



Brought to you by D. Todd Minard, PGK, FICF

# KNIGHTS OF COLUMBUS Financial Beacon

Summer 2011

## 10-YEAR PLAN for life insurance

### Letter from your agent:

Affordable options  
for protecting  
your family

**Making long-term  
care insurance  
affordable**







## A MESSAGE from your agent

### **Dear Brother Knight:**

I hear you when you say  
“I can’t afford it.”

But that statement can mean many things. It would be irresponsible of me not to ask a few more questions if I can help you break out of a month-to-month or paycheck-to-paycheck cycle of financial decisions. The truth is, many conversations I have with brother Knights that start with “I can’t afford it” end in solutions he hadn’t thought possible.

The first thing I can do to help you move past “I can’t afford it” is to clarify what “it” is. When was the last time you took a close look at the life insurance, long-term care insurance, and annuity options your Order makes available to you as a benefit of membership? Did you know we now offer disability insurance?

Products change. New options emerge. I’m here to help you find affordable alternatives for protecting your family’s financial future. I don’t mind hearing “I can’t afford it.” It means we’re talking. And I’m confident that eventually we’ll find a way.

Fraternally yours,

**D. Todd Minard**

## Long-term care insurance: Can I afford it?

If you’ve heard anything from friends, family or radio talk shows about long-term care (LTC) insurance lately, you’ve probably come away a little confused and with a few misconceptions such as:

- ▶ *LTC insurance is for nursing home expenses.*
- ▶ *LTC insurance is very expensive.*
- ▶ *The government will take care of me.*

It’s important to understand that LTC insurance pays for assistance with basic necessities of daily life, such as eating, bathing, and getting dressed. Medicare does not pay for this type of care, other than for relatively brief periods of recovery from a medical procedure for a short-term illness or injury.

You may get this type of care in a nursing home, but that’s only one scenario. Long-term care is often provided at home, at a day-care facility, or both. In fact, your top reason for buying LTC insurance—aside from the obvious goal of protecting your family’s financial future against catastrophic expenses of long-term care—might be to keep you *out* of a nursing home.

On the other hand, if you can’t afford a “comprehensive” policy that covers facility-based care, home care, and other options, you may be able to afford a policy that covers facility-based care only.

Here are other options you have to significantly reduce the cost of LTC insurance:

### **Buy earlier**

Buying LTC insurance when you’re relatively young and healthy can save you thousands on premiums over the life of the policy. The longer you wait, the more the premium will increase. And as you age, the risk increases that a health condition will make you ineligible for LTC insurance—at the very time you’ll need it most.

### **A shorter benefit period**

Lifetime LTC coverage is the safest choice for preserving assets for your

retirement or your estate. However, some LTC insurance is better than none. A policy that covers a set period of three, four, or five years may cover the majority of conditions under which you’d need long-term care assistance.

### **A longer elimination period**

LTC insurance benefits generally kick in after a waiting period of 30 to 90 days. Premiums for a policy with a 90-day elimination period will be less than the same policy with a 30-day or 60-day elimination period. Set aside funds to shoulder LTC expenses for a few months and reduce your long-term premium cost with a slightly longer elimination period.

### **Spousal discounts**

Purchase individual LTC policies for you and your spouse from the Knights of Columbus and you are eligible for a premium discount.

### **Shared-care benefit**

Another option for spouses is a policy that provides a pool of benefits to split. A shared-care policy with a five-year benefit period may cost more than two individual five-year policies with the same coverage. However, if one spouse only needs a year of coverage in a shared-care policy, the other spouse will have nine years of coverage. So a shorter benefit period on a shared-care policy can provide more benefits to a spouse in the long run.

LTC policies have many other options for balancing the premium cost with the long-term risks you and your family face. Let me help you weigh the facts and decide the level of protection that fits your budget. ♦



## The 10-year plan for life insurance

Where do you see yourself in 10 years? That's a typical job interview question, but this time, answer the question as it relates to paying life insurance premiums.

When you think of paying life insurance premiums over ten years, you may assume that you're paying for a 10-year term policy, which means the coverage stops when the premiums stop. But in 10 years, you can also buy a lifetime of life insurance—guaranteed!

Permanent or “whole” life insurance remains the foundation of a family's long-term strategy for financial security. In contrast to term insurance, permanent policies guarantee that the money will be paid when it is needed most, at the death of the insured.

Permanent life is also called “cash value” life insurance because a portion of your premium builds cash value that can pay dividends. This gives you the ability to borrow against your policy's cash value, and/or it can add to the final payout.

### Four life stages suited to a 10-year plan

If you've compared the merits of term and permanent life insurance, you may have learned that a whole life policy requires that premiums be paid for the insured's whole life. That's not always true. A policy such as the Knights of

Columbus 10-Pay Life is permanent coverage that is paid up in only 10 years.

A 10-year premium arrangement is well suited to several stages of life:

❶ **Pre-retirement:** The time to prepare for the loss of a regular work paycheck is while you're still receiving one. If you're a decade or more from retirement and need to add life insurance for your spouse to live on if you die first—or to add a secure source of supplemental retirement funds—a 10-year whole life product meets these needs without adding a monthly expense to pay as a retiree.

❷ **Children:** Permanent life insurance is most affordable for young, healthy people. So it makes an excellent, affordable gift for a child. You're supplying a hedge against the risk that this person will one day become unable to buy other life insurance. You can add to this advantage by attaching a rider that guarantees the right to buy additional death benefits at intervals later in life. And after only a decade of paying the premium, the child has a policy that will likely have many decades to generate cash value.

❸ **Young adults:** Before a mortgage, a family, and other major expenses kick in, a young adult can take advantage of low rates to establish protection he



### IN 10 YEARS YOU CAN BUY A LIFETIME OF GUARANTEED LIFE INSURANCE

or she can't outlive. It's a perfect gift for a college graduate. Sure, a car is great, too, but what will it be worth in 10 years?

❹ **Retirement:** K of C's 10-Pay Life product includes an option to pre-pay the premium all at once (and earn a discount by doing so). When you retire, if you receive a retirement account payout or another block of funds, consider converting some of it into a product that can cover your final expenses or provide a predictable, guaranteed benefit for your spouse or heirs.

Other options are available for acquiring permanent life insurance without lifetime premium payments. Please get in touch with me if you'd like to know more. ♦

## YOUR AGENT



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### Family benefits & services

Knights of Columbus insurance consistently ranks at the top of the industry in financial stability and ethics. Please call to discuss these services:

- Financial needs analysis
- Life insurance
- Tax-free savings accounts
- Long-term care insurance
- Retirement planning
- Estate preservation
- Scholarships
- Family fraternal benefits
- Disability insurance

Contact me today for information on long-term care insurance

# Stop renting life insurance

Term life insurance, which pays a death benefit if you die within a given time period, can be an affordable way to protect a family from the loss of your income. But it can also be stepping stone up to a more secure form of protection: permanent or “whole” life insurance.



**PERMANENT LIFE INSURANCE IS LIKE OWNING A HOME RATHER THAN RENTING IT.**

In some ways, permanent life insurance is like owning a home rather than renting it. You don't risk losing the home when your lease is up, and your monthly payments create equity. Yes, most mortgage payments are higher than rent for the same amount of space, but each mortgage payment actually contributes a portion back to you. Rental payments are simply gone.

Term life insurance policies sold by the Knights of Columbus include a guaranteed option to convert them to permanent insurance without medical requirements. Of course, the younger and healthier you are when you convert the policy, the less the premium will be. So even if you can't convert the entire death benefit from term to permanent, do it one small portion at a time as your budget allows. ♦

## CORRECTION

In the Spring 2011 issue of the *Financial Beacon*, we reported that the Order had paid more than \$764 billion in dividends and death benefits to members and their families in 2010. The amount should have been \$764 million. We apologize for the error.