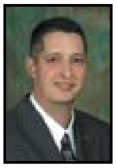
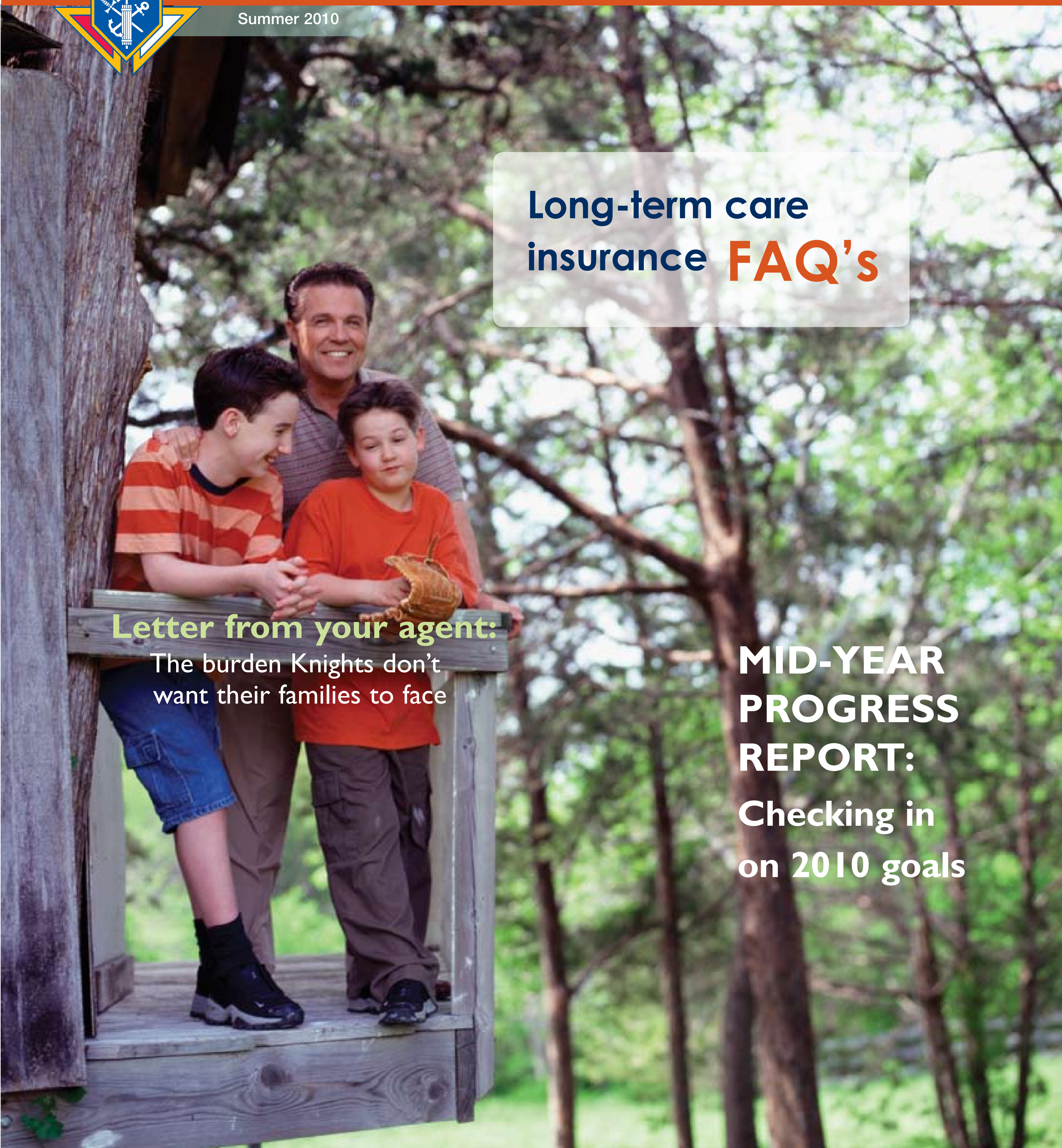


Brought to you by Daniel Schachle

Knights of Columbus

Financial Beacon

Summer 2010



Long-term care insurance FAQ's

Letter from your agent:

The burden Knights don't want their families to face

MID-YEAR PROGRESS REPORT:

Checking in on 2010 goals

A MESSAGE from your agent

Dear Brother Knight:

I'll tell you what strikes me about my conversations with Knights about long-term care insurance: They almost never talk about the level of care they want the policy to cover. Instead, they talk about how they don't want to be a burden on their families. They talk about how they don't want their loved ones becoming full-time caretakers, or doing without things they need so they can pay for home care or a long-term care facility.

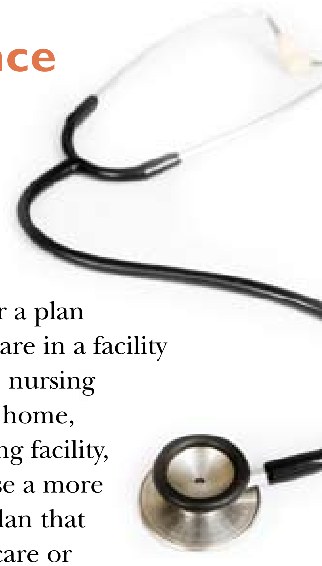
Long-term care can be a difficult subject to discuss. But it's necessary. Especially because many people believe that government programs will not fully provide for long-term care—or "custodial" care—which assists people with the daily necessities of life.

It's also necessary to discuss long-term care insurance because so few people are familiar with what it covers and the various options available. Read the article on this page and give me a call so we can discuss how to protect yourself and your family from the burdens of long-term health care.

Fraternally yours,

Daniel Schachle

Frequently asked questions about long-term care insurance



Even if you're familiar with the term "long-term care" (LTC) insurance, if you're like most consumers you're still not sure what it covers and the basic options available.

Here are answers to some of the more common questions:

What's the difference between LTC, Medicare, and Medicaid?

Medicare generally covers skilled treatment by doctors and other medical specialists for illnesses and injuries. It doesn't cover "custodial" care: the long-term cost of assistance to perform the basic acts of daily living, such as eating, bathing, and using the bathroom. Medicare Supplement policies also don't cover this, and Medicaid covers certain LTC costs at a facility only after you meet the "spend down" limits for your state.

2010 COST OF LONG-TERM CARE

Type of care	U.S. median rate	Increase over 2009
Licensed home health aide	$19/hr	2.7%
Adult day health care	$60/hr	12.0%
Assisted living facility (one bedroom/single occupancy)	$3,185/month	12.0%
Nursing home (semi-private room)	$185/day	5.7%
Nursing home (private room)	$206/day	5.1%

Source: Genworth Financial's 2010 Cost of Care Survey

When should I buy LTC insurance?

The cost increases as you age, so the earlier you buy it, the lower the premiums will remain for the duration of the policy. Policies have a specific age range for eligibility (30 to 85 for most Knights of Columbus Long-Term Care policies).

You need to balance the cost of buying it when you're relatively young against the risk of delaying until your physical condition affects your ability to qualify for coverage.

Do the policies cover nursing home care, assisted living facilities, or home care?

You may apply for a plan that covers only care in a facility such as a hospital nursing facility, a nursing home, or an assisted living facility, or you may choose a more comprehensive plan that covers adult day care or home care options in addition to facility-based care.

How much coverage should I buy?

Generally, you may choose from plans that pay for the actual cost incurred, or policies that pay a pre-determined daily amount. Some daily-cost plans pay a maximum monthly benefit of 30 times the daily amount, and others provide a lifetime maximum benefit.

For an additional premium cost, including an inflation rider will add protection against the rising cost of care. Consider that the U.S. median annual cost for a nursing home (single room) was $75,190 in 2010, compared with $60,225 in 2005.

What is an "elimination period" or "waiting period"?

This is the period during which you pay for your own LTC costs (30 to 90 days is typical). Think of it as a deductible. Generally, the longer the elimination period, the lower your premiums. ✦

I can help you calculate an estimate of what you might expect to pay over your lifetime for an LTC policy, based on the age at which you purchase it. Projections often show that buying relatively early would actually cost less over the lifetime of the policy than buying later at a higher premium rate.

Your mid-year financial progress report:
How are you doing on your 2010 goals so far?

If you set goals for 2010 to solidify your financial foundation for today and to prepare for your future, how are you progressing toward those goals so far? Not so great? Don't give up—you can still finish 2010 on a positive financial note.

Don't try to do it all at once

The longer you worry about your goals slipping away, the more pressure you put on yourself. Don't be overwhelmed by trying to catch up all at once.

Instead, give yourself mini-deadlines. Set up a series of appointments for professional help from a certified financial planner or investment counselor, an accountant or tax preparer, your bank, and your insurance agents. Also, set dates to review your cable, phone, and Internet expenses. With these appointments spread out on your calendar, you'll be more likely to do your research and pull together the documentation you need, one chunk at a time.

Focus first on securing your family's financial foundation: protection from the premature death or disability of a wage earner, and a fund for emergencies. Then focus on long-term needs such as retirement and protecting your estate.

Start saving now—don't wait to make another New Year's resolution

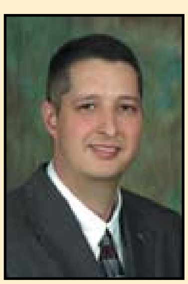
Saving more money is a common—and commonly unmet—goal. Even if you're far behind your 2010 savings goal, start now rather than saying, "Oh well, next year I'll get my act together." Start gaining momentum now. Go into 2011 with some new habits already in place. This takes the pressure off of New Year's resolution-style planning.

Start seeing some extra cash left over after paying your monthly bills right away, with these simple lifestyle changes:

- **Carry cash.** Plastic cards (even credit cards that you pay up each month) tend to encourage consumers to spend more than if they were using cash. Set a weekly limit on incidental expenses, and start with exactly that much cash. If anything's left at the week's end, plunk it into savings or a fund for a fitting reward.
- **Beat the crowds.** Go out for lunch and a discount matinee instead of dinner and a full-price movie.
- **Give yourself a raise.** If you normally get a substantial tax return, adjust your withholding amount so your return is closer to zero. Why give the government an interest-free loan? Shift that money into a savings or investment account that pays interest.
- **Make it automatic.** If your employer offers automatic direct deposit of your paycheck, have a percentage or a set amount automatically diverted into a savings account, annuity, or other low-risk, interest-bearing account.

One small step forward at a time will take some weight off your shoulders and give you confidence in setting new goals for next year. ✦

YOUR GENERAL AGENT



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Contact me today for information on long-term care insurance

Family benefits & services

Knights of Columbus insurance 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 planning
- Estate preservation
- Scholarships
- Family fraternal benefits

Why buy life insurance for a child?

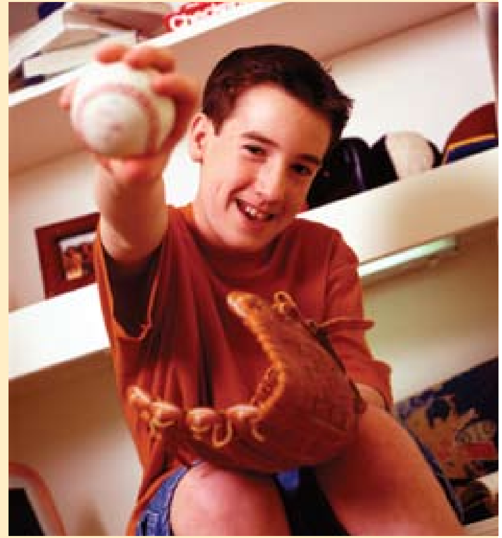
The idea of buying life insurance for a child is understandably uncomfortable. However, life insurance can be a wonderful gift—especially because it's likely to be appreciated far in the future by a grown son or daughter who's in perfectly good health.

A permanent (or "whole") life insurance policy can be ideal for a child. As opposed to term life insurance, permanent insurance builds cash value and is designed to stay in force for your child's entire life. Permanent insurance is very affordable for children, and the premium rate is locked in at that low rate for life.

Think about the lesson you can teach a young adult some day when you explain that this policy exists, and how its accumulating cash value might be used. That's the day your son or daughter (or grandson or granddaughter) will immediately understand how life insurance works and why it's important. That's also the day this person will know that he or she can maintain this policy for life—to protect a future family, perhaps—even if he or she becomes uninsurable someday.

Teaching your children about the lasting value of financial discipline and long-term planning isn't easy. Give them an important example to follow and an important gift at the same time.

You may also wish to add a small amount of life insurance for a child



as a low-cost rider to your own life insurance policy. Please contact me to talk about anything relating to your family's financial security. ✦