed members are less satisfied with the quality of speakers and the topics discussed at local meetings; more satisfied with communication about the meetings, feeling welcomed and the convenience of meeting schedules.

NAIFA

Survey of Current/Lapsed Members Volunteerism/Civic Engagement

- Volunteerism
 - Nearly a half of current members (48%) said they have done volunteer work for NAIFA within the past three years, compared to only 16 percent of lapsed members.
 - Those who have been in the industry 10 years or less (37%) are less likely than others to say they have volunteered.
 - Among those who plan to renew their NAIFA membership, 56 percent of current members and 30 percent of lapsed members say they are likely to participate as a NAIFA volunteer in the coming year.
- Civic Engagement
 - Lapsed members (41%) are more likely than current members (36%) to agree that belonging to a civic organization is important.

NAIFA

Survey of Current/Lapsed Members Conclusions for Retention

- Opportunities
 - Develop more customized educational benefits.
 - Specific tracks:
 - Mid-career professionals
 - Non-traditional producers; e.g., what bank professionals need to know about life insurance
- Threats
 - Motivation to join NAIFA is changing:
 - To support the industry is still top reason why members in all segments joined, but younger members more likely than average to have joined because colleague recommended.
 - People will pay for benefits that enhance their bottom line, but not necessarily legislative advocacy.
 - Competitors such as FPA and SFPA may offer better value for specific segments such as brokers and multiline agents.
 - Need competitive analysis of products and services offered by competitors.

NAIFA

Survey of Potential Members

- Methodology
 - Using a purchased list of people who work in the financial services industry, 300 telephone interviews were conducted among prospective NAIFA members (who have never been a member). Respondents were qualified as being individuals who sell insurance or individuals who are fee-based financial planners.
 - Interviews were conducted from September 14 to September 25, 2006 (average length of 14 minutes).
 - A sample size of 300 has a maximum margin of error of ±5.7% at the 95% confidence level.
- Characteristics of Sample
 - More than a third of prospective members have been in the financial services industry for 10 years or less and the same percentage have been working in the industry for more than 20 years. A third are 55 years old or better. More than half describe their profession as selling a broad line of insurance to individuals/businesses.

NAIFA

Survey of Potential Members Awareness/Communications

- Awareness of NAIFA
 - 50 percent had not heard of NAIFA.
 - 49 percent had heard of NAIFA.
 - Those who had heard of NAIFA heard through colleagues (35%), professional publications (29%), and office/company (18%).
 - Ethnic minorities more likely than average to have heard of NAIFA through colleagues, less likely to have heard through professional publications.
- Preferred Communication Channels
 - Email (65%), direct mail (19%)

NAIFA

Survey of Potential Members Value/Benefits

- Association Membership
 - Majority (63%) belong to no professional association.
 - Among those who do belong, Financial Planning Association is most popular (9%).
- Expected/Valued Benefits from Membership

Benefit Category	Percentage
Educational/training	62%
Network with other professionals	45%
Credentia/licensing	47%
Network with potential clients	42%
Prestige	26%
Discounts	17%

NAIFA

Survey of Potential Members Value/Benefits

- Expected/Valued Benefits from Membership: *Specific Segments*
 - More likely to value education/training, networking opportunities with other professionals and potential clients, and credentialing:
 - Those under age 45
 - Those in the industry 10 years or less
 - Ethnic minorities
 - Women
 - Multiline agents more apt to value credentialing and opportunities to network with potential clients.

NAIFA

Survey of Potential Members Value/Benefits

- Valued NAIFA Benefits

Benefit Category	Percentage
Educational/training/information	32%
Sales ideas/resources	26%
Political advocacy	28%
Networking opportunities	24%
Recreational/leisure programs	19%
Local activities/events	11%
Volunteer/leadership opportunities	5%

- Specific Segments
 - Top four benefits appeal especially to those under age 45, those in the industry 10 years or less, ethnic minorities, and women.
 - Multiline agents more likely than average to value sales ideas/resources and political advocacy.

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Survey of Potential Members Value/Benefits

- Value of NAIFA Benefits to Bottom Line
 - Professionals rating NAIFA benefits as high or medium in importance:
 - More valued:

Benefit	Percentage
Educate	64%
L/R/E	63%
Web site	62%
Professional designations	57%
LLJ	57%
Political Frontline	56%
PS	55%
Advisor Today	52%
 - Less valued: Young Advisors Team (48%), Horsesmouth (40%), Annual convention (40%).

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Survey of Potential Members Value/Benefits

- Value of NAIFA Benefits to Bottom Line (Cont.)
 - Benefits that sound educational or informational have highest appeal, especially among those in the industry less than 10 years, ethnic minorities and women.
 - Multiline agents more likely than average to value Young Advisors Team, professional designations and NAIFA Web site.
- Likelihood of Joining NAIFA
 - 24 percent likely to join.
 - More likely than average to join:
 - Those under age 45, those in industry less than 10 years, multiline agents, ethnic minorities, women.

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Survey of Potential Members Value/Benefits

- Attitudes on Dues
 - Only 15 percent agree current dues are appropriate for value of NAIFA.
 - 36 percent are neutral.
 - 35 percent disagree that dues are appropriate.

Attitude	Percentage
Agree	15%
Neutral	36%
Disagree	35%
Don't Know	14%

 - Specific segments more likely than average to be neutral regarding dues, including multiline agents (49%) and ethnic minorities (55%).
 - Appropriate annual dues thought to be in \$100 to \$200 range.

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Survey of Potential Members Volunteerism/Civic Engagement

- Civic Engagement
 - 70 percent neutral or negative about importance of belonging to civic organization.
 - "Non-joiner" attitude especially strong among multiline agents and those under 45.

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Survey of Potential Members Conclusions for Recruitment

- Strengths
 - Educational, networking and political advocacy benefits are appealing to significant numbers of potential members, including key and emerging segments.
 - Some success in word-of-mouth channels.
 - A third of those who had heard of NAIFA heard through colleagues.
- Weaknesses
 - Dues are not in line with perceived value.
 - NAIFA viewed as too expensive.
 - Over-reliance on traditional communication channels through companies.
 - Independent agents more likely to have not heard of NAIFA.

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Survey of Potential Members Conclusions for Recruitment

- Opportunities
 - Half had never heard of NAIFA.
 - Awareness-building activities and increased communication efforts will generate interest.
 - Expand communication efforts beyond local level.
 - Majority (63%) does not belong to professional association, but values key benefits.
 - Recruitment and communications should demonstrate bottom line benefits of education/information, networking and credential/licensing.
 - Primary message: "NAIFA will enable you to succeed in the industry."
 - Secondary message: "NAIFA advocates for the agent."
 - Demonstrate greater value through specialty tracks or segments by line of business



Survey of Potential Members

Conclusions for Recruitment

- Threats

- "Non-joiner" inertia and ambivalence.
- Financial Planning Association offers to meet educational and other needs.
- Lack of specialty tracks makes it difficult to demonstrate bottom line benefits to professionals in increasingly complex industry.



APPENDIX F

Membership Demographics (2006)

Age

Percentages based on members with date of birth information – 27,954

< 25	199	(.071%)
25 – 39	7,461	(26.69%)
40 – 54	11,141	(39.85%)
55 – 64	7,845	(28.06%)
65+	1,308	(4.67%)

Gender

Percentages based on members coded with Gender – 61,002

Male	49,549	(81.22%)
Female	11,453	(18.78%)

Years in Business

Percentages based on members' year of license – 46,386

< 5	5,260	(11.33%)
5 to 10	9,453	(20.37%)
11 to 20	14,252	(30.72%)
21 to 40	16,325	(35.19%)
40+	1,096	(2.36%)

Business Line

Percentages based on responses (possible to have more than 1) – 28,689

Life	11,952	(41.66%)
Bank Agent	174	(.012%)
Multiline	12,838	(44.74%)
Health	9,797	(34.14%)
Financial	5,532	(19.28%)

Position

Percentages based on respondents – 16,593

Owner	8,457	(50.96%)
Employee	3,824	(23.04%)
Independent	4,312	(25.98%)

Other Organizations

Percentages based on responses (more than 1 possible) – 7,101

SFSP	3,270	(46.04%)
MDRT	4,912	(69.17%)
FPA	1,125	(15.84%)
AICPA	113	(.015%)

Those with 1 of the above: 1,551

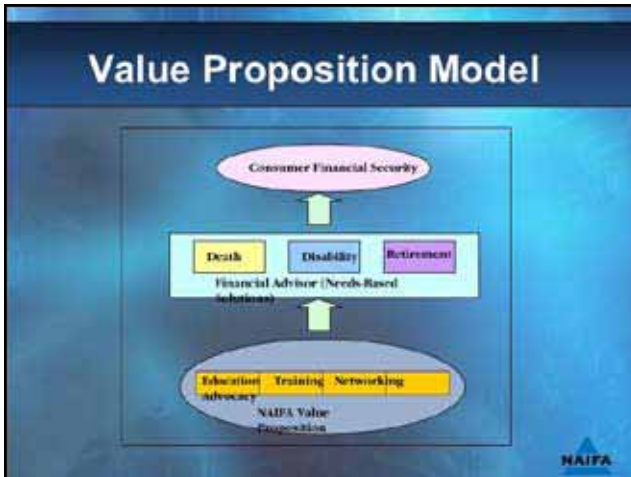
Those with 2 of the above: 1,440

Those with 3 of the above: 274

Those with 4 of the above: 4

APPENDIX G

Product Value Visuals



APPENDIX H

Local Association Sizes

SUMMARY OF LOCAL ASSOCIATION INFORMATION			
Assoc. size	Number of associations in size group		% of total
1000+	1	0	
500-1000	8	1.1	
400-500	8	1.1	
300-400	25	3.4	
200-300	39	5.4	
100-200	87	12.6	
50-100	159	22.1	
25-50	212	29.5	
10-25	120	16.6	
Under 10	60	8.3	
TOTAL	719	100.1	
