



Executive Benefits Design Group

The Fully Insured Defined Benefit Pension Plans – Our Specialty

Top Professionals – adopt a Fully Insured DB Plan for your company!

There still is time to save for the retirement you want!

Are you a well-established business owner wondering if it's still possible to save enough for your retirement years? Are you able to set aside enough to support the type of lifestyle you want to have when you retire? Naturally you should know how much money you'll need long term - for day-to-day living as well as those extra little luxuries such: as sport, hobbies etc.

Today you can make tax deductible contributions to a 401(k) and a Fully Insured Defined benefit Pension Plan!

The 401(k) Plan?

Although popular, contributions to these plans are limited, so they may not provide sufficient retirement income for you and your employees - especially since your retirement may span 20 or 30 years, or even longer. For example, the Internal Revenue Code limits annual contributions to a defined contribution plan to the lesser of \$41,000 or 100% of compensation. In addition, the value of assets in certain retirement plans - such as 401(k) plans - can be highly volatile. Since account balances under these types of popular retirement plans can be directly affected by stock market fluctuations, they may not be able to provide you with sufficient retirement benefits.

The Fully Insured Defined Benefit Pension Plan:

With a tax-qualified fully insured defined benefit pension plan, small business owners can accumulate significant retirement assets for themselves and their employees - without having to depend on stock market cycles. Furthermore, since a high income tax liability can accompany a highly profitable business, it's good to know that a fully insured defined benefit pension plan can help your business maximize its tax-deductible retirement plan contributions. Equally important, you'll have the security of knowing that the death benefit under the plan will help protect your family if you die before retirement.

What Is the Fully Insured Defined Benefit Pension Plan?

The fully insured defined benefit pension plan is a tax-qualified, defined benefit pension plan for business owners and their employees that must be funded with a combination of life insurance and annuities, or annuities alone. The guarantees of the fully insured defined benefit pension plan are derived from the life insurance and/or annuity contracts that fund it and are dependent on the claims paying ability of the issuing life insurer. Therefore, it's essential to choose a reputable life insurance company with superior financial strength. (In addition to other tax-qualified rules, the Internal Revenue Code imposes limits on the amount of life insurance that can be purchased in a qualified retirement

plan. As a result, a fully insured defined benefit pension plan cannot be funded solely by life insurance. Also, loans are not permitted under a fully insured defined benefit pension plan, and any forfeitures under the plan and dividends paid by the insurer will be used solely to reduce future premiums.) (Dividends are not guaranteed, nor are current dividends an estimate of future performance.)

Can a Fully Insured Defined Benefit Pension Plan Work for You?

Definitely! Particularly if you:

Are 45 years or older

Own a small company or professional practice with five or fewer employees that's highly profitable, and have a steady revenue stream and cash flow, since level annual or more frequent contributions to the fully insured defined benefit pension plan are required

Have a substantial tax liability and want a potentially significant income tax deduction each year

Maximum Retirement Savings and Maximum Tax Deductions

The fully insured defined benefit pension plan has a number of advantages:

Contributions are generally 100% tax-deductible for your business.

There are potentially greater deductible contributions than those that can be made under traditional defined benefit plans.

Plan benefits are guaranteed by the claims-paying ability of the issuing insurer, as long as the premiums are paid on time - and they are free of market risk.

Fully insured defined benefit pension plans are exempt from the minimum funding requirements usually applicable to traditional defined benefit plans, which can make the administration of a fully insured defined benefit pension plan simpler than that of a traditional defined benefit plan.

A Strategy That Makes Sense for Small Business Owners:

If you were too busy growing your business and/or handling life's responsibilities to start saving for retirement earlier in your career, the fully insured defined benefit pension plan can offer you a "second chance." It can give you a way to fund a sizable, guaranteed retirement benefit for you and your employees. (The plan is funded with insurance and annuity products backed by the claims-paying ability of the issuing insurer.)



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