



Knights of Columbus

Financial BEACON

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Dear Brother Knight:

Another record-breaking year of issued life insurance for the Knights of Columbus is only a good thing if the members and families who make the insurance purchases are happy with the coverage. That's the way Knights of Columbus agents look at it. That is why we work within a fraternal structure built on our shared Catholic values.

When we see our company's life insurance in force climb above \$66 billion at the end of 2007—with more than \$6.5 billion issued in 2007 alone—we see more than \$66 billion worth of protection for our members. We see more Knights families than ever who can withstand the economic hardship of losing a breadwinner. We see \$66 billion worth of peace of mind.

It means even more to us that this happened in 2007, a year of economic downturn and turmoil in much of the world. This year, unfortunately, appears to promise more of the same.

Last year was another record-breaking year for the Order, with life insurance sales at an all-time high. To me and to the members and families I serve,

however, every sale is only as good as the strength of the company behind it.

For large investors—which includes life insurance companies—turbulent investment markets continue to be a major concern. But as you'll read inside, the Knights of Columbus eschews investments such as those that involve risky sub-prime mortgages and their derivatives.

As an organization, we continue to earn top ratings in part because we invest only in the highest-grade bonds and equities. As agents, we continue to earn the trust of our members because we continue to put your best interests first. That, not breaking records, is what really matters to us.

Fraternally yours,

Steve Winkels

ALWAYS THERE, ALWAYS STRONG

Advantages of the Order's members-only insurance program:

- Dollars generated by our insurance program support the Order's charitable donations, which totaled \$143 million in 2006 alone.
- Our full range of products—permanent and term life insurance, long term care insurance and annuities—are backed by Standard & Poor's and A.M. Best's top rankings.

It's also an advantage to have a professional agent dedicated to Knights of Columbus members and families. Call me to talk about any of the financial topics mentioned in this issue.

What's behind a life insurer's guarantee?

"Satisfaction guaranteed" is a claim you hear from the producers of a wide variety of products. That claim, however, is only as good as the company backing it up. The company—the Order—that you are a member of is as good as any in the marketplace.

Remember that life insurance products are not like federally-insured bank accounts. The guarantee is only as good as the insurance company's ability to pay out the promised benefit when the time comes.



Two well-established ratings services give the Knights of Columbus their highest possible ratings.

Let's take it one step further: Insurance companies must invest the funds you pay in premiums in order to build the assets needed to pay claims and other obligations. So really, a life insurance company's guarantee is only as good as its ability to invest and manage financial risk wisely. Guaranteed payouts add stability to a company's mix of investments, just as they do for a family's.

Investments based on risky mortgages continue to cause turmoil in economies around the world. The good news is

that the Knights of Columbus does not include these high-risk investment instruments in its portfolio.

Supreme Knight Carl A. Anderson put it this way: "We avoid high-risk investments, especially the complex products involving subprime mortgages, not because we *don't* understand them, but because we *do* understand and know the risks they entail."

In addition to an insurance company's investment philosophy, its general ability

to manage expenses and risks determines the strength behind its guarantees. Rating services devoted to measuring a company's overall quality of management, and its short-term and long-term financial outlook, provide an easy way to measure an insurer's financial strength.

Two well-established ratings services give the

Knights of Columbus their highest possible ratings. A.M. Best's rating is A++ (superior), and Standard & Poor's rates us AAA (extremely strong). The Knights of Columbus maintains these rankings year after year, precisely because of our conservative management and investment style, an approach that is rooted in our shared Catholic values.

If you would like more information on the Order's top-rated products and the guarantees that come with them, please give me a call. ♦



KNIGHTS IN ACTION

Knights, Knute, and the House that Ruth built

In its distinguished history, the Order has had more than one brush with athletic greatness. Here are two examples adapted from Columbia magazine and Christopher Kauffman's book, "Faith and Fraternalism: The History of the Knights of Columbus 1882-1982."

Gridiron great helps Knights teach young men

In 1924, the University of Notre Dame began a two-year graduate-level program in Boy Guidance to teach Knights and others about working with young men. Notre Dame head football coach Knute Rockne was one of the instructors. Rockne, a convert to Catholicism, had proven his ability to motivate young men while teaching strong values. He still holds the top winning percentage for any college or pro football coach at .881.

Owning a piece of the Bronx's high rent district

On December 17, 1953, the Knights of Columbus purchased the land on which Yankee Stadium is built for \$2.5 million. The deal was part of K of C's "lease back" investment plan, begun that year by Luke Hart, just before he became the Order's first full-time Supreme Knight. The Knights leased the property back to the Yankees, an arrangement that served both sides and generated steady income, until the Order sold the land in 1977. ♦

The long term care vs. Medicare mistake

Medicare is not a “long term care” insurance plan. Many people believe the two terms mean the same thing, which can be a critical mistake.

Here’s the main difference: Medicare generally covers treatments that must be performed by doctors, specialists, registered nurses, and professional medical technicians. Long term care insurance, on the other hand, covers the cost of care for people who must have help to handle the basic activities of everyday living, such as eating, bathing, dressing, using the bathroom, and getting around.

This type of assistance, called “custodial care,” usually doesn’t require “skilled” care, as defined in insurance policy language. Again, skilled care is paid for by Medicare, if it is for a covered condition. It rarely includes custodial care, except for relatively brief periods of recovery from a covered procedure.

The government program that does pay for long term custodial care is Medicaid, which is generally available only to people who have exhausted virtually every source of wealth. That isn’t the path I want for you or your family.

The link between long term health and long term wealth

Most Knights who talk with their professional Knights of Columbus agents about long term care insurance aren’t terribly worried about ensuring quality custodial care for themselves. What they really want is to ensure that their savings and investments aren’t chewed up by nursing home or assisted living expenses.

Consider the average long term care costs* in the U.S. in 2007:

- 💰 Annual cost for a nursing home private room: \$77,745 (\$213 daily), an increase from \$75,190 in 2006.
- 💰 Annual cost for a nursing home semi-private room: \$68,985 (\$189 daily), an increase from \$66,795 in 2006.
- 💰 Annual cost for an assisted living community: \$35,628. Some charge extra for dementia and Alzheimer’s, averaging \$51,240 more per year.

Few nest eggs can withstand these costs for long. Just as few people who don’t have homeowner’s insurance could pay to replace a house destroyed in a fire, few families can pay long term custodial care costs out-of-pocket for long. In other words, long term care and homeowner’s insurance are both designed to protect against catastrophic losses.

Consider coverage options

Before you make any decisions about long term care insurance, look carefully at the options, such as:

- The dollar amount per day that the policy would pay for your care.



CALL ME IF YOU WANT TO DISCUSS LONG TERM CARE INSURANCE OR ANY OTHER PROTECTION FOR YOUR ASSETS AND ESTATE.

- Inflation protection coverage, which keeps that dollar amount on pace with the increasing cost of care.
- The “elimination period,” which is the amount of time before coverage kicks in. Think of this as something like an auto policy deductible. You may choose an elimination period of 30 days, meaning you pay for the first 30 days of long term care. A longer elimination period reduces your premium; a shorter elimination period reduces the risk of uncovered, out-of-pocket expenses.

Long term care products have other features and options to consider. Call me if you want to discuss long term care insurance or any other protections for your assets and estate. ♦

** Source: Research by LifePlans, Inc., in conjunction with the MetLife Mature Market Institute.*

Know your fraternal benefits

As a member of the Knights of Columbus, you may be aware that you're eligible for a program of benefits at no cost to you. Perhaps it's been awhile since you've reviewed your fraternal benefits. Here's a quick overview:

FOR ASSOCIATE MEMBERS

- An accidental death benefit of up to \$2,500 for members and their spouses.
- If a member who is a full-time law enforcement officer or fire fighter dies as a result of criminal violence or certain other job-related duties, his children are eligible for scholarships to the Catholic college or university of their choice under the Order's Matthews/Swift Educational Trust Fund.

FOR INSURED MEMBERS

In addition to the Associate member benefits, you are eligible for the following benefits if you* or your spouse are insured under a Knights of Columbus certificate that requires an annual premium of at least \$150, or provides at least \$5,000 in permanent life insurance coverage:

- The ability to purchase life insurance for an otherwise uninsurable child. Standard rates will apply if the application is made before a child is 61 days old. And although the rates may be higher, older children are also guaranteed coverage regardless of their disability or illness.
- In the event of a miscarriage at least 20 weeks after conception, the Order will provide a \$750 death benefit for

the unborn child.

- If a child dies less than 61 days after birth, the Order will provide a \$1,500 death benefit.
- If your children are orphaned (but themselves uninsured), the Order will support them with \$80 per month until they reach the age of maturity. They may also be eligible for up to \$1,750 per year in educational grants.

I can provide you with complete details about these benefits. It's not pleasant to think about needing them, but it should be a comfort to know that the Order is dedicated to being there for families in times of need. ♦

** Must be a member in good standing.*

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When to consider buying LONG TERM CARE insurance

The thing to remember about the cost of long term care insurance is, it will never be less expensive than it is right now. With each birthday you celebrate, your cost for the policy increases.

However, once you buy, your annual cost remains based on that age for the life of the policy.

Say you buy the policy at 52. Your cost for the policy when you reach 67 is still based on the cost for a 52 year old. This doesn't mean the cost won't ever increase. However, even if the cost for a 52 year old increases over time, you'll still be paying less than the cost for a higher age.

It's worth running the numbers to see what you are likely to pay at 60, 62, 65, etc. You may find that you'll actually pay more in the long run by waiting to purchase long term care insurance.

Another reason to consider buying earlier is that changes in your health may effect your ability to secure coverage in the future.

CURRENT ANNUITY RATES

Now earn

4.10%

On \$10,000 minimum deposit
Deposits under \$10,000 earn 3.85%.

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 June 30, 2008. Rates are guaranteed through March 31, 2009. 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.