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KNIGHTS OF COLUMBUS

Financial Beacon

Spring 2013

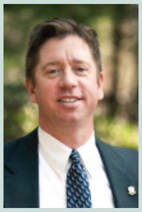
THE **SANDWICH GENERATION'S** BURDEN

SOLID FINANCIAL PRODUCTS in tough economic times

Helping adult children deal with money troubles

BEYOND FISCAL CLIFF & FISCAL CANYON

Knights Senior Investment Officer's insight



A MESSAGE
from your agent

Dear Brother Knight:

Like many of you, I'm concerned about the economic effects of our federal lawmakers' failure to find common ground and pass prudent budgets.

Whatever happens in Washington, however, we as Knights of Columbus can remain confident that our Order will run a stable, reliable financial services operation. Our insurance policies and annuities will continue to be backed by the highest rated life insurer based in North America. We've proven it again and again—including through the Great Recession.

This gives me confidence to talk with you about shepherding your own financial future through difficult economic times.

Our company has succeeded with a responsible, conservative approach, and so can you—but don't mistake this approach for standing pat and doing nothing. You still must commit to paying for your future first when you budget your money every month. That means securing the foundation of your wealth with life insurance, and putting money toward your retirement with every paycheck.

Confidence is contagious; let's talk about the options you have through the Knights of Columbus.

Fraternally yours,

Edward A. O'Keefe

Beyond fiscal cliff and fiscal canyon: U.S. can do something heroic

By Anthony Minopoli, Knights of Columbus Senior Vice President and Chief Investment Officer

As 2012 came to a close, we heard considerable rhetoric about the fiscal cliff. When the direst predictions were headed off—or simply put off— stocks rallied. But lawmakers actually did very little to solve the fiscal problems our nation faces. Many are calling the coming debt ceiling issue the "fiscal canyon."

Congress has attempted to avoid this canyon by permitting the Treasury Department to ignore the $16.4 trillion cap on government borrowing and add to our nation's debt to pay its bills through May 18. Under this proposal, the debt limit would automatically reset at a higher level.

Rather than continuing to delay difficult decisions, the folks in Washington have an opportunity to do something heroic. They can solve some long term fiscal problems by taking more decisive measures, as our European friends are doing. At least the European Union has enacted some spending cuts and is facing its fiscal problems more directly than we have so far.

Foreign investors won't ignore U.S. debt forever

The U.S. can be a bit more cavalier about debt than the European Union because we issue the world's reserve currency and can print our way out of the issue. Of course, we can only do this until we can't.

Investors from around the world continue to buy U.S. Treasury bonds because they feel confident they will be repaid. The U.S. continues to be the world's safe haven investment. However, with a total debt above $16 trillion (and counting!), at some point investors may question our ability to repay our debts, which could cause them to purchase fewer U.S. bonds.

This shift would cause us to increase the interest rates that our bonds pay. Because banks base their interest rates in part on the rates paid by U.S. Treasury bonds, this would increase some interest rates paid by borrowers, and the interest rates paid to savers. Interest rates have been historically low for many years, so a modest increase, say to 4% on the 10-year Treasury Bond, wouldn't punish borrowers too severely. But if we were to go back to significantly higher rates akin to those of the late 1970s or early 1980s, the negative impact to our economy could substantially restrict economic growth and job creation.

Confidence fuels our economy

Ultimately, consumer and corporate spending drives the U.S. economy. When people and their employers don't have confidence in their immediate futures, they don't spend as much.

For example, would you buy a new car or house if you thought you were in imminent danger of losing your job? It's the same at the corporate level. Companies tend not to hire new employees if they don't see clear evidence of demand for their product or service.

A little bipartisanship in Washington will go a long way toward providing confidence in our economic and political systems. At the end of the day, I believe in America and I think we will get it right. I just wish we wouldn't always wait for the eleventh hour. ✦

Best ways to help your adult children deal with money troubles

They're grown and gone, but they're always your kids and you never want to see them suffer hard times, especially when they have families of their own. When your children need financial help, your first impulse may be to simply write a check for the most you can afford.

Perhaps a lump-sum gift is, in fact, the right choice. Your son or daughter can budget the money as he or she sees fit. It's also a prudent way for you to offer a gift that has a definite beginning and end.

If you have the means, however, consider a few options instead of, or in addition to, a one-time gift.

❶ Contribute to a retirement account

This is something you could start doing as soon as a child starts working, rather than waiting for financial difficulties to develop. By taking on some of the burden of retirement savings, you give your child more disposable income to channel into an emergency fund. One option is to match your child's contributions to a Roth IRA. Roth IRAs offer tax advantages and flexibility over a traditional IRA when it's time to withdraw funds, and the interest earned on your contributions grows tax-free.

❷ Pay certain expenses that will save money over the long run

Offer to pay for health insurance or auto insurance for a time. This protects a young family from catastrophic losses due to an illness, injury, or an auto accident. Or pay for home maintenance your child can't afford that will protect the property from serious damage: a leaky roof, corroded pipes, outdated wiring, etc.

❸ Protect your child's family from losing a breadwinner's income

When you're struggling to make ends meet week-to-week, it's all too easy to sacrifice your family's long-term financial security by not owning life insurance. Young parents also may lack perspective about what could happen should a breadwinner die.

A gift of whole life insurance (also called "permanent" life insurance) may not be the answer to short-term money woes, but it could be the most important gift you ever give a child. It can provide not only a guaranteed death benefit, but a secure, reliable, tax-advantaged source of funds down the road.

You could offer to pay the premiums for a whole life policy for, say, five or ten years, giving your child time to get back on good financial footing. Meanwhile, the coverage is in place at a lower rate than if the child purchases the coverage years later.

You can even add a "guaranteed purchase option" that will allow your child to purchase an additional death benefit coverage up to seven times before he or she reaches the age of 40, regardless of health.*

Another option would be to purchase a policy that is fully paid for life with a single premium, or fully paid after a period of 10 or 20 years. Again, these options are more feasible the younger your child is at the time of purchase.

However you decide to help an adult child in financial distress, be clear about the boundaries of your gift. You don't want to create misunderstandings or false expectations that get in the way of your relationship later. ✦

**The policy details in this article refer specifically to Knights of Columbus permanent life insurance products.*

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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 more information on long-term care insurance!

Ed O'Keefe, CLU, ChFC, CASL

Ed O'Keefe is a Chartered Financial Consultant serving 9 councils in Baltimore, Cecil, and Harford Counties. He lives in Harford County with his wife Mary Anne and daughter Mallory.

O'Keefe joined the Knights of Columbus in 1992 and is a member of the Supreme Knight's club and is a life time member of MDRT, the Million Dollar Round Table. Ed and his family are parishioner's at St. Ursula's Church and have been active in the outreach programs for the elderly, Our Daily Bread, and Meals on Wheels.

The O'Keefe's are active at the John Archer School and are members of the ARC of Northern Maryland and the Chesapeake Down Syndrome Parent's support Group. Ed's Catholic Financial Planning Practice has been featured in The Columbia Magazine and his client's mention his willingness to take the time to explain all available options, so that they can make an informed decision. He works with Catholic families and businesses to develop plans for their insurance and retirement needs.

This successful approach has not only helped Ed to qualify as a life time member for MDRT and the Supreme Knight's Club, but also to be named six times the Advisor of the Year for the state of Maryland and the third ranked advisor for the Knights of Columbus in the United States. Ed's other notable business and Fraternal qualifications include: B.S. in Business and Marketing from Towson University, earned the Chartered Advisor for Senior Living (CASL) designation in 2005, earned the Chartered Financial Consultant (ChFC) in 2000, earned the Chartered Life Underwriter (CLU) designation in 1997; took the Fourth degree of the Order in 1993 and a member of Bishop Sebastian Council 5058.