

Being old and poor?

Inside this issue:

Continuing contribu- 2
tions to disabled
employees'
retirement plans —
The Problem

Continuing contribu- 3
tions to disabled
employees'
retirement plans —
The Solution

No one has a lease 4
on good health

The chances of being 4
disabled are more
likely than most
people think

Someone once said the only thing worse than being old was being old *and* poor at the same time.

The reason is obvious: when we are young we can change our circumstances; when we are old we usually have run out of time to do so.

Being financially secure when you retire is the objective of your 401k plan – but what happens if the *unexpected* happens and you get sick or hurt and *lose* your job?

One thing that happens is that contributions to your 401k and profit sharing plans will *stop*. That means you can suffer a catastrophic *loss* of your projected retirement assets at age 65 – the very time when payments to you from your disability insurance programs dry up.

In short, getting sick or hurt could *guarantee* that you will be poor when you get old.

Fortunately there is a *better* guarantee. It's called *401kSecure*[®] and, for a cost of just pennies a day, it will *continue* your contributions directly into your 401k account if you become disabled. As a result, your retirement assets will *grow* just as if you were working so they will be there for you when you need them the most.

IBM is one of the first companies to make *401kSecure*[®] available to its employees and, as a responsible employer, we strongly recommend you do the same. After all, one of the major goals of a 401k plan should be to provide retirement security to *all* employees – not just the lucky ones who never become disabled.

401k - Contributing Towards Your Future

Visit <http://401k-n-beyond.blogspot.com> for CCP's latest blog.

CONTINUING CONTRIBUTIONS TO DISABLED EMPLOYEES' RETIREMENT PLANS

The Problem:

When employees become disabled contributions into their 401k and profit sharing plans **stop**. As a result they have the potential for catastrophic **losses** in their retirement assets. For example:

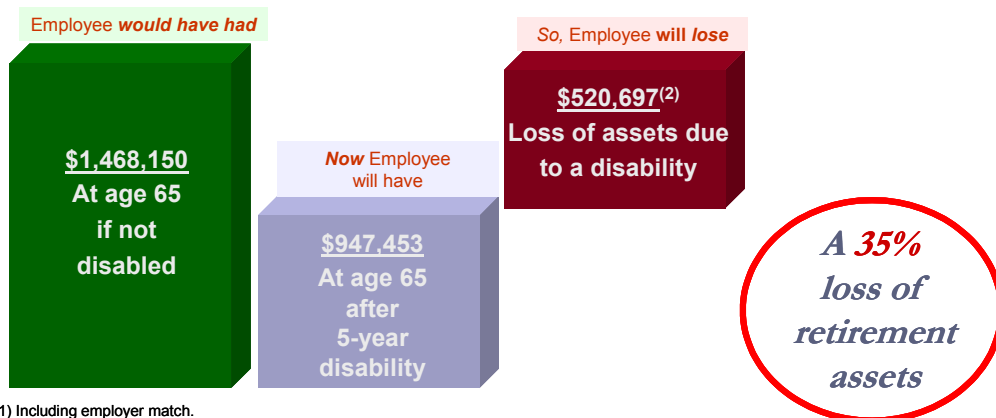
Totally disabled at age:	Loss of Retirement Assets at age 65 ⁽¹⁾		
	\$12,000 annual contribution ⁽²⁾	\$20,000 annual contribution ⁽²⁾	\$70,000 annual contribution ⁽²⁾⁽³⁾
30	\$2,233,226	\$3,722,043	\$13,027,150
35	\$1,468,150	\$2,446,917	\$ 8,564,211
40	\$947,453	\$1,579,088	\$ 5,526,809
45	\$593,075	\$988,458	\$ 3,459,605
50	\$351,891	\$586,486	\$ 2,052,700
55	\$187,746	\$312,910	\$ 1,095,184

- (1) Assumes an 8% investment return.
- (2) Includes employee and employer contributions.
- (3) Includes non-qualified benefits.

Even a disability of only 5 years can cause a significant loss of retirement assets

\$12,000 Annual 401k Contribution⁽¹⁾

Employee was disabled at age 35 and returned to work at age 40 . . .



(1) Including employer match.
 (2) Assumes an 8% investment return.

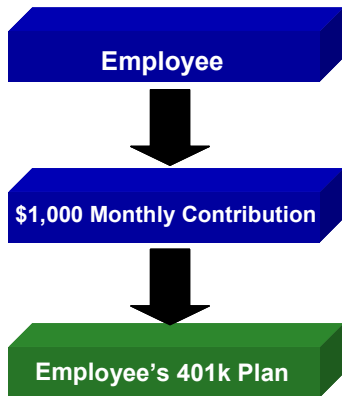
The Solution:

Enable your employees to purchase *401kSecure*[®], a disability insurance policy, as an **investment** of their 401k plan. The insurance will **continue** contributions **directly** into their 401k accounts so their assets will grow just as if they were working. For example:

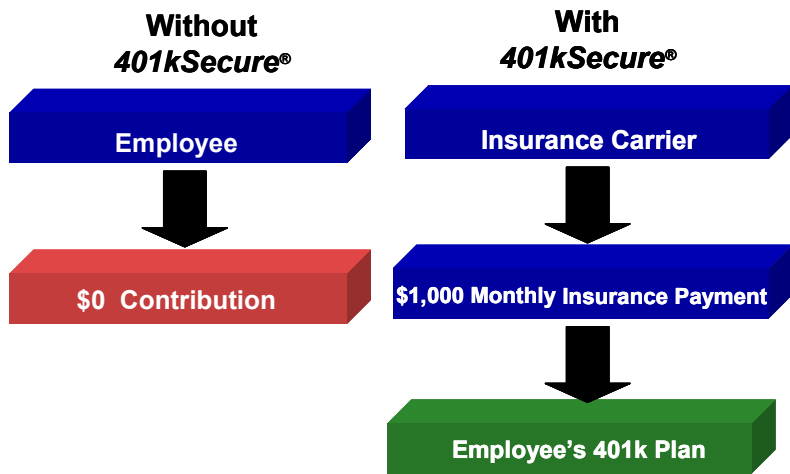
Example

Employee with a \$1,000 total monthly 401k contribution

Before a disability



After a disability



The purchase of *401kSecure*[®] disability insurance is treated as a plan investment. The insurance benefit is payable directly into the disabled employee's 401k account as an investment return. Therefore premiums are paid with pre-tax dollars and the insurance benefits are tax-deferred.*

* See PLR's 200031060 and 200235043 and the Groom Law White Paper.

No one has a lease on good health

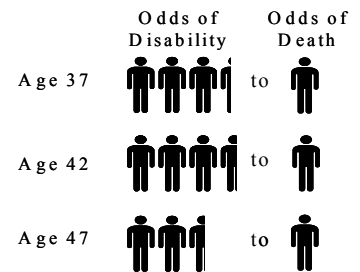
It's a natural reaction to want to deny unpleasant things like becoming disabled. However, we just came across a booklet that should shake that complacency*:

- At age 45, a male employee has a **270%** greater chance of becoming disabled for more than 3 months during his working lifetime than dying.
- At age 35, a female employee has nearly a **30%** chance of becoming disabled for more than 3 months during her working lifetime.
- **If you are disabled at age 45 for more than 90 days there is a 32% chance you will still be disabled after 10 years (and a 44% chance you will still be disabled after 3 years).**

*Disability Insurance: A Missing Piece in the Financial Security Puzzle prepared by *America's Health Insurance Plans* and *The Society of Actuaries Disability Chart Book Task Force*, 2004.

The chances of being disabled are more likely than most people think

- 18.5 million working age individuals are, due to a disability, either prevented from working or limited in the kind or amount of work they are able to do. (*U.S. Census Bureau Americans with Disabilities, P70-73, February 2001*)
- 17% of all Social Security recipients are on disability benefits and 8 million of them in 2004 received Social Security Disability benefits. ("*Disability Insurance Side of Social Security Raises Questions*" by Alan B. Kreuger, *The New York Times*, March 03, 2005)
- During the course of a career employees, on average, are 350% more likely to be injured or sick and need disability insurance than to die and need life insurance. (*Health Insurance Association of America, 2000*)



Health Insurance Association of America 2000



For more information visit our website: www.401ksecure.com

Corporate Compensation Plans, Inc.

457 Main Street, Danbury, CT 06811 — 203.792.7300