

Defined Benefit Advantage Plans

Defining the contribution can give you the advantage you want – you decide who will be rewarded with the greatest contribution.


The benefit of defining a current contribution instead of a future benefit and business tax deductions



Even though the contribution credits may be the same, at distribution the benefit may vary due to employee's age and length of service.

The advantages of this strategy:

- Pre-determined Contribution Credit amounts.
- Structured to vary contribution amounts to different participant groups, enabling you to direct more to yourself and your key employees.
- Contributions are tax-deductible.
- Plan contributions you make on behalf of employees can be paid with dollars that may otherwise have been paid in taxes.
- Plan assets are protected from creditors.



If you're looking for a way to control your contribution dollars, direct them where you want, in a tax-efficient way ...

A Defined Benefit Advantage plan may be the solution.

Here's how it works:

- After determining that a Defined Benefit Advantage plan is the most suitable plan type, the business adopts the plan and chooses a plan administrator.
- Employees are organized into categories. The annual plan benefits are defined as a percentage of the employees salaries. This is called a "contribution credit."
- Placing plan participants into categories seeks to minimize contributions to some employees while maximizing contributions to the plan participants you wish to favor.
- Employees receive a valuable benefit at retirement based on a contribution level you believe the company can support on an ongoing basis.
- The plan is funded with tax-deductible contributions based on the plan administrators' annual evaluation of the plan's funding needs.
- Trustee selects how plan assets will be managed.
- At retirement, distributions from the plan provide retirement income.
- Plan benefits may be rolled to an IRA for tax deferral until age 70½ when required minimum distributions must begin.

A Defined Benefit Advantage plan may be funded with permanent life insurance: Why Include Life Insurance?

- Can complete retirement funding in the event of premature death. Beneficiary receives the death benefit along with their accrued benefit.
- Premiums are paid with tax-deductible plan dollars and pure death benefits are paid income tax-free.
- Frees up personal dollars that would be used to purchase insurance outside the plan.
- Policy is portable. At termination or retirement, insurance coverage can be continued, eliminating need to convert costly group insurance.

National Life Home Office: One National Life Drive, Montpelier, Vermont 05604 • www.nationallife.com.
LSW Home Office: 1300 West Mockingbird Lane, Dallas, Texas 75247 • www.lifeofsouthwest.com.

This information is not intended as tax or legal advice. Please consult with your Attorney or Accountant prior to acting upon any of the information contained in this correspondence. National Life Group® is a trade name of National Life Insurance Company and its affiliates. Each company of National Life Group is solely responsible for its own financial condition and contractual obligations. LSW is not authorized to sell insurance in New York and does not do any insurance business in New York.