



**SONS OF  
NORWAY**

# ADVISOR

HELPING YOU FIND THE PATH TO A SECURE FINANCIAL FUTURE

Winter 2007 • Issue #2



## LOOKING AT YOUR FINANCIAL FUTURE

Another year has passed and another holiday season has come and gone. I hope you took some time to enjoy it, while pausing to reflect on what's really important in life.

For many of us, it's our family; the people who depend on us for love, nurturing, mentoring, care giving and financial support. Ask yourself this: What would the future hold for the people who depend on you, or if something happened to you? Proper planning and review can be the best assurance of protection for your loved ones. Now is the perfect time to begin.

During the month of January many people think about their financial future and that of their loved ones. It's a logical time of year to do this for a few reasons. First, you are past the hectic holiday season and hopefully life has calmed down a bit. Next, most people find it easier to remember to review their finances in the beginning of the year, rather than any other time. Most importantly, you have a new year ahead of you and another year of experience behind you, which can help you make good decisions about the future.

This issue of the Advisor Newsletter will discuss some of the most important financial issues you should review and adjust to provide the soundest financial foundation that will provide for you and your loved ones in both the immediate and distant future.

I hope that you will find this issue's information 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. Knowledge is the best first step in creating solid financial plans for your future.

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.

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It's a great time to review your financial situation. Here are some areas to pay special attention to.

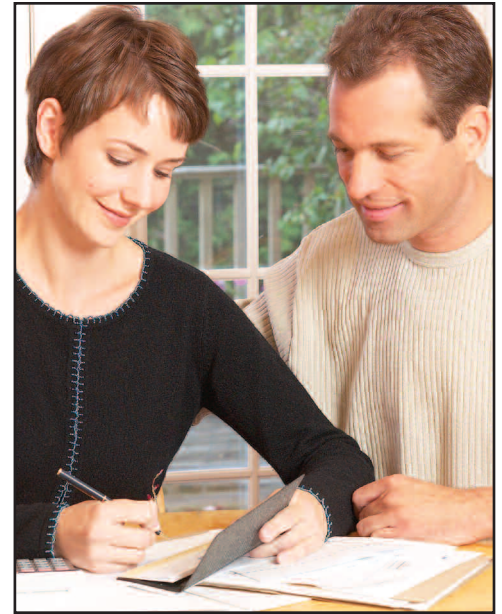
**Budget:** Always start by reviewing your budget from the past year. Look at your income and expenses so you have a baseline when planning for the coming year. Next, compare these with the coming year's projected income and expenses. This will indicate whether your current budget will come up short and require revising, or is fine as is and will allow for a surplus that can be invested or saved.

**Savings and Investments:** Review your investments and savings accounts, then ask yourself whether or not you have adequate savings or do you need to save more during the coming year? Many experts say you should have at least three to six

months' worth of living expenses in a safe, accessible account in case of an emergency, like losing your job or the death of a spouse.

Also, don't forget to set specific investing allotments, be it retirement or college education for your children, and review how much money you'll need to reach these goals.

**Retirement Contributions:** On a related note, it's important to remain focused on building your nest egg for that day when you will want to retire. During your financial review, take a look at your current 401(k) contributions. Are you on track to reach your retirement goals? If not, one of the best ways to do so is to contribute the maximum amount that your employer will match in a 401(k) plan.



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.

## BUILDING YOUR PLAN FOR FUTURE SECURITY - YOUR WILL.

By Ken Thul

Many people believe making financial plans and putting their affairs in order can be both confusing and overwhelming. But when you put it into perspective, nothing could be further from the truth. Just remember the old adage: The easiest way to eat an elephant is one bite at a time. Thus, financial planning is best accomplished by taking it one piece at a time.

One of the most basic pieces of a financial plan is your will, a document in which you specify what is to be done with your property when you die. Should you die without a will, your state of residence decides what to do with your property

according to the state laws. In effect, they make a will for you and administer it through the probate system. Unfortunately, the way a probate system administers an estate is usually not in line with the wishes of the deceased, so it's important to have your own will.

Besides ensuring your wishes are carried out, a will can accomplish a number of other things. It can name a guardian for your minor children, or a guardian for a handicapped person who depends on you for care and/or financial support. It can also be used to establish trusts to hold and manage property for your heirs,

which then can direct the eventual distribution of your property.

Now is a great time to create a will, or review your existing will. If you are creating a new will, or making significant changes to an existing one, I recommend you enlist the services of a reputable family law or estate planning attorney. If you don't have one yet, your Sons of Norway Financial Benefits Counselor can help. In addition to recommending a good attorney for your will and trusts, they can provide you with a complementary Financial Security Analysis and help you make plans for future financial security.

Life Insurance offers a sensible option when planning to pass your wealth on to your heirs through an inheritance. After reviewing all the factors, you may find that Life Insurance can save you some worries and save your heirs some money.

You don't have to be wealthy to worry about protecting the money you will leave behind. Many people hope to pass a portion of their wealth on to their children, relatives, friends, or even a favorite charity. Life Insurance can provide a means to transfer your assets.

Many who do not consider themselves wealthy have perhaps earmarked funds for an inheritance. But, many people have not explored all the alternatives designed for holding inheritance funds, some of which will generate a larger inheritance than others.

A lot of people rely on certificates of deposit, annuities, money market funds, or investment accounts as

sources of inheritance funds. These interest-earning products work for certain savings and wealth accumulation goals, but can be less efficient than others for transferring assets to heirs.

You will want to consider several factors when transferring wealth via inheritance: Think about who you want to receive your inheritance and the method of payment. You should try to minimize the income taxes that heirs will have to pay on inherited funds and avoid probate costs, which can decrease the amount available to heirs by 5% or more and delay the transfer of funds.

Life Insurance can be a good way to deal with many of these concerns. A Life Insurance certificate increases the amount of money left to your heirs from the first day of coverage. For example, if a 70-year old male, who is a non-smoker in good health, purchases a \$50,000 tax-deferred annuity or taxable certificate of deposit today and dies tomorrow,

his heirs would share in the \$50,000 and pay taxes on the gain. The same \$50,000 used to purchase a Universal Life (Nordic Elite) with Sons of Norway would immediately create a death benefit of \$110,000 – more than double your money. The \$110,000 is paid out to a named beneficiary, received by them income tax free and avoids probate.

In summary, if you have some “lazy money” that is earmarked to pass on to your heirs, contact Sons of Norway to show you the best way, tax-wise, to pass along your money to your heirs.

## LODGE REVENUE SHARING PROGRAM

A new funding method that is expected to increase revenue for most lodges based on insurance premiums received from our members. This means that greater participation in the insurance program will allow more money to be allocated to fraternal programs.

## NORDIC ELITE

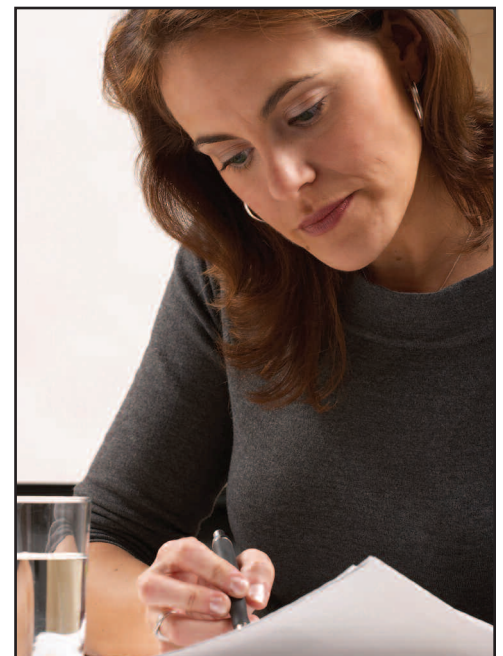
As mentioned above, a Nordic Elite policy is a great way to protect your legacy for your future or that of your heirs. The reason that products, like the Nordic Elite, are such a great asset to your financial portfolio is because they offer versatile protection for people at all stages of life, while offering a number of valuable features.

For example, Nordic Elite offers income tax free death benefits, flexibility in the amount and frequency of premium payment and

competitive interest rates on your cash value. Nordic Elite also provides tax-deferred compound interest growth, the opportunity to increase death benefits and an optional no lapse guarantee.\*

To learn more about Nordic Elite, or other products that can protect your legacy, call your Financial Benefits Counselor, or contact Sons of Norway at (800) 945-8851.

*\*not available in New Jersey*



## Advisor Answers

Dear Advisor Answers,

*I've heard that there is a new law in place that allows retirees to make monetary gifts, using funds from an IRA, without undesirable tax penalties. Can you tell me anything about it?*

Margaret H.

Margaret, I think you may be referring to the Pension Protection Act of 2006. Through this act, those people who have actually reached age 70<sup>1/2</sup> and older can make a lifetime gift using funds from their individual retirement account (IRA) without any adverse tax effects. Here are the basic rules:

- you need to be 70<sup>1/2</sup> or older
- the gift can not be more than \$100,000 per year
- you need to make the gift on or before December 31, 2007
- you need to transfer funds directly from an IRA or Rollover IRA
- you can make the gift to a public charity, such as the Sons of Norway Foundation *(this excludes gifts made to charitable trusts, donor advised funds and supporting organizations).*

Have you got financial questions? If so, you can now ask our experts by e-mailing your question to:  
**[advisoranswers@sofn.com](mailto:advisoranswers@sofn.com)**

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ADVISOR is a publication of Sons of Norway. It is designed to provide accurate information with respect to the subjects covered. The information contained within this publication is not intended as a substitute for direct financial advice. For this, please contact your Sons of Norway Financial Benefits Counselor.

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