



SONS OF  
NORWAY

# Advisor

HELPING YOU FIND THE PATH TO A SECURE FINANCIAL FUTURE



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## SPECIAL MESSAGE FROM INTERNATIONAL PRESIDENT DAN RUDE

In the September issue of Viking magazine there was a cover story addressing a problem that is common to many fraternal insurance benefit societies in general and Sons of Norway in particular: declining membership. Its purpose was to encourage discussion about recruitment and retention issues, which it has certainly done. However, based on some feedback I've received, it has also spurred some questions about Sons of Norway's financial stability.

Let me be clear that Sons of Norway finances and insurance operations are strong, stable and financially sound. Thanks to our conservative investment policy the issues that have been affecting the global financial market have had no major impact on our business. In fact, because of our sound investment philosophy, an increasing number of members have placed their trust in Sons of Norway as a safe and secure financial investment.

As further proof of this, there are a couple of resources I'd like to point you to. First, please refer back to the 1st Quarter 2009 issue of the Sons of Norway Advisor. There on the cover you will see an explanation of our investment policy, as well as our goals for the future. It's as accurate today as it was in January of this year.

I'd also like to direct your attention to the June issue of Viking magazine and the financial statements shown on pages 30-35. If you take a moment to review the article I think it will show that symbiosis of Sons of Norway's core areas of business, protecting the financial future and Norwegian heritage of our members, have been both successful and profitable. For your convenience, both the 1st Quarter Advisor and the June Viking article are available online at [www.sonsofnorway.com/retention](http://www.sonsofnorway.com/retention).

In closing, please rest assured that your investment in Sons of Norway is safe and stable. Should you ever have questions concerning Sons of Norway financial products or would like to learn more about how we can help protect your financial future, I encourage you to contact your Financial Benefits Counselor right away. Not only are they a great resource for information, they are also a wealth of knowledge and terrific to work with when planning for a strong and secure financial future.

A SPECIAL MESSAGE FROM  
INTERNATIONAL PRESIDENT DAN  
RUDE

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## CHARITABLE GIVING: LEAVING A LEGACY THROUGH LIFE INSURANCE BY LEN CARLSON

Quite often, when people decide to make a charitable donation, one of the first issues that are considered is the income tax consequences (i.e. deductions). However, when considering a charitable donation, you really should evaluate how current and deferred gifts impact your estate planning needs as well.

A variety of assets (sources) can be given to charity including, cash, stocks, bonds, real estate, art work, and life insurance.

This is where the concept of planned giving comes into play. In contrast to the annual gifts made from a donor's disposable income in support of the operational needs of the charitable organization, such as the Sons of Norway Foundation, the concept of planned giving involves gifts of your accumulated assets to ensure the charitable organization's long term financial viability. The process often requires the donor to make decisions regarding distribution or a change in ownership of assets in the donor's estate. For example, life insurance ownership can be transferred directly to the charity as owner and beneficiary, which has become a popular way of providing substantial gifts to a donor's favorite charity.

Purchasing a life insurance policy allows you to make a substantial gift at an affordable cost. You purchase a policy on your life and have the charity be the owner and beneficiary. The benefits of giving life insurance are: a small outlay creates a meaningful gift; it provides

money for your charity; proceeds are paid promptly without probate costs; your other assets are not affected; and again, your premium may be tax deductible\* as a charitable contribution.

One of the benefits of doing this, and the reason for its popularity, is that when properly implemented, the donor should receive charitable deductions for the value of the insurance contract and for all future premium payments.

However, to obtain the anticipated income as well as the gift and estate tax deductions, the donor must make a gift of his or her entire interest in the policy. If the donor retains the right to name or change the beneficiary or gives less than his or her entire interest in the policy they will not qualify for these deductions.

The last point to make is that giving the gift of life insurance can also preserve your heritage. If you were to give to the Sons of Norway Foundation, you can specify that the Foundation pay the policy proceeds to whomever or whatever cause you desire, perhaps it's a scholarship to help more youth learn the Norwegian language.

Hopefully you can see how beneficial charitable giving can be to you and your favorite causes at the same time. If you are interested in making a charitable gift, or learning more about what's involved, contact your Financial Benefits Counselor today.

\*Contact your tax advisor

## NEW MEMBERSHIP DINNERS

BY LEN CARLSON

As you know, our International President, Dan Rude, along with the Sons of Norway International Board of Directors, have made membership a priority and are asking the lodges to help.

One way to help recruit more members is through the use of New Membership Dinners sponsored by your local Financial Benefits Counselor and the headquarters' Marketing Department. The Marketing Department pays up to \$400 for the cost of the dinner, lunch, or breakfast for the prospective new members and their sponsors.

### Here are some tips for a successful event:

- 1) Pick a menu and location for the event
- 2) Contact Director of Agencies, Len Carlson, at headquarters 60-90 days before the event
- 3) Contact your local Financial Benefits Counselor, as he/she needs

to be there to explain the financial benefits to those in attendance

- 4) Announce the event in your newsletter; also, consider sending out invitations
- 5) Assemble guest kits with information from headquarters
- 6) Encourage lodge members to attend and bring a guest
- 7) Follow-up with a phone call to all of those that attended the New Membership Dinner that didn't join - this can be successful if done.
- 8) Make a special attempt to call the new members who signed up at the dinner prior to your next lodge meeting and extend a special invitation to them.

Many of the above ideas come from Financial Benefits Counselor, Dan Warneke of St. Cloud, Minnesota, who has helped plan many successful New Membership Dinners. To learn more about what

# REPLACING LOST ASSETS WITH LIFE INSURANCE

BY KEN THUL

In recent years, many Americans have lost as much as 20-50% of the value of their market risk investments. This lost money was supposed to provide retirement income or be left as a legacy to their heirs or favorite charities. Many do not have time to recover these losses. Here are some strategies to replace market losses with life insurance.

## STRATEGY 1

As Qualified Retirement Plans (401k, 403b, 503c, 457, IRA, etc) shrink in value, many workers are looking for ways to recover. Most married retirees face an additional dilemma. They want to share their retirement income with their spouse by choosing an option that will continue retirement income to their spouse if the retiree dies first. This means even less retirement income. Consider this: When retiring, take the option that pays the highest monthly income for the retiree, but does not provide a monthly payment for the spouse if the retiree dies first. Use the difference between the higher single life option and the lower joint life option to pay the premium of a life insurance policy on the retiree. The life insurance is used to provide lifetime monthly income for the surviving spouse. Added benefits: At some point, the cash value and earnings of the policy will exceed the policy expenses and premium payments can be stopped (more retirement income). If the spouse dies first, no need for the life insurance, thus the premiums stop (more monthly income) and the cash value of the life insurance can be converted to additional



monthly income for retiree.

## STRATEGY 2

While estate taxes are currently at the lowest level in decades, the current estate tax laws are due to sunset at the end of 2010. If Congress does nothing, the estate tax laws will revert back to the pre 2001 estate tax laws. Congress is likely to take some actions, but with our current economy, it is not likely that new estate tax law will treat taxable estates favorably. If estate taxes do increase in 2011 as expected, properly titled life insurance can provide cash to

pay estate taxes. For estate tax purposes, the life insurance policy is owned by an Irrevocable Life Insurance Trust (ILIT), not by the insured, thus keeping the proceeds out of the taxable estate.

## STRATEGY 3

Recent market losses have devastated the investment portfolios of many people who wanted to leave a legacy to their heirs or their favorite charities. Life insurance continues to be the easiest and least-expensive way to replace these lost assets. For mere pennies on

the dollar, these market losses can be restored by life insurance, and if the benefactor is a qualified charity, huge income tax incentives await the donor now.

In the Great Depression of the 1930's, America's life insurance companies played a key role in the economic recovery. Today, most are financially strong and ready to help again. Contact your Sons of Norway Financial Benefits Counselor for a plan that's right for you.

# ANNUITIES -VS- CDs, A COMPARISON

BY KEN THUL

If you are tired of the rollercoaster ride of the stock market and want guaranteed safe investments, Annuities and Certificates of Deposit (CD) may be right for you. Since there are many varieties, you should compare the features of the annuity or CD you are considering. The following are typical features of a Tax Deferred Fixed Annuity and a bank Certificate of Deposit (CD).

Feature	Deferred Fixed Annuity	Certificate of Deposit
Guaranteed Rate of Principal	Yes	Yes
Guaranteed Rate of Return	Yes	Yes
Up front sales charges or administration fees	No	No
IRS withdrawal Penalty before age 59 1/2	Yes	No
Penalty free withdrawals	Yes	No
Avoids probate	Yes	No
Tax deferred growth	Yes	No

With annuities, you get the triple interest tax advantage: 1) Earn interest on your principal, 2) your interest 3) and on the money you would have paid in taxes. Below are the effects of taxes on an investment of \$100,000 for a person in a 28% tax bracket.

Years of Compounding	Net After Tax Result of a Taxable CD @ 5%	Net After Tax Result of a Tax Deferred Annuity @ 5%
10 Years	\$142,429	\$145,280
20 Years	\$202,859	\$219,038
30 Years	\$288,930	\$339,180

Annuities also offer guaranteed lifetime income options and may be structured as a preferred Medicaid spend down investment. Please contact your Sons of Norway Financial Benefits Counselor for the annuity that's right for you.





