SONS OF NORWAY

ADVISOR

HELPING YOU FIND THE PATH TO A SECURE FINANCIAL FUTURE

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WHERE WILL YOUR RETIREMENT INCOME COME FROM?

According to a study by the Investment Company Institute, Americans have more money than ever in retirement accounts. It reported the number to be $16.4 trillion at the end of 2006 (up 11% from 2005). This may sound like positive news, but the study only looked at tax-deferred retirement accounts and did not include other private investments. According to a recent survey done by Getting Rich, results showed 51% of workers age 55 and up have saved less than $50,000 in retirement savings (not including the value of a primary residence). And 39 percent of workers in the same age group have saved less than $25,000 in retirement savings. Those 2 categories make up 90% of near retirement boomers.

To make matters worse, another source of possible retirement income is shrinking. A new study by the AARP shows baby boomers will have to work longer because their parents are living longer and they are not passing on as much money. Pre-baby boomers born after 1930 who received an inheritance got a median average inheritance of $70,000. In 2004, the median average inheritance was $49,000. Today, only 14.9% of baby boomers expect to receive an inheritance in the future.

What about Social Security? Will it be part of baby boomers retirement income? Sharon Obrien writes in Senior Living, that Social Security benefits are experiencing financing problems due, in part, to low birth rates. For example, in 1950 the worker-to-beneficiary ratio was 16-to-one. Currently the ratio is 3.3-to-one, and within 40 years it will be 2-to-1. At this rate of decline there will not be enough workers to pay scheduled benefits at current tax rates.

The bottom line is that retiring boomers will need income from multiple sources and some of the traditional sources are shrinking. However, with proper planning and discipline, your retirement can be financially secure and your Sons of Norway Financial Benefits Counselor can help. Call or email today for a personal supplemental retirement saving plan.

INSIDE THIS ISSUE

How to Reach My Retirement Dreams

Darrell Dunn

Times, they are changing. The modern miracles of science have lengthened life expectancy for everyone. Most companies are no longer providing pensions. People are not working at the same company for long periods of time. These facts have created the need for people to plan seriously for their retirement and commit to its success.

Doing so means reaching your retirement dreams if you develop a plan that will consider retirement as a three pronged approach: accumulation, protection and preservation. Each person's situation is different and so are their goals but everyone should consider the following:

1. Accumulation

How much income will I need at retirement? When do you want to retire and who will be dependent upon you? What percentage of your income can you live with?

Where will it come from? Social Security, pensions, company retirement plans and personal plans are all options. Know which plans are offered and get an estimate from Social Security.

2. Protection

Have you protected your nest egg from the possibilities of death, long term care and medical illnesses? These are risks that everyone faces, which can wipe out a large portion or all of your assets.

3. Preservation

How long will your savings last? How much income will your savings, 401K's or other accumulated money plans provide you based on different rates of return, and for how long?

All this may seem overwhelming and, for most of us, our current resources can't cover all of these situations at one time. But it's ok because the most important factor that most overlook is time. By starting today and not waiting, it will help in the long run. Even if it's only partially covering threats to your earning power and assets is better than nothing. Set your priorities and make a commitment to fund your plan. It's never too early to start planning for tomorrow.

Why Should You Consider Sons of Norway When Choosing Life Insurance and Annuity Products?

Len Carlson

1) Sons of Norway is a reliable company. We've been in business since 1895 and have never defaulted on an obligation.

2) Sons of Norway is a strong company, currently operating with $246 million in assets and more than $10 million in surplus

3) Our knowledgeable Financial Benefits Counselors will help you put together a roadmap of financial goals and progress made.

4) Purchasing our life insurance and annuity products helps support other Sons of Norway endeavors. For example, in 2006, over $1 million of insurance profits were used to help publish the Viking magazine and provide culture and heritage programs.

5) Purchasing Sons of Norway life insurance and annuity products helps support your lodge by increasing the Lodge Revenue Sharing check your lodge receives.

6) We offer safe and dependable life insurance and annuity products. For example, with our annuity products, the principal and minimum interest rate of 3% are guaranteed.

This means that members who own our financial products experience the true meaning of Sons of Norway's strength and stability, while helping support fraternal programs and your lodge. To learn more, contact your Financial Benefits Counselor.

Trusts – The Basics

Ken Thul

Trusts are a well recognized legal entity which holds the title to property for the benefit of one or more persons. Currently there are two main types of trusts, testamentary and living trusts. **Testamentary Trusts** are created as part of a will. This type of trust becomes effective upon the death of the person making the will and is commonly used to conserve or transfer wealth. In this case the trustee, the person or institution holding legal title to the property, is charged with administering the trust property and making distributions to beneficiaries, the persons who are intended to benefit from the Trust.

On the other hand, **Living Trusts** are in effect during the lifetime of the grantor, the person creating the Trust. In most states, property held in a living trust is not subject to probate and confidentiality may be maintained. Such trusts allow the grantor to designate a trustee to provide professional management.

These Living trusts can also be "revocable" or "irrevocable" depending on the wishes of the grantor. In a revocable trust, the grantor may change the terms or cancel it entirely. In general, a revocable living trust is used when the grantor does not want to lose permanent control of the trust property or is unsure of how well the trust will be administered. With a properly drafted revocable trust, you may add or withdraw assets from the trust during your lifetime and change the terms and the manner of administration of the trust. However, a revocable trust is not a very good asset protection technique because assets that you transfer to the trust will remain available to your creditors and will not avoid estate taxes.

Conversely, an **irrevocable living trust** may not be altered, terminated or drawn upon by the grantor once in place. The advantages of an irrevocable living trust are: 1) the income may not be taxable to the grantor, and 2) the trust assets may not be subject to estate taxes in the grantor's estates. However, these benefits will be lost if the grantor retains any ownership control of the trust.

Living or testamentary, revocable or irrevocable, trusts come in many different forms depending upon what the grantor wishes to accomplish. Some of the more popular trusts are:

A **Special Needs Trust** is established for a person who receives government benefits so as not to disqualify the beneficiary from such government benefits.

A **Spendthrift Trust** is established to prevent a beneficiary from selling or pledging away his or her interests in the Trust. A spendthrift Trust is beyond the reach of the beneficiaries creditors.

A **Charitable Trust** is established to benefit a particular charity or the public. Typically charitable Trusts are established as part of an estate plan to lower or avoid imposition of Federal estate and gift taxes.

An **Irrevocable Life Insurance Trust (ILIT)** is designed to hold life insurance policies. Holding life insurance in an ILIT, rather than owning it outright, can create huge

estate-tax savings. Current estate-tax rules require the death benefit of life insurance policies owned by the deceased's estate to be included in the estate of the deceased, and thus subject to estate taxes, even if someone outside the estate is named as their beneficiary.

Remember, the aid of a skilled Estate Planning Attorney is essential to reduce or eliminate your estate taxes and distribute your estate as you wish. Your Sons of Norway Financial Benefits Counselor can help you find the right Estate Planning Attorney for you.

Advisor Answers

Dear Advisor Answers

I have an account through my federal government employer that I have been contributing to. It is not a huge sum of money, but I am fully vested. I am about to take a different, job and I wonder how to make best use of these funds:

Should I withdraw it to use toward house payments or getting rid of some credit card debt? Or, should I roll it over into an IRA?

J.E.

We receive questions like this often, so you aren't alone in your concerns. Consider the following to reach the answer that's right for you.

First, don't leave it with your former employer. You should either roll it over into your own IRA, or, withdraw it so you have total control of your own money. If you want to withdraw it, calculate the penalties and extra taxes due first. Some people find the penalties and extra taxes are too high a price to pay for the liquidity. However, if you can gain economically by taking the net after tax and penalty remainder and putting a down payment on a home or paying off high interest credit card debt, do so. Otherwise, roll it over into an IRA.

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

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