

WHY ADOPT A QUALIFIED PLAN?

Benefit from **current tax savings and build wealth for tomorrow**

- Business Reasons:
 - Enhances employee loyalty
 - Helps attract and retain quality employees
 - Motivates employees
 - Provides retirement security for employees
 - Reduces the company's current tax obligation
- Tax Reasons:
 - Contributions to the plan are tax deductible
 - Contributions are not currently income taxable to the employees
 - Plan earnings grow tax deferred until withdrawn
 - No income tax on net insured death benefits
- Retirement Reasons
 - Savings at retirement
 - Distributions can be rolled to an IRA and stretched over beneficiary's lifetime
- Protection Reasons
 - Generally protected from the claims of creditors
 - Guaranteed retirement benefits*
 - Income tax free death benefits**



EMPLOYEES MAY NOT COST ANYTHING

When a plan works efficiently tax savings cover the cost of the employees participating in the plan.

	Age	Compensation	Contribution
Owner Pat	61	\$360,000	\$72,000
Owner Chris	57	\$360,000	\$72,000
Child Drew	32	\$75,000	\$2,250
Employee 1	27	\$45,000	\$1,500
Employee 2	62	\$30,000	\$3,750
Total		\$850,000	\$151,500

Sponsor's Tax Rate 34%

Plan Sponsor's Total Contribution	\$151,500
Plan Sponsor's Tax Savings	<u>\$51,510</u>
Net After Tax Cost of Plan	\$99,990
Deposit For Owners & Family	\$146,250
Net Gain	\$46,260+

Cost of not having a plan \$51,510

Net Gain having a plan **\$46,260+**

Not having a plan may cost more than having one.