



*Brought to you by D. Todd Minard, FIC*

KNIGHTS OF COLUMBUS

# Financial Beacon

Winter 2010

Roll retirement  
funds into a  
**FIXED ANNUITY**

Building a financial  
**FOUNDATION**

## **Letter from your agent**

The Knights  
of Columbus'  
devotion to charity





## A MESSAGE from your agent

### **Dear Brother Knight:**

Your membership in the Knights of Columbus is more than a matter of personal faith, and your participation in our fraternal insurance benefits is more than a matter of financial security. A look at our Order's 2008 charitable donations shows why.

We all know how difficult the economy has been in recent years. This means more people need help. It also means that many businesses and individuals who customarily donate time and money have to cut back. Not the Knights of Columbus.

Through our members' devotion and the prudent management of our assets, in 2008 we were able to increase charitable donations by \$5.1 million to more than \$150 million, and increase our volunteer service to 68,783,653 hours—a new record.

Almost \$45 million of our charitable donations last year went to Church activities, and over \$10 million went to community, educational, or cultural grants.

I'm proud to be part of a strong, growing and giving Order, and proud to serve as an agent for the outstanding fraternal insurance benefits that you deserve.

Fraternally yours,

**D. Todd Minard**

## Building a financial FOUNDATION

When do you inspect your home's foundation for cracks?

- A.** Twice each year—in the early spring and late fall—as foundation experts suggest.
- B.** The first day you step into an inch or two of water on your basement floor after a heavy rain storm.

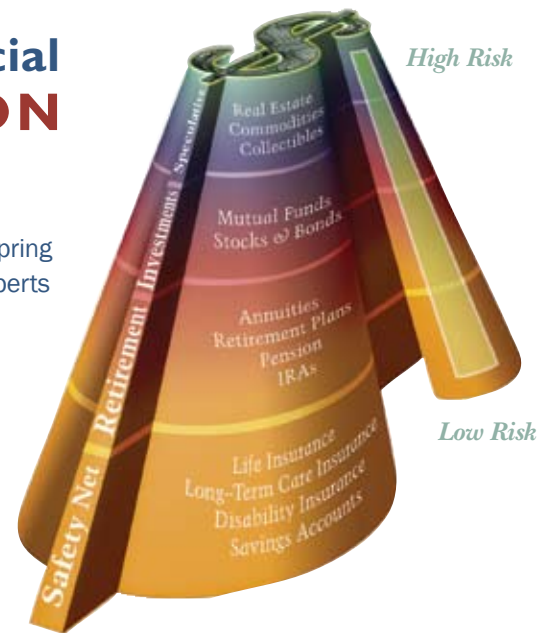
Now, a more important question: When do you inspect your *financial* foundation? Economic storms have exposed cracks in the financial foundations for far too many of us in recent years. Before the thunderclouds gather again, take a good look at what a solid financial foundation is made of:

### **Short-term spending habits built on long-term goals**

Have you ever written down long-term goals for you and your family? It's easy to tell yourself you'll put five percent of every paycheck into savings. But if you don't attach that money to a long-term goal you can see clearly—a retirement home on the lake, say, or your child holding a college diploma—it's too easy to divert those savings toward a new plasma-screen TV.

### **Guaranteed income protection**

If your family relies on your income, your foundation requires life insurance, period. (See the "pyramid of wealth" above.) At least a portion of it should be permanent (or "whole") life insurance, which guarantees a death benefit and builds cash value for as long as you live, without increasing in price. This protects your family during your working years. For your retirement, at least a portion of your income should come from a savings plan that is guaranteed to preserve your contributions. A Knights of Columbus annuity, for example, has guaranteed safety of the principal you contribute and a guaranteed minimum rate of



### **THE PYRAMID OF WEALTH**

How do you prioritize the dollars you commit to your financial future? Build from the foundation up. Establish the safety net that will preserve your income in the event of a breadwinner's death or disability. This protects your family in the short run, and the wealth you accumulate over the long run.

return. You can also choose an option that pays you a set monthly amount for life.

With good spending habits and guaranteed income protection in place, you're protected from the uncertainty of investment funds and Social Security. Certainly, you should take advantage of opportunities to grow your money through tax-advantaged retirement plans such as a 401(k). Just make sure that you build your own sound foundation beneath benefits provided by an employer or the government.

### **The good news about foundation repairs**

Unlike home foundation inspections, financial foundation inspections are free. And paying for repairs simply means paying your future self, your family, and heirs. If you'd like help clarifying your goals and mapping out a path to reach them safely, please give me a call for a free financial review. ♦

# How (and why) to rollover retirement account funds into a fixed annuity

These days, the main concern for those of us in managing our retirement funds isn't the return ON our money, but rather, the return OF our money. So, when it comes time to rollover money from a 401(k) or another tax-deferred retirement account, the safety of a fixed annuity is an attractive option to balance your retirement portfolio.

A good fixed annuity offers three advantages:

- 1 SAFETY:** An annuity is as secure as the company that issues it, so choose a provider with a track record of top ratings for financial security from industry rating services such as A.M. Best and Standard and Poor's.
- 2 GUARANTEED RETURN:** Annuity interest rates vary with the market, but look for one that has a guaranteed minimum return. (For example, Knights of Columbus fixed annuity products offer a guaranteed minimum return.)
- 3 GUARANTEED MONTHLY INCOME YOU CAN'T OUTLIVE:** When you reach retirement age, you may "annuitize" your funds to create a steady, fixed monthly payment for as long as you live.

If you're receiving a lump-sum distribution from a 401(k), 403(b), IRA, pension plan, or any account that qualifies for federal tax-deferred status, here are two strategies for safely rolling it over into a fixed annuity:

## Avoid taxes—transfer funds directly

If the distribution is coming from an employer, ask the human resources department how you can authorize the company to release the distribution directly to the annuity provider. As long as the funds are transferred directly into a qualified "IRA annuity," the employer will not withhold any funds.

If, however, you take possession of the lump-sum payment in a check made out to you, the employer is required to withhold 20%. That money will become a taxable withdrawal, ineligible for deposit into a tax-deferred retirement account.

You can counteract this by replacing the 20% yourself when you deposit the other 80% into your IRA annuity—then you'll be reimbursed for the 20% *after* you file your income taxes for the year.

You have 60 days from receiving the lump-sum payment to deposit it into an IRA annuity or some other qualified retirement plan. The upshot is: direct transfer is a better, safer option.



## Choose an "immediate annuity" if you're already retirement age


If you are at least 59 ½, you may choose an "immediate annuity" that begins monthly payments right away. You'll pay income tax on the monthly distributions, just as you would on withdrawals from a 401(k) account. The difference with an annuity is that, by annuitizing it into lifetime monthly payments, you can't deplete the funds.


Retirement fund rollovers create a variety of issues and options, and everyone's situation is different. Please contact me for help with anything regarding your retirement planning. ♦

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

Contact me today for information on long-term care insurance



# Know your fraternal benefits

In addition to the accidental death benefit coverage Knights and their spouses are

eligible for just by being a member, you should know about the special insurance benefits available to members, such as:

## Family Fraternal Benefits Program:

If you participate in a qualified life insurance plan with K of C, you are eligible for some unique programs that exist exclusively for K of C families faced with needs that often fall outside traditional insurance plans. These include:

- ✓ Guaranteed life insurance benefits for uninsurable children
- ✓ Death benefits for stillborn/miscarried children
- ✓ Orphan benefits

Some of these benefits are free, depending on your age and length of service.

## Youth life insurance that guarantees insurability as an adult:

You can purchase permanent (“whole”) life insurance for your children, with a Guaranteed Purchase Option (GPO). The GPO allows them to purchase an additional death benefit coverage, and add more

cash value to the policy, up to seven times—regardless of their health—before they reach age 40. The GPO amount can equal the face amount of the plan (up to a maximum of a \$100,000) of additional coverage at each option date.

Consider my services, as a professional Knights of Columbus insurance agent, as another fraternal benefit available to you. Please get in touch with me if you have questions about these benefits, or anything regarding your family’s financial security. ♦