SONS OF NORWAY
1455 West Lake Street
Minneapolis, MN 55408-2666

the Advisor
find your path to a secure future

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the Advisor

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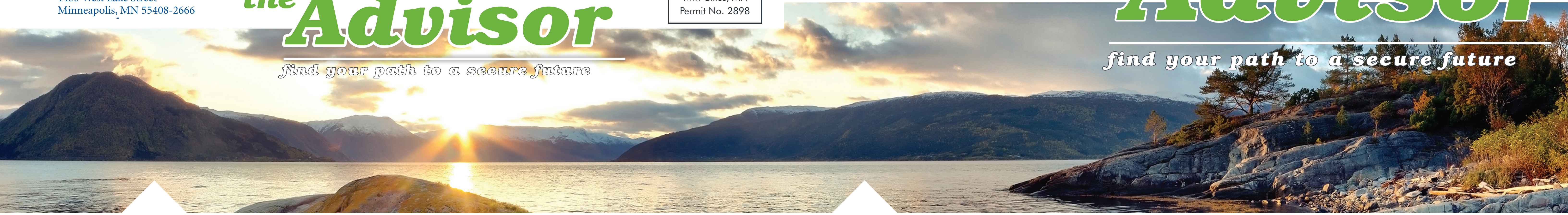

Dear Members,

I hope each of you is enjoying the summer weather. As Sons of Norway's International President, one of my biggest responsibilities is ensuring you're aware of the outstanding financial products the organization has to offer. I'd like to thank the members who have invested in Sons of Norway products. You have invested in a secure future for you and your family. Beyond securing a strong financial future for your family, purchasing a Sons of Norway product helps ensure a bright future for the organization. The money invested allows Sons of Norway to continue to celebrate our Norwegian heritage in our communities, provides support for our local lodges and increases the philanthropic opportunities that help fellow members across our organization.

You may recall that this year we are celebrating the 50th anniversary of the Sons of Norway Foundation. In that spirit, in this issue of The Advisor you will find an article appropriately titled "The Importance of Giving." This article provides a wonderful overview of the Foundation and how your gift makes a difference. You will also find a short introduction of our new Foundation Director, Corrie Maki Knudson.

As we look forward to the Sons of Norway's bright future, it's important not to overlook your own. That's why we included an article about retirement readiness and the steps you can take now to reach your retirement goals to secure your own bright future. How much will you receive from Social Security? Do you know how much money you should have set aside to replace your current income? These are the question you should be prepared to answer.

Finally, we also have a short quiz that will help to dispel some of the common misconceptions about retirement. Whether it is coming up with realistic savings goals, learning how much you may save after your children leave home or recognizing what percentage of your income may come from Social Security, the "Retirement Readiness Quiz" will give you a new perspective on saving and investing in retirement.

I hope you enjoy this edition of the Advisor and find the enclosed information to be of great interest. If you find this information worth sharing be sure to lend your copy to friends, family or other lodge members so they can benefit from it as well. If you have questions about any of the articles enclosed, be sure to reach out to your dedicated Sons of Norway Financial Benefits Counselor—they are here to help and can be a great resource as you plan for the future.

Jon Tehven

YES! Please send me more information on the following products to help me achieve my financial goals

- ☐ Complimentary Financial Review
- ☐ Preserving My Estate
- ☐ Saving For Retirement
- ☐ Pension Maximization Plan
- ☐ Universal Life Insurance
- ☐ Immediate Annuities
- ☐ Whole Life
- ☐ Single Premium Whole Life
- ☐ Tax-deferred Annuities
- ☐ IRA's - Traditional and ROTH
- ☐ Child or Grandchild Plans
- ☐ Level Term Life Insurance
- ☐ 401K Rollover
- ☐ Chronic Illness Accelerated Benefit Rider
- ☐ Medicare Supplement**

* These products may not be available in all states.

**Products from other insurance carriers offered by your Sons of Norway Financial Benefits Counselor.

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The Importance of Giving

The Sons of Norway Foundation would like to thank our loyal donors for supporting us for 50 years! Thanks to your charitable benevolence, over $2,000,000 in grants and scholarships have been awarded to our members, lodges and individuals who believe in the importance of sharing Nordic culture and values in their communities.

50th anniversary
SONS OF NORWAY
FOUNDATION
1966 • 2016

Why are these grants and scholarships important? First, when the Sons of Norway Foundation awards funds we are saying to our members and lodges that we support them, that we understand the programs, events, and festivals they host add value to their friends, family and community. Likewise, when we award scholarships to students we are saying we respect their interests and dreams. We are also recognizing the importance of their involvement as future members, and the impact this continued membership will have on the future of our organization.

Did you know that the Sons of Norway Foundation is an endowment Foundation? This means we invest funds our donors direct to be endowed in perpetuity, spending only a portion of the interest on the grants and scholarships we award. Funding opportunities with this method makes our programs sustainable, with a majority of our $6,000,000 in assets coming to the Foundation in the form of estate gifts.

If you are interested in leaving a legacy in a named fund through an planned gift, you may do so in three easy ways:

1. Name the Foundation as a beneficiary in your life insurance policy.

2. If you want to leave the current face amount of a Sons of Norway insurance policy to your loved ones but still want to make a charitable contribution, you may be able to increase your face amount and allocate the difference to the Foundation for a reasonable increase in your monthly premium. Call your FBC to learn more!

3. Purchase a separate life insurance policy specifically for a charitable gift, making the Foundation the policy owner and the beneficiary. Not only will you be supporting your fellow members, you will have on the added benefit of your insurance premiums being tax deductible.

Thank you again to all of our donors for your support. Giving matters. YOU matter.

Welcome Corrie Maki Knudson

Corrie Maki Knudson joined the Sons of Norway Foundation in November 2015 as the new director. She is a Minnesota native from the Iron Range and has worked in the life insurance industry. Corrie has been a member of a fraternal organization since childhood with experience in the philanthropic arena for the past 15 years. She is thrilled to be with the Foundation in time to help celebrate its golden jubilee.

Top Ten Reasons to Own a Sons of Norway Annuity

Ask your FBC for more information about Sons of Norway financial products!

1. ***Guaranteed Safety of Principal***
   You cannot lose any of your invested principal.
2. ***Guaranteed Minimum Interest Rate***
   You always earn interest and your interest rate can never fall below our guaranteed minimum.
3. ***Guaranteed Income for LIFE***
   Monthly income is guaranteed for as long as you live.
4. ***High Current Interest Rates***
   Current rates are guaranteed one year at a time and are reset on your anniversary date, but never below the guaranteed minimum interest rate.
5. ***Tax Deferred Accumulations***
   Income tax on your interest earned is deferred until you withdraw it or take a monthly income.
6. ***No Sales Charges***
   Every dollar you invest goes directly into your account and earns tax deferred interest for you.
7. ***No Annual Service Fees***
   Sons of Norway doesn't charge service fees. These fees can rob you of a portion of your cash value and the compound interest it would have earned.
8. ***Penalty Free Withdrawals Beginning in Year 2***
   You may withdraw a portion of your account balance without surrender charges as early as the second year.
9. ***Penalty Free RMD Withdrawals for IRA's***
   Never a surrender charge on RMDs from your IRA.
10. ***Peace of Mind***
   With Sons of Norway you can rest assured that your money enjoys safety, security and the expertise that comes with over 120 years of financial experience.

Current 12 Month Interest Rates

Single Premium Deferred Annuity

Deposit Amount	Current Interest Rate	1st Year Interest Bonus*	Total 1st Year Return
$10,000 - $24,999	1.95%	.70%	= 2.65%*
$25,000 - $49,999	2.10%	.70%	= 2.80%*
$50,000 - $99,999	2.20%	.70%	= 2.90%*
$100,000 and over	2.25%	.70%	= 2.95%*

* These rates include a .70% first year bonus.
Guaranteed Minimum Interest Rate: 1.00%

Interest rates as of 03/01/16 and are subject to change. New contracts only.

Flexible Premium Deferred Annuity

Deposit Amount	Current Interest Rate	1st Year Interest Bonus*	Total 1st Year Return
$2,000 - $9,999	1.70%	0%	= 1.70%
$10,000 - $24,999	2.00%	.70%	= 2.70%*
$25,000 - $49,999	2.15%	.70%	= 2.85%*
$50,000 - $99,999	2.25%	.70%	= 2.95%*
$100,000 and over	2.35%	.70%	= 3.05%*

* These rates include a .70% first year bonus.
Guaranteed Minimum Interest Rate: 1.00%

Interest rates as of 03/01/16 and are subject to change. New contracts only.

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Retirement Readiness Quiz

5) As you prepare for retirement, you plan to downsize. What percentage of people actually do downsize?
a) 31%
b) 51%
c) 61%
d) 81%

6) What's the most important thing for you to have a happy retirement?
a) more family time
b) no more stress on the job
c) Social Security and pension check
d) pursue your freedom

7) After you are retired, how much will your spending drop?
a) 8%
b) 12%
c) 15%
d) 30%

8) You are 70 or over, what portion of retirees receive more than 50% of their income from Social Security?
a) 25%
b) 36%
c) 55%
d) 75%

Answers
1) c, 2) a, 3) a 4) b
5) b 6) c & d 7) a 8) c

Are You Financially Ready for Retirement?

Do you have enough money to retire? This is on the mind of millions of people and it may not be an easy question to answer. However, here are a few ways to tell if you are on track.

Crunch the Numbers
Map out your projected income from personal assets, income, pensions and Social Security against projected expenses. This is perhaps the most accurate way to determine if you are ready. However, it will require more than a quick session of number crunching.

So, here is what's involved. On the income side, it means calculating how much you'll receive from Social Security, pensions (if you are lucky enough to have one), how much you can safely withdraw from your investment accounts earmarked for retirement (the assumption here is you are using 2% to 4% per year) and how much you might earn from working during retirement.

On the expense side, it means calculating how much you'll spend on essentials, such as housing, health care, food, transportation, and how much you'll need for hobbies, trips, gifts, etc. This method of determining your right retirement number is best for those 10 years or less from retirement.

Use an Income Replacement Ratio
Determine what percentage of your current annual income you'd need to generate in retirement to live comfortably. A rule of thumb is you'll need to replace 80% of your pre-retirement income. For example, if your household income is $75,000, you might need $60,000 of income in retirement.

Now figure out what portion of your income will come from which sources in retirement. The easiest place to begin is to figure out what your Social Security amount will be. Let's assume you'll receive $20,000 from Social Security, which is about 33% of the estimated amount that you expect to receive. So the balance of $40,000 would have to come from savings and other sources like pension, IRA's, and 401k accounts. So based on the assumption that you'll spend 3% of all investment accounts, you'll need approximately $1.2 million in your nest egg.

Ideally, to be on track to having $1.2 million is to have the following amounts saved by retirement – 80% saved by age 60, 60% by age 50, 30% by age 40 and 10% by age 30.

I hope this information is helpful. However, if you determine that you are not ready or on track for retirement, don't panic. What can you do? One thing is bump up your saving rate. Try to save 15% of your income per year and at the same time cut down on your spending. Cut out the unnecessary stuff – the income pie is not unlimited. You have to cut a smaller slice elsewhere before recommending a larger slice for saving.

Retiring later is an option that gives you more time to build your savings and decreases the amount of time you need income in retirement. There are other advantages to working later — it keeps your mind and body sharp, and that's a good thing.

Advisor Answers

Leonard Carlson, Director of Agencies

Q. *A member from Minnesota asks, "I have heard that I am able to transfer money from one qualified retirement plan to another without paying any taxes. Is that correct?"*

A. Good question! The answer is yes, however you need to make sure you understand a few basics.

First of all, what does "qualified retirement plan" mean? It's a tax favored retirement plan established by an employer or an individual. It can take the form of a traditional IRA, a Roth IRA or a 401k. Contributions to the plan are transferred to a trustee or insurance company that holds and invests them until they are distributed when you terminate your employment, you retire or upon your passing. Contributions to these plans are deductible to the employer (within limits) and are not currently taxable to the employee/participant. Earnings on plan investments grow tax-deferred and are not taxed on the participant's end until withdrawn or distributed with the exception of a Roth IRA where there is no taxation upon distribution of the money. Qualified plans include: Traditional IRA's, 401k, 403b and Roth IRA's.

When you transfer a qualified plan into an IRA at another company, you are doing what is called a "rollover." At Sons of Norway, your IRA rollover goes into one of our Deferred Annuities. Distributions that are rolled over according to IRS regulations are not included in your gross income until receipt of the money sometime later. There is one exception: When a rollover is done from a Traditional IRA to a Roth IRA, it's a taxable event; however, a rollover from a Roth IRA to a Roth IRA is not a taxable event.

Rollovers are done for various reasons. You could have your IRA in a variable product where you are tired of the ups and downs in the market, or you could have your IRA in a bank CD where interest rates are low.

Regarding your 401k, each time you change employers, you should decide what to do with the money at the job you are leaving. You can keep it there or roll it over into an outside IRA, which is called an IRA rollover. When you move your money, it's called a direct rollover. This is when your old plan's custodian sends money directly to the new plan. <u>Remember:</u> Having your old plan just write you a check can backfire because if you don't move it into a new plan within 60 days, the IRS will charge you taxes and a penalty.

Two other points to note: One, make sure that there are no penalties or surrender charges on the qualified plans that you want to transfer from — you don't want to lose money on a rollover. Two, if you are over 70½ and receiving Required Minimum Distributions, make sure that those RMD's are distributed before you rollover the money, as RMD's are not eligible to rollover.

I hope that has been helpful.

—Leonard Carlson, Director of Agencies

Retirement Readiness Quiz

Are you ready for retirement? Take this quiz - it may give you a new perspective on saving and investing.

1) Do you have a realistic saving target to reach when you are 65? What annual return is realistic on a 60% stock/40% bond mix?
a) 8% to 10%
b) 6% to 8%
c) 5% to 7%
d) 3% to 4%

2) How much more money per year will you and your spouse save for retirement after your children leave home?
a) less than 1%
b) 3%
c) 6%
d) more than 10%

3) Are you are going to work past 65? What percentage of people actually do?
a) 14%
b) 26%
c) 37%
d) 61%

4) You are heading into retirement in great shape, therefore you'll spend less on health care, right?
a) True
b) False