SONS OF NORWAY

ADVISOR

HELPING YOU FIND THE PATH TO A SECURE FINANCIAL FUTURE

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LEAVING A LEGACY

Leaving a legacy for future generations, be it for your family or for philanthropic endeavors, is an important topic for many retirees. Most find comfort in knowing that they can leave a legacy that will benefit others. However legacy planning can be tricky and if you aren't careful that legacy can end up being a lot less than what you had intended.

If the idea of leaving a legacy is appealing to you, then this month's issue of the Sons of Norway Advisor will be of great service to you. With the help of some of my colleagues at the Sons of Norway headquarters, I have put together a few articles that can show you how to leave a legacy and ensure it lives up to all your expectations.

Inside you can learn how to leave different types of legacies, depending on your needs and wishes. For example, have you ever thought about doing something to ensure that your children or grandchildren have enough money for college? This issue offers information on that very subject. I've also included information on products that can help you protect your legacy for retirement, like deferred annuities, as well as information on how to navigate the sometimes murky waters of probate.

I feel that it is important to think about these things because leaving a legacy is like giving a gift to future generations, helping ensure their success and progress. Whether it's your desire to improve your community, help your grandchildren reach their full potential or assist your family in times of need, leaving a legacy can be the most important thing you'll ever do.

I hope that you will find these articles to be of great interest and worth sharing with others. 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 summer 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

Deferred Annuities Offer a Safe Harbor for Your Money

Dean Stiller

In past issues of the Advisor we have discussed the general benefits of annuities as well as the ins and outs of immediate annuities. Now, with many of our members asking questions about them, it's time to discuss deferred annuities; what they are by definition and how they can benefit you.

What Is a Deferred Annuity?
In general, an annuity is a long-term contract between you and your insurance company, which will provide you with a regular, guaranteed income, usually for the rest of your life. The payments can either begin immediately (see the Fall 2006 issue of Advisor for more information on immediate annuities) or start sometime in the future with a deferred annuity.

Deferred Annuities provide for future financial needs and are long-term in nature. Money is earned on them based on the results of the assets that the company invests in, so the results can vary significantly. In some cases, aggressive investments are made and the annuity can lose money. However, Sons of Norway's deferred annuities are invested in conservative investments, and the contracts guarantee a minimum payment of three percent per year.

Deferred annuities can also be an excellent choice for saving money for retirement or, once you're retired, for saving money that you won't need for several years. Once you decide to draw from your annuity you can make arrangements for a stream of regular payments which can be set for a fixed number of years, for the rest of your lifetime or for the lifetime of you and your spouse.

Examining the Benefits:
Sons of Norway's deferred annuities have features that make them attractive for the conservative part of your portfolio:

- You can surrender the annuity at any time and receive 100 percent of your initial deposit.
- Each year, after the first year, you can withdraw up to 10 percent of the value of the annuity without a surrender charge.
- Interest earned on the money deposited can be withdrawn without a surrender charge.
- You can add additional money to the annuity at a later date without starting a new surrender charge period.
- Sons of Norway guarantees that the interest credited to your annuity will never be less than 3 percent.

Grandparents – Helping with College Costs

There are many grandparents out there who want to help pay for their grandchildren's education. College costs continue to sky-rocket while most parents have some plans in place to fund their children's college costs, it often times is not enough and your grandchildren will need all of the financial help they can get.

Yes, there are traditional ways to save for your grandchildren's education, such as bank CD's, mutual funds, stocks, and 529 plans. However, you have another choice: Life Insurance Products, such as Universal Life, have cash values that accumulate income tax free. They can be borrowed against, or withdrawn partially, to help provide the funds for college costs. They also provide a death benefit, making your plan self-completing if you should die before your grandchildren attend college. Also, using a Universal Life product is flexible because you can choose to make a one-time premium payment monthly payments or an annual payment. Best of all, unlike other savings plans, there are no restrictions on how this money can be used.

To learn more about how Universal Life might fit into your plans to help fund your grandchild/grandchildren's college costs, please call me or Sons of Norway headquarters.

Legacy Planning: What is Probate?

Darrell Dunn & Ken Thul

An important component of legacy planning is having some understanding of what probate is and how it works. By definition, probate is the process by which legal title of property is transferred from the decedent's estate to their beneficiaries.

Beyond its definition, the function of probate is to provide for the collection of any taxes (Estate or Income) due by reason of the deceased's death or on the transfer of his or her property. It also provides a mechanism for payment of outstanding debts and taxes of the estate, for setting a deadline for creditors to file claims and for the distribution of the remainder of the estate's property to ones' rightful heirs.

If you have a Will when you die, a probate court determines if the Will is valid, hears any objections to the Will, orders creditors be paid and supervises the process to assure that property remaining is distributed in accordance with the terms and conditions of your Will (after payment of debts, taxes and costs of administration).

However, if you die without a Will, you are considered "intestate." Under these circumstances the probate court appoints a person to receive all claims against the estate, pay creditors and then distribute all remaining property in accordance with the laws of the state. Without a Will the state distributes your estate according to established state laws, again after payment of debts, taxes and costs of administration.

The cost of probate administration is either set by state law or by practice and custom in your community. Typically you can count on a cost for probating an estate to be in the range of 3% to 7% of the total estate value.

It should be noted that if there is no property to transfer, there is usually no need for probate. Also, to learn more about which types of property are included in probate, read below.

Does all a person's property have to go through probate?

The simple answer is no. Some processes are required to transfer legal title from the deceased's name to his or her beneficiaries or heirs. However, most states do allow a limited amount of several types of property to pass to certain beneficiaries free of probate, or through a simplified probate procedure.

For example, real or personal property owned as a joint tenant passes to the surviving co-owners without going through probate.

Another example is that certain types of benefits, such as life insurance policies or annuities payable directly to a named beneficiary can bypass probate. Specifically, money from IRAs, Keoghs, and 401(k) accounts can transfer automatically, outside probate, to the persons named as beneficiaries.

Bank accounts that are set up as payable-on-death, or as an "in trust for" account with a named beneficiary also pass to that beneficiary without probate.

If a "Living Trust" holds legal title to some of your property, that also passes to the beneficiaries without probate. (The Trust is a legal entity which survives you after your death.)

The mechanism of probate can sometimes be a difficult thing to plan for, having to take into account taxes, the possibility of outstanding debt and making sure your Will is in order. But by speaking with a Sons of Norway Financial Benefits Counselor, you can make the proper plans to minimize or eliminate probate to prevent shrinkage of your estate as well as distributing estate proceeds in a timely manner.

Advisor Answers

Dear Advisor Answers,

Lately I have been hearing comments made about a program called 'Lodge Revenue Sharing'. What is it and how will it affect my local lodge?

Lewis K., Seattle, WA

Lewis,

Starting this year Sons of Norway launched a program that gives the local lodges a stake in the financial results of Sons of Norway, called the Lodge Revenue Sharing program. This new program shares a portion of Sons of Norway's net revenue with the local lodges. The amount that each local lodge receives will be determined by the amount of insurance premiums paid by the lodge's members as compared to the total insurance premiums paid by all lodge members. Hence, the better the results for the total society the more each lodge will receive. Also, the program rewards lodges that have more members owning insurance products.

If you have more questions your local lodge president has received a letter with details about the program, or you can call me, your Sons of Norway Financial Benefits Counselor.

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