



SONS OF
NORWAY

Advisor

HELPING YOU FIND THE PATH TO A SECURE FINANCIAL FUTURE

2ND QUARTER 2010 • Issue #15



BRIGHT OPPORTUNITIES AND IDEAS FOR 2010

This quarter's edition is all about financial products that many readers have been calling with questions about. I know that it's easy to lose sight of in this dismal economic climate, but there have been some exciting events to talk about and some great new products to introduce you to.

This month the Advisor has information about the 2010 IRA conversion opportunities. I've been getting a lot of questions about the ins and outs of converting traditional IRAs into Roth IRAs, so I thought it would be helpful to get some more information out to everyone.

In addition, I'm very excited to announce the launch of a couple great, new products that Sons of Norway is releasing this spring and summer. Open this month's Advisor to learn all about the Sons of Norway Nordic Whole Life policy, which will be offered in two versions, as a traditional whole life and a single premium whole life product. There's some great information about these new additions to Sons of Norway's offerings as well as an informative Advisor Answers piece on the same topic.

Also, I'd like to point you to a great article by Ken Thul inside this month's Advisor, which discussed the pitfalls of Do-It-Yourself estate planning. With so many resources available on the internet, many people are taking their plans into their own hands, but that's not always the best decision for people with complicated financial portfolios. This article is a great explanation as to why FBCs, like me, are a great resource for you when you are planning for the future.

Last of all, since it's tax time maybe it's also time to consider requesting a complimentary Sons of Norway financial review. When you're thinking about your financial future it's imperative to think about your present financial status. What should you be doing now to ensure a secure future? Which programs or products are better suited for your needs and lifestyle? Are you being realistic about your plans? These are all important, basic questions that we can discuss during a complimentary financial review. If you'd like to learn more about what's involved, or want to set up an appointment to go over your current situation and future plans, don't hesitate to call me. All my contact information is just underneath my photo on the left hand side of the page and I'd be happy to help you in any way I can. Until then, have a great spring!

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THE DANGERS OF GOING ALONE

BY KEN THUL, CLU, ChFC, FICF



Penny wise and pound foolish might best describe the do-it-yourself estate planning kits available online. Simply jump online, get the kit, follow the easy step-by-step instructions, get your plan done and dodge those pricey attorney fees. But wait, dangers may lurk.

In his excellent article *Pitfalls in Do-it-Yourself Estate Planning*,* Joseph Devine, a probate and estate attorney from Austin Texas reveals some of the dangers of DIY estate planning. Below are excerpts.

One Size Fits All? - The first pitfall with DIY estate planning or will drafting kits is their one size fits all approach. Although such a method greatly simplifies the drafting process, it also means that tailoring the resulting will to your individual needs may be difficult - or impossible.'

Advice and Know-how - 'Though a kit may be able to walk you through the basic steps, it will never have the experience that an attorney would. An experienced legal practitioner can do far more than simply help you write a valid will; he or she can show you ways to reduce the amount of taxes your heirs and beneficiaries have to pay, methods of avoiding costly probate paperwork and court proceedings, and explain the intricacies of using trust funds and exemptions in your asset protection strategy.'

Costly Mistakes - 'Many of the most useful estate planning structures and strategies are heavily regulated by both state and federal law. In some cases, particularly when taxes are involved, precise wording and use of language is required to make a document valid. A simple kit cannot ensure that these exacting documents are drafted correctly; an error now could cost you or your heirs thousands of dollars in the future.'

*Article Source: http://EzineArticles.com/?expert=Joseph_Devine

IT'S ALL ABOUT GUARANTEES!

BY KEN THUL, CLU, ChFC, FICF

IN A WORLD OF UNCERTAINTIES, SONS OF NORWAY'S NEW NORDIC WHOLE LIFE OFFERS GUARANTEES.

Life insurance may be one of the most important purchases you'll ever make. In the event of a premature death, its proceeds can help pay your mortgage and other obligations, replace income, provide retirement income for your spouse, and much more. For these reasons and more our new Nordic Whole Life policies may be helpful for you.

Clint Eastwood said "If you want a guarantee, buy a toaster." I agree a toaster with a guarantee is good, but I believe a life insurance policy with guarantees, like Sons of Norway's Nordic Whole Life, is better. It's a traditional whole life policy with guaranteed fixed premium, guaranteed fixed death benefit and guaranteed cash value. As long as you pay the scheduled premium(s), this policy will remain in force as long as you live, no matter how long you live.

A key feature of this policy is the guaranteed cash value which accumulates tax deferred in the policy. The insured person can use this cash value during their lifetime for any purpose they wish. They may borrow cash value for a down payment on a home, to help pay for your children's education or to provide income for your retirement. When they do, they're using the policy's cash value as collateral. There is no obligation to repay a policy loan, rather the amount of the loan plus interest can be deducted from the death benefit your beneficiaries will receive. Or, if you decide to stop paying premiums and surrender your policy, the guaranteed cash value is yours.

Another valuable benefit of the Nordic Whole Life policy is the

opportunity to earn dividends. In addition to the guaranteed death benefit and the guaranteed cash value, this gives the opportunity to receive an enhanced death benefit and cash value growth. Dividends are a return of part of your premium and, although not guaranteed, a way for the Sons of Norway to share part of its favorable results with the policyholders. We expect that policy holders will receive dividends after the second policy year.

We now offer the Nordic Whole Life policy in 2 versions, the Nordic Traditional Whole Life, featuring annual premiums that can be paid semi-annually, quarterly or monthly, and the Nordic Single Premium Whole Life, which will have a one time premium. The Traditional will be available in most states April, 2010 with the Single Premium available in most states by mid year 2010. Please contact your Sons of Norway Financial Benefits Counselor for a plan right for you.



ROTH IRA CONVERSIONS - THE OPPORTUNITY OF A LIFETIME

BY LEN CARLSON, CLU, ChFC

With future tax increases looming, converting Traditional IRA's to the tax-free growth and distribution of a Roth IRA can make sense for many people.

Perhaps you have heard or read about the benefits of converting your Traditional IRA to a Roth IRA, so why now, why all the hubbub? After all, Roth conversions have been around for some time.

One of the reasons was the Tax Increase Prevention and Reconciliation Act of 2005. Among other things, it gives us something with far-reaching potential, all the way to the future retirement of the American public. In 2010, the existing \$100,000 Modified Adjusted Gross Income Limit on the conversion of Traditional IRA's to Roth IRA's has been eliminated. This means that taxpayers earning over \$100,000 are now eligible to convert their Traditional IRA's to a Roth IRA. In addition, in 2010 only, you may elect to soften the tax blow and spread the taxes incurred over two years and effectively manage their tax bracket.

Before exploring the benefits of a Roth IRA as compared to a Traditional IRA, consider what we, as taxpayers, should prepare ourselves for. For example, we know that if things remain on their current path, we can expect taxes to increase in 2011. Currently, the 10% tax bracket is slated to be eliminated, which means that we will pay 15% of the first \$17,200 of income that we earn, and the 25%, 28%, 33%, and 35% federal tax brackets will move as high as 39.6%. These tax increases might be of concern to some of you; making you feel less in control of the funds you are putting away for retirement.

As I keep leading into the advantages of converting, I want to first address three truths of retirement planning.

First, if you plan right, you should retire with as much, if not more, than your highest earned pre-retirement income.

Second, with taxes going up, you need to plan accordingly

Third, Americans are living longer, in fact, some are living 20 to 30 years into retirement.

Knowing the above facts are important, but what should you do about it? The Roth IRA conversion may be just the solution for those of you that have Traditional IRA's. It gives you the ability to reposition existing assets into a retirement vehicle that affords tax-deferred growth, tax free distributions, and also the ability to pass along those funds to heirs income tax free as well as receive tax free distributions over their life expectancies.



With the \$100,000 limit removed, many people have the ability to take advantage of this conversion. They can now pay taxes on their Traditional IRA's regardless of size and convert them into a Roth IRA. Never before have you had the ability to place essentially a limitless amount of money with a Roth IRA and receive such favorable tax treatment - tax-free growth and tax-free distributions.

But you need to make sure this conversion is suitable for you. For some of you, the up-front tax consequence, even with the two year provision, may be prohibitive. Consult with your CPA for information on this. Typically, a Roth IRA conversion should be considered by those who have a longer time horizon to retirement, are willing to pay additional taxes now to increase their future retirement income and do not need immediate income from their current IRA.

This conversion opportunity provides you with a window of opportunity; hopefully, the information provided is of help.

Advisor Answers –

Dear Advisor,

Now that Traditional Whole Life has been added to Sons of Norway's product portfolio, when would you recommend purchasing a Whole Life product versus Universal Life?

Adrian M.

Great Falls, MT

To give you some perspective, here's some background that might help you make a decision as to which one to buy.

Whole Life (WL) has been offered by insurance companies forever; providing coverage to the owners for their "Whole Life" while cash values grow within the policy on a tax-deferred basis with the death benefit passing on to the beneficiary income tax free. The premiums are a fixed premium based on age, health, and face amount.

Universal Life (UL) was then introduced, in the early 1980's. It offered flexible premiums and an interest rate attached to it, which was 10% to 12%. So when UL was introduced, many people either switched from their Whole Life product, or simply purchased a UL policy instead.

The total cash value growth of the UL policy is built by part of the premiums paid and the interest earned. The biggest challenge since the inception of UL is the reduction of interest rates. Although the actual cost of the insurance has been going down because people are living longer, the reduced interest earnings in recent years has challenged expected growth.

So, do you purchase UL or Whole Life? If you prefer less risk when it comes to interest rate fluctuation and want to pay a set premium while still consistently experiencing growth in the cash values, Whole Life sounds like the answer. On the other hand, if you want flexibility with regard to premium amounts and a chance for higher growth on your cash values, Universal Life is probably your choice.

In the end, you can't go wrong with either product as long as you understand what you purchased. Both will solve your life insurance needs by providing a tax-free death benefit while allowing the cash value to grow tax-deferred.

A meeting with your Financial Benefits Counselor can help you decide which product is best for you.

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