



Brought to you by Mark L. Deaton, FICF

# KNIGHTS OF COLUMBUS Financial Beacon

Spring 2017

**An annuity in an IRA?**

**Supplement LTC coverage  
with permanent life riders**

**Giving the gift of  
life insurance**

**"The Optimizer" is  
designed for life**





## A MESSAGE from your agent

### Dear Brother Knight:

Life blesses us with many special occasions, perhaps none more blessed than the birth of a child.

You may spend hours shopping for gifts, for birthdays, Christmas, and other special days in their lives.

I'd like to remind you of the advantages of the gift of permanent life insurance for children.

They may never be more insurable than in their youth, and premiums may never be lower.

Unlike most gifts, which lose value over time, permanent life insurance has the potential to accumulate cash value each year, which grows tax deferred.

You may purchase a permanent life policy with a single lump sum premium, or you may pay premiums over time.

Sure, they may not be able to appreciate what you've given them—now—but the day will come when they do.

And, if you add a Guarantee Purchase Option rider, they will have the option to purchase additional insurance at designated dates in the future, regardless of insurability.

As with any gift, there may be tax implications, so we should discuss your situation in detail to determine your best options when giving this gift of a lifetime.

Fraternally yours,

**Mark Deaton**

# Placing an annuity in a qualified plan? You may want to give this strategy a fresh look

Whether you are getting ready to retire, or you are years from it, there are good reasons to consider an annuity within your qualified retirement plan (such as a traditional IRA, SIMPLE IRA, SEP IRA).

### Recent changes in the law

Effective April 30, 2016, two Social Security benefit election options, primarily used by couples, were discontinued—did you notice? “Deemed Filing” and “File and Suspend” are shorthand for these options, and they are no longer allowed.

But, the rules for claiming your Social Security benefit still provide significant incentive to delay your benefit until age 70.<sup>1</sup>

### Delaying your Social Security benefit

If you were born after 1943, your Social Security retirement benefit increases 8% per year after your full retirement age (FRA), up to a maximum of 36 months, if you opt to delay your claim. Conversely, filing for your benefit early, between age 62 and your FRA, could result in a reduction of your benefit up to 30%.<sup>2</sup>

### How an annuity may bridge the gap

If you have an IRA, or other qualified plan, you can use funds within this account to purchase an annuity, which could in turn provide a steady income stream during those years between your actual retirement and the date you opt to begin receiving your Social Security benefit.

### Guaranteed principal and growth

Whether inside or outside a qualified plan, your annuity principal is guaranteed, and has a guaranteed minimum interest rate of growth.

### Flexibility of annuities

**Two types.** Knights of Columbus Insurance offers two types of annuities: a *deferred annuity*, as the name suggests, provides an income stream when you are ready to begin taking withdrawals; or an *immediate annuity*, with which you begin to receive payments soon after you make your initial investment.



**Funding choices.** You also have a choice to fund your annuity either with a *single premium* (lump-sum), or a *flexible premium*, which allows for payments on a regular or irregular basis.

**Payment choices once annuitized.** Once your annuity has been annuitized, meaning it begins to make regular payments to you, you will have chosen from available payment options.

### Learn more, with no obligation

If you want to delve deeper into the ways a Knights of Columbus annuity may work into your retirement plan, contact me, I'd like to be of assistance. ♦

This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on, for tax, legal or accounting advice. You should consult your own qualified tax, legal and accounting advisors before engaging in any transaction.

<sup>1, 2</sup> [www.irs.gov/retirement-plans](http://www.irs.gov/retirement-plans).

\*If the annuity is “qualified” for tax purposes, deposit amounts may be restricted by IRS limits

### Do you know your FRA?

Full Retirement Age (FRA), also known as Normal Retirement Age, was stepped up from age 65 to age 67. If you were born before 1937, your FRA is 65; if born in 1960 or later, your FRA is 67. If you were born *between* 1937 and 1960, you should refer to the table available at <https://www.ssa.gov/planners/retire/retirechart.html> to determine your exact FRA in years and months.

**Here's An Important Point:** Regardless of when you file for your retirement benefit, be sure to **sign up for Medicare** within 3 months before your 65<sup>th</sup> birthday. In some circumstances, medical insurance costs more if you delay applying for it.\*

\* <https://www.ssa.gov/planners/retire/justmedicare.html>

# Life doesn't come with a road map, but you can plan for that

## Permanent life insurance policy riders can supplement your long-term care protection



A private room in a nursing home averages \$80,000 per year.

### Permanent life policy riders can help

You don't need to face these facts without a plan. Long-term care insurance is designed to help with these costs, but it does have lifetime maximum to keep in mind. Having the option of accelerating a portion of your permanent life policy death benefit is a way to further insure you'll have sufficient resources should you need permanent care.

### A flexible benefit without a downside

The CI-ADB and the TI-ADB riders are available at no additional cost on most permanent life policies through Knights of Columbus. In fact, these riders are now added to new policies automatically, so long as the policy meets the minimum face amount and other requirements.

### If you do not use it, you do not lose it

Remember, this is a rider to be exercised *only if needed*. The death benefit of your policy will not change if these riders are in place but not used.

### What qualifies as chronic illness

To exercise the CI-ADB, you must be permanently confined to a nursing home, and be certified, within the preceding 12 months, by a Physician as

being unable to perform two of more Activities of Daily Living for a period of at least 90 days due to loss of functional capacity; or requiring substantial assistance from another individual to protect the insured from threats to health and safety due to permanent severe cognitive impairment.\*

### What qualifies as terminal illness

To exercise the TI-ADB rider, you must be certified by a physician as terminally ill with a life expectancy of 12 months or less.

### Protect your loved ones now, and later

Having life insurance serves to protect your loved ones in the event you were not there to provide for them. But, what if you are the one who needs care?

### What is the next step?

Whether you're insured now or need to be, as your dedicated agent I can help you consider your options, answer your questions, and design coverage to ensure long-term financial stability for you and your family. ♦

\* Rules for exercising the chronic illness accelerated death benefit differ in Connecticut and Florida. Your Knights of Columbus field agent can provide you with additional information.

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While not meant to replace long-term care coverage, the Chronic Illness Accelerated Death Benefit (CI-ADB) and Terminal Illness Accelerated Death Benefit (TI-ADB) riders available for most Knights of Columbus single-life permanent life insurance policies provide the option of additional funds, without an elimination period, which you can use for anything, including the expense of permanent nursing home care.


### Facing the facts of long-term care


According to the U.S. Department of Health and Human Services, 70% of Americans age 65 and older are expected to need long-term care at some point in their lives.


## YOUR AGENT



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### Family benefits & services

Knights of Columbus consistently ranks at the top of the industry in financial stability and ethics. Please call to discuss these services:

- Financial needs analysis
- Life insurance
- Tax deferred fixed-rate annuities
- Long-term care insurance
- Retirement account rollovers
- Estate preservation
- Scholarships
- Family fraternal benefits
- Disability Insurance

**Contact me today for information on long-term care insurance**



KNIGHTS OF COLUMBUS

## Financial Beacon

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### FROM HUMBLE BEGINNINGS TO FORTUNE 1000.

In 1882, protecting Catholic families was at the forefront of Father Michael J. McGivney's thinking when he founded the Knights of Columbus. Today, his vision carries us to a place on the *Fortune* 1000 list.



While the times have changed, our mission to keep Catholic families safe never will.

Contact me today for information on long-term care insurance

## "The Optimizer" is designed for life while you live it



Formerly known as Graded Premium Whole Life, "The Optimizer" is aptly named. This permanent life insurance policy has been designed to help young Knights afford guaranteed protection—with a low initial cost, then regular premium increases once every five years, but not more than four times.

### Add even more flexibility

You can purchase additional insurance, without additional medical underwriting,

at seven set ages with the addition of the standard Guaranteed Purchase Option rider (GPO).

As of February 1, 2017, The Optimizer includes the enhanced GPO, which allows you to accelerate the purchase option within 60 days after five possible life events:

1. Your marriage after the issue date.
2. The birth or adoption of a child.
3. The start of a two or four-year college degree program.
4. The completion of a college degree program.
5. The taking out of a new or re-financed mortgage on your primary residence.

The amount you are able to purchase each time is set in the contract, and cannot exceed the original face amount or \$100,000.

### Great for your children

You likely want to focus your budget on coverage for yourself and your spouse,

but The Optimizer, with the enhanced GPO, is well-suited for your children. It protects them now, and guarantees their insurability later in life.

Subject to full underwriting, they will also have the option to accelerate all remaining purchase options on the contract anniversary they reach insurance age 25.

### Great for retirees, too

The Optimizer's premiums cannot increase more than four times (in five year intervals), or after you reach age 75.

### Waiver of Premium rider

You, and your spouse, can add a Waiver of Premium rider to guarantee your coverage remains in force in the event of disability due to illness or injury. This can be very reassuring while you're managing *more, with less*.

With so many options, we should meet to discuss the best policy design for you and your family. ♦