



Brought to you by Alexander Sgroi, MBA

KNIGHTS OF COLUMBUS Financial Beacon

Winter 2014

**AVOID SCAMS THAT
PREY ON FEAR &
SYMPATHY**

**PERMANENT LIFE
INSURANCE
AND TAXES**

**Don't rely on CPP
long-term disability
benefits**

**10 REASONS WHY PEOPLE
DON'T BUY LIFE INSURANCE**





A MESSAGE from your agent

Dear Brother Knight:

The terms “tax free” and “tax advantaged” can be confusing in relation to insurance products, especially when both can be used to describe the same product. That’s the case with permanent (or “whole”) life insurance.

The tax advantaged aspect of a whole life policy is the way its cash value generates earnings. When you make a premium payment for a whole life policy, a portion of it goes into a “cash value” account that the insurance company invests to generate earnings. You don’t pay annual income tax on these earnings, which helps them grow faster.

Withdrawing funds from the policy’s cash value, or cashing out the policy, may result in income taxes. However, if you keep the policy, in most cases the beneficiary will receive the death benefit proceeds tax-free.

Taxes can affect our Order’s insurance products in many ways, depending on your personal situation. I’m here during tax time—or anytime—to answer questions about tax issues related to these products.

Fraternally yours,

Alexander Sgroi

Relying on CPP long-term disability benefits could be a costly mistake

The Canada Pension Plan’s long-term disability benefits help a great many Canadians cope when a breadwinner is unable to earn a living for a prolonged period. But leaving your financial fate solely in the CPP’s hands could be a costly mistake.

Consider these numbers:

6 in 10: The average number of initial claims for CPP disability benefits that were denied during the year ending in mid-2013.

87: The average number of days it took for claim decisions to be rendered.

88: The average number of days for appeals of initial denials to be accepted for reconsideration.

- A mental or physical disability that regularly stops you from doing any type of substantially gainful work.
- A disability that is long-term and of indefinite duration or is likely to result in death.

The words “any type of substantially gainful work” are open to interpretation, of course, and the CPP appears to interpret them very strictly.

This doesn’t mean you shouldn’t apply for CPP disability benefits if there’s a chance you qualify. In fact, your insurer may require that you do so, as the CPP may be considered the “first payer” of disability benefits for those who qualify. That is, your private insurance pays the difference

between its monthly benefit amount and any monthly benefit you receive through CPP.

Run the numbers

Even if you do qualify for CPP disability benefits or those of the Quebec Pension Plan (QPP), you may not be able to make ends meet. In 2013, the maximum CPP/QPP monthly benefit was about \$1,213.



By purchasing a private disability insurance plan, you may have a better chance of qualifying for benefits, and a more timely claims process—both of which could make a huge difference during the trying time after a disability strikes.

Why so many CPP disability claims are denied

Most CPP disability claims are denied because the applicants don’t meet the CPP’s narrow definition of “disabled.” According to the Service Canada website, to qualify for CPP disability benefits, you must have a “severe” and “prolonged” disability, defined as:

Check your Service Canada account information to get an idea whether you’d qualify for this maximum amount, or something less. This should help you estimate whether you’d be able to pay your bills and maintain your household if you rely only on CPP/QPP for your income during a long-term disability.

I’d be glad to help you run the numbers, look at the disability insurance options available through the Knights of Columbus, and make an informed decision. ♦

FEAR AND SYMPATHY: A scammer's best weapons

By now, most of us know we're not supposed to send money orders to rescue some foreign stranger who emails or calls out of the blue, offering to share a fortune with us. We know that calls from recorded voices that promise to erase our credit card debt are bogus. But true scam artists can still bully people out of their money.

Their secret weapons: using a real or fake crisis as cover, and fear or sympathy to get victims to act quickly. Keep these three types of scams on your radar screen:

I'm from the government and I'm here to help

Following a widespread crisis such as a natural disaster, scammers will pose as government employees calling potential victims to facilitate government assistance payment. They may offer to directly deposit funds into the victim's bank account, asking for account numbers and passwords. Or they may ask to "confirm" your name, address, and other basics, and then ask for your email address in order to send a "confirmation email."

The email may include a link to an official-looking government online form into which you enter your banking information. Or the link may simply download hidden malware

onto your computer. Some types of malware can search for financial account information and passwords, or record your keystrokes and transmit the information back to the hacker.

The upshot is, no government official should ever call or email and ask you for financial account information for any reason.

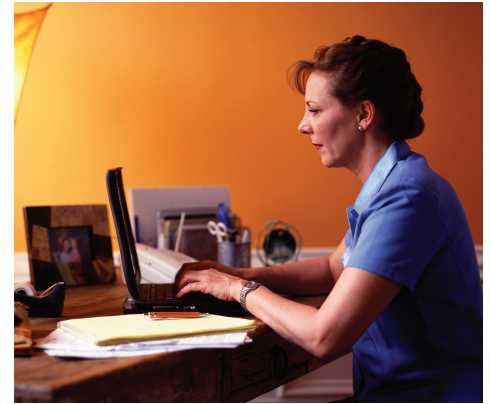
Please help us ease the families' suffering

A particularly heartless type of thief tries to cash in on a tragedy, such as families made homeless by fires or other disasters. They'll set up fake websites or reach out via phone calls and emails, seeking donations for the victims.

To guard against donating to a scam charity, get the charity's name, address, and phone number, and do some research. Remember, the thief is trying to get you to donate immediately, playing on your emotional impulse.

We need money now—or else

Your power company calls in the middle of a heat wave and says your home is scheduled to have its electricity cut off within hours. You need to pay now via PayPal or by purchasing a pre-paid debit or gift card. The caller has specific instructions for these payment methods.



To report a suspected scam:

CALL > 888-495-8501

EMAIL > info@antifraudcentre.ca

WEB > antifraudcentre-centreantifraude.ca.

Sound ridiculous? Maybe, but these scams do work.


Although most people understand that utilities won't call a customer to say they're cutting off service without plenty of prior notice, the pressure of a live caller—and the prospect of losing power at a crucial time—can make people disregard normal precautions.


A common element in all these scams is urgency. The thieves look for some lever to get you to act quickly: a disaster, a national tragedy, a fake threat. Their worst enemies are people who stop, think, research, and contact the authorities. ♦


YOUR AGENT



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- Disability insurance

Contact me today for information on long-term care insurance



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*Monies added to existing accounts may have different interest rates. Contact your agent to learn more.
**Early withdrawal is subject to a reducing surrender charge.

Contact me today for information on long-term care insurance

Ten reasons why people don't buy life insurance (and why to reconsider them)

- 1 I'm too young.** It's simple: the younger you buy it, the less expensive it will be, and the less chance you'll have of developing a medical condition that could put life insurance out of reach.
- 2 I'm too old.** Did you know the Knights of Columbus offers some permanent (or "whole") life insurance policies even up to age 80?
- 3 I can't afford it.** Have you really checked? Call me. Even when money is tight, you'd be surprised how much you can free up to provide at least basic protection for your family.
- 4 I hate thinking about death.** You've got it backward. Life insurance means thinking about life—specifically, your family's quality of life.
- 5 It's better to invest the money in stocks and/or bonds.** Investments can be an important part of a balanced financial portfolio. But their purpose is long-term growth. Life insurance serves a more basic, immediate purpose: protecting families from sudden financial distress.
- 6 It's not a good value.** Security has enormous value in any economy, and the Knights of Columbus offers only safe, guaranteed products. We've earned A.M. Best's top rating (A++ Superior) for 37 consecutive years.
- 7 I have it through work.** How much, exactly? Also, keep in mind that your coverage will probably end if/when you leave that employer—which may happen after you've reached an age or condition that will disqualify you from affordable coverage on your own.
- 8 If I can't continue making payments, the policy will be canceled and I'll lose everything I've paid.** This is unlikely if you're sold the right amount of protection at the right price. The life insurance industry's lapse rate is 6.1%, but the lapse rate for our Order's policies is only 3.5%.*
- 9 I have enough already.** This is the only good reason—but it's rarely true.
- 10 I'll choose the wrong kind and be stuck with it.** That's where I come in. Call me and let's talk about your family's needs and the flexible options you have to address those needs. ♦

*Source: 2013 Annual Report of the Supreme Knight.