



MAKE SALES WITH VEGETABLE GARDENS

The following is from E. Dennis Zahrbock, CLU CFP, of Wayzata, Minnesota, who has been a member for 32 years with nine Top of the Table qualifications.

We are often asked, "What's the difference between stocks, mutual funds and variable annuities?" When we give the standard textbook answers we notice eyes glossing over and words bouncing off the clients forehead.

So now we talk about "Vegetable Gardens".

Suppose you were going to plant a vegetable garden, but first you went out and researched what might grow best in your soil and your climate.

You determined that "tomatoes" would be best so you planted all "tomatoes".

Unfortunately all of your research didn't tell you about the chance that a hail storm could wipe out your crop!

The next year you did it again and you had a great crop of "tomatoes" but now the price wasn't so hot because everyone else did too?

Picking one vegetable is like picking a stock.... many unknowns can happen so the risk of a big loss is as big as the risk of a big reward.

So now you think, why don't I hire a Gardener that better understands vegetables.

The gardener has the same research but he also has experience. The gardener plants a garden with your seeds and on your land.

He buys the best choice fertilizer and installs the proper irrigation.

His "tomatoes" are looking good too, but alas, bad luck hit's him too and they are wiped out by tomato beetles.

But, the good news is that he also planted carrots, peas, radishes, lettuce and beets.

Carrots, peas and radishes have a normal year. But lettuce and beets have a banner year.

When all was said and done a significant profit was had. Now you pay the gardener a fee for his expertise and you keep the rest.

You see Mr. Client, when we buy stocks it's like planting a "tomato" it might turn out good or it might turn out bad but we are placing our bets on one vegetable with only our own research.

If we hire a gardener we are hiring a mutual fund manager, his experience gives us a better chance of consistent return.

Now Mr. Client, have you ever heard of "crop insurance"? You can install an instrument called a Variable Annuity which effectively becomes "crop insurance for your garden".

Just like "crop insurance" you pay a premium for this insurance but maybe it's worth it.

So Mr. Client, stocks are like individual vegetables, mutual funds are like individual vegetables with a professional gardener doing the planting, cultivating and harvesting and variable annuities are like acquiring "crop insurance" for your vegetables.

Which would you like to discuss further in your investment plans?

E. Dennis Zahrbock
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