

## Advisor Answers

*I am 29 years old, recently married and have just finished graduate school. While I was pursuing my masters degree I had to borrow approximately \$50,000 in subsidized and unsubsidized loans to pay for tuition. My question is this: How can I ensure that my wife will not be burdened with such a large debt if I pass away before the loan is paid off?*

*Sincerely Erik, Lodge 1-464*

Dear Erik,

This is a very common concern for younger married couples. I want to commend you for having the foresight to realize that this could cause considerable, undue stress upon your

widow and doing something to prevent it.

My strongest suggestion to you, if your primary goal is to make sure your widow isn't burdened with thousands of dollars in loan payments, is to purchase a small life insurance policy equal to or a little larger than the total of your combined loans. In this case, you could purchase a \$50,000 Universal Life policy, which would be paid out to your wife, upon your death, so she can repay your loans immediately. In doing so you can keep the tragedy of your death from being compounded by crushing debt.

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## Welcome To The Sons Of Norway Advisor

Dear Sons of Norway member,

It's my pleasure to introduce you to the Sons of Norway Advisor. The purpose of this new quarterly publication is to provide Sons of Norway members with valuable financial information. As the Sons of Norway Financial Benefits Counselor assigned to your lodge, it's my job to ensure you have the best information available when making decisions about your financial future. I believe that this newsletter will be an important component of doing just that.

In each issue of the Advisor, you will find articles and commentary written by Sons of Norway about important issues related to planning your financial future. Topics will range from tips and tactics for planning to specific product suggestions. It's my hope that the Sons of Norway Advisor will become a valued reference for you as you make plans for you and your family's future.

The debut issue is going to start off with a bang! Inside you can read about products that can provide you and your spouse with retirement income for the rest of your life. Also, Director of Agencies, Leonard Carlson is answering an important question from members regarding Universal Life products. Last, but not least I've included some interesting information about Long Term Care Insurance.

Also, if you have any questions that you would like addressed via our Advisor Answers, please e-mail [advisoranswers@sofn.com](mailto:advisoranswers@sofn.com).

In addition to you receiving this new quarterly newsletter, I am available to answer any of your questions regarding financial planning as it relates to your personal situation. I am available to meet with you personally to review your financial goals and to then show you "The Kind of Work We Do" - perhaps I can help you meet your goals with the help of Sons of Norway's financial products.

Do not hesitate to call or email me. I look forward to visiting with you.

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TERM OR LIFE

ADVISOR MAILBAG



You've worked hard for the last 40 years, annually setting money aside for the day when you could retire and enjoy a more relaxing life. You put together a financial plan that will provide for you in retirement. You've got your IRA's, annuities investments and savings set up to be used as needed. You're now ready to retire with some peace of mind.

Or are you?

For many people over the age of 60, the biggest fear they face is outliving the money they've worked hard to save. Technology and medicine have made advances in prolonging life and increasing its quality. The good news is that we are living longer and healthier lives. The bad news is that many are doing so without careful planning and will outlive their savings and investments. It's a scary thought for anyone nearing retirement age.

A great strategy to avoid these concerns is to put some of your retirement funds into an "immediate annuity." While typical annuity products are invested in over many years, accumulating money on a tax deferred basis, then providing retirement income for a set amount of time, Sons of Norway immediate annuities are different. With immediate annuities you make a single investment with payouts that can begin immediately and provide for you no matter how long you live.

Depending on your situation, married or single, in your early retirement years or later, there are different types of immediate annuities that can fill your needs:

**Single Life:** This option covers one individual for life. The person is guaranteed a lifetime income, but payments stop at death. This payout provides the highest income available for someone wishing an income he or she cannot outlive.

**Joint Life:** This option provides payments to you or your spouse, as long as one of you is alive. This immediate annuity is perfect for retired couples because it provides peace of mind in knowing that the survivor will still have a reliable income for the rest of their life.

**Life with Term Certain:** This immediate annuity option will make payments to you for as long as you live, and possibly longer. This annuity guarantees that it will provide income for a minimum term of 10 or 20 years, at your choice, but continues to make payments as long as you live. If you die before the end of the guaranteed term, the remaining income payments then go to your beneficiary for the remainder of the guaranteed term.

**Fixed Term:** This option provides payments for 10 or 20 years, as you choose. This type of annuity is good for older retirees because they can receive a larger payouts, since they have a shorter life expectancy.

Many financial institutions recommend putting enough assets into an immediate annuity at retirement to meet some of the fixed costs of daily life, such as rent, utilities and groceries.

Buying an immediate annuity can also be a good option for those who



come into a substantial sum of money. Perhaps you sold your house and bought a smaller home or decided to rent an apartment. With this sale, a significant sum of money may be available to invest. But what should you do with it?

A single premium immediate annuity is a great solution. You will be receiving a monthly check for the rest of your life, providing you with a financially secure retirement.

To receive more information on how our immediate annuities would be of benefit to your personal retirement planning please give me a call.

Long Term Care insurance products should be a necessity for everyone's retirement planning. Current projections show that in 25 years, when today's 55 year olds will most likely need it, a single year in a nursing home will cost more than \$250,000. By having a long term care policy in effect, you can receive the care you need at a fraction of that yearly cost. Almost as important is that having a Long Term Care policy will protect the retirement assets you worked so hard to acquire. Purchasing a policy is an easy decision to make. Deciding on the length of coverage and protection, unfortunately, isn't so easy.

Long Term Care Coverage doesn't come cheap and it's only going to get

more expensive. In fact, according to Kiplinger's Personal Finance, prices for new policies have jumped by 20% to 40% over the past few years. This means that it's important to decide what's best for you: specific term coverage or lifelong coverage?

When making a decision about what's best for you, a good first step is to look at your family's medical history. Find out if your family has a history of Alzheimer's or Parkinson's disease. Do family members tend to live well into their 80's or 90's? If so, lifelong coverage may be the right choice for you because either situation could require long nursing home stays of 10 years or more.

On the other hand, if there is little or no medical history to support such concerns, maybe a specific term of coverage is better. This type of Long Term Care policy will have lower premiums and provide for you for a set number of years, usually based on a per diem calculation. Also, a recent study of more than 1.6 million long-term-care policies found that only about 8% of 70-year-old claimants are likely to need care for longer than five years—leaving 92% with claims of five years or fewer. Chances are, you might not need a lifelong policy, but it's up to you to decide whether you're willing to take that chance.

### Long Term Care: Did you know?

By Erik Evans

- The average annual cost for a private room in a nursing home rose to \$70,912, or \$194 a day, up 2% over \$69,400, or \$190 a day, last year, according to a Genworth Financial annual survey of LTC costs.
- However, assisted living and in-home costs rose more sharply than nursing home care this year, Genworth's study of Medicare-certified nursing homes showed.
- For semi-private rooms, the annual cost rose to \$62,532, compared to \$61,000 in 2005, a rise of more than 2%.
- The annual cost of an assisted living facility in a one-bedroom unit

climbed almost 7% in the period, from \$30,265 in 2005 to \$32,294 this year, said Richmond, Va.-based Genworth.

- The combined average hourly rate for in-home LTC provided by a home health aide shot up 13% to \$25.32 per hour, from \$22.43 a year ago.

The articles featured in the Sons of Norway Advisor are for informational purposes only. Please contact me, your Sons of Norway Financial Benefits Counselor if you have specific questions regarding any of the issues discussed in this newsletter.

