July 2020 Insurance Report

On June 18th, Knights of Columbus Field Agents sponsored a one-hour webinar with Retirement Expert, Tom Hegna speaking about a Seven Step Plan to Retire Happy. It was very well received, and I began to contact and thank all the 20 families I personally invited on Friday June 19th.

The survey showed overwhelmingly high interest for both Long Term Care & Legacy Plans

For Long Term Care most needed to formulate their plan for their future situation IF one or both needed some amount of care when they become much older. Here is a simple guide. Discuss what your parents did to care for your grandparents? How did that go? Discuss what you or your siblings are doing for your parents? How is that working? Next, shift to yourselves.

Who will provide care for one or both spouses? Will you sell your house? When? Where will you live? If either needs a lot of care or develops memory or cognitive issues, who will arrange and manage care. Will independent senior living or assisted living be in your plan Etc., etc. PLEASE talk to each other. Please talk to your children. Develop a most desired plan A and a backup plan B with either spouse passing away first. Once you formulate such a plan, we should meet and decide how much it will cost 20 to 30 future years. AND how you will pay or qualify for LTC Insurance for best quality of life, care and management.

Caution: If you wait to plan until either the husband or wife needs care, you are guaranteed to spend more funds than you should have OR you will be at or below USA poverty level to qualify for MEDICAID.

A Real Leveraged Legacy Plan: Names are changed to protect the privacy of our clients and Church.

David (65) & Susan (63) are both still earning income. Together they raised two daughters and now have a total of 5 grandkids from 2 up to 15 years old. The daughters and sons-in-law are financially stable. David and Susan each owned K of C Term Insurance policies with staggered expiration dates and the original need of income replacement is no longer desired since both have accumulated nice retirement investments they will transfer into fixed and guaranteed income for life. Combined with their deferred Social Security Retirement Income planned in 5 and 7 years from now, they will expect to live on just over $13,000 every month combined taxable income and it will grow at the expected cost of living for inflation.

Now, they are considering their Legacy: “What they will leave behind when they both die”. Note, the answer here is not just real estate, money, heirloom art and jewelry. {Assets}. Your Legacy includes your namesake, your faith, your family and your families’ family, and yes how you want to be remembered!

David and Susan’s health is not as good as when they applied for their current Term policies. We discussed Converting $300,000 from each of their term policies WITH NO UNDERWRITING to a single, Permanent, Survivor Life Plan {2nd to die}. The premiums cost $15,787 per year for 10 years. This is more expense than they make each month. So, we leveraged a Single Premium Deposit Immediate Annity of $150,574.41 from David’s 401K { transferred to K of C Traditional IRA} guaranteed to pay $15,787 every year for ten years AND spread the income tax out for this income at current income tax rates {LOW and KNOWN} Result: When David and Susan eventually both die; their 5 grandkids will each receive $50,000 minimum and their parish will receive $50,000 gift {also income tax free}. My math shows they moved taxable, qualified asset of $150,574.41 to a K of C Life Insurance with an income tax free benefit of $300,000 to a family and community they LOVED. For my financial savvy friends… If Susan is 2nd to die at her age 93, what was the resultant Internal Rate of Return on this Financial Investment? Guaranteed!