



412(e)(3) DEFINED BENEFIT PLAN



Program Highlights & Fact Finder

The 412(e)(3) Fully Insured Plan

Market volatility has changed many assumptions in planning for retirement. In the past, all one had to do was put aside a percentage of salary in a retirement fund and watch it grow until age 65. The last several years have shown us how dramatically the market can fluctuate, possibly affecting future retirement contributions and benefits.

As a result, business owners are looking for guarantees in their retirement plans, and for these individuals, a 412(e)(3) defined benefit plan may be the answer. A 412(e)(3) plan can help business owners receive guaranteed benefits from their qualified retirement plans with tax-deductible plan contributions and guaranteed investment returns.

What Is a 412(e)(3) Plan?

A 412(e)(3) plan is a qualified defined benefit retirement plan, often referred to as a fully insured plan because its investments are restricted to guaranteed annuities and life insurance policies.

Here's How It Works

A business owner establishes a 412(e)(3) plan for himself/herself and his/her employees. Then the owner makes tax-deductible contributions to the plan on an annual basis. These contributions are used to purchase annuities only, or a combination of annuities and life insurance policies.

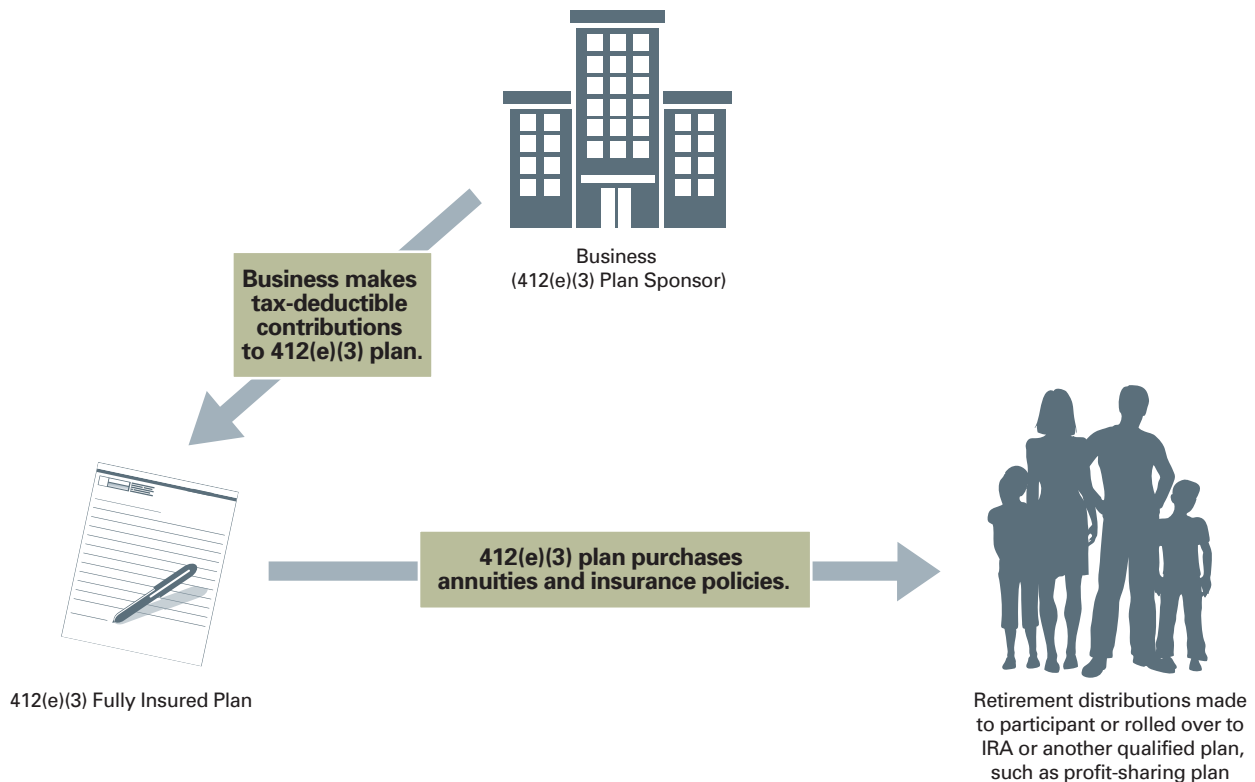
The Benefits of a 412(e)(3) Plan

- **Larger early contributions.** A 412(e)(3) plan may require larger, up-front tax-deductible contributions than traditional defined benefit plans do.
- **Always fully funded.** The 412(e)(3) plan's structure ensures that it is never overfunded or underfunded, as can be the case with traditional defined benefit plans. Additionally, these assets grow inside the plan tax-deferred.
- **Easy to understand.** On a 412(e)(3) plan statement, what you see is what you get, since the values are always guaranteed.
- **Life insurance adds completion benefit.** When a 412(e)(3) plan includes life insurance, there is a self-completing element to the plan. If the insured participant dies while participating in the plan, the death benefit can replace his/her current earnings and offer valuable protection to the family.

Who Can Benefit from a 412(e)(3) Plan?

- Highly paid business owners and professionals looking for guaranteed retirement benefits while maximizing tax deductions
- Smaller, closely held businesses
- Companies with few or no employees
- S corporation owners with W-2 salaries
- Independent contractors
- Companies with larger employee groups but wishing to create defined benefit "carve-out" plans
- Business owners who have not begun to save for retirement and need to "catch up" with large initial contributions
- Those who prefer security and guarantees over a fluctuating stock market

How a 412(e)(3) Plan Works



The 412(e)(3) Fully Insured Plan

Step 1: The business makes tax-deductible contributions to the 412(e)(3) plan.

Step 2: The 412(e)(3) plan purchases annuities and life insurance policies.

Step 3: Retirement distributions can be made or benefits rolled over to an IRA or another qualified plan such as a profit-sharing plan, or converted to a guaranteed retirement income stream.

Maximum Tax-Deductible Contributions with Guaranteed Retirement Income

- Tax deductions for plan contributions create immediate tax savings.
- No effects from stock market fluctuations.
- Guaranteed annuity interest and life insurance products avoid under- or overfunded plans.
- Benefits can increase over time as compensation increases and help off-set the effects of inflation.
- Life insurance protection can be offered to provide valuable protection to the employee's family.

Request for Proposal of Estimated First-Year Contributions

Producer: _____

Date: _____

Address: _____

Agency Code: _____

_____ *City* _____ *State* _____ *Zip*

Phone: _____

Email: _____

Fax: _____

Name of business: _____

Tax status: C Corp. S Corp. LLC taxed as Corp. LLC taxed as Partnership* Sole Proprietor Partnership

Date business began: _____ Date of incorporation: _____

Tax year-end date: _____ State of issue: _____

Approximate contribution desired: _____ (percent of payroll or dollar amount)

Current pension plan in force? Yes No

Do the business owners have ownership interests in any other firms? Yes No If yes, please supply details on a separate sheet.

First Name	Last Name	Sex (M/F)	Birth Date	Hire Date	% Stock Owned	W-2 Comp	Schedule C or K-1 Income	Annual Hours Worked	Smoker (Yes/No)

*Single-member LLC is taxed as a sole proprietor for federal income tax purposes.



Transamerica Life Insurance Company
Transamerica Financial Life Insurance Company

Please note that Transamerica Life Insurance Company and Transamerica Financial Life Insurance Company representatives will work with a third-party administrator (TPA) specializing in 412(e)(3) plans to generate a plan proposal.