

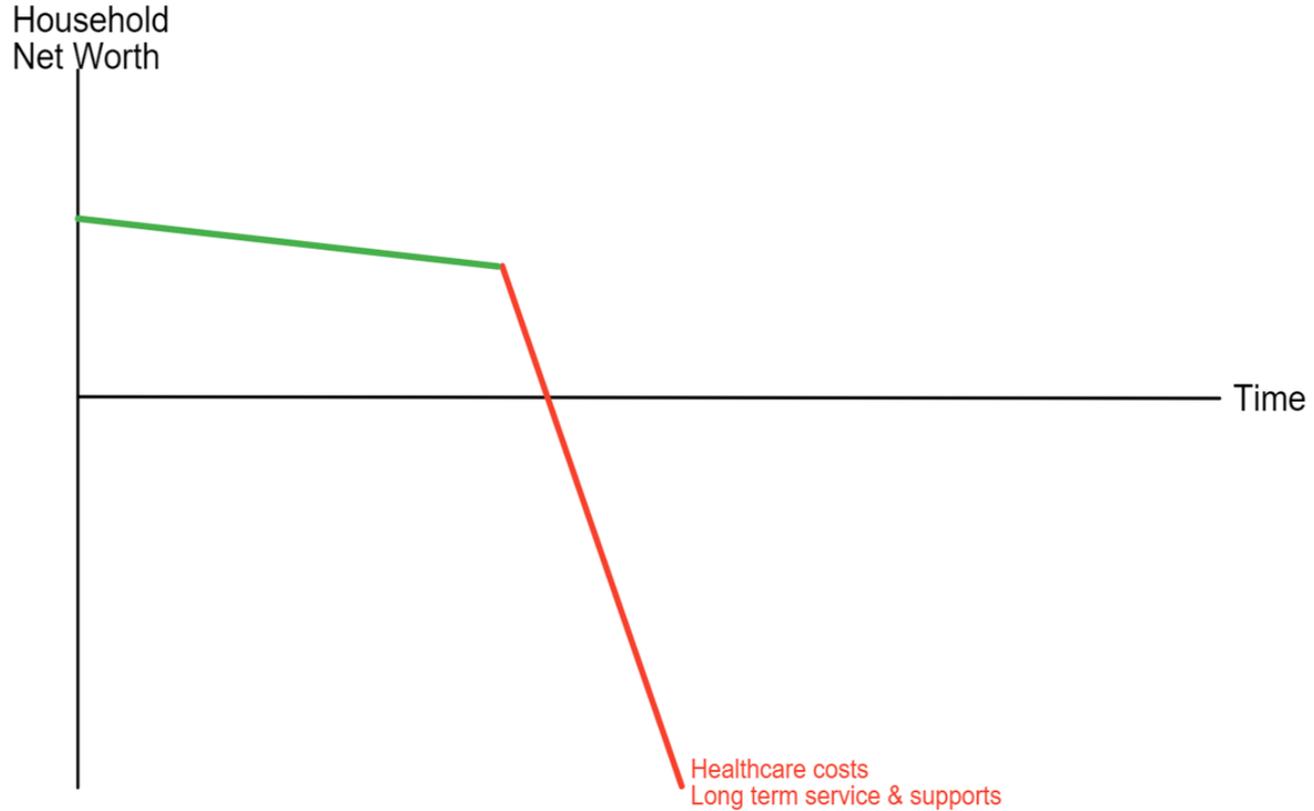


**BENEFITS**

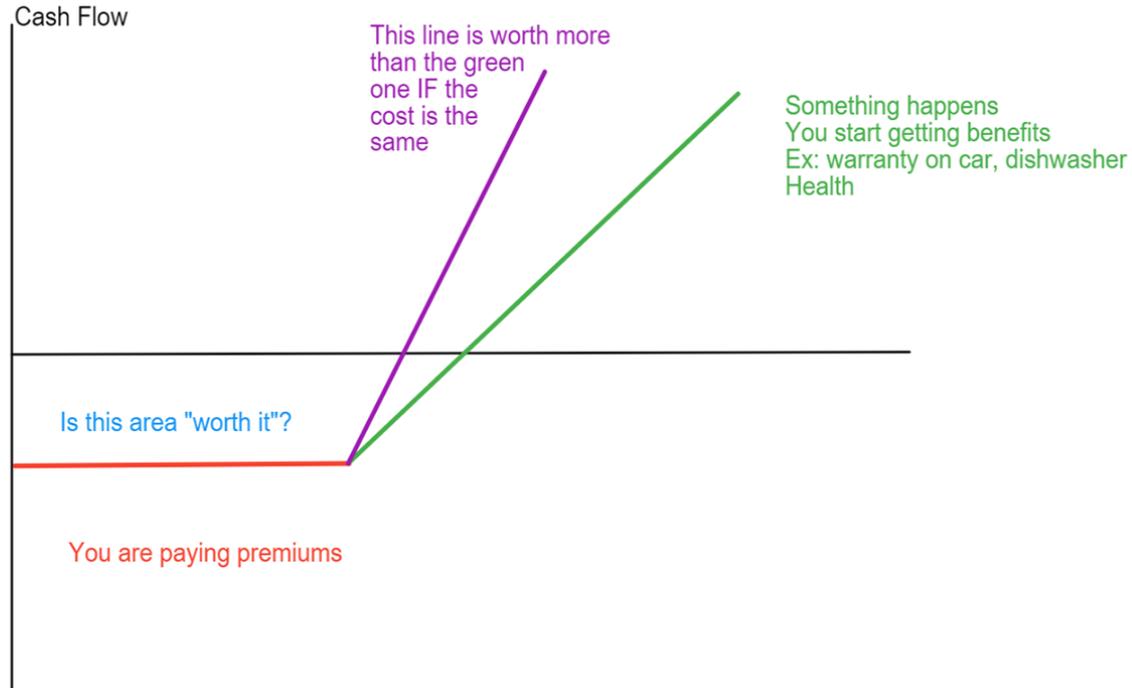
**FINANCIAL CONSULTING & INSURANCE**

**GREAT HOPE, GREAT HUMANITY**

# Just One Job: To Evaluate This Graph

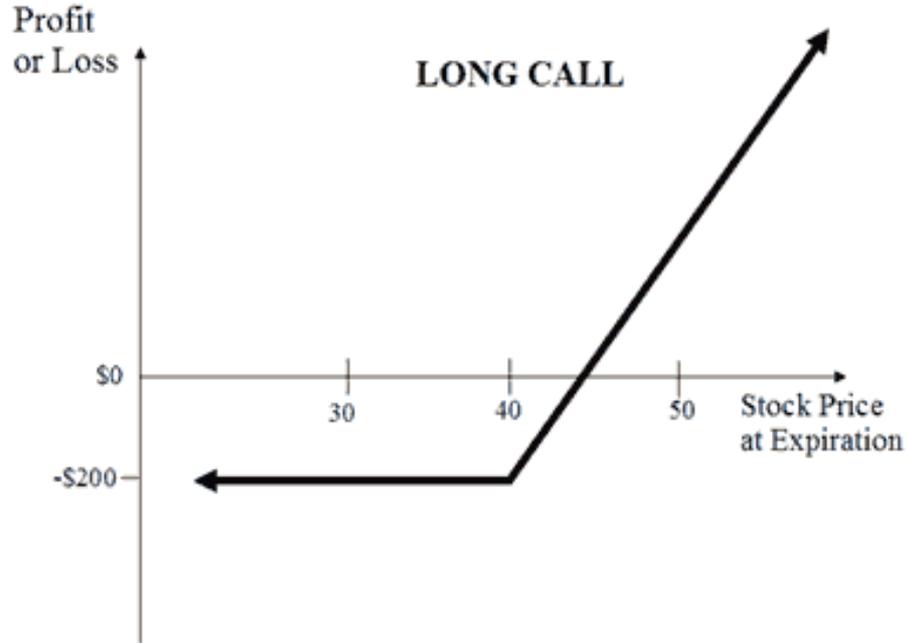


# Just One Job: To Evaluate This Graph



# You Have Seen This Before...

Looks like a duck, quacks like a duck...



# It Has a Singular Formula / Framework

Ducks have a single pricing framework

Theoretical option price =  $pN(d_1) - se^{-rt}N(d_2)$

$$\text{where } d_1 = \frac{\ln\left(\frac{p}{s}\right) + \left(r + \frac{v^2}{2}\right)t}{v\sqrt{t}}$$

$$d_2 = d_1 - v\sqrt{t}$$

The variables are:

$p$  = stock price

$s$  = striking price

$t$  = time remaining until expiration, expressed as a percent of a year

$r$  = current risk-free interest rate

$v$  = volatility measured by annual standard deviation

$\ln$  = natural logarithm

$N(x)$  = cumulative normal density function

# There are NO Financial Contracts Excluded

Every contract where the value can vary (which is every financial contract) is estimated by that framework, in some form or fashion (Black-Scholes).

- Extended warranty on refrigerator
- Dental Insurance
- Health Insurance
- Long-term care insurance
- Life insurance
- Annuities
- Common stock (is a call option where the strike price is the value of underlying debt which must be paid before the stock has any value)
- Financial planning is a portfolio of these contracts, all together at once

**Me: Bond derivative trader at global financial centers on three continents.**

So: My job is to attach the parameters on that formula to real life, thus evaluating the value of the contract, for that specific instance. The technical name of the contract? Largely impertinent.

**So: my job is to evaluate the “duck.” Just one job.**

# Examples of problems caused

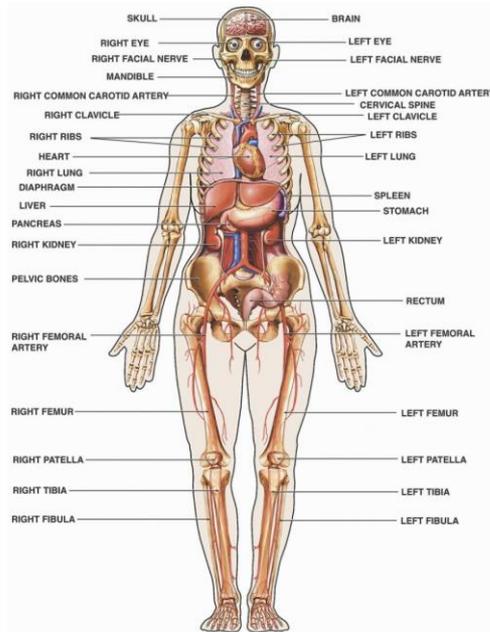
**Medicare:** This is why Medicare Advantage isn't what the media portrays: it is the rational decision for some, given the value of the contract, and whether the person can afford the price.

***There cannot be a singular answer, the framework and attaching the private facts of the individual mean that the value will vary.***

**Media:** Unless that person is strictly qualified in the framework, the idea of a reporter writing books (*Medicare For Dummies*, ahem) is mere reporting, not analyzing.

**Ivory Tower:** Pure academics, writing from a perch, haven't met a real-life person or client, meaning that they cannot relate to the real-life situation of the general population. So how are they commenting on *Get What's Yours For Medicare* (ahem. There are reasons that Maximize Your Medicare has its place in the market).

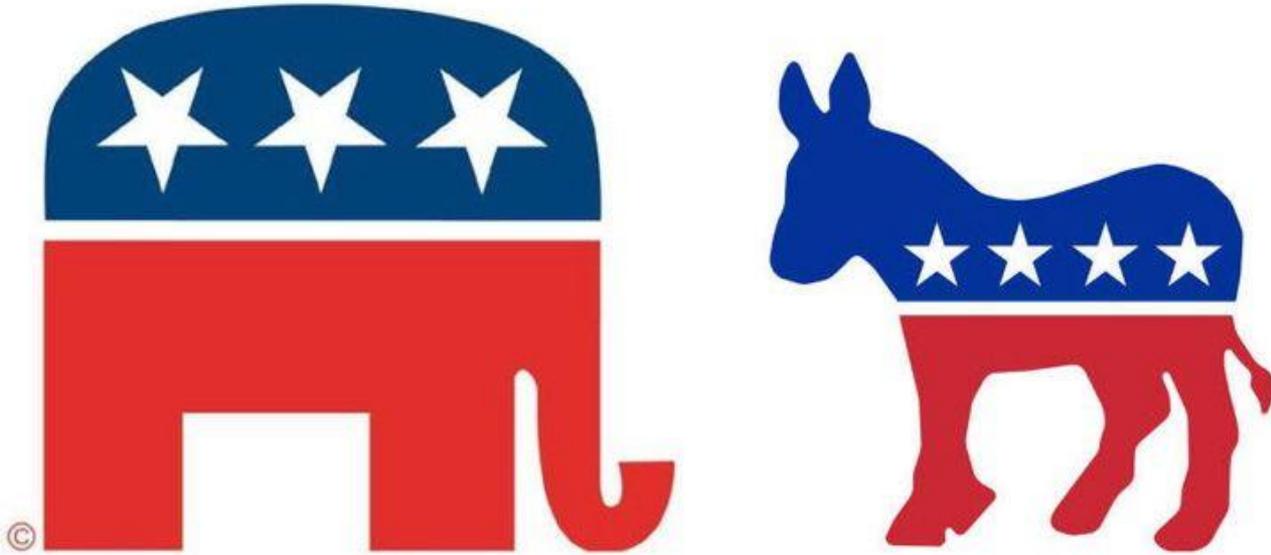
# Not Part of the Framework



AllPosters

**The distortion of the options framework with this is both advertent and inadvertent. The experts in this image are not the same as those analyzing ducks, BUT people ask for duck advice, from people expert in THIS image. WHY? It's a fundamental misunderstanding.**

# Also, Not Part of the Framework



The distortion of the framework with this is both advertent and inadvertent. Policy can determine the underlying cost of healthcare, thus affecting the framework: that's different from politics saying that the framework is to blame