National Life Group®

Fully Insured 412(e)(3) Defined Benefit Pension Plan

Achieving Guaranteed Retirement Benefits and the Potential for Substantial Business Tax Deductions.

The Goal:

The business owner is looking to accumulate significant retirement assets and maximize their tax deductions.

1. The business adopts a qualified plan and selects a plan administrator.
2. The employer makes tax-deductible plan contributions based on the guarantees of the funding product(s).
3. The plan is exclusively funded with fixed annuities or a combination of annuities and whole life insurance which provide a higher level of asset security.
4. Contributions continue to grow tax-deferred until distribution.
5. At retirement, the business owner and the employees have guaranteed assets to use for retirement income.

The Advantages of this Strategy:

- The 412(e)(3) Defined Benefit Pension Plan allows for both higher tax-deductible contributions and a greater degree of guarantees than other qualified plan types.
- Earnings on plan assets are tax-deferred.
- Guaranteed benefits are provided through insurance product guarantees.
- The tax savings of the overall plan contributions may offset the cost of including employees.
- Plan assets are generally protected from creditors.

Products issued by:

National Life Insurance Company® | Life Insurance Company of the Southwest®

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If you're looking for a way to use business dollars to fund personal benefits and guarantee your retirement income...

A 412(e)(3) Defined Benefit Pension Plan may be the solution.

Here's How it Works:

1. After determining that a 412(e)(3) plan is the most suitable qualified plan type, the business adopts the plan and chooses a plan administrator.
2. Name the trustees for the plan (generally the business owners).
3. The business makes annual tax deductible contributions to the plan.
4. The plan must be funded with a fixed annuity or a combination of a fixed annuity and whole life insurance.
   - Funding the plan at the product guarantee means excess earnings go back into the plan each year to reduce your out-of-pocket contribution.
   - Because the plan is funded at the product guarantee, there is no need for annual actuarial review resulting in lower administrative fees.
5. At retirement, distributions from the plan provide retirement income.
   - Plan benefits may be rolled to an IRA for tax deferral until age 72 when required minimum distributions must begin.

Why Include Life Insurance?

- By including permanent, whole life insurance, the retirement funding is completed in the event of premature death. The beneficiary receives the death benefit in addition to their accrued benefit.
- Premiums are paid with tax-deductible plan dollars and pure death benefits are paid income tax-free.
- Allows you to free up personal dollars that would otherwise be needed to purchase insurance outside the plan.
- Your policy is portable. At termination or retirement, insurance coverage can be continued, eliminating the need to convert costly group insurance.