

Knights of Columbus

Financial BEACON



3rd quarter 2007

The Gargin Agency

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Dear Brother Knight:

The sun is warm, the kids are out of school, and you're about to pack the minivan. Needless worries about your home are extra baggage you don't need to bring on your summer vacation. Consider following this checklist to safeguard your home before you leave it for an extended period:

- **Stop delivery of your mail and newspapers.** If you'll be gone more than a week or so, you may want to add the precaution of letting the local police know when you'll be out of town, and having a neighbor check on your house from time to time. Leave your cell phone number with a friend who will be watching your home.
- **Inventory of all your important items.** This could be essential in the event of a fire or burglary. Store this with your important papers, which you should keep in a secure location away from home, such as a safety deposit box.
- **Trim plants and tree branches away from windows (a favorite hiding spot for burglars) and install motion sensors on outdoor lights.** Lock all your doors and windows before you go, and make sure expensive electronic items are not visible from uncovered windows.

- **Install an automatic timer** to program lights, TVs, and radios in your home to mimic your regular routines. Also, unplug anything drawing a current (except for your refrigerator and freezer) to save energy and money.

For even more peace of mind on vacation, give yourself a quick insurance checkup: Are your house, possessions, and vehicles insured to their full value? Is your family protected against a loss of income should you or your spouse unexpectedly become unable to earn an income?

These aren't the types of things you want to worry about on the beach, the trail, or your favorite hideaway. But isn't that exactly what so many of us do when we finally get a chance to slow down and think? So this time, between packing the bags and unplugging the toaster, give me a quick call to be sure your income-protection needs are met, and then *really* get away from it all.

Happy trails,

Frank Gargin

For more information, give me a call. As your professional Knights of Columbus agent, I can give you detailed information about any of the material discussed in this newsletter.

Do business with an organization you can trust: The Knights of Columbus, making a difference for life.

- **Life insurance rated AAA (by Standard & Poors)**
- **Annuities (IRAs)**
- **Long-term care insurance**
- **Fraternal benefits**
- **Estate planning**

A good cause: *Your premium dollars help support the good works of the Order.*



It's never too early to start considering how to protect your nest egg from cracking under the costs of long-term care.

Don't crack the nest egg

Are you busy building your retirement fund? Consider factors that could crack your nest egg wide open—perhaps even before you reach retirement age. One of the most costly: an extended stay in a nursing home.

According to a 2006 Met Life survey, the national daily average rate for a semi-private room is \$183. Annually, that's a whopping \$67,795.

Many people assume Medicare covers nursing home stays. It does, but only for the first 100 days in which you would require skilled care (among other limitations). Medicaid does offer assistance, but only to people of lower incomes, with coverage amounts varying by states.

Long-term care insurance can pay for daily assistance

Long-term care insurance can help you offset the potentially staggering costs of nursing home stays. It can

pay for a variety of services that you may need if you can't take care of yourself. This includes dressing, eating, bathing, and more. Medicare will not pay if you've "plateaued," or show no improvement. You then require "custodial care."

People may need this level of care at any age, due to a chronic disease, a long-term disability from an accident, or other reasons.

Cost savings are a strong reason to consider long-term care at an early age. "Premiums are based upon age," says Knights of Columbus' Long-Term Care Specialist Paul Ochs. "A long-term care plan will never be cheaper for you than right now."

It's never too early to start considering how to protect your nest egg from cracking under the costs of long-term care. Let's talk about the right types of long-term care insurance for your financial situation. ♦

The Order gives back from a position of strength

The strength of the Knights of Columbus continues to flow into the communities we serve, and to worthy causes around the world. Our general and field agents work alongside brother Knights to support our churches, to make things right when disaster strikes, to provide basic necessities for deserving families—and so much more—in our neighborhoods and beyond.

Here are just a few impressive numbers the Order generated in 2006:

68.2 million
Volunteer hours served

\$10 million (and then some) The Gulf States Disaster Fund raised by individual Knights, non-members and companies, and the Supreme Council after hurricanes Katrina and Rita.

\$41.3 million
Total value of monetary, in-kind, and volunteer hours donated to churches related activities.

\$49.4 million
Total value of community-based concerns such as Columbian Squires, scouting, and education.

\$143.8 million
Total value of all monetary, in-kind, and volunteer hours donated.

As a professional Knights of Columbus agent, I'm proud to participate in these worthy endeavors. And I'm proud that as a fraternal organization, our insurance company is not beholden to stockholders or to Wall Street analysts—but rather to the strength of our own Order.

This, combined with an efficient, conservative life insurance operation, gives us the strength to maintain prudent reserves, generate policyholder dividends, and support our Order's commitment to service and charity. The Knights of Columbus: making a difference for life. ♦

STAY-AT-HOME PARENTS: Do you know your worth?

In a society of two-income households, the family that can afford to have a parent stay at home is truly blessed. Having a mom or dad home most days is a comfort, and as a practical matter, things tend to run smoother with someone devoted full-time to managing the household.

In such homes, the focus of a life insurance discussion usually revolves around losing the engine that makes this arrangement work: the family's sole breadwinner. Don't forget, however, the heavy financial burden that losing an at-home mom or dad would create.

With a quick look at the cost of an at-home parent's day-to-day jobs, you begin to understand how important it is to have the right level of life insurance protection for *both* parents.

Assessing the financial benefit of an at-home parent

The time to calculate an at-home parent's financial worth is now, while that parent is healthy. Consider that parent's daily tasks: shopping, childcare, laundry, yard work, food preparation, and transportation. These jobs usually require plenty of overtime. In fact, Salary.com notes that stay-at-home moms (we assume the same numbers apply to stay-at-home dads) typically work a 92-hour week.

If you delegated an at-home parent's jobs to taxi drivers, day care teachers, cooks, and others, could you pay the respective wages, including overtime? The site estimates that if an at-home parent were paid for his or her

work, the paycheck would equal approximately \$138,000 per year, depending on locale.

Be prepared

That's a significant figure. If anything happened to the stay-at-home parent, the resulting financial void would have to be filled—whether by life insurance proceeds, by savings or investment accounts, or by the efforts of the surviving parent.

Without life insurance protection you'd have several choices, none of them great:

- 1 Hire someone to take care of the things the at-home parent used to do. Could you afford to do that, or would you have to work more hours to do so? This is the worst possible time for a single parent to be forced to work additional hours simply to make ends meet. The children would essentially lose more than just one parent.
- 2 Rely on friends and relatives to help ease the transition into a single-parent setting. Eventually, though, most volunteers must return to their normal lives.
- 3 Use your savings to cover the additional cost of help. Would this prevent your children from attending college, or prevent you from achieving other important goals?
- 4 Have the working parent cut back at work to fill the task void left by the at-home parent. This would put a significant strain



on the family budget, and likely require giving up things the children are accustomed to, like gymnastics classes or soccer—creating further disruption during an already-difficult time.

Take the next step

The most important thing to do at this point is act. Overcoming the loss of a loved one would be difficult enough. If you were thrust into that situation, consider how stressful it would be to add financial turmoil to emotional stress. It's better to discuss your needs now as a family, calmly, and talk with me about available options.

If you or your spouse is a stay-at-home parent, you already know how blessed you are. Should *both* of you be covered by life insurance? Absolutely. Give me a call to get a realistic picture of what that coverage should be. ♦

Help your college student stay out of the University of Debt

Credit card companies are hard at work each fall, enrolling college students into the School of Hard Knocks. Top on the list of classes: Getting Into Expensive Debt 101. Credit card providers know most students won't use the card wisely—and they also know most parents will bail their kids out and pay the bill anyway.

Even so, obtaining a credit card can be a smart move for a college student, especially with some parental guidance.

Credit offers targeted at students often include reward programs such as discounts on purchases from hip online retailers. Students are also deluged with introductory interest rate offers.

If your child is college-bound, start opening these offers together and reading the fine print. Explain some realities:

- Loyalty programs can easily cost more than they save for infrequent card users, because interest rates can be higher. Also, tie-ins with products or e-tailers may entice users to buy more than they otherwise would.
- The interest rate listed in most offers can be changed at the creditor's whim. For example, a single late payment can turn that low introductory rate into a monster.

For help interpreting terminology, visit websites with useful credit

card advice, such as www.consumeraction.org or www.bankrate.com.

Credit cards are convenient emergency backups for a college student. And students who play their card(s) right can establish a credit rating that will save them thousands upon thousands of interest dollars far into their futures.

Make this deal with your child: In exchange for your financial support, be allowed to review monthly credit card statements (most are available online) and talk through any issues you see arising. Not every lesson needs to be a harsh one—especially with your experience as a guide. ♦

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ESTIMATING THE PROTECTION YOU NEED

You can't prepare emotionally for the loss of an at-home parent, but you can take concrete steps to protect your family against the ensuing financial hardship. Make sure your at-home parent has enough insurance, for starters.

How much protection is enough to cover an at-home parent? To get a ballpark estimate, factor in:

- 1 **Age of children:** An infant's needs require more coverage over a longer period than a high school senior's needs.
- 2 **Salary equivalent:** Use the Salary.com survey's estimate of \$138,000 to pay for an at-home parent's jobs, and adjust that according to your circumstances. Multiply the annual cost estimate by the number of years until your youngest child finishes college or high school.

I can help you find the right amount for your family.

CURRENT ANNUITY RATES

Now earn

5.10%

On \$10,000 minimum deposit

Deposits under \$10,000 earn 4.85%.

Our promise to you: Your principal is safe, and you're guaranteed never to earn less than 3.0%* on your money. Current rates are for payments received on new contracts prior to September 1, 2007. Rates are guaranteed through June 30, 2008. Early withdrawal is subject to a reducing surrender charge. Get started with as little as \$300; balance can be added to at any time.

*On new issues. Older contracts may have different guaranteed minimum rates.

What works better for you?

- 1 Through our **Single Premium Annuity**, you make one payment and select the age you begin receiving benefits.
- 2 Through our **Flexible Premium Annuity**, you make periodic payments of as much as you want, for as long as you want.