

Guaranteed Outcome Retirement Plan Design for Small Business Owners

Many small business owners face significant challenges when it comes to saving money for retirement.

Capital investments, business expansion, and lifestyle expenses, including dependent education, can inhibit a business owner's ability to focus on maximizing the savings of pre-tax earnings to fund lifestyle costs during retirement.

In addition inefficient earnings management and ineffective retirement plans cause retirement savings deficits.

Very few retirement plans are available to resolve/overcome/mitigate this savings deficit in an effective way.

The PlanGen Guaranteed Outcome Retirement Plan delivers efficiency, control, and safety through conversion of successful small business owners' pre-tax earnings into guaranteed retirement income for life.

The Plan maximizes pre-tax contributions and is designed to deliver predictable benefits.

FLEXIBLE

Guaranteed Outcome Defined Benefit Plans offer a range of potential annual contributions for guaranteed plan completion and guaranteed life income.

PLAN

Plan contributions are multiplied in the event of a plan participant's death before normal retirement age, to complete the plan's savings objective.

OPTIONS

Income benefits derived from the plan can be received as guaranteed life income, a one-time lump sum payment, or as a roll-over to a tax deferred IRA.

Guaranteed Outcome Defined Benefit Plan Advantages

- Minimizes unnecessary tax costs.
- Maximizes legal savings of pre-tax earnings.
- Maximizes legal tax deferred growth on savings.
- Maximizes rewards to long term, loyal employees.
- Guarantees life income.
- Guarantees retirement savings goals if pre-retirement mortality occurs.



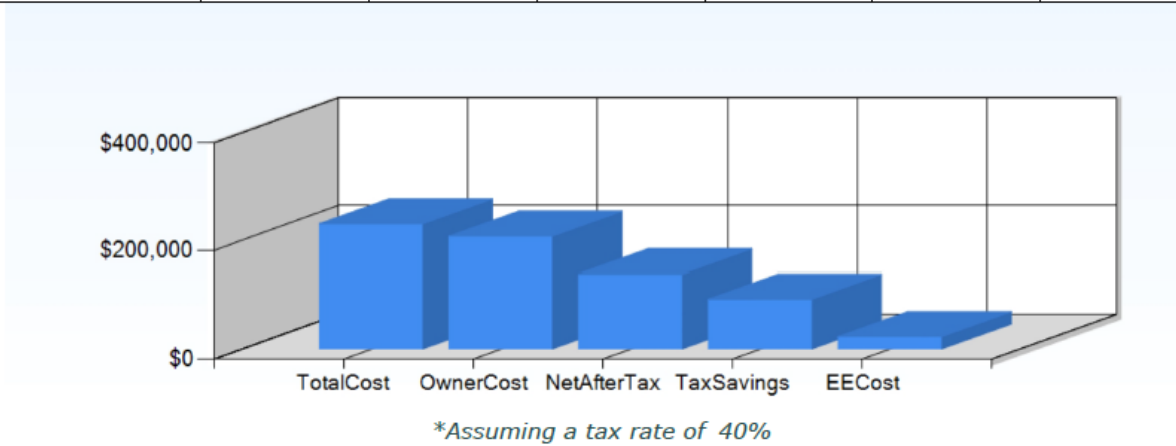
Guaranteed Outcome Defined Benefit Pension Plans are **tax-advantaged business strategies** that have served businesses and benefited small business owners at current levels since 2001. They are a particularly effective way for small business owners to **use pre-tax earnings** to provide significant, **guaranteed life income benefits** for themselves and for their employees. For those business owners nearing the end of their high earning years with significant retirement savings deficits, the special design, guaranteed outcome defined benefit plans provide their most efficient, and perhaps, best and only hope for guaranteed life income.

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CASE STUDY –Ortiz Oral Health is a productive privately owned dental practice. The principal, Ricardo Ortiz, is 57 years old and earns an income of \$300,000. He has three employees with an average compensation of \$44,000 and an average age of 33. Ricardo wants to see the company fund a retirement plan for the employees. He would like to be able to save more, on a tax-deferred basis than is currently allowed in a profit sharing plan and he would like to provide meaningful retirement benefits to his employees. Ricardo would also like to have significant life insurance coverage in place, so that if he or any other participating employee died, or experienced critical, chronic, or terminal illness during their working years, their families will have protection from the financial hardship associated with the loss of income.

The plan implemented by Ricardo’s company will provide him with the security that he seeks by funding a \$1.4 million life insurance policy on his life. At age 65, the plan will have accumulated \$1.95 million in assets which will guarantee him a retirement income of \$14,000 per month.

Traditional Defined Benefit Plans are an efficient means of converting significant pre-tax small business earnings into guaranteed life income.						
Plan Type	Total Cost	Owner Contribution	Net After-Tax Cost	Tax Savings	Employee Cost	Net Cost less Owner Contribution
(DB) Defined Benefit	\$230,838	\$207,865	\$138,503	\$92,335	\$22,973	-\$69,362



Qualified candidates for Defined Benefit plans should have between five to ten high-earning years in which to accumulate funds for retirement. Employers should expect to make regular contributions to the plan while it is in effect. Whole Life insurance policies may accrue dividends which will be used to reduce future annual premiums while Universal Life policies offer flexible premium options. Participants will have temporary annual tax costs associated with the current economic value of the death benefits and cash values in life insurance policies which are recovered when future policy distributions are received at retirement. A Plan Administrator will be retained on a “for-fee” basis by the plan sponsor, to handle annual valuations and required filings.