



THE UKRAINIAN NATIONAL ASSOCIATION FORUM

Insurance MATTERS...

by Irene Jarosewich

Getting the numbers right: A family affair

Financial planning often will involve many members of a family, bridging several generations. Grandparents wish to help pay for the education of grandchildren, children help manage the finances of elderly parents, siblings need to discuss how to divide and transfer family wealth between generations and charitable causes.

Products offered by the UNA can be a cornerstone of a family's financial plan. Whereas almost all financial products and services carry some type of limits or fees – IRAs have contribution limits, mutual funds have “load fees” (sales charges), insurance has commissions – the fees on UNA products compared to those of other insurance providers are extremely low, even non-existent. As a fraternal benefits association that works for the benefit of its members,

the UNA strives to keep costs down, which makes the UNA a better deal financially for your family.

If, for example, Nadia and Petro wish to help pay for the education of their grandchildren, Ivanchyk and Adia, at a private elementary or secondary school, or later for college, then opening a Coverdell account for each child is a start. Until December 31, 2012, up to \$2,000 can be deposited into this no-fee account and interest will be earned and compounded tax-free. Qualified withdrawals for educational expenses are also tax-free. No-fee account, tax-free growth and tax-free withdrawal – few financial products are this good!

An endowment policy, which can be purchased until a child turns 10 years of age, is also a good choice for grandparents to make. Endowments are often

used at age 18 for college expenses, or can be converted, at no cost, into an annuity for the grandchild's future needs. Another option is a 20-year endowment, which a grandchild can use a bit later in life, possibly as a down payment on a home or for graduate studies.

By purchasing a single-premium life insurance policy that lists their son and his wife as beneficiaries, Nadia and Petro have set up an option to transfer wealth to the next generation, tax-free, outside of probate and outside their estate. Also a good choice.

However, first, Nadia and Petro need to take care of themselves. To that end, many years ago they had established a deferred annuity account, which will continue to earn interest tax-free until they begin to withdraw for retirement.

Nadia and Petro's son, Danylo, and his wife, Teresa, who are both 37, purchased P-20 policies recently for which they will finish paying when they are 57, yet these policies will continue to cover them for their lifetimes. They also each purchased low-cost, high-face-value term life insurance policies for a term of 20 years to supplement their P-20 policies. At age 37, the amount would be approximately 15 times each of their salaries. This may seem like a large amount, but the point of term life insurance is full income replacement for the term. Given the current ages of their

children, Ivanchyk, 5, and Adia, 3, if either parent were to pass away in the next few years, the other parent would need a large enough amount to see the children at least through college.

Danylo, who recently began a new job, took the balance in the 401(k) account from his previous employer and rolled it over into an annuity with the UNA. This annuity will earn compound interest, tax-free. After the nine-year annuity ends, Danylo can roll over the funds without penalty into another annuity and continue to do for more than 30 years since Danylo does not plan to retire before age 70.

Teresa's older sister, Sophia, 45, is single, and helps financially support Teresa and Sophia's elderly, widowed grandmother. Sophia recently purchased a term life policy for 10 years on her own life and listed Teresa as the beneficiary. She and Teresa have an agreement that if anything were to happen to Sophia, then Teresa would use the insurance payout to help their babtsia.

The specific financial needs and dynamics of each family are unique, therefore the range of products offering solutions is broad so that a unique solution to every need can be found. To learn how UNA products can help your family find solutions to their financial planning needs, contact your local UNA branch secretary or the UNA at 800-253-9862.