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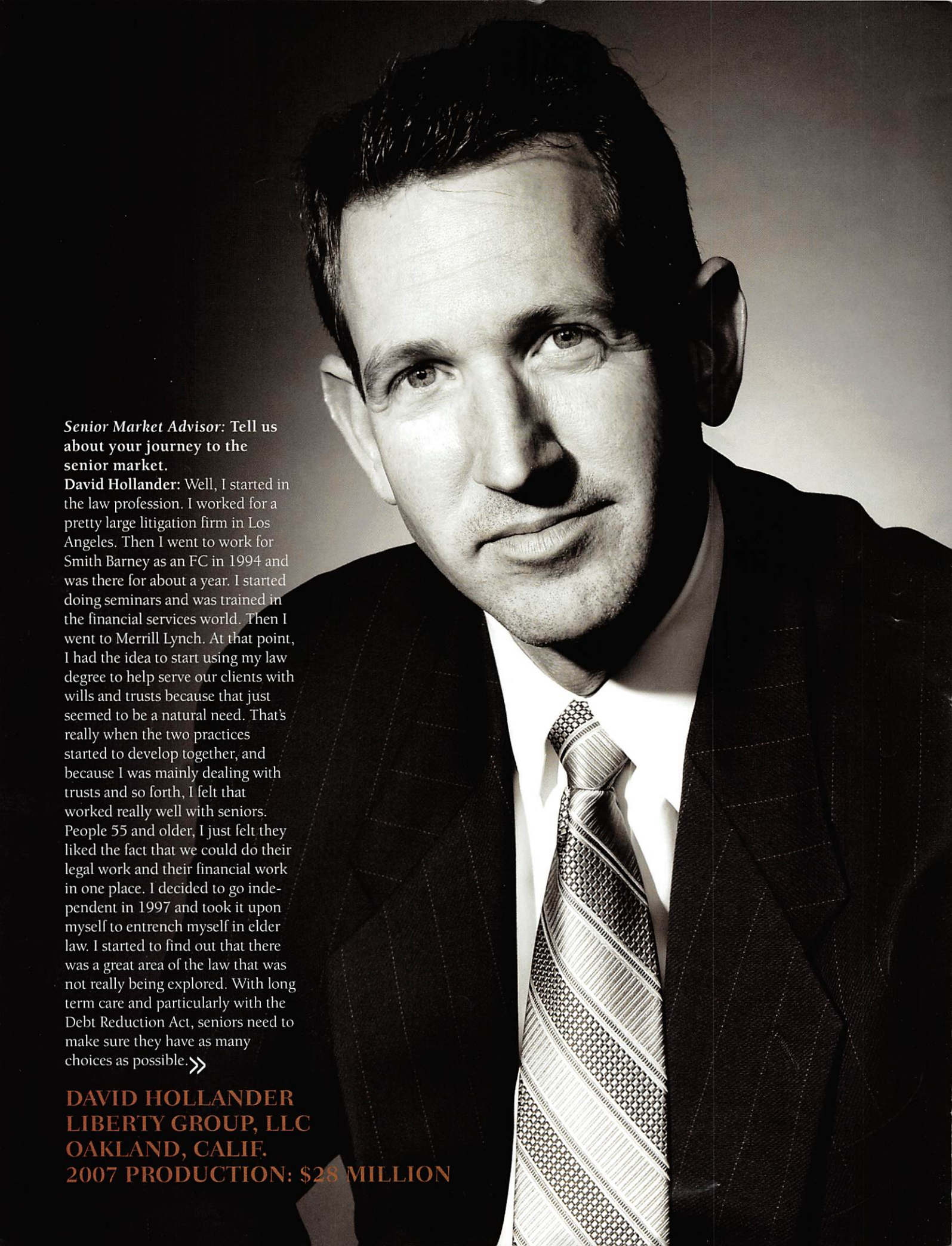
2008 ADVISOR OF THE YEAR:

THE FINALISTS

WHAT CAN YOU LEARN FROM THESE FIVE LEADERS?



***Senior Market Advisor:* Tell us about your journey to the senior market.**

David Hollander: Well, I started in the law profession. I worked for a pretty large litigation firm in Los Angeles. Then I went to work for Smith Barney as an FC in 1994 and was there for about a year. I started doing seminars and was trained in the financial services world. Then I went to Merrill Lynch. At that point, I had the idea to start using my law degree to help serve our clients with wills and trusts because that just seemed to be a natural need. That's really when the two practices started to develop together, and because I was mainly dealing with trusts and so forth, I felt that worked really well with seniors. People 55 and older, I just felt they liked the fact that we could do their legal work and their financial work in one place. I decided to go independent in 1997 and took it upon myself to entrench myself in elder law. I started to find out that there was a great area of the law that was not really being explored. With long term care and particularly with the Debt Reduction Act, seniors need to make sure they have as many choices as possible.»

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OAKLAND, CALIF.
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THE FINALISTS

***SMA*: What are the biggest keys to the success of your practice?**
Hollander: Getting good talent to work with me. That's probably the hardest part: finding really good employees who can do as good a job as I would hope they would do. It's very hard to find talented people who are committed to help you grow your business.

***SMA*: What are the biggest issues facing the industry and your practice right now?**
Hollander: The biggest issues facing the industry are certainly the federal regulations that are occurring. The Deficit Reduction Act is the first act by Congress to change the Medicaid system as we know it with respect to entitlement programs for people who are 65 and older. So that's going to deal with homes, with investments, with retirement accounts. I think most advisors and their clients are unaware of how this can affect them and how they need to plan for long term care in the future. It's really important to understand how they can protect their assets. The other challenge in our industry relates to each advisor doing the best he or she can to get trained and staying committed to improving themselves.

***SMA*: What are some effective methods of prospecting that you've been able to employ?**
Hollander: I have been doing seminars since '94. I see that as the lifeblood of my business. Because I've been doing it so long now, I get a lot of referrals. Referrals are key. We also try a one-on-one dinner program that's worked really well.

***SMA*: Tell me a little bit about your community involvement and if any of that work has had an effect on your practice.**
Hollander: I have devoted my energy and resources to the schools because in California we're really suffering. There's a fiscal emergency in California right now, so a lot of the schools are getting cut. In my town, I was somewhat instrumental in forming a fathers' group that lobbied to re-do our biggest school. The other example would be with the hot lunch program. The school district didn't really have a hot lunch program. My wife — actually I give her most of the credit — she found a food organization that had quality food for kids and was instrumental in getting that program instituted at the school.

***SMA*: Tell me a little bit about your typical work schedule.**
Hollander: Usually in the morning, I come in and read the research around 6:30 to 7 a.m. Then I'll typically check my voicemails. I try to block times to return calls. Then I spend a good deal of time looking over client accounts and seeing what needs to happen on a particular day, calling the client and making sure we get that done. We usually have a staff meeting at least once a week, on Monday morning. I also spend quite a bit of time working with my advisors, mentoring them on products and situations and legal issues. I'll also spend part of the day with my attorneys, and we'll talk about cases and strategies. I make a big deal about getting home by 6 p.m. because I want to have dinner with my kids. That's something my clients know.

***SMA*: Getting out the crystal ball, how do you see the landscape changing or improving over the next five years?**
Hollander: The biggest challenge, I think, to our industry right now is that there are a lot of experienced advisors

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who are getting older. I read recently that something like a third to a half of the financial advisors will be gone in the next 10 to 15 years. That in itself presents a huge challenge and opportunity. I think the second biggest challenge is that, especially in the senior market, the early years were somewhat dark. I think that there's a huge opportunity to educate as many planners as possible about the options regarding long term care. I really believe that the success of this business goes back to long term care. How are you going to prepare for your client to live eight, ten years in a skilled nursing facility or assisted living?

DRA changes, mixed bag for consumers

This modest change will provide critically important protections required by thousands of seniors.

ON JUNE 2, 2008, further amendments to SB 483, California's attempt to implement the Federal Deficit Reduction Act of 2006, were made. I am happy to report that the previous disclosure, which I discussed in last month's article, was struck from the bill. My sources tell me that this was due to the fact that the disclosure already is mandated under previous legislation. So if you do business in California, make sure you use it.

The following provision was added: *"This bill would express the intent of the Legislature that its provisions shall apply prospectively to any individual to whom the bill applies commencing from the date regulations adopted pursuant to this bill are filed with the Secretary of State."*

So for all of you who have asked me when will this take affect, the earliest possible date, assuming the bill gets signed into law, would be from January 1, 2009 forward. In other words, all planning done prior to January 1, 2009, could be grandfathered. Be careful. There are various provisions that discuss redetermination. I hope that doesn't mean that on redetermination, they can undo what was done prior to January 1, 2009. We will have to wait and see.

Of additional note and controversy is the provision dealing with home equity. For years, the home was an exempt asset. It was not counted for purposes of Medi-Cal if the applicant intended to return home, regardless of value. For purposes of avoiding recovery, the home could be gifted away, placed in a special trust, or disposed of in other ways. Under DRA if a person's equity in their home was greater than $500,000 or $750,000, their application would be denied.

Most importantly, SB 483 states the following:

"An individual is not eligible for medical assistance for home and facility care if his or her equity interest in the principal residence exceeds $750,000. No later than December 31, 2011, and each year thereafter, this amount shall be increased based on the percentage increase in the consumer price index for all urban consumers, rounded to the nearest $1,000."

Subsequently, your clients will not be eligible for home or facility care Medi-Cal if the equity interest in their home is greater than $750,000. In California, equity interest is the key term. Equity under proposition 13 could be the 1968 value at 2 percent per year thereafter or $135,000 of assessed value versus $1,200,000 appraised value.

The second part of the definition includes the word "encumbrance." As currently written, seniors will be preyed on. What is necessary is to add the clarification of, "...and limited to," the language as follows:

"The appraised value of the principal residence will be determined by, and limited to, a qualified real estate appraiser who has been retained by the applicant or beneficiary, less any encumbrances of record."

Lastly, the home equity provision of section 4 has several exceptions to it. Therefore, it is important that you take a look at the bill and familiarize yourself with those exceptions.

Clarification of encumbrance shields consumers from lenders who are running rampant throughout California, preying on our clients. This modest change is completely within the intent of DRA and will provide critically important protections required by thousands of seniors and the disabled.

Don't miss David Hollander at Senior Market Advisor Expo, Aug. 20-22. Visit www.seniormarketexpo.com for details.

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