SONS OF NORWAY

ADVISOR

HELPING YOU FIND THE PATH TO A SECURE FINANCIAL FUTURE

2ND QUARTER 2008 • Issue #7

FINANCIAL SPRING CLEANING

Spring is one of my favorite times of the year. The weather is getting warmer, the days are longer and I always feel reinvigorated after a long winter. It's also a great time to think about your finances and make plans for the rest of the year. To help you with that, I've got some great articles that I think will be of interest to you no matter what stage of life you are in.

In this issue you will find information on the importance of setting goals for your retirement planning and making preparations for life-changing events, like having a child or buying your first home. Considering the time of year, it also seemed fitting to spend some time discussing the finer points of financial "spring cleaning."

Last, but not least, spring time (i.e. tax time) usually brings a number of questions regarding IRA's. If you have ever wondered about the best way to withdraw money from your IRA, check out the Advisor Answers section. There's some great advice for you as well as information on some pitfalls to avoid.

I hope that you will find the information to be of great interest and worth sharing with other friends, family or lodge members. If so, I invite you to lend them your copy of the Advisor so they can benefit from it as well. In closing, I hope you are enjoying your springtime 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

Setting Goals for Retirement

by Darrell Dunn

It's amazing that most families do more planning for their summer vacations than they do for their retirement. They know where they are going, how much they will have to spend and how long they will be gone, and usually that's only for a week or two. Retirement is much longer than that and yet the specific details of how much income they will receive and for how long are still a mystery to most. Specific goals for retirement are a must if you want to live in the same life style as before you retired.

Retirement income basically comes from three sources Social Security, company retirement plans such as a 401(k), 403(b) or pension programs, and personal retirement plans such as IRA's, annuities and personal savings. To set specific goals for your retirement you must first know what you have and how much income you will receive from each of these three sources based upon their current value. You would then have to calculate how much more income will be generated from your future contributions and any gains to your existing accounts.

Where Do You Get This Information? Social Security has a form that you fill out and they will give you your benefit based upon your past contributions and your future contributions. If you have a pension plan your company will be able to calculate your pension based upon how many more years you will work. To calculate how much income your personal savings, annuities, IRA's, and other accounts will generate, you need to plug these values into one of the income calculators that any Financial Benefit Counselor has available. You must project a rate of return and contributions you will make in the future to calculate a projected income.

Now that you have an idea of where you are, you must plan for the future and know where you're going. The same program can help calculate how much more each month you need to save to generate the additional income you want.

Taking these steps to generate a comfortable income is not the only decision you have to make. You must look at protecting these assets

from being drained from a long-term illness. Long-term care and Medicare supplement policies are important coverage that you need to consider. By not taking the steps of planning specific goals and monitoring these goals you are endangering the quality of the retirement years. Take the steps now to know where your retirement plan is heading and make sure to update your planning with specific goals.

Life Changing Events

by Len Carlson

Getting married means many different things to different people. However, for most, it means building a financial life and preparing for life-changing events together.

One common event is starting a family. When you are expecting a baby, you are suddenly faced with the responsibility of making sure that your child will be provided for should something happen to you. So this stage of your life is the perfect time to review and update your life insurance or, for some couples, to start their life insurance program.

Both parents should be covered by life insurance even if one parent is going to stay at home. Parents have basically two types of life insurance to choose from: Universal Life or Term Insurance. Universal Life pays a death benefit but also has a cash val ue that grows which can be used for any of the needs that can arise for a young couple. Term Insurance, however, just pays a death benefit. For those with a limited budget, this might be the option to choose because the premiums are low.

How much life insurance to buy is often the main question. Parents who are concerned about protecting themselves with the proper level of life insurance coverage should, as a general rule, consider purchasing a certificate with a face amount of 5 to 10-times one's annual income. New parents also need to keep in mind, should a parent die, that it is likely the remaining parent who will have to provide some form of child care. This expense can cost between $4,000 and $10,000 per year.

Keeping your certificate updated is very important. Sons of Norway's Financial Benefits Counselors recommend reviewing your life insurance coverage annually. Also, consider increasing your life insurance coverage when there is an increase in your standard of living or cost of living. Generally, each child you have will increase your cost of living so it may be a good idea to increase your coverage accordingly.

The addition of a child to your family is just one life-changing event; others include: retirement, home purchase, and job change. To make sure there is no breakdown in the coverage you have, consider contacting your local Financial Benefits Counselor. They are here to help give you advice during any of your life changing events.

Spring Cleaning - Financially Speaking

by Ken Thul

Every spring, many of us engage in a ritual called Spring Cleaning. We clean the closets, the cabinets and the storeroom under the stairs. But what about our finances? Have you ever done any financial spring cleaning? If not, don't worry, it's never too late to start. Here are few spring cleanup tips that can really help you improve your financial condition.

Cleanup on Tax Advantages Offered Through Employment: If you're self-employed, you can start a tax qualified retirement plan and deduct your contributions. Claiming all your legitimate deductions for business expenses can also save you taxes. For employees, participate in your employer sponsored qualified retirement plan. Examples of qualified plans are: 401(k)s, 403(b)s, 503(c)s, 457s etc. Many employers will match all or part of your contribution. You can also save taxes by participating in Cafeteria Plans and Medical Savings Accounts if they are offered by your employer.

Organize Investment and Savings Accounts: Many people have a variety of accounts; retirement accounts from former employers, CDs, annuities, savings accounts, investment accounts, etc. In many cases they are relying on statements and tax information sent by the financial institution. Here's a simple way to clean up this problem. Create a simple spreadsheet in Microsoft Excel or a similar spreadsheet program that looks like the one below.

Add as many columns as you have accounts and add additional rows for multi-year tracking. Enter your account balances quarterly when you receive your account statements. The ROI (return on investment) column will allow you to track account performances.

Clean up Your Credit: Consolidate multiple credit card balances into a single consumer loan from your bank or credit union. The interest rate will be lower and the monthly payment will be smaller. This will allow you to pay extra principal monthly and wipe out that consumer loan more quickly and efficiently. If your home equity position allows, you can make that consumer loan a home equity loan and deduct the interest. Also consider one of those zero interest balance transfer credit card offers. But be careful here, read the fine print and be aware of the penalties. Use this plan only if you will pay off the balance during the zero interest offer period.

Review Your Personal Insurance, Savings And Investment Programs: Do I have adequate life insurance? Is it the right type? Have I made the right choices for my group health and disability insurance programs? Am I saving enough for retirement, for college expenses, for emergencies? Will I outlive my retirement savings? Contact your Sons of Norway Financial Benefits Counselor for a complimentary Financial Security Analysis that can answer these questions for you. There's no cost or obligation, just the peace of mind of knowing you're on the right track financially.

Date	Saving Account #45398		Annuity #45398	
03/31/08	Balance	ROI	Balance	ROI
03/31/08				
06/30/08				
06/30/08				
12/31/08				

Advisor Answers –

Q. I am old enough to make withdrawals from an IRA. Is it better to do so in monthly payments, like an annuity, or to take my money in one lump sum?

A. This is a question asked by a lot of people and the resulting decisions can have a significant impact on your retirement. Whenever I hear this question, my usual response is that it is generally not wise to withdraw your IRA (or any other cash balance qualified retirement program, such as your 401K) in one lump sum at retirement time. You must pay income tax on all withdrawals from these plans in the year of withdrawal.

Retirement is a time of transitions and unknowns for most people. Many do not feel comfortable making a final choice on monthly income for the rest of their life and/or the life of their spouse. It might make sense to take partial withdrawals for a while (maybe a year or two) until your retirement lifestyle settles in. This keeps your options open and provides some flexibility for you as you enjoy your retirement.

Later, when the routine of your retirement lifestyle settles in, you will have a better understanding of how much you will need to fund your retirement. With that you can make a more informed income choice and enjoy your retirement without worrying about whether you will run out of money.

Issue #7 • 2ND QUARTER 2008

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

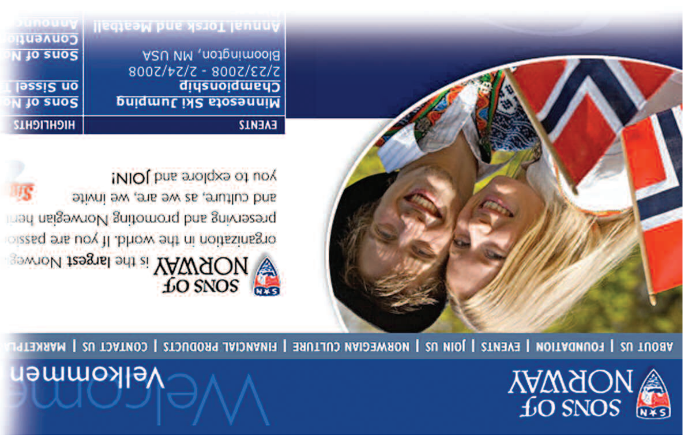
Director of Agencies: Len Carlson
Editor: Erik M. Evans
Designer: Michael Brandjord

Address any correspondence to your Financial Benefits Counselor or:

ADVISOR
1455 West Lake Street
Minneapolis, MN 55408

Visit our website at:
www.sonsofnorway.com

E-mail questions or comments to:
advisoranswers@sofn.com



Download back issues of the ADVISOR - www.sonsofnorway.com

SONS OF NORWAY
1455 West Lake Street
Minneapolis, MN 55408
www.sonsofnorway.com
(800) 945-8851