



# ADVISOR

HELPING YOU FIND THE PATH TO A SECURE FINANCIAL FUTURE



3<sup>rd</sup> Quarter 2011 • Issue #20

## Summer – Time for Friends and Family.

Summer is in full swing and I hope you are spending the long days of sunny weather enjoying yourself and spending time with family and friends. I also hope you will enjoy this quarter’s edition of the Sons of Norway Advisor! As always, there’s a lot of great information about Sons of Norway’s products and strategies for planning your financial future.

Because Life Insurance Awareness Month is just around the corner in September, this quarter’s edition is devoted to a number of subjects related to life insurance. First, there is a great article about our newest product, a Single Premium Whole Life policy, which offers a number of tax benefits and can help you leave a legacy for future generations.

Next, there is a great article about the Seven Wonders of Life Insurance from LIFE, a nonprofit organization dedicated to helping individuals make smart insurance decisions. This article addresses the seven most important things that life insurance has to offer, both for the insured and for the beneficiary.

Last, but not least, Sons of Norway’s Director of Agencies, Len Carlson answers the supremely important, but little discussed, issue of “what should be considered when naming beneficiaries.” This informative Q&A could really help make the difference between your life insurance having less of an impact than you’d hoped and leaving a legacy for your beneficiaries.

I feel these are all important topics to learn about because they can help ensure that your family will have a secure financial future, even in the wake of tragedy. But in order to protect your family, you need to take the first step and contact me about a complimentary Sons of Norway financial review. It’s easy, it’s informative and most of all it will give you some insight into the best ways to protect your family. 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 summer!

Summer - Time for Friends and Family

The Seven Wonders of Life Insurance

Sons of Norway Introduces a Great New Financial Product

Advisor Answers

# The Seven Wonders of Life Insurance

provided by LIFE Foundation



If someone asked you to name the Seven Wonders of the World, could you? The one that pops into most people's mind is the Pyramids at Giza. Other ancient wonders, like the statue of Zeus at Olympia and the Hanging Gardens at Babylon, have succumbed to the ravages of time, making them harder to recall. Why are the Pyramids such an enduring symbol? Their grand presence, of course, is a clear reason—they rise up majestically out of the desert. Their iconic shape is another—their strong, solid bases have ensured that these ancient structures are still here today. Perhaps that is a lesson for creating an enduring financial strategy: Create a strong base with a fundamental financial tool—life insurance. Life insurance should serve as the foundation of your family's financial security, helping to ensure that your loved ones will be alright financially even if something were to happen to you.

## September is Life Insurance Awareness Month



September is the perfect time to think about all the wondrous things that life insurance can do for you and your family. But that can only happen if you've done the proper planning. So don't wait another minute. Schedule time to meet with an insurance professional in your community or your benefits manager at work to make sure that you have the right amount and type of insurance to protect the ones you love.

### **1. Buys time.**

Allows loved ones to focus on their grief by helping to pay for the funeral and other final expenses.

### **2. Provides a fresh start.**

Lets loved ones start with a clean slate by helping to pay off credit card bills, outstanding loans and even the mortgage.

### **3. Generates income.**

Helps replace lost income for years to come so that surviving family members can continue to pay for life's necessities.

### **4. Offers flexibility.**

Gives a surviving spouse the chance to take time off from work or to switch to a job that offers a more flexible work schedule.

### **5. Creates opportunities.**

Can provide funding to start a business, or pay for schooling so surviving family members can train for a new career.

### **6. Funds the future.**

Offers a way to fund longer-range goals like a college education for the kids or a secure retirement for a surviving spouse.

### **7. Leaves a legacy.**

Gives parents the chance to leave future generations with the legacy of long-term financial security.



# Sons of Norway Introduces a Great New Financial Product

by Ken Thul, CLU, ChFC, FIC



## **Our new Nordic Single Premium Whole Life may be just right for you**

Sons of Norway now has a companion to our great Nordic Whole Life insurance policy, called the Nordic Single Premium Whole Life (NSPWL). With the introduction of this new product you now have a choice of annual premium payments (Nordic Whole Life) or just one initial premium payment (NSPWL) which pays up the policy for the life of the insured person. It also offers a guaranteed premium, guaranteed cash value, guaranteed death benefit and will pay dividends.

Many will find this policy just right for setting aside money to pay final expenses. It may also be used to leave a legacy to your heirs or to your favorite charity. Generally speaking, the death benefit of life insurance avoids probate and is received by the beneficiary free of income taxes. When arranged properly, under current federal estate tax law, it also avoids estate taxes.

Life insurance has always enjoyed a number of favorable tax treatments by the IRS. The most significant being the tax deferred growth of the cash value while the insured is alive and the income tax free payment of the death benefit to the beneficiary. These two features are deferred or delayed tax benefits, but Sons of Norway's new policy also has an immediate tax benefit for the insured person, called a Guaranteed Insurability Increase Offer. This rider can help you save income taxes immediately because it allows you to make a tax free transfer of one lump sum of money from a deferred annuity or a Qualified Retirement Plan such as a 401k, 403b, 503c, 457, or Traditional IRA to a Sons of Norway Immediate Annuity. We then spread the premium deposits to the new life policy over a period of up to 5 years, which reduces the tax burden in any one year. This, coupled with the recent extension

of the lower income tax rates presents a window of opportunity. When you combine our new Nordic Single Premium Life's Guaranteed Insurability Increase Offer with the lower income tax rates, not only will you pay less in tax but you will also be able to spread those taxes over a period of up to 5 years.

### **Here's an example of how it works:**

Let's say you have \$100,000 in a Traditional IRA, fully taxable as income when you withdraw it. You want to use this money to pay the premium of a Nordic Single Premium Whole Life policy for the benefit of your heirs. If you withdraw this money in one lump sum, you must add \$100,000 to your taxable income in that year. The extra taxes all in one year are too much for most people. However, if you use our new Guaranteed Insurability Increase Offer, we will transfer your IRA to Sons of Norway (a non-taxable event), and then transfer only \$20,000 per year for 5 years to the life insurance policy. This allows you to spread the taxes over 5 years instead of all at once. It's simple and easy because we do all the work.

If you'd like to see how this new product can work for you, contact your Sons of Norway Financial Benefits Counselor.

**Q:** “What should I consider in naming life insurance beneficiaries?” asks Ole D., from Fargo, ND

**A:** Good question. It can depend on several factors such as: how old you are, do you have estate tax issues, to name a few.

**Here are a few ideas:**

**1)** Select a specific beneficiary, rather than having the proceeds of your life insurance paid to your estate. One of the great advantages of life insurance is that it can be paid to your family immediately. If the proceeds are payable to your estate, it will have to go through probate with the rest of your assets; therefore, proceeds may be subject to estate taxes and claims of creditors as well as increasing probate costs.

**2)** Always name a “contingent” or second beneficiary just in case you outlive your first beneficiary.

**3)** Be very specific in wording beneficiary designations. Saying “wife of the insured” could result in an ex-spouse getting the proceeds, so it’s best to have the actual name

written down. When naming children, it’s best to name their names and the percentage of the proceeds that they are to receive. If the beneficiaries are minor children, you should have an adult named as a guardian and for the “benefit of the children” with the names of the children as well as the percentage of the proceeds that are to be paid to each child. Minor children can not receive life insurance proceeds.

**4)** Perhaps for larger life insurance proceeds and situations where there are large estates, an “irrevocable trust” can be named as beneficiary. This enables the trust to give the trustee broad authority to pay or withhold benefits, provide for successor beneficiaries, and make proceeds available for settlement costs. It also provides professional management and investment advice as well and is not subject to claims of creditors.

As you can see, naming a beneficiary may not be the simplest thing to do based on the situation you are in, so it’s always a good idea to contact your Financial Benefits Counselor to set up your beneficiary designation properly. Also, remember that most beneficiary designations can be changed. It is important to keep them current.

*ADVISOR* is provided by your Sons of Norway Financial Benefits Counselor as an additional service to you.

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