Brought to you by D. Todd Minard

KNIGHTS OF COLUMBUS

Financial Beacon

Winter 2009

Estate planning basics:
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without permanent payments

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to find savings on household expenses

Letter from your agent
Stability from the Knights of Columbus during uncertain times

A MESSAGE from your agent

Dear Brother Knight:

One of the best things about my career is that when my phone rings—even during a serious economic downturn—I know I'm *not* going to have to deliver bad news about money invested in a Knights of Columbus insurance product.

In Supreme Knight Carl Anderson's 2008 "Statement on Financial Services Markets and the Knights of Columbus," he stressed that there is no reason to be concerned about the value of a Knights of Columbus life insurance policy or annuity.

Anderson acknowledged that no major financial institution has come away unscathed from the continuing economic upheaval. However, he noted, "Because of the very conservative approach we take to investing our $14 billion in assets, the impact on the Knights of Columbus has been far smaller than for many other organizations and the industry as a whole. By avoiding investments in the complex and speculative vehicles that are at the root of today's problems, we greatly reduced the impact of the crisis on our operations."

The K of C's values-based approach to investing sets us apart in our industry. Also, we maintain a larger than normal surplus and carry no debt on our balance sheet.

Please know that your money is always safe with our organization, and that I'm always here to help you and your family protect your futures.

Fraternally yours,

D. Todd Minard

5 SIMPLE PLACES TO FIND SAVINGS ON HOUSEHOLD EXPENSES

In addition to saving money by drinking filtered tap water and home-brewed coffee, consider the mini-mountain of waste you'd avoid adding to the environment every year by eliminating just one bottle of water and one paper or plastic coffee cup per day.

You don't have to turn your life upside down to save a significant amount of money on key consumables like water, gasoline, coffee, and entertainment. Cost-conscious members can find extra money in these five places:

Your sink: Drink filtered tap water instead of buying bottled water.

Your TV: Reconsider cable or satellite packages. Many network shows—past and present—are now available through free, legal Internet sites.

Your coffee mug: Brew your own coffee or tea and save $3 to $5 per day for every double-latte or chai drink.

Your gas pedal: A study by Edmunds.com showed that the biggest factor in improving gas mileage—up to 37%—is simply driving less aggressively. Pull gently away from stops, ease more gradually into stops, and drive at the speed limit.

Your library: Shuffling through card catalogues has gone the way of the dodo bird in most libraries. Many allow you to order music, movies, games, books, and magazines online and have them delivered to your local branch—for free. And just maybe something on the shelves will catch your eye and take you in a new and cool direction. ✦

Permanent coverage without permanent payments

With careful planning as you approach retirement age, you may be able to eliminate key monthly expenses, such as mortgage and car loan payments—but permanent life insurance? Those payments are forever, right? Isn't that why it's called "permanent" or "whole" life? Not necessarily.

Although permanent life insurance is designed to provide protection, and build cash value, for as long as you live, some varieties allow you to fully pay the premium within a set period of time.

Here are two examples of permanent life policies included in the Knights of Columbus "800 Series":

Life Paid-Up at 65: Up to age 54, you may be eligible for this policy. The premiums are calculated to end near your 65th birthday.

20 Payment Life: Up to age 75, you may be eligible for this policy, which is paid up after 20 years.

If you've got questions about these policies—or any matters of financial security—please don't hesitate to get in touch with me. ✦

ESTATE PLANNING BASICS (Three-part series)

PART ONE: Wills and the probate process

Maybe it's because the word "estate" evokes images of mansions with acres of manicured gardens, but too many people believe that "estate planning" is only for wealthy people. The truth is, anyone with assets has an estate. In the next few issues of the *Financial Beacon*, we'll cover some key terms and concepts involved in preserving your assets for future generations.

Estate planning isn't only for "wealthy" people; it's for anyone with assets.

PROBATE: Probate is the process by which a person's estate is settled after death. Each state has courts exclusively responsible for probate matters. The court validates a will and authorizes the executor to act as the estate's representative. Not all property must pass through probate. For example, assets in trusts and property jointly held by spouses are not subject to probate. Simplified informal probate procedures also exist for smaller estates. Relatively small estates can even avoid probate altogether in certain states.

WILL: A will is the legal document that identifies how a person's property will be distributed after death. The person creating a will, known as a testator, must sign the will, and it must be witnessed by a certain number of people—a minimum of two in most states. An attorney's assistance isn't strictly required, but it's strongly recommended.

HOLOGRAPHIC WILL: A will handwritten by the testator without witnesses. Approximately half of the 50 states do not recognize these as legally binding documents. Fewer still allow oral, or "nuncupative," wills, which have many restrictions.

EXECUTOR: The person named in the will who is responsible for guiding the estate through the probate process and disbursing the decedent's property. You may generally name any adult as executor of your estate, with exceptions such as convicted felons. The executor's duties can require a significant amount of time, so it is important to make sure a person is willing to do the job before selecting him or her.

BENEFICIARY: A person or other entity (such as a charity) named in a will to receive the assets of the estate. The executor of an estate may also be named as a beneficiary in the will. A person assigned to receive the proceeds of a trust or life insurance policy is also known as a beneficiary.

INTESTATE: A person who dies without a valid will is said to die intestate. Each state has laws related to the distribution of the decedent's property in such situations. Priority is usually given to a surviving spouse and children, followed by parents, siblings, and other relatives. If no discernible heirs exist, the property passes to the state.

In the next issue: Read about powers of attorney and similar documents. Meanwhile, please call me with any questions about protecting your assets and your family's financial security. ✦

This is intended as general information only, and should not be construed as legal or tax advice. Laws and terms may vary among states, so always consult a qualified legal or tax expert on the matters described in this article.

YOUR AGENT

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- Financial needs analysis
- Life insurance
- Tax deferred fixed-rate annuities
- Long-term care insurance
- Retirement account rollovers
- Estate preservation
- Scholarships
- Family fraternal benefits

An outstanding benefit for new members

If you're a new member, or if you're talking with others about joining us in the Knights of Columbus, remember that as of September 2008, new members qualify to open a non-qualified tax-deferred annuity with an initial deposit of $100.

An annuity is a retirement account that generally serves as a conservative investment to balance out a portfolio. If you're not familiar with what makes an annuity "non-qualified" and "tax-deferred," here's a very basic breakdown of those terms:

Non-qualified means that the annuity doesn't qualify under government tax rules for contributions of money on which you haven't yet paid income tax. In other words, you're contributing after-tax dollars to this type of annuity.

Tax-deferred isn't the contradiction it may seem to be, given the definition of "non-qualified." In this context, it means that the interest money your annuity contributions earn isn't taxed as it grows—which helps it grow much more quickly than if you had to pay tax on your interest earnings each year. The interest earnings are taxed as income when you withdraw your annuity funds. Often, however, a retiree's income tax rate will be lower than it was before retirement.

Knights of Columbus offers annuities with a guaranteed minimum interest rate of 3%, and the rates have been considerably higher in recent quarters. Please get in touch with me if you want to learn more about annuities, and I can fill you in on our current interest rates. ✦