



Knights of Columbus

Financial BEACON

1st quarter 2008

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Dear Brother Knight:

Are you, like many Americans, “asset-rich and cash-poor”? Answer that question honestly, and you’ve taken the first step toward achieving your dreams of a comfortable retirement.

People who are asset-rich may have many of the good things life has to offer: a big house, new cars, vacation property, boats, etc. This isn’t a problem if you have the income to afford these assets and still prepare for the future.

If, instead, you’re stretching your budget to just to make the monthly payments on big-ticket items, you are cash-poor. And you’re not alone, as you’ll read in the article “Living Large, Saving Little,” inside this issue.

Tax season is a good time to ask yourself if you’re asset-rich and cash-poor—and if you are, to do something about it.

Also inside is a brief look at how Father McGivney bucked the long-held tradition of many of his parishioners to establish the Order that, today, we still uphold and cherish. If your family should ever need to rely on the benefits of a Knights of Columbus life insurance policy, they’ll understand what drove Father McGivney to do what he did.

At this time of year, I can provide you with a complimentary financial check-up and tell you more about planning for a comfortable retirement. We can also discuss how to protect your savings from an unexpected loss of income.

If you are currently cash-poor, now’s the time to make the switch to opportunity-rich, for the long haul.

Fraternally yours,

Steve Winkels

PLAN AHEAD:

Accomplish two goals at once.

Want a way to add to your retirement savings and pay less income tax—either on your 2007 taxes or at retirement? Find out how: Book your appointment now for early ‘08. The number for the K of C insurance office in our area is shown above.

Deadline to file 2007 income taxes:

Tuesday, April 15, 2008



Father McGivney forged new tradition with life insurance

Father Michael J. McGivney was a mere 29 years old when he founded the Knights of Columbus. That he was able at such an early age to establish the Order that, today—125 years later—we still cherish and uphold, can only be attributed to divine inspiration. But wait, the story gets better.

In 1882, the year the Order was established, the culture in which Father McGivney and his working-class parishioners lived was not a stable one. Perilous jobs, poverty, and illness were the norm. And while the Irish immigrants who lived in New Haven, Connecticut may have been living in a new country, many were steeped in old-world traditions.

Continuing the tradition

Is your family insured? Father McGivney took the courageous steps he did so that those left behind by premature death would suffer less. When the Order is there for your family when they need it most, they will understand why Father McGivney worked so hard to establish this tradition of protection and care.

For example, tradition held that one was not to tamper with one's fate. "Traditional Irish folk wisdom viewed any attempt at advance preparation as a fool's ploy to outwit 'Mr. Death,'" wrote Christopher J. Kaufmann in his book *Faith and Fraternalism—the History of the Knights of Columbus 1882 - 1892*. "Such folly would only provoke from Death an early invitation."

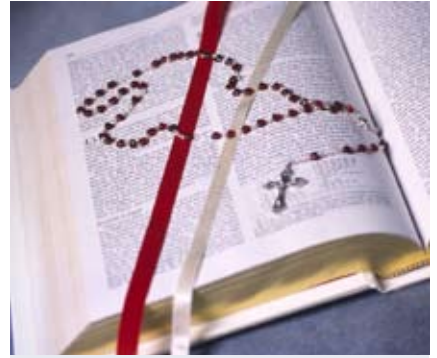
In other words, to prepare in any way for death was to invoke it.

Father McGivney didn't believe that. Instead, one of his fervent goals was to provide financial protection for people whose lives had been touched by tragedy. Having left his seminary studies at one point to help his widowed mother raise a large family, he was intimately familiar with that situation. The priest's work with those in his parish left destitute by a breadwinner's premature death "touched him deeply," notes Dominican Father Gabriel B. O'Donnell, postulator for Father McGivney's cause for sainthood.

Fortunately, the efforts of Father McGivney and the Knights of Columbus prevailed.

For struggling Irish immigrants, the realization that insurance was a financial necessity began to outweigh the beliefs of previous generations. According to John Gilmary Shea, a Catholic historian in the late 19th Century, the ceremonies of the Order enjoyed great popularity, "but a still more powerful attraction was the establishment of ...cooperative life insurance."

Life insurance attracted many new Knights to the Order, and it has helped make life better for countless Catholic families. In essence, because he had a vision of something better, Father McGivney bucked long-held beliefs, and succeeded. It is fitting that the result of his efforts contributed to life insurance becoming part of our own culture. ♦



KNIGHTS IN ACTION

Supporting a passion for the pulpit

A hallmark of the Knights of Columbus has been our unwavering support of our priests and bishops. In 1981, the Order established the Refund Support Vocations Program (RSVP) to help aspiring priests and seminarians.

Under RSVP, councils, Fourth Degree assemblies, and Columbian Squires circles "adopt" one or more seminarians or postulants and provide them financial and moral support. Since its inception, the program has donated more than \$34 million to nearly 44,000 seminarians and priests from the U.S., Canada, Mexico, and the Philippines.

The program has also helped the Knights establish lifelong bonds of friendship with priests and seminarians, including many priests who eventually serve the Knights of Columbus as state and local council chaplains. ♦

Living large, saving little

There's good news and bad news when it comes to Americans and their retirement savings.

The good news is that our savings rate (current income minus spending) is up from an abysmal low of -0.5 in 2006.

The bad news is that it's still abysmally low.

The personal savings rate for Americans in the third quarter of 2007 was under 1%, a number that doesn't bode well for anyone envisioning a cozy retirement. "The mentality of 'live for today' sounds very exciting now, but it won't help people with their retirement," says Knights of Columbus Agent Doug Kelly of Omaha, Nebraska.

The impulse to spend, spend, spend rather than save has made many Americans "asset-rich and



cars, and big-screen TVs.

This behavior not only jeopardizes retirement funding, it can quickly put people in a tough spot if interest rates rise. A spike in variable rates on credit cards or home loans can make payments unaffordable. To see the consequences of this, look no further than the wave of home foreclosures over the last year, as low introductory rates on adjustable-rate mortgages ended.

To save effectively for retirement, you have to put your money in a place where you can't readily access it, such as in tax-deferred retirement plans. This is especially important for empty nesters. "We see people overspending the last 10 to 15 years of employment," Kelly notes. "Instead of saving all this new discretionary income, they spend it."

Tax season is the perfect time to analyze your long-term financial situation. Seeing the annual amount of money you

spend on taxes can be a real eye-opener, Kelly points out, and you should take that opportunity to discuss the range of options for easing your tax burden and protecting your income.

Beyond employer-sponsored 401(k) programs or individual IRAs, Kelly suggests discussing annuities and whole life insurance with your K of C agent. "We're in a position to help our clients diversify," he says. "The nice thing about our products is that they're guaranteed—the risk is low, the return is good." He also recommends that you consider long-term care insurance, which can protect your nest egg in the event of a nursing home stay.

A disciplined, sustained approach to savings is really the only way to reverse the asset-rich, cash-poor scenario. The reverse scenario, by the way, doesn't mean you have to be "asset-poor." In fact, you'd be surprised how learning to save for retirement can teach you how to save for so many of the good things in life. ♦



**FOR AN IN-DEPTH YET COMPLIMENTARY
REVIEW OF YOUR FINANCES AT TAX-TIME,
CALL OUR OFFICE TODAY.**

cash-poor." Instead of building retirement nest eggs, people spend too much of their money accumulating assets like houses,

On guard: protecting your ID is critical

Identity theft has established itself as the signature crime of the digital world. Victims can lose fortunes and spend months, even years, trying to repair their credit. And the nasty part is, it's a relatively easy crime to commit.

Some thieves still use low-tech "Dumpster diving" to get personal information, while others create elaborate online schemes. Thieves can use a small amount of your personal information to unlock more data—some Web sites will even provide your Social Security number for a fee. Even some publicly-posted government documents display enough personal information for thieves to do their work.

Follow a few simple tactics to protect your identity:

- ✓ Guard your Social Security number. Don't carry your card with you.
- ✓ Shred sensitive documents.
- ✓ Remove mail from your mailbox soon after it's received, and don't leave outgoing mail in your personal mailbox.
- ✓ Contact one of the credit bureaus to establish a monitoring system for your credit report. Check your report at least once a year. Be sure to also carefully review your credit card bills. The three main credit bureaus are: Equifax (www.equifax.com); TransUnion (www.transunion.com); and Experian

(www.experian.com).

- ✓ Make sure your online passwords include a mix of numbers, letters, and symbols. Don't use your birth date or Social Security number!
- ✓ Never give out personal information over the phone, through the mail, or over the Internet.

The Federal Trade Commission estimates that as many as nine million Americans have their identity stolen every year. If you're one of those who don't make it easy, you're far more likely to be overlooked by thieves. ♦

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THE **20:1** RETIREMENT RULE

Here's an actuarial rule of thumb to give you a ballpark figure of how much savings you'll need to generate enough retirement income:

It takes about \$20 of savings to provide \$1 of retirement income. For example, a nest egg valued at \$200,000 dollars would generate only about \$10,000 in annual retirement income for life, assuming that it earns a modest interest rate.

This is a handy method for a quick estimate. For a more concrete assessment and a plan of action, let's talk.

CURRENT ANNUITY RATES

Now earn

4.25%

On \$10,000 minimum deposit
Deposits under \$10,000 earn 4.0%.

Our promise to you: Your principal is safe, and you're guaranteed never to earn less than 3.0%* on your money. Current rates are for payments received on new contracts prior to March 31, 2008. Rates are guaranteed through December 31, 2008. Early withdrawal is subject to a reducing surrender charge. Get started with as little as \$300; balance can be added to at any time.

*On new issues. Older contracts may have different guaranteed minimum rates.

What works better for you?

- ① Through our **Single Premium Annuity**, you make one payment and select the age you begin receiving benefits.
- ② Through our **Flexible Premium Annuity**, you make periodic payments of as much as you want, for as long as you want.