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

KNIGHTS OF COLUMBUS

Financial Beacon

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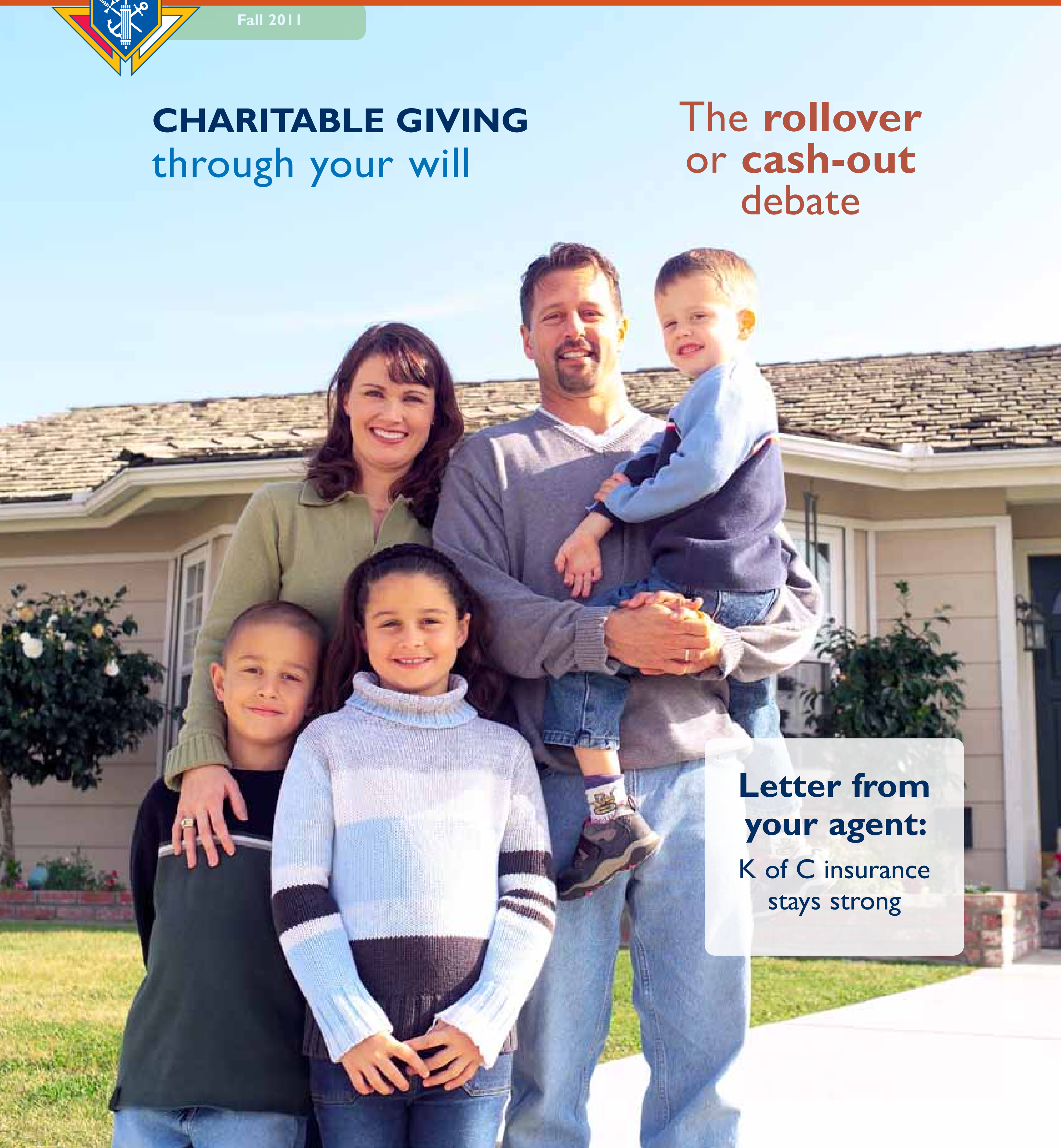


CHARITABLE GIVING through your will

The **rollover** or **cash-out** debate

Letter from your agent: K of C insurance stays strong

A MESSAGE
from your agent

Dear Brother Knight:

In a recent *Columbia* magazine article, Supreme Knight Carl A. Anderson stated, "The downgrade of the U.S. government will have absolutely no effect on our business operations—except in one regard: We are more determined than ever to aggressively maintain our superior position in the life insurance industry."

This determination is a driving force in my dedicated service to you. "Insurance by brother Knights for brother Knights" is a not just a motto; it is how Knights of Columbus field agents live out our careers daily.

Our ethical standards are second-to-none, and, even in a weak economy, the Order remains strong and secure. There continues to be no more highly rated insurer in North America than the Knights of Columbus.

Fraternally yours,

D. Todd Minard

The rollover or cash-out debate

It can be tempting. You've got a retirement account from a former employer sitting out there. You can no longer contribute to it, so you glance at the quarterly statements and see whether the balance has gone north or south.

Maybe you consider moving the money outside of your former employer's control into a retirement account you control directly—but then again—that money could really help you make ends meet right now. You've already got another qualified, tax-deferred retirement account going with your new employer, so maybe it wouldn't hurt to cash out that old plan, pay the tax penalty, and spend the money on something you really want.

Please do one thing first: Imagine having a future chat with yourself at retirement time, along with your retired spouse and maybe your grown children. How would that discussion go based on your decision to (1) rollover the funds, or (2) cash out the monies for something you really wanted?

It may be time to balance your retirement portfolio

If you're changing jobs and your new employer offers a good tax-deferred retirement plan, your best option may be to transfer funds immediately from the old plan to the new plan.

However, a job change is a good time to review your overall retirement savings situation. This may be a perfect opportunity to shift money to a safer place with a guaranteed return, such as an annuity.

An annuity is a contract between you and an insurance company. It's designed to meet retirement and other long-range goals. You can purchase it within a qualified IRA, so future contributions and earnings grow tax-free. A fixed annuity such as those sold by the Knights of Columbus guarantees a minimum return on your principal regardless of market conditions.

An annuity also has an option other retirement savings tools don't: the ability to "annuitize" the funds when you reach retirement age. This means that in lieu of receiving a lump sum you may elect to receive regular payments for you and/or your spouse for life—you can't outlive the funds. This can balance higher-risk elements of your portfolio.

How to speed a rollover

Rolling over a qualified, tax-deferred retirement plan directly into a qualified IRA annuity doesn't have to be difficult, but it can take weeks or even months. To speed the process, take these steps:

- First, confirm the status of your retirement account with your former employer, who must inform the plan's provider that your account is eligible for direct rollover.
- Request any forms required by the former employer and/or provider. Before you sign them, check whether they need to be signed in the presence of a notary public.
- If your retirement account holds company stock, begin the process of selling the stock to convert it into a transferrable fund right away.

Schedule a professional review with me, so I can answer your questions about annuities or other retirement savings ideas. Seek qualified advice from your tax advisor before rolling over any retirement account. ✦

Make a powerful contribution—carefully

Nobody needs to tell a Knights of Columbus member about the value of giving money to charity. Our Order donated a record $155 million to charity in 2010.

Even small cash donations can make a huge difference when multiplied by many. But perhaps one particular cause or organization motivates you to want to make a very significant personal contribution—a legacy that makes a statement about your beliefs and priorities. Establishing a charitable gift in your will is one way to make this type of commitment.

Making this commitment requires careful planning. Emotion can run high when you're making meaningful decisions and confronting the realities of an end-of-life document.

Establish a clear destination, asset, and value for your gift

Early in this process, try to set emotion aside and address some issues that can affect the value of your gift—or even void it and subject the funds to probate and capital gains taxes:

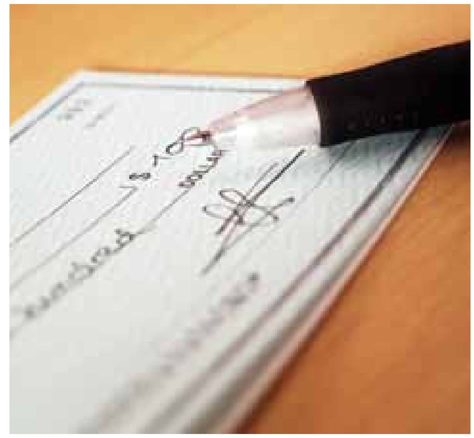
- Be as sure as you can that the charity you designate has a strong foundation and a lasting record of stability. As of 2006, charities can lose their tax-exempt status if they don't file the proper annual tax reports. According to the IRS, 275,000 organizations have automatically lost their tax-exempt status because they failed to file required annual reports over the past three years.
- A probate court may void your gift if the asset you've assigned to the charity no longer exists at the time of your death. This seems obvious, but you can't take for granted that a house, stocks, a life insurance policy, etc., will remain intact (unless the life insurance policy is pre-paid—more about that later).
- Problems can arise if the value of your gift can't be determined. This can reduce, defer, or even eliminate any charitable gift tax credit. Clearly establish the intended value and purpose of the gift.

The advantages of single premium whole life insurance

Paying over time for an asset that your will designates as a charitable gift can have lasting tax advantages if it is handled correctly. Paying all at once for an asset that will be gifted also has advantages.

If you're considering purchasing a life insurance policy on yourself and naming a charity as the beneficiary, you may be able to claim a tax credit for the premium payments over time.

Also consider a product called single premium whole life (SPWL). With SPWL, a single payment secures



ESTABLISHING A CHARITABLE GIFT IN YOUR WILL IS ONE WAY TO LEAVE A LEGACY THAT MAKES A STATEMENT ABOUT YOUR BELIEFS AND PRIORITIES.

the death benefit. The charity/beneficiary will receive the full designated amount because the policy can't lapse due to non-payment of premium. As a "whole" (also called "permanent") life insurance policy, SPWL also builds up cash value over the years.

Contributing a life insurance policy or another asset to charity through your will is an extraordinary act of generosity that requires thorough preparation. Seek advice from a qualified estate tax expert, and come to me with any questions you have about life insurance. ✦

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

Two important additions to a disability insurance policy

If you make the commitment to protect your future income by buying disability insurance, look closely at any available extra coverages ("riders")—some can add considerable long-term advantages at a moderate cost.

EXTRA COVERAGES ("RIDERS") CAN ADD CONSIDERABLE LONG-TERM ADVANTAGES AT A MODERATE COST.

Two of the riders available with a Knights of Columbus Income Armor policy are a Cost of Living Adjustment (COLA) and a Guaranteed Purchase Option (GPO).

COLA: Each year, the benefits your policy provides for disabilities that last more than one year will increase to help compensate for inflation. Medical costs continue to increase significantly each year, and that trend isn't likely to change anytime soon.

GPO: At some point after buying your Income Armor policy, you may see a need to increase the base monthly benefit for which you're eligible. Without this rider, the increase would be subject to a medical exam. If you've developed a health condition that makes you medically ineligible, you wouldn't have that option. With the rider, you don't need to provide evidence of medical insurability.

Other Income Armor riders may be available in your state that would enhance your coverage. If you don't have disability insurance—or you have it through work but don't know how much protection it actually provides—let me help you run the numbers and see if Income Armor makes sense for you. ✦