

## RELAX AND REST EASY

*by Thomas P. Smith, Jr., Executive Vice President, Agencies and Marketing*

Sometimes I sit at my desk and just wonder about things. Today, I was wondering why our annuity business is doing so well – up about 70% over last year.

Not that I am unhappy or troubled by business being good. I am in sales, and when business is good, the sun seems to shine a little brighter, food tastes better, and I find myself singing along with the radio. It's nice.

But what I ponder is this: why now and not all the time? What is it about market downturns that cause people to suddenly think that they need a position that includes a stable GUARANTEED product like a K of C retirement annuity? Doesn't the market always turn down sooner or later? So why not establish a GUARANTEED alternative to balance those swings?

As I pondered, I enlisted the help of my friend and co-worker Tony Minopoli, who is our senior vice president of investments. Here is the scenario I asked him to help me with.

Two 55-year-old men in the United States on January 1, 1999. Both have \$50,000, and are looking for a place to put it for ten years. One decides to invest it in the S and P 500 and leave it there for ten years (ten years!), paying taxes on dividends as they are paid, and spending more than a little time worrying about the effects of inflationary pressure on global currency that could impact the performance of the U.S. markets (I just made that up, but it sounds like something I may have heard once.)

The other guy (I'm resisting calling him the "smart guy") puts his \$50,000 in a tax-deferred retirement annuity with the Knights of Columbus, with all the guarantees that come with it. He leaves it here for ten years, and spends absolutely no time worrying about it. Never even crosses his mind. He's tap dancing to the mailbox.

Ten years later and its December 31, 2008 (notice that to be fair I am using a date before the most recent market madness). Both men are now 65-years-old and starting to consider retirement. They check on the \$50,000.

Our S and P fellow, Tony tells me, would have an account value of \$43,494.17, an annual compounded return of -1.38% per year. And he paid taxes along the way on those dividends.

Our K of C tax-deferred annuity fellow would find a balance that has swelled to \$78,152.41, for an annual compounded return of 4.57% -- and the power of deferring taxes has not been factored in.

I have nothing against money in the market – some of mine is there. Or it used to be there. But I do wonder why more of our members and their families don't take advantage of our guaranteed retirement annuity product. You get a great return, defer taxes, prepare for retirement and get to sleep at night. Not a bad deal.

So, regardless of where you think the market is headed right now, why not prepare yourself for the inevitable downturn, and build yourself something guaranteed. Call your agent. Establishing an annuity is a simple, quick, easy process. Then relax and rest easy. We'll do the rest.