

# 457(b) Plan Playbook

AGENT RESOURCE

**For Agent Use Only – Not For Use With The Public**

Cat No 104201(1223)



## Your 457(b) Playbook

This Playbook is your roadmap to the many opportunities in the 457(b) plan market.

It offers steps to find and engage 457(b) plan prospects, build successful relationships as well as direct links to helpful tools to serve clients and partner with National Life Group.

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*“Expanding our presence in the 457(b) market is a natural progression for us. We already provide retirement solutions for thousands of school districts and their employees through our 457(b) offerings and will be able to provide valuable services and solutions to even more people with our expanded presence in the 457(b) market.”*

Mehran Assadi, Chairman and CEO, National Life Group

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## Get Started

Developing a clear, workable plan for success in the 457(b) plan arena begins by getting familiar with your distinct market and partnering with National Life Group.

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### Get to Know the Plan(s)

#### Learn the language of 457(b) and other retirement plans:

- Study your home state's pension plan – When you know its basics, you can speak to its shortfalls among your prospects.
- Sign up for industry-related news and articles from the [National Tax-Deferred Savings Association](#), the [National Center for Education Statistics](#) and the [Indexed Annuity Leadership Council](#).
- Get Certified Training – It helps whether you're new or experienced in this market. Sessions are regularly [scheduled](#) around the country.
- Line up fact-finding visits to your target school site(s) – We help you get pre-approved campus access to meet with key school contacts.

### Get to Know NLG

#### Partner with our focused Retirement Services Team and they will help you:

- Know where to identify employer plans that carry NLG as a provider.
- Partner with Retirement Services and get paid to open or re-open an employer retirement plan.

#### Stay in touch with us:

- Get to know your relationship [manager](#).
- Explore our library of 457(b) selling ideas and marketing tools on our Agent Portal.

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## Get Started *Cont'd*

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### Certified Training

Instruction and resources to help you:

- See the depth and scope of the market and its many opportunities for you.
- Identify and access prospective clients.
- Differentiate yourself and effectively overcome obstacles.
- Maximize our approved tools, programs and resources.
- Apply practical industry, market and product trends to your daily practice.
- Check the current [schedule](#).



### Connect

[Click here](#) to contact a Retirement Services representative or email [RetirementServices1@NationalLife.com](mailto:RetirementServices1@NationalLife.com).

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## Opportunities

Ideal for state and local government workers (municipal employees, civil servants, police officers, firefighters, etc.) as well as school district employees, the 457(b) plan is an effective tool to supplement their state's pension, which by itself will not be adequate for most of them.

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### 457(b) Basics

- Established in 1978.
- Named after a section of the [IRS tax code](#).
- Full name: 457(b) Deferred Compensation Plan.
- Purpose: Created specifically for local and state government employees (including D.C.), any agency, instrumentality or political subdivision of a state, as well as hospitals.

### How 457(b) Plans Work

- Funded with pre-tax contributions.
- Allows catch-up contributions from participants over 50 and three-year catch-up contributions for certain participants.
- Partial access through loans, withdrawals and other options or annuity features.
- Permits penalty-free full withdrawals at age 59½, or for other qualifying events.

### 457(b) Plan Benefits

- [Tax-deferred](#) growth potential.
- Complements other retirement plans.
- Flexible account options to diversify assets.
- Portable for easy, tax-free rollovers to other plans and IRAs.
- Available as traditional, Roth, Special Pay and 3121 plans.

The [457\(b\)/457\(b\) Certified Training Manual](#) provides more comprehensive explanations of these plans.

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## Prospects

Serving the 457(b) market requires a multi-pronged strategy to reach the employers who provide or administer a plan and the individual employees who participate in it.

### Plan Participants

Many, but not all, employees of a sponsor are eligible to take part in their 457(b) plans. Still, this creates many potential clients for you. These employees represent a very diverse customer base, but most will fall into one of three generations of prospects:

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#### Baby boomers (1945 – 1964)

- Turning 65 at a rate of 10,000 people per day until 2029.
- Younger boomers, under 62, especially need to take steps now to prepare for retirement.



#### Generation X (1965 – 1980)

- Have a long savings horizon of up to 30 years.
- They're higher earners, but the biggest spenders so the challenge is to convince them to channel available dollars into retirement savings.



#### Millennials (1980 – 2000)

- The youngest working generation but expected to make up more than 75 percent of the total American workforce by 2020.
- Can be a challenge to reach but should be the most attractive prospect for a forward-thinking financial professional.

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## Prospects *Cont'd*

### Plan Sponsors

Under IRS rules, not all employers can offer a 457(b) plan. And among those that do, not all of them throw open their doors to just any agent wanting to offer retirement products to their participants. There is a process, which we walk you through in the [Prospecting](#) section that follows next.

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#### 457(b) Eligible Employers:

- Local and state governments
- A political subdivision of a state
- Any agency or instrumentality of a state
- Political subdivision of a state, which includes local and state government workers, firefighters, police personnel, hospital staff, and public-school employees

NOTE: Public governmental 457 plans are required to be funded. As required by IRC section 457(g), those funds must be held in trust for the exclusive benefit of plan participants and their beneficiaries.



#### No Universal Availability

Unlike the 457(b) plan, there is no universal availability with the 457(b).

Employers are not required to make the plan available to all employees.

However, any individual who performs service for the employer, including independent contractors, is eligible to participate in the plan.

The employer's plan document should spell out the specific rules for eligibility to contribute.

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## Prospects *Cont'd*

### FICA Alternative Retirement Plan...3121

#### Why pay FICA taxes for part-time, seasonal or temporary employees?

Qualified employers can save the matching 6.2 percent of Social Security on PST wages with the use of a FICA alternative retirement plan. The plan is an authorized alternative to Social Security under revenue code 3121.

An example: if a district is paying \$1 million in payroll to PST employees, it can save \$62,000 to the employer by implementing a FICA alternative plan.

A qualified employer can establish a FICA Alternative Retirement Plan that will deduct funds from the employee's pay to contribute a pre-tax 7.5 percent gross wages to a FICA Alternative Retirement Plan. The employee's take home pay does not change in any noticeable way compared to when FICA was being withdrawn.

The plan is typically structured as a Section 457 plan. Therefore, there is no 10 percent penalty assessed if employees have a qualifying event and take a distribution of their account balance before age 59½.

#### Benefits To The Employer

Social Security contributions for part-time, temporary and seasonal employees are eliminated. The employer immediately begins saving the matching 6.2 percent of payroll for eligible employees. Medicare contributions of 1.45 percent continue.

#### Benefits To The Employee

After-tax 6.2 percent Social Security contributions are replaced with 7.5 percent pre-tax employee contributions (7.5 percent pre-tax is approximately equivalent to 6.2 percent after-tax at a 15 percent or higher Tax Rate). Earnings in a pre-tax account accumulate more rapidly since payment of taxes on the contributions and earnings are deferred.

Employees earn current interest rates on their accounts and are 100 percent vested in the full account value with no penalty for withdrawal upon termination from employment.

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## Prospecting

The 457(b) business can boil down to the relationships you establish with employers. The most effective strategies to serve existing or new prospects (aka, “payroll slots”) involve steps to create a presence within target organizations and build credibility over time.

### Targeting 457(b) Sponsors

Some target employers have open access, while others do not. When access is permitted, you can visit and lead on-site presentations a little more freely. However, when access is restricted, it takes a lot more relationship building with stakeholders to make a difference.

1. Prior to approaching a prospective employer, contact your NLG [Relationship Manager](#) to determine:
  - Whether NLG is an approved vendor in the plan.
  - If NLG already has active flowing policies in the plan.
  - If our relationship is dormant.
  - Key contacts within the target state, local or municipal entity for you to work with.
2. For existing payroll slots, follow these steps:
  - Contact Retirement Services or your Field Leader.
  - We verify if NLG has “vendor approval.”
  - You then approach the prospective sponsor.
  - Verify NLG “Status” there.

- Follow state and local government and other specific solicitation [rules](#) to proceed.

3. For new payroll slots, follow these steps:

- Partner with [Business Development](#).
- Provide us with “not vendor-approved” list in your region.
- Identify your top opportunities there.
- We help provide RFP or Proposal response to prospect.
- We help get NLG vendor-approved.
- We both promote fixed annuities or our Balanced Opportunities platform.
- Complete the required forms to become vendor-approved.
- You apply for our Slot Bonus Program.

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## Prospecting *Cont'd*

### Third Party Administrators

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NLG works very closely with many independent Third Party Administrators (TPAs). Local governments or districts choose TPAs carefully to assure complete coordination among approved vendors. So, it's important that you get to know the TPA serving your target school district and any special rules or solicitation restrictions they have.

#### Here's how TPAs can factor into your strategy:

- Search for NLG “not vendor-approved” employers in your region.
- Identify your top opportunities there.
- Complete the required forms to become vendor-approved.
- Apply for our Slot Bonus Program.



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## Client Engagement

Generally, 457(b) plan sponsors are approached by a lot of agents hoping to offer financial products to their employees. Many allow access, others restrict access to prevent an onslaught. Either way, financial professionals that actively follow the rules, and add value for their clients quickly differentiate themselves in this competitive market.

### The Message

Retirement means different things to different clients. But everyone needs a strategy.

- One generally accepted rule of thumb is that most people should plan to generate about 70 percent of their pre-retirement income when they leave the workforce.
- How well you spread this core [message](#) can make all the difference in your success.

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# Client Engagement *Cont'd*

## Virtual Engagement

The [ENGAGE! Toolkit](#) is your guide to virtual connection with plan sponsors and their employees.

This step-by-step guide will help you prepare for and facilitate virtual business with current and prospective clients.

As a part of the ENGAGE Toolkit, we have created a Presentation Series that is specifically intended to help facilitate your prospecting conversations, virtually.

In each presentation series, you will find a tailored presentation, call prompts, social media posts, and registration emails to aid in the virtual connection. Explore ENGAGE! [here](#).

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# Client Engagement *Cont'd*

## On-Site Engagement

If the plan sponsor allows on-site visits, try these highly effective marketing and prospecting techniques:

### 1. Educational Seminars & Workshops

- Enlighten employees or plan sponsors on the value of a [457\(b\) plan](#).
- Schedule breakfast and lunch-and-learn meetings.
- Distributing of lead cards is typically allowed too.
- We have tools to help you schedule, promote and conduct an on-site or off-site educational workshop.

### 2. Faculty & Union Meetings

- Coordinate with the plan sponsor to get on agendas.
- Speak at meetings using presentations approved by them and NLG.
- Just introduce yourself, what you do and why you're there – it's not a lecture.

### 3. All-Employee Meetings

- All hands on-deck attendance of staff.
- Many venues let in speakers on retirement and financial topics.
- Talk a little about yourself, but mostly about them and their financial challenges – it's empowering.

### 4. Benefit Fairs

- Be part of their most important HR-related event of the year.
- A captive audience already tuned in to healthcare, insurance and other HR-focused topics.
- We have [marketing tools](#) to help you stand out here too.

### 5. Targeted Mailings/E-mails

- Digital marketing is easy and effective.
- Follow the plan sponsor's rules on blast e-mailing to their staff.
- We have compliance-approved [templates](#) to use in organizations that permit them.

### 6. Appointments On-Site

- Always check in with the head office on arrival.
- Don't wander the halls, and head to your designated meeting area at the scheduled time.
- Display your identification at all times.

### 7. School Board Meetings

- The best venue to converse with the superintendent and other high officials.
- Invaluable intel on critical school and staff issues, programs and focus areas.

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# Client Engagement *Cont'd*

## Off-Site Engagement

Some local governments and districts restrict or altogether prohibit financial professionals from on-site offices. For these situations, here are several proven marketing and prospecting techniques:

### 1. Client Appreciation Nights

- Invite 15 clients and spouses to attend an evening at a restaurant.
- Ask each customer to bring another couple from the school district that doesn't yet do business with you.
- Choose a restaurant with a side room, which is often free with a minimum purchase.
- Many offer a buffet or appetizers with pre-selected wine, tea, and soft drinks.
- Consider a guest speaker on timely and fun topics.
- Ask a few of your customers to speak briefly about how you have helped them.

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### 2. Leadership Luncheon

- Union and other leaders share a lunch at least once a quarter to compare notes on issues.
- They also often allow you to speak for 30 minutes or so.
- Share how you serve the organization and its employees.
- If you recently volunteered to paint a house, clean a park or something else to help the district, tell a story about it and how you did some good.

### 3. Evening Educational Seminars and Workshops

- Very effective when your customers invite non-clients to attend.
- Use rooms available in a restaurant, a public library, museum, or hotel.

### 4. Targeted Mailings/E-mails

- Build a campaign theme or topic to reach clients
- Ask for referrals.
- Request that they forward your e-mails.
- Create prospect lists using home addresses/e-mails for educators and local government employees.

### 5. Advertising

- Buy space in the organization's newspaper or union newsletter, which is usually very appreciated.
- Get your name and what you offer in front of your target audience.

### 6. State Senator and Representative Outreach

- Let them know how you are serving constituents in their communities.
- They make decisions regarding budget.
- Can be influential to get you access and keep it.

### 7. Appointments Off Site

- Often this works better than on-site sit downs to provide a fuller financial consultation.
- Clients may be more open to meaningful discussions when in more comfortable surroundings.
- The spouse's participation is more likely too, which frequently leads to an offer to them as well.

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## Relationship-building Programs

Educators and local government employees are pillars of the community and many volunteer their spare time to serve beyond the classroom. We also encourage agents to participate alongside them, not only to give something back to their own communities but to see for themselves the unsung sacrifices they make to help others.

With this at heart, we sponsor several high-profile recognition programs to honor a select group of educators and agents who go above and beyond.

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- Agent Do Good Award recognizes the agent who is passionate about a cause and making a difference in his or her community.
- Agent Do Good Tour helps build good will and community presence by having agents appear at local non-profit events and present a donation awarded from the NLG Foundation.



- [LifeChanger of the Year](#) honors hundreds of K-12 educators and other school employees across the country for making a significant difference in the lives of students.



- [Prizes for Pages](#) program helps build relationships in school districts by promoting and rewarding literacy.
- School Supply Box is a great idea to contribute to schools with much-needed resources at the start of the school year.
- NLG offers 40 hours of volunteer time to employees to help you build relationship through service.

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## Incentive Programs

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### Agent-Focused Programs

We offer even more incentive to explore new prospects and engage existing clients on a regular basis:

- Slot Bonus Program awards you for opening 457(b) payroll slots that are either new or dormant.
- [Premium Increase Program](#) allows you to earn full commissions and conference credits for increases to existing flexible premium annuity policies, creating a virtual circle of success.



### Your Circle of Success

Even after you submit new business, the job goes on. Enrollment in an employer sponsored plan is only the first step.

Here are a few ideas to keep participants on your radar long after the first sale and differentiate you from the many competitors in this marketplace.

- Deliver the policy in person.
- Conduct annual reviews and financial [check-ups](#).
- Follow up as things change, to ensure ongoing suitability.
- Build relationships, not just a customer base.
- Always use compliance-approved materials and presentations.
- Follow district [rules of engagement](#).

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FIT Secure Growth



FIT Select Income

## Product Solutions

Serving 457(b) clients can be rewarding in many ways. But cookie-cutter products are not what we do. That's why – in states where approved for sale – we offer participants in this market the FIT Retirement Series flexible premium indexed annuity products.

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Featuring [five crediting options](#), FIT is designed with the customer at heart and each product can address specific needs for long- and short-term growth or income goals.

We offer a wide range of needs-assessment tools and product material to help you position our FIT Retirement Series with 457(b) participants. Again, check approval in your state(s).

[Learn more about the FIT products.](#)

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FIT Secure Growth



FIT Select Income

## Product Solutions *Cont'd*

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### Crediting Options

A huge differentiator for the FIT Retirement Series is its choice of five crediting options.

- The US Fundamental Balanced Index and Global Balanced Index are exclusive to National Life Group.
- FIT also offers Annual Point-to-Point, Monthly Point-to-Point and Declared Rate strategies.
- All five provide the downside protection of a 0 percent floor guarantee.\*

And clients are free to allocate their values among the different index strategies at any time – another opportunity for you to reach out as their needs change over time.

### Balanced Opportunities

For employer situations that require more product depth, we offer the [Balanced Opportunities Platform](#), a turn-key program that includes a selection of third-party mutual funds alongside our indexed annuity products.

It also provides helpful participant enrollment technology, education, and other services on a single retirement platform. Balanced Opportunities offers an efficient and exciting path to rapidly expand your production in this vibrant marketplace. Keep in mind, that many sales situations for Balanced Opportunities may require securities registration.

The 457(b)/457(b) Certified Training Manual offers more comprehensive information about FIT Retirement Series and the Balanced Opportunities program.

\*Assuming no withdrawals during the withdrawal charge period. Rider charges continue to be deducted regardless of whether interest is credited.

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## Income Guarantees (GLIR)

As lifespans grow, clients are more likely now to run out of money during retirement. To help solve this, we offer the Guaranteed Lifetime Income Rider (GLIR) on our FIT Retirement Series indexed annuity products.

GLIR is another powerful solution for you to illustrate for 457(b) participants. It provides the option for a guaranteed income stream based on each client's situation. Most importantly, it helps tackle one of their largest fears – outliving their retirement income.

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### Online Illustrations

The NLGroup Illustrations – ForeSight™ Web is available for FIT Retirement Series products to:

- Show accumulation value over various timelines.
- Project guaranteed annual income benefits starting at different ages.
- Sum-up the total income benefit based on a specified age and number of years.
- Highlight premium allocations among the five index options.

### Do you rely more on a mobile device?

Our “Quick Quote” app lets you project GLIR on the fly FIT Select Income right on your mobile device or tablet. You can discuss this value with clients, but the mobile app itself is not approved to show to clients.

The 457(b)/457(b) Certified Training Manual offers more comprehensive information about the Guaranteed Lifetime Income Rider. GLIR incurs an additional cost.

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# Marketing Materials



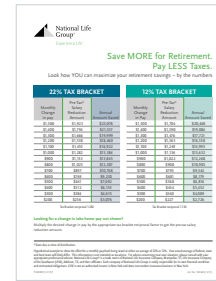
[Retire with Income That Cannot Be Outlived Flyer](#)



[Retirement Analysis Lead Card](#)



[Lifetime Checkup Worksheet](#)



[Gross Up Paycheck Calculator](#)

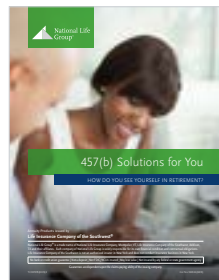


[Offering What Matters Most Brochure](#)

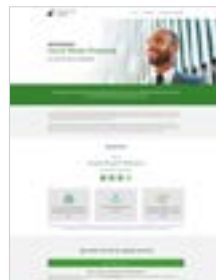


[Haven't Lost a Penny Flyer](#)

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[457\(b\) Solutions for You](#)



[Social Media Playbook - Independent](#)



[Social Media Playbook - Affiliated](#)



[403\(b\) Plan Playbook](#)



[PRESENT! Toolkit](#)



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**Mutual Funds are sold by prospectus. For more complete information, please request a prospectus from your registered representative, or through the plan website. Please read it and consider carefully a Fund's objectives, risks, charges and expenses, including 12b-1 fees, before you invest or send money. The prospectus contains this and other information about the investment company.**

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No bank or credit union guarantee | Not a deposit | Not FDIC/NCUA insured | May lose value | Not insured by any federal or state government agency

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