



National Life
Group®

Experience Life®

CREATIVE RETIREMENT SOLUTION FOR BUSINESS OWNERS

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National Life Insurance Company® | Life Insurance Company of the Southwest®

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THE RETIREMENT ISSUE

WHO CAN HAVE A QUALIFIED PLAN?



BUSINESS OWNER OBJECTIVES



Leverage business dollars to fund tax deductible personal benefits



Provide a competitive benefit to help attract and retain highly qualified employees



Employer's contributions that are not included in income by the participant



Retirement Income



The opportunity to purchase life insurance with tax deductible dollars

TAX BENEFITS OF A QUALIFIED PLAN



TAX DEDUCTIBLE CONTRIBUTIONS



NO CURRENT TAX LIABILITY



TAX DEFERRED EARNINGS

THE QUALIFIED PLAN SOLUTION

BUSINESS AND PARTICIPANTS



- Tax Deductible Contribution
- Reward Yourself and Key Employees
- Provide Rank and File meaningful benefit

PERMANENT LIFE INSURANCE



- Acquired with pre tax funds
- Completes the retirement plan in the event of premature death
- Provides family with financial protection

EXECUTIVE



- Retirement benefits
- Tax deferred growth
- Income Tax Free Death Benefit

A young woman with dark hair, wearing a black and white striped shirt, is smiling warmly while serving coffee. She is holding a brown ceramic coffee cup on a matching saucer, extending it towards the camera. In the foreground, a metal tray holds several other brown coffee cups and a white sugar dispenser. The background is a blurred cafe interior with a brick wall and framed pictures.

SEP AND SIMPLE-IRAs

A woman with blonde hair tied back, wearing a white tank top and a brown cardigan, is standing in a greenhouse. She is reaching up with her right hand to touch a yellow hibiscus flower. The greenhouse is filled with various plants, including red and pink flowers in the foreground and large green leaves in the background. The lighting is bright and natural, coming from the large windows of the greenhouse.

ERISA QUALIFIED PLANS

QUALIFIED PLANS

TWO BASIC TYPES OF QUALIFIED RETIREMENT PLANS:

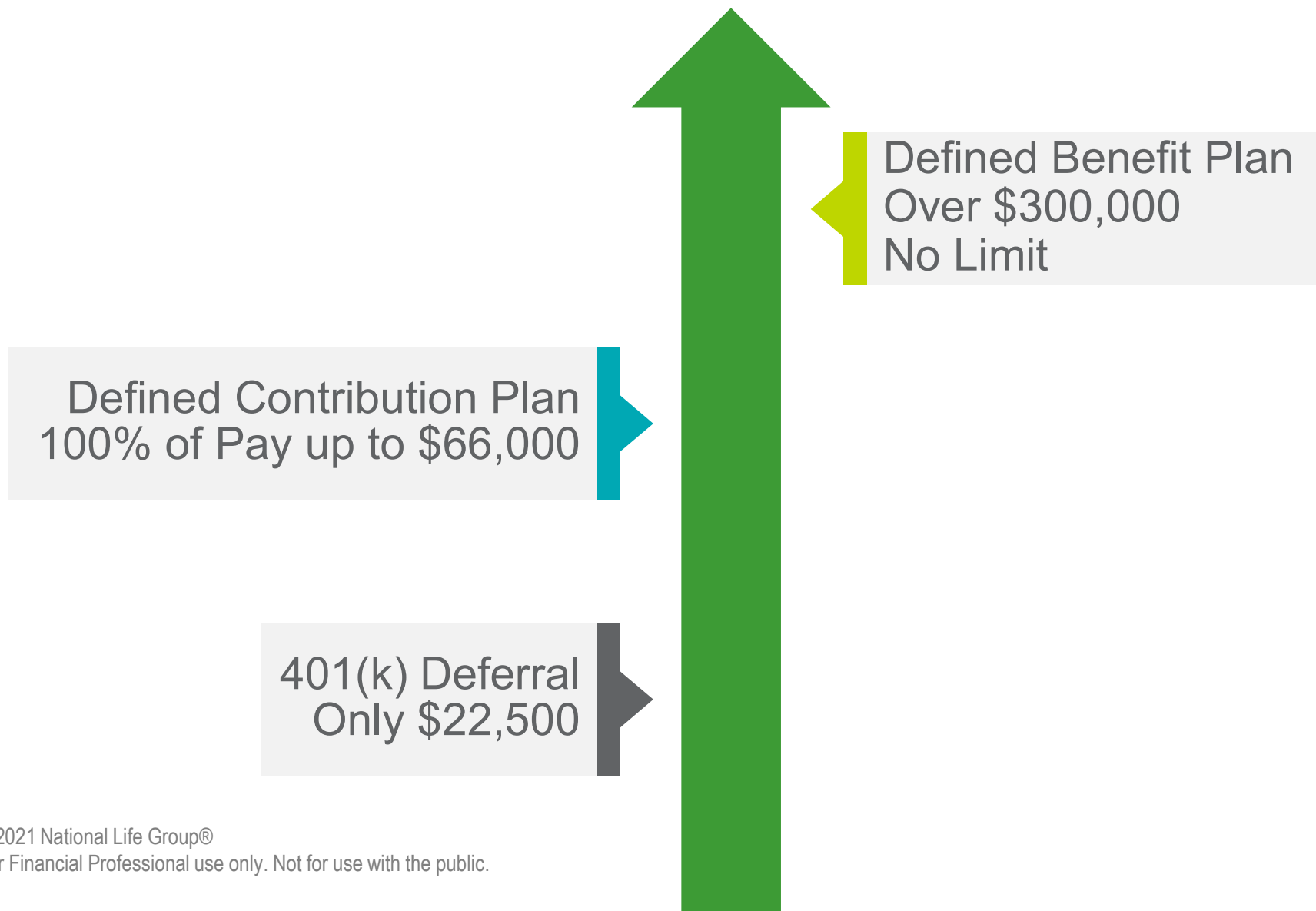


DEFINED
CONTRIBUTION
PLANS

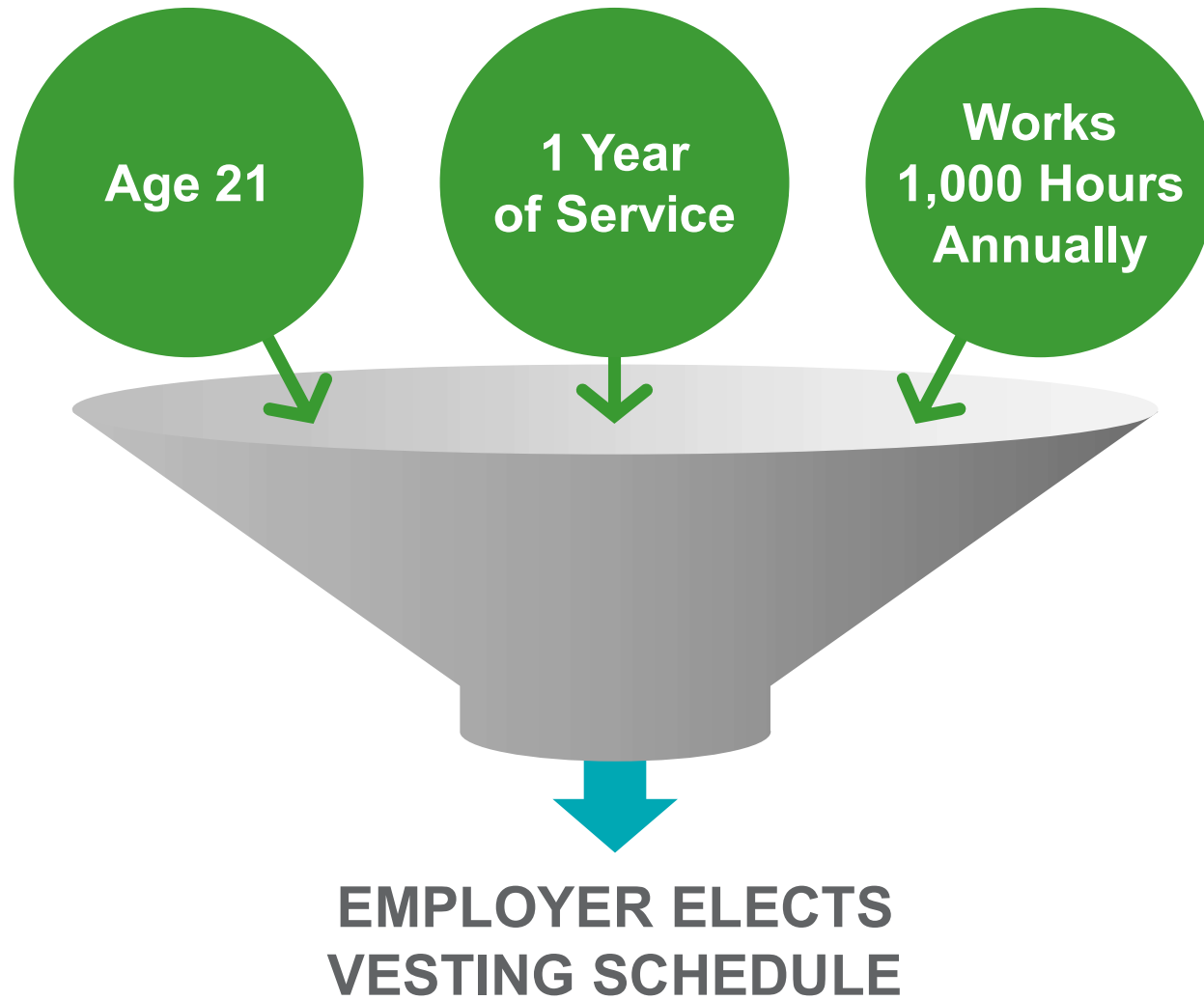


DEFINED
BENEFIT
PLANS

HOW MUCH CAN YOU CONTRIBUTE TO A QUALIFIED PLAN?



ERISA PLAN ELIGIBILITY



IMPORTANT DEFINITIONS



HIGHLY COMPENSATED



KEY EMPLOYEE

QUALIFIED PLANS - GUIDELINES

Applicable guidelines must be followed to qualify for favorable tax treatment.

THE COVERAGE TEST

The 70% Coverage test applies to all defined contribution and defined benefit plans

	PARTICIPATING	PARTICIPATING
2 Highly Compensated	2	1
10 Non Highly Compensated	7	4
	70% of NHC x 10	35% of NHC x 10

COMMON CONTROL

If the business owner has ownership in two or more businesses, he or she may be subject to common control:



Controlled Groups 414(b)



Affiliated Service Groups

TOP HEAVY TESTING

If the account balances for key employees exceed 60% of the total account balances for all participants

If a plan is Top Heavy there are minimums which must be provided to Non-Key employees usually 3% of pay in a Profit Sharing plan.

TOP HEAVY PLAN

A minimum Top Heavy vesting schedule must be used.

(Under the Pension Protection Act of 2006, only two vesting schedules apply to Defined Contribution Plans)

All employee deferrals to 401 (k) plans are 100% immediately vested. Employer contributions to a profit sharing plan or matching contribution in a Traditional 401(K) plan can include a vesting schedule.

2-20 VESTING SCHEDULE

2 Years	20%
3 Years	40%
4 Years	60%
5 Years	80%
6 Years	100%

NON-TOP HEAVY VESTING

▶ 100% IMMEDIATE, OR

5 YEAR CLIFF VESTING SCHEDULE

0-4 Years	0%
At 5 th Year	100%

7 YEAR GRADED VESTING SCHEDULE

0-2 Years	0%
3 rd Year	20%
4 th Year	40%
5 th Year	60%
6 th Year	80%

TPA

- THIRD PARTY ADMINISTRATOR
- Plan Installation
- Annual Maintenance/Reporting – F5500
- Additional Services
- Fee Base

QUALIFIED PLANS

TWO BASIC TYPES OF QUALIFIED RETIREMENT PLANS:



DEFINED
CONTRIBUTION
PLANS

- PROFIT SHARING PLANS
- 401(K) PLANS
- COMBINATIONS



DEFINED BENEFIT PLANS

DEFINED BENEFIT PLAN LIMITS

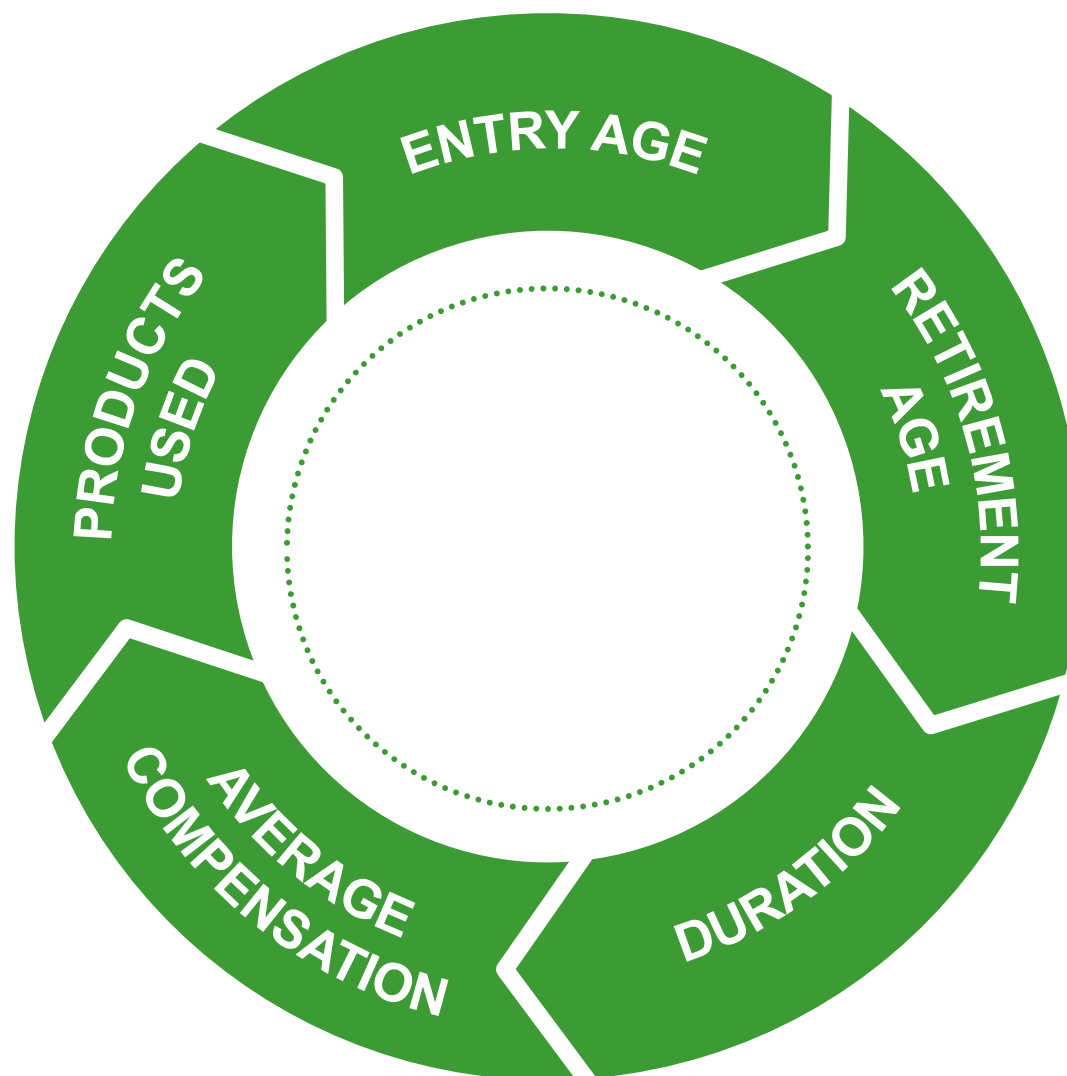
Maximum Annual Benefit (2023) Is lesser of:

- 100% High three consecutive year average compensation;
OR \$265,000

No Specific Contribution Limit

Maximum Compensation \$330,000 (2023)

DETERMINING CONTRIBUTION AMOUNT TAX DEDUCTION





CASH BALANCE DB COMBO PLAN

CASH BALANCE DEFINED BENEFIT COMBO PLAN



Cash Balance Defined Benefit Plan



Safe Harbor 401(k) Profit Sharing Plan

TAX BENEFITS OF A QUALIFIED PLAN



TAX DEDUCTIBLE CONTRIBUTIONS



NO CURRENT TAX LIABILITY



TAX DEFERRED EARNINGS



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CPE Courses

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NATIONAL LIFE GROUP

The story is simple: