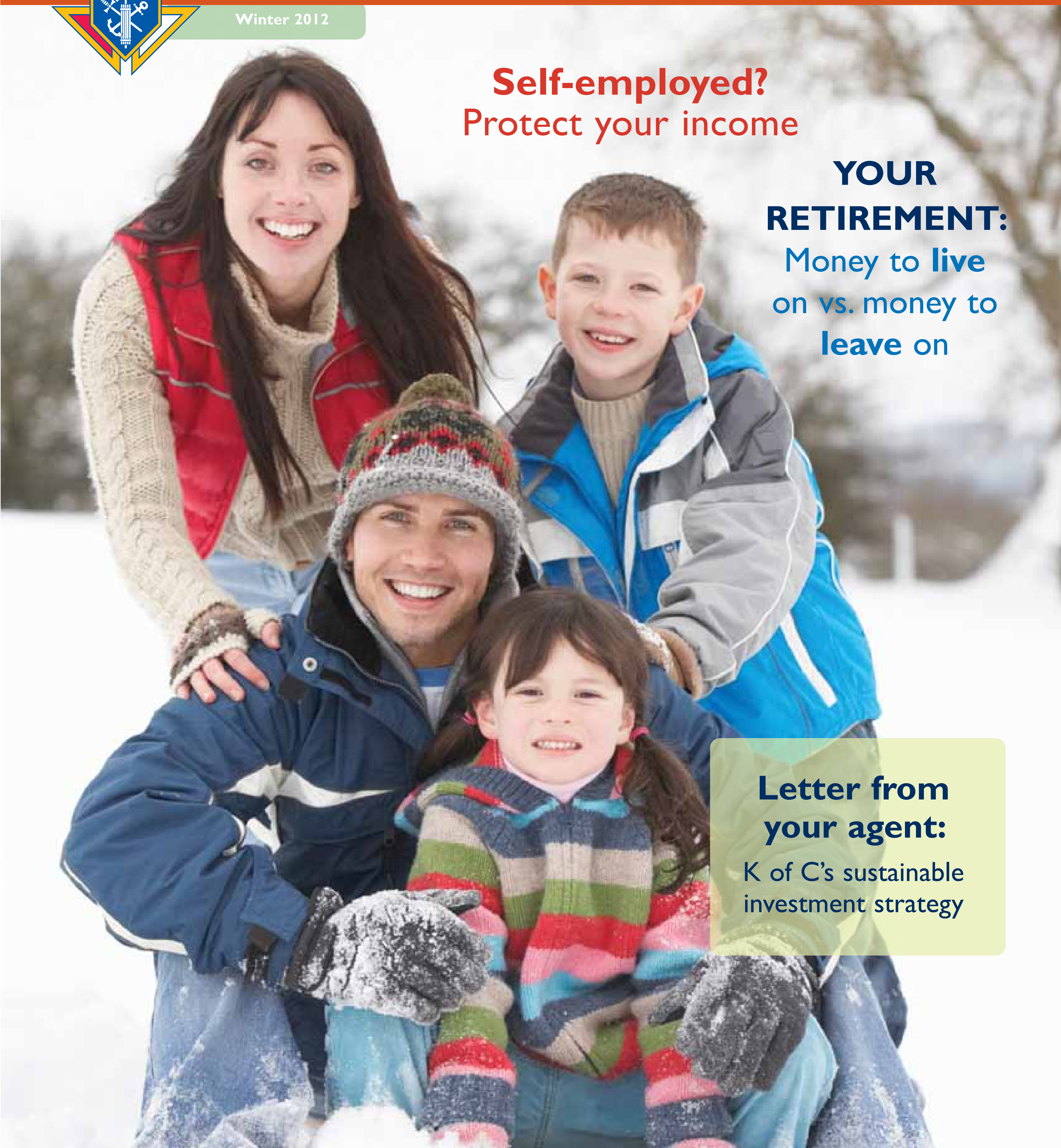
Brought to you by D. Todd Minard, PGK, FICF

KNIGHTS OF COLUMBUS

Financial Beacon

Winter 2012



Self-employed?
Protect your income

YOUR RETIREMENT:
Money to **live** on vs. money to **leave** on

Letter from your agent:
K of C's sustainable investment strategy

A MESSAGE from your agent

Dear Brother Knight:

Insurance companies are among the largest investors in the worldwide economy. Investment income plays a crucial role in our ability to pay benefits to policy owners while keeping premiums competitive and running our business effectively.

I want you to know that as our Order sets its investment strategy, we continually screen out organizations that are at odds with our Catholic values. Before investing in a company, we consider the guiding philosophy and ethical standards of the people who lead it. We also assess whether its employees are treated well, whether it's a good neighbor in its community, and other, similar factors.

As it turns out, this strategy is as sound financially as it is ethically. We've continued to grow throughout this economic crisis, and no insurer in North America is more highly rated than the Knights of Columbus.

In short, your premium dollars work hard for you, for charities, and for many worthy organizations.

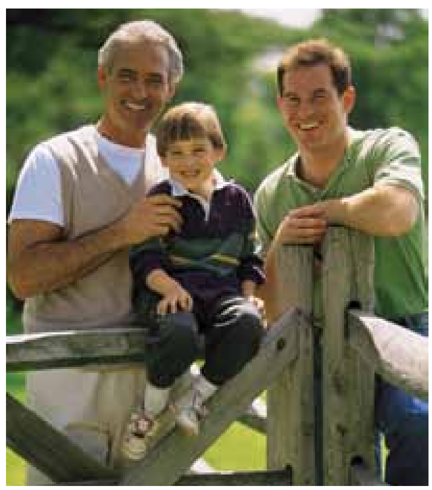
Fraternally yours,

D. Todd Minard

Money to LIVE on vs. money to LEAVE on

If you're within 10 years or so of retiring and you're looking for the best place to safely move some savings or a recent windfall, it's understandable that you'd be leaning toward a basic retirement plan building block such as an annuity. Life insurance may not be on your radar screen, especially if your children are grown. But when you look carefully at the reason you're bolstering your retirement funding now, you may see an important role for permanent (or "whole") life insurance.

When you're deciding where to put retirement money, ask yourself this basic question: Is this money to live on or to leave on? Let's look at some paths you might take, depending on which of these two answers you give.



Answer: To live on

If this is your answer, you see yourself withdrawing interest and/or principal from this pot of money after you retire, to pay for regular living expenses, travel, etc. In this case, a fixed-rate annuity that has a guaranteed minimum return might be a good idea.

An annuity is an insurance contract that gives you an option no other retirement account provides: the ability to convert the account into monthly payments guaranteed for life or for a specified number of years. Fixed annuities such as those offered by KofC also give you the option of having payments to your spouse continue after you die.

If you don't choose the payments-for-life option, you still have other options. It's a secure, flexible option for retirement income.

Answer: To leave on

Rather than funding your regular retirement expenses, you may be more concerned about making sure your spouse has sufficient retirement income should you die first. For example, you might want to use this money to offset a pension that does not continue payments to your spouse after your death.

You may also wish to leave money to your heirs, such as your children and/or grandchildren. A life insurance plan can disperse those "leave on" monies directly to those you choose without the necessity of going through the probate process.

You may also want this money to help defray estate taxes, whether you or your spouse is the last to die. For protecting a surviving spouse's income, or protecting your estate for your heirs, permanent life insurance may be a better option than an annuity (whether the annuity is inside or outside of an IRA).

If you're in good enough health, you may be eligible for life insurance even up to age 80. This strategy may create a considerably higher return on your money than a retirement account. And depending on the type of policy you choose and how long you live, you may be able to borrow money from the guaranteed cash value or the cash value generated by dividends (dividends are not guaranteed).

Your answer to this basic question, "Is this money to live on or to leave on?" may not be a simple one, and maybe a combination of products is the right solution. Let me help you work it out now. ✦

Self-employed doesn't have to mean self-insured

If you're self-employed, in addition to your title of Sole Proprietor, Owner, CEO, Head Honcho or whatever you call yourself, you must add the title of Risk Manager. You're responsible for protecting your business assets from unexpected damages, lawsuits, etc. If you've already insured your business against liability and physical damage, don't step away from your Risk Manager role until you've also insured your income against illness or injury.

Maintaining a business savings account specifically for contingencies is important, but that money should be for unexpected expenses or business interruptions, not for health-related loss of income. Why? Because if you can't work due to an illness or injury, you may have substantial extra expenses to cover in addition to replacing your salary.

For example, you may need to hire employees or subcontractors to serve your clients. You may need additional, customized equipment or modifications to your workspace to accommodate your recovery. The last thing you want to do is drain your savings to meet the daily needs of you and your family.

That's the role filled by disability insurance.

Don't assume you can't afford it

One of the biggest mistakes you can make regarding disability insurance is to assume you can't afford it or you won't qualify. At least do some basic research and apply for coverage. Policies such as KofC's Income Armor give you options that can help you fit this critical protection into your risk management budget.

For example, here are two ways you can reduce your premium:

❶ Choose a two-year or five-year maximum benefit period.

Depending on your age, the best option is probably a policy that pays benefits until you reach age 67. But a two-year or five-year maximum benefit period would cover many types of partial or total disabilities you might encounter in your working life.

❷ Choose a longer elimination period.

An elimination period is the number of days a total disability must exist before benefits begin to accrue. Typical elimination periods are 30, 90, or 180 days. Choosing a longer elimination period lowers the policy's premium. But be sure you have enough set aside in your business's contingency fund to account for the longer gap.

As your professional insurance agent, running a small business and the challenges of risk management are two of my specialties. Let's talk about how to protect your business income, your retirement needs, and your family's financial future. ✦

YOUR AGENT

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Contact me today for information on long-term care insurance.

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 deferred fixed-rate annuities
- Long-term care insurance
- Retirement account rollovers
- Estate preservation
- Scholarships
- Family fraternal benefits

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FROM HUMBLE BEGINNINGS TO *FORTUNE* 1000.

In 1882, protecting Catholic families was at the forefront of Father Michael J. McGivney's thinking when he founded the Knights of Columbus. Today, his vision carries us to a place on the *Fortune* 1000 list.

While the times have changed, our mission to keep Catholic families safe never will.

Contact me today for more information on Income Armor disability insurance!

Government's long-term health care program is halted

In October 2011, the U.S. Department of Health and Human Services (HHS) announced that the long-term health care program called the CLASS Act—one of the proposals within the Patient Protection and Health Care Reform Act passed in 2010—would not be implemented. HHS couldn't find a government-run model that would allow voluntary participation by enough citizens to provide an acceptable level of benefits.

In a memo, HHS's CLASS Act administrator detailed why long-term care insurance is becoming more important, including:

- Almost seven out of ten people turning age 65 today will experience functional disability and need some paid or unpaid help with basic daily living activities.
- Forty percent of long-term care users today are between the ages of 18 and 64.
- Costs for nursing home care average about $6,500 a month, or anywhere from $70,000 to $80,000 a year.
- People who receive long-term care services at home spend an average of $1,800 a month.
- The average lifetime long-term care spending for a 65 year old is $47,000; 16 percent will spend $100,000 and 5 percent will spend $250,000.

Private long-term care insurance remains the best protection against the potentially catastrophic cost of long-term care. Medicare doesn't cover these services, which include assistance with basic daily living activities. Medicaid does cover these services for those with limited financial means, so people qualify for it only after depleting all their resources.

Let me help you find a better solution through the long-term care insurance options available to you as a member of the Knights of Columbus. ✦