SONS OF NORWAY

ADVISOR

HELPING YOU FIND THE PATH TO A SECURE FINANCIAL FUTURE

1ST QUARTER 2008 • Issue #6

PLANNING FOR 2008

HAPPY NEW YEAR! By the time you read this another holiday season will have come and gone. I hope that it was a good time for you and all your loved ones; a time to reflect fondly on the past and to start making plans for the future.

For most people January is a great time to start thinking about the coming year and begin making important plans for your financial security. Having survived the chaotic holiday season this time of year is usually quieter and better suited for focusing on issues like financial planning.

This issue of the Advisor Newsletter will cover some very important financial issues that will help you plan for a successful 2008! Take a look inside and learn about things you can do now to reduce your tax bill next year. Also, if you are thinking about starting to take your Social Security benefits, you might want to wait until you've read this month's article on that very subject. For those of you who are interested in general planning topics, please pay special attention to this months article on things you can do to ensure an income for life.

I hope that you will find this issue to be of great interest and worth sharing with other friends, family or lodge members. If so, I strongly encourage you to share this issue of the Advisor with them. Remember, financial planning and protection is important for everyone, even if it does seem a little daunting at times, and knowledge is the best first step in creating solid financial plans for your future.

In closing, I hope your holidays were a great time for you and your loved ones and want to remind you that I am always available to answer any questions you might have about topics covered in this or other issues of the Advisor.

INSIDE THIS ISSUE

Social Security: When should you take it? by Darrell Dunn

According to the Social Security Administration more than two-thirds of Americans take their benefits before reaching their full retirement age. Admittedly, some don't have a choice, but for those who do it might make more sense to delay benefits, until their full retirement age. Because of increased life spans, the increased opportunity for earned income, the disappearance of pension income and better health, maximizing the benefit is now more important than ever.

Currently, if you take Social Security between age 62 and your full retirement age, your benefits will be reduced to account for the longer period you will be paid. However your benefit will increase, by 6 to 8 percent for every year that you delay, in addition to any cost of living increases.

For example, those turning 62 this year will get 75% of benefits they'd get by waiting until age 66. Benefits at 70 will be 132% of benefits at 66. Altogether, your benefits will rise a whopping 76% in the eight years from 62 to 70.

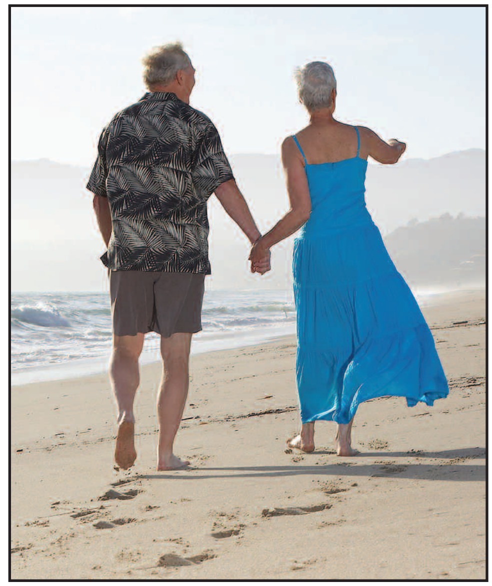
However, it is ultimately a personal decision that depends on a number of factors, including:

- **Whether you plan to keep working.** If you plan to work until your full retirement age or beyond, it probably won't make sense to take benefits early, especially if you earn considerable income. Until you reach your full retirement age, any income you earn above Social Security's income thresholds can reduce your Social Security benefits. You may have your benefit reduced by $1 for every $2 earned over a certain limit. ($13,560 in 2008) So not only will you be receiving reduced Social Security benefits, and have to pay tax on the income, without proper planning, you may be taxed on your Social Security benefits and have your benefits further reduced.

- **Health and life expectancy.** The average life expectancy for men who reach 62 years of age is around 80, while for women it is around 83. You can't predict exactly how long you will live, but if you are healthy and have a family history of longevity, you may receive more benefits if you delay.

- **Spouse's needs.** An older spouse (especially if he or she is the only breadwinner), might want to delay benefits as long as possible so as to increase the surviving spouse's survivor benefits and provide additional protection to the surviving spouse.

In the end, the decision of when to take Social Security benefits comes down to analyzing these factors and doing what makes you most comfortable. This kind analysis is very important and should be done by everyone with the help of a financial professional they trust before they make a decision on which age to begin to take Social Security.



Money for Life by Len Carlson

When you think of retirement, most likely you think of Social Security, pensions, and personal savings. But are they enough to provide you with a sufficient income for 20-30 years, or more, into retirement? Will they provide money for Life? Perhaps you should consider a few more things, like freedom from debt, health insurance costs and realistic work goals when in retirement.

Here are some ideas for a more enjoyable retirement:

Make sure you have health insurance before you retire. If you work for a company, you may be able to keep that coverage, at a higher premium than the group rate, until you are eligible for Medicare. Another option is individual health coverage with a variety of coverage options, though it may have higher premiums as well. The point is that if you retire before age 65, you should save up enough money to pay for the likely increase in premiums.

Decide when you will take Social Security benefits (refer to the above article).

If you are debt-free, the pressure of always having enough income lessens. Make every effort to pay off consumer debt because it can strangle you. Also, spend less before you retire so as to get used to it. Use the money you don't spend on reducing your debt. If you have a mortgage, consider down-sizing to reduce the mortgage and the monthly mortgage payment.

Discipline yourself to put away money in your own IRA or company 401-k. Contribute as much as your company will match – it's like free money. Once you retire, try to be frugal the first year and spend 5% of your financial assets that you have accumulated in your IRA, 401-k, etc., then increase gradually each year after.

Consider a part-time job. There is nothing wrong with working, it keeps you young.

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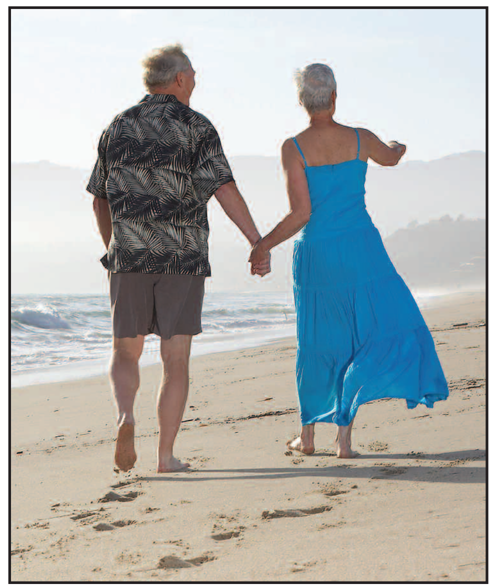

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Advisor Answers –

"I am 65, married, my wife is age 63, and I am ready to retire. I have a pension of $1,000/month and have saved $500,000 in my 401-k. I have longevity in my family and I am concerned about outliving my income. How should I spend my 401-k and where should I put it?"

R.J.

First of all, congratulations, you have a priceless commodity called a Pension. You have a leg up on most retirees.

The main question to ask yourself is, are you a risk taker? Most retirees age 65 are not. You basically have a choice of either rolling your 401-k into a variable or a fixed vehicle, fixed being the more conservative choice.

a. If your goal is to receive income right away, a ***fixed single premium immediate annuity*** could work well for you and your wife because this vehicle gives you the option as to how long you want your income guaranteed to you, plus the option for your wife to continue receiving income when you pass on.

b. *If your goal is to accumulate money, a* ***fixed deferred annuity*** could work well – it's a safe investment where the principal is guaranteed. If you choose this option, you would need to start receiving at least a minimum distribution by age 70½.

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