



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

KNIGHTS OF COLUMBUS

# Financial Beacon

Winter 2011

**ANNUITIES**  
provide tax  
advantages for  
retirement

**Letter  
from your  
agent:**  
K of C offers  
the rarest  
commodity  
in financial  
services

**When to buy  
long-term care  
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**LTC INSURANCE:**  
The difference between  
group and private  
coverage



## A MESSAGE from your agent

### **Dear Brother Knight:**

Let me offer you one of the rarest commodities in the financial services industry: simplicity.

Long ago, the Knights of Columbus was founded to help protect widows and orphans from financial ruin. Over time, we built our program with our members in mind: to provide life insurance, annuities for retirement, and long-term care insurance. Above all, our products are secure and simple.

In the larger marketplace, each of these product lines can be complicated and confusing. If you've ever walked away with more questions than answers after discussing these products with a sales representative, you're not alone.

This won't happen with a K of C agent. First, because I *listen*. Second, because I provide products backed by an organization with the highest-possible ratings for financial strength and stability. And third, because I know our products backward and forward, so I can adapt them to your family's unique needs.

I hope you'll take me up on my offer soon, but be assured that simplicity isn't a limited-time offer. We've been offering it since 1882.

Fraternally yours,

**D. Todd Minard**

## Know the difference between group and private long-term care (LTC) insurance

As Baby Boomers have reached retirement years, long-term care (LTC) insurance products have gotten more public attention, but they're still not well understood.

For example, many Americans believe that Medicare pays for long-term assistance with the basic activities of daily living—but it doesn't. It applies only to those who have been in the hospital 72 hours and are diagnosed as requiring "skilled care." Medicaid covers it only if and when the person has gone through a "spend down" and has no other means to pay for it.

Adding to the complexity of this situation are relatively new "group" LTC policies. These are generally offered through employers. Another wrinkle is the government program created by the 2010 Community Living Assistance Services and Support Act (CLASS Act). The Act will make a government-run group LTC program available through employers beginning as early as 2012.

While the details of the coverage and premium cost of the CLASS Act program aren't scheduled to be finalized until October 2011, it's important to understand some basic differences between group and private LTC insurance:

**VALUE:** Group LTC coverage does not require a medical exam. The premium you pay is based on the group's overall costs. If you're relatively young and healthy, this could mean that your premium is subsidizing the cost of care for older, less healthy individuals. In the case of the CLASS Act coverage, premiums for students and low-earners will be capped at \$5 per month (increasing with inflation), so the cost of care for those groups may also be subsidized by relatively young, healthy group members.

**ADAPTABILITY:** Individual coverage may give you significantly more



coverage options that suit your lifestyle, family situation, and budget. Look carefully at the daily and lifetime dollar amount that your coverage would pay. Chances are, group policies will give you limited choices that have been negotiated with your group plan.

**RISK:** Coverage under the CLASS Act would not become effective until you've paid premiums for five years. You need to decide whether you're willing to risk requiring the coverage within that time. When purchasing private LTC insurance, the key risk you face is waiting to buy it until your age or health make you ineligible for coverage.

**ACCESS TO EXPERTISE:** Does a group LTC insurer have adequate resources to help you regularly review your coverage, and consider guaranteed purchase options or inflation adjustment options? Are you likely to keep track of these considerations on your own?

Personal service is crucial in choosing LTC policy options, and for adjusting them as necessary. Group LTC may indeed be a viable option for you, but as your Knights of Columbus agent, I can help you compare the details so you can make an informed decision. ♦



## When to buy long-term care insurance

Long-term care insurance will never be less expensive for you than it is right now—the cost generally increases as you age and become more likely to develop health issues. Take some time to review some estimates of what you are likely to pay if you wait to purchase it.

Consider this example: If you buy a Knights of Columbus Comprehensive Long-Term Care policy for yourself with a \$200 daily benefit, lifetime benefit duration and 30-day

elimination period at age 40, your annual premium will be \$739.20. The total premium paid by age 85 will be \$33,264. If you decide to wait to buy the same policy until you are 60 years old, your annual premium will be \$2,374 and the total premium paid by age 85 will be \$59,350. That's a difference of more than \$26,000. (This example is for comparison purposes only.) ♦



CONTACT ME TO DISCUSS SECURING RETIREMENT INCOME THROUGH A TAX-DEFERRED ANNUITY.

## A TAX-TIME REMINDER ABOUT ANNUITIES

If you contribute to a deferred annuity and then “annuitize” it—that is, choose to receive the payout as monthly retirement income for life or for a fixed number of years—the annuity can provide tax advantages at two important stages.

First, as you’re contributing to the annuity, it earns interest that is not taxed until you receive the funds. And when you do begin to receive your regular annuity payments, you’ll be taxed gradually

during your retirement. This spreads out your tax burden, rather than receiving a lump-sum payout that is taxed all at once.

Contact me if you’d like to discuss options for secure retirement income through a tax-deferred annuity, Roth or traditional IRA. ♦

*Always consult with a licensed tax professional about an annuity’s overall effect on your taxes now and in retirement.*

## YOUR AGENT



### D. Todd Minard, PGK, FICF

 10009 Merton Ave.  
Oak Lawn, IL 60453

 **PHONE:** (708) 955-2362

**FAX:** (760) 284-7257

 **EMAIL:** todd.minard@kofc.org

### 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:

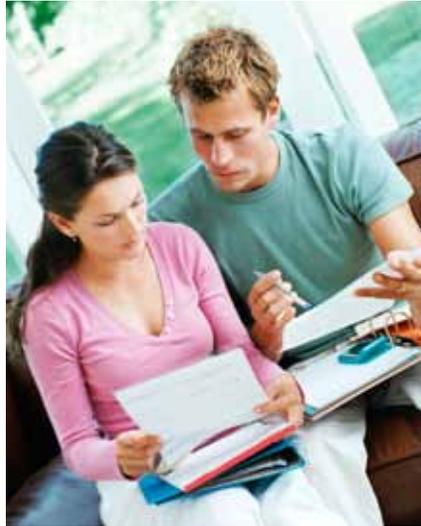
- Financial needs analysis
- Life insurance
- Tax deferred fixed-rate annuities
- Long-term care insurance
- Retirement planning
- Estate preservation
- Scholarships
- Family fraternal benefits

Contact me today for information on long-term care insurance

## SURVEY ► Fear of decision leaves families without life insurance

More than half of the households in the U.S. and Canada have no individually owned life insurance, according to LIMRA, a life insurance industry marketing and research organization. This is serious, because group life insurance, such as you might have through work, may be discontinued with little notice. Even if you have the option to convert it into an individual policy, the cost may be prohibitive due to your age or health.

Forty-three percent of those surveyed by LIMRA said they didn't buy life insurance because they were afraid to make the wrong decision. With the Knights of Columbus, you never need to fear that you're not getting reliable information to help you make a good decision.



Let me help you choose a sensible, affordable way to protect your family's financial future now. ♦



COMING IN THE NEXT ISSUE:  
**INCOME ARMOR**

In the Spring Issue of the *Financial Beacon*, the Knights of Columbus will debut our newest product, **Income Armor**, a product designed to protect and replace your most valuable asset: **your income.**