



Brought to you by Michael Permuko

KNIGHTS OF COLUMBUS

Financial Beacon

Spring 2009

Estate planning basics:
Power of Attorney and living wills

A father's
commitment
Real-life story

**Letter from
your agent**

The Order's continued
charity work during an
economic downturn



A MESSAGE from your agent

Dear Brother Knight:

An economic downturn takes a toll on charities, when so many of their contributors are tightening their belts.

I'm proud to say that in times like these, our Order has remained stalwart. In 2007, even as the economy declined and recession set in, volunteer hours by Knights for charitable causes grew to 68,695,768 hours, up more than 400,000 hours from 2006. (2008 numbers aren't available yet.)

Supreme Knight Carl Anderson convened a summit of top charitable and volunteer organizations on February 27 in New York City. He called on everyone of faith to continue the Order's trend, and make 2009 the "Year of the Volunteer."

Giving money, of course, is also still very important, and our Order has donated nearly \$1.28 billion to charity during the past decade.

Our conservative management allows us to contribute from a position of financial strength, even in a challenging economy.

I'm proud to be able to help brother Knights do the same. After all, it's easier to reach out to others in need when your own family's financial future is secured. Life insurance, long-term care insurance, and annuities—backed by the fiscal stability of the Knights of Columbus—can help. I'd be glad to talk with you about this, if you have questions.

Fraternally yours,

Michael Permuko

A father's commitment sends ripples through many lives

Bob and Janine were ready to draw the curtain on a very tough year, fighting to keep their small business's doors open. Then, on New Year's Eve, it got much, much worse. Bob's dad passed away. Even after years of fragile health, this man—a genuine pillar of the community—had remained the steady balancing point for his four adult children and their families.

Now, that balance had tipped forever. Even so, arrangements were made, such as he would have wanted: no finery; no big speeches; just be together and help one another.

Bob's mom, unfailingly gracious as always, was wrapped up in her family's loving care until she gently sent them home to attend to their busy lives.

On the drive home, Bob and Janine talked about how glad they were that his mom wouldn't have to worry about money, at least. "My dad had been such a big believer in saving and in life insurance," Bob says. "He'd always preached that whole life insurance, the kind that stays in effect as long as you live, was the way to go. Well, he'd proved his point, now."

Can't afford it—can't afford not to have it

The topic came up again a few days later, as Bob and Janine sat at their kitchen table, scouring their budget for expenses they could cut or put off. They'd been planning to buy more life insurance this year, to replace the coverage they'd left behind with their corporate careers.

But their architectural consulting firm hadn't fared well in the tough economy, and the youngest of their four sons was due to start college in one short year.

"We were struggling just to keep our core of employees together, with decent benefits for their families, and pay the business's monthly bills. I didn't see how we could swing more



life insurance, too," Janine recalls. And yet, the example set by Bob's father was compelling. "And what if we're not as lucky as my dad?" Bob says. "What if we don't get to work long careers and retire with a solid nest egg? We're still a long way from that."

They crunched the numbers, tightened their budget, and purchased a permanent life policy for each of them. (*Permanent, or "whole," life insurance is designed to stay in force as long as you live, and it builds up a cash value that adds to the death benefit, or can be borrowed against in some circumstances. By contrast, "term" life insurance is in effect only for a specific period, and has no cash value.*)

A stunning phone call

Two weeks later, a phone call confirmed just how good a decision they had made. "My dad's attorney called me one day, just after another bank had turned us down for a business loan that would have helped us land some solid, new clients," Bob says. "He told me that dad's life insurance policies were set up to provide not only for our mom, but \$80,000 for each of his kids. It was just what we needed. I was stunned."

These days, Bob and Janine tell their sons who are still in their 20s to get permanent life insurance now, while it's still very inexpensive. Bob says, "My dad was a believer, and he made a believer out of me. The least I can do is pass that along." ♦

Based on a true story; names have been changed.

PART TWO: Power of attorney and living wills

Nobody enjoys planning for the possibility that, one day, you may not be able to make decisions for yourself. But doing this planning can protect your family from immeasurable burdens. In part two of our three-part series on estate planning terminology, we look at some legal documents that delegate decision-making authority. Keep in mind that each of these terms may vary by state, and we recommend that you consult a legal professional in such matters.

POWER OF ATTORNEY: A document in which you grant another person the authority to act on your behalf in specific legal and financial matters. The person you appoint is known as the attorney-in-fact, though he or she doesn't need to be a lawyer. The

document specifies the scope of activities the attorney-in-fact is authorized to carry out on your behalf. The authority ceases to be in effect if you die or become mentally incapacitated (see below for exceptions to this).

DURABLE POWER OF ATTORNEY: This is like a regular power of attorney except that it does not cease to be in effect if you become mentally incapacitated. So, you might entrust this person to carry out your wishes in the case of an accident or illness that leaves you unable to make decisions about your financial affairs.

SPRINGING POWER OF ATTORNEY: As with the durable power of attorney, this document authorizes a person to act on your behalf should you become unable to make decisions for yourself. Unlike a durable power of attorney, it does not "spring" into effect until the incapacitating event. It's important to specify the exact events that can trigger the springing power of attorney. Simply saying "upon incapacitation" is vague—it can lead to difficulties in getting the document enforced. Most, but not all, states allow this type of power of attorney.

MEDICAL POWER OF ATTORNEY: This is generally a springing power of attorney in which you name a health care agent to make health care decisions for you.

LIVING WILL: If an illness or injury leaves you unable to decide the proper course of medical treatment for yourself, a living will can fill the void. This document allows you to specify which medical treatment should—or should not—be pursued in the event of an incapacitating illness or accident. It is often made in conjunction with a durable power of attorney. A living will and a medical power of attorney are both "advance health directives." While a living will applies primarily to end-of-life decisions, a medical power of attorney is more flexible because your agent has discretion to make decisions.

In the next issue: This series concludes with a look at helpful estate planning links and resources. Meanwhile, please call me with any questions about protecting your assets and your family's financial security. ♦


This is intended as general information only, and should not be construed as legal advice. Laws and terms may vary among states, so always consult a qualified legal expert on the matters described in this article.




YOUR AGENT



Michael Permuko, Field Agent

 1210 Chicopee Avenue
Point Pleasant, NJ 08742

 **PHONE:** (732) 996-0923
FAX: (732) 714-9568

 **EMAIL:** michael.permuko@kofc.org

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 account rollovers
- Estate preservation
- Scholarships
- Family fraternal benefits

Contact me today for information on long-term care insurance



PRESERVE YOUR FINANCIAL
INDEPENDENCE WITH
**LONG-TERM
CARE INSURANCE**

The need for long-term care insurance is clearly increasing, as our nation's population ages and the cost of care increases. But what is long-term care insurance, exactly? It's certainly not as straightforward as, say, life insurance or auto insurance.

I'd like to share some information with you about what these policies cover, and the multiple options offered in Knights of Columbus Care that allow you to tailor the coverage to your needs.

But first, I'd like you to know these two things right now:

- ❶ **The expenses covered by long-term care insurance are not generally covered by government programs, except in the case of extreme poverty.**
- ❷ **The earlier you buy long-term care insurance, the less you're likely to pay in total premiums over your lifetime.**

Long-term care insurance not only helps safeguard your quality of life, it safeguards the net worth you're able to pass along to future generations. If you haven't discussed this matter with your family yet, it's time to do that. Then, let's talk.