



What are the benefits of a qualified retirement plan?

For most people, personal savings are not enough to meet retirement needs and Social Security benefits are insufficient to make up the difference. In order to maintain a current standard of living after retiring, a third source of income is needed. An employer-sponsored qualified retirement plan may be the best way to provide this crucial third source of income. Without this third source, many “retirees” simply have to continue working.

Benefits & Features:

1. Contributions made by an employer to a retirement plan are tax-deductible for the employer.
2. The owners and employees participate in the retirement plan, sharing in the contributions and receiving all the benefits the plan has to offer.
3. Retirement plans have the flexibility to meet the specific needs of the individual employer. Whether the goal is very large contributions and tax deductions or no employer contributions at all, both are equally attainable. A plan may be established to cover a large corporation with thousands of employees or to cover a sole proprietor who has no employees.
4. An employer-sponsored retirement plan greatly aids in attracting and retaining employees.
5. Life insurance may be purchased within the retirement plan using pre-tax dollars.¹
6. Monies within a qualified retirement plan are non-transferable. This means they generally may not be attached by creditors.
7. Contributions made by, or on behalf of, an employee are tax-deferred until the money is withdrawn from the plan. Tax on the investment earnings is also deferred until the monies are withdrawn from the plan.

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¹There are various income, gift and estate tax consequences of utilizing life insurance within a qualified plan. A decision to purchase life insurance within a qualified plan should be made after considering the tax results and your non-tax needs for insurance. We recommend that you discuss your situation with your tax and legal counsel before purchasing an insurance product within a qualified plan.

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