

# Auxiliary Fund (5 Year)

**A** defined benefit plan is a promise made by the employer to guarantee a future benefit. Many “underfunded” plans have been in the news in recent years because the plan sponsor failed to back the fixed promise with a fixed-interest trust fund. Rather, they subjected the Plan’s assets to the fluctuations of the market, and many did not have sufficient assets to meet their long-term obligations. By using guaranteed interest contracts, we can help you “build a better pension fund.”

## Overview

Security Mutual Life developed this pension funding contract specifically for defined benefit plans. It has all the features you need for your plan to operate smoothly. This Auxiliary Fund can guarantee the accumulations for up to five years while providing benefit-sensitive withdrawals to pay plan benefits without surrender charge. Contract features:

- No Loads or Fees
- Guaranteed Interest for the Term
- Benefit-Sensitive Withdrawals to Pay Retirement Benefits
- Withdraw Funds to Pay the Premiums on Associated SML Life Policies without Surrender Charge
- Ability to Match the Trust Assets with Your Plan Liability

## Putting All the Money to Work

**Guaranteed Interest.** This is a five-year guaranteed pension funding contract. The five-year interest guarantee period will end with that of the deposit from which it was generated. Thus, each deposit is fully guaranteed for five years from the date we receive and credit the payment. Compound interest is automatically reinvested at the interest rate applicable to new deposits.

**No Loads or Fees.** Many investment products today have up-front loads and/or periodic fees to support record-keeping and other administrative services. There are no fees assessed against our Auxiliary Fund accounts.

**Automatic Renewal.** Deposits will automatically renew for another five-year period unless the agreement is terminated within 30 days of the deposit renewal date.

## Money When You Need It

**Benefit-Sensitive Withdrawals.** Unlike most Guaranteed Interest Contracts (GICs), our Auxiliary Fund allows the Trustees access for purposes of paying plan benefits.

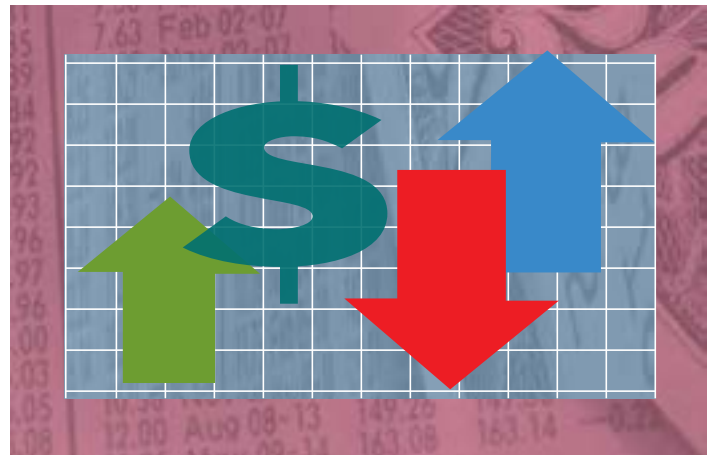
**“Promises Made, Promises Kept...”**

This publication is intended for general information purposes or to support the promotion or marketing of the Company’s products and does not constitute legal or tax advice. This publication is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed on the taxpayer under the Internal Revenue Code or any other applicable tax law. Taxpayers are advised to seek tax advice based on the taxpayer’s particular circumstances from an independent tax advisor.

Copyright 2019, Security Mutual Life Insurance Company of New York. All Rights Reserved.

For agent use only. This is not marketing material for the general public and cannot be used in soliciting sales from the public. No third party may rely on this information.

0011480XX 07/2019



**Paying Life Premiums.** The Code generally allows a Sponsor to fund the Plan by the tax filing date (including extensions). However, life insurance contracts may have only a 31-day grace period or the coverage will lapse. The Auxiliary Fund includes a special feature that allows the Trustee to access funds to pay premiums of Security Mutual Life policies held within the Trust, without incurring a surrender charge.

**Surrender Charges.** So that Security Mutual can be assured that the Trust assets will remain with the Company for a long enough duration to support an attractive guaranteed rate, a surrender charge will apply for non-benefit related withdrawals. Withdrawals are applied to the deposit and interest credited thereon, beginning with the most recent deposit—that is, the deposit on account for the shortest period of time is withdrawn first. The surrender charge schedule is as follows:

Deposit Year	Percentage of Amount Withdrawn
1	5%
2	4%
3	3%
4	2%
5	1%

No surrender charge imposed will ever result in an amount less than the principal being paid.



**SECURITY MUTUAL LIFE**  
INSURANCE COMPANY OF NEW YORK  
SECURITY MUTUAL BUILDING • 100 COURT ST.  
P.O. BOX 1625 • BINGHAMTON, NY 13902-1625  
607-723-3551 • www.smlny.com

*The Company That Cares.®*

LinkedIn YouTube Twitter