



National Life
Group®

Experience Life®

QUALIFIED PLANS

Helping to Create Security for the Business Owner

A significant advantage for a business owner is the ability to leverage business dollars to fund personal benefits. You can use your business dollars to help create retirement income and provide your family with death benefit protection.

Consider a Qualified Plan. It provides:

- Tax deductible contributions by the business
- Employer's contributions that are not included in income by the participant
- Tax deferred growth
- Retirement income
- The opportunity to purchase life insurance with tax deductible dollars
- A variety of plan designs that can be molded to meet your business and personal needs
- A competitive benefit to help you attract and retain highly qualified employees

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Qualified Plan Choices

Defined Contribution:

The business and/or the employee will make contributions to the plan. Your ultimate benefit will be based on total contributions and the performance of the assets held in the plan. There are many types of defined contribution plans – the amounts you can put into each are determined by the tax law and may vary from plan to plan.

Defined Benefit:

As opposed to a defined contribution plan, most defined benefit plans start with an assumed benefit to be paid at retirement. The contributions going into the plan are designed to fund the assumed benefit over the assumed time frame. There are a number of defined benefit plan options.

How do you decide which type of plan is right for your business?

There are some rules of thumb:

Defined Contribution Plan	Defined Benefit Plan
<p>If you are young and have enough time to accumulate reasonable retirement benefits. Because of the contribution flexibility, profit sharing plans are most popular with younger owners and key employees.</p> <p>If you are a business or professional practice with a history of fluctuating profits, or you do not wish to commit to a fixed annual contribution schedule.</p>	<p>If you are a stable, well-established business or professional practice. The defined benefit can provide more substantial retirement benefits and greater tax deductions than other types of plans. These are usually favored by older or highly compensated owners and employees.</p>

Please keep in mind, it may be possible to combine plan types for you to get the highest contribution possible.

Did you know that you can purchase life insurance using tax deductible dollars inside your qualified plan?

Here is how it works:

Step 1: Your business adopts a Qualified Plan

- Determine contribution funding levels
- Elect to purchase life insurance inside of the plan

Step 2: Make tax-deductible contributions to the plan

Step 3: Life Insurance provides a death benefit

- To complete retirement funding for survivors
- To pay taxes and other final expenses
- To allow survivors to maintain their current lifestyle

Let us help you establish a plan that will meet your specific needs.
There is no better time than now to get started.

Distributions from qualified plans are taxed as ordinary income and, if taken prior to reaching age 59½ may be subject to an additional 10% federal income tax penalty. This information is not intended as tax or legal advice. For advice concerning your own situation, please consult with your appropriate professional advisor.

Both defined contribution and defined benefit plans are regulated programs with required contribution, participation and vesting rules. That's why it is vital that you work with someone who understands what the regulations allow and how to work within those regulations to put together a design that is most advantageous for you, your business and your employees.

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.

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