

The *401(k)* Pension Plan

Enhance the Value of your 401(k) Plan

Improve your Corporate Image

Increase the Retirement Security of your Employees

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The 401(k) Retirement Problem

Defined benefit pension programs are quickly disappearing and soon will be a relic of the past. This means that the vast majority of workers are going to have to bank their *retirement* futures on their 401(k) plans. Unfortunately, 401(k) plans were never designed to be *retirement* programs – they are simply *savings plans* with a license to defer taxes. As such they contain *few* of the valuable financial guarantees in pension programs.

401(k) plans provide employees the opportunity for savings convenience but with significant accompanying *responsibilities* and *risks*:

- The responsibility to participate in their 401(k) plans.
- The responsibility to determine the amount of their deferrals.
- The responsibility to roll over their 401(k) assets when they change jobs so they will remain invested.
- The risk that they will lose asset value by investing their contributions poorly.
- The risk that they will outlive their 401(k) assets when they retire.
- The risk that they will become disabled and have no contributions or disposable income to invest.

It is virtually impossible for the great majority of employees to *successfully* manage all of these risks and to meet all of these responsibilities. As a result, their 401(k) plans will *fail* them and they will fall short of being able to retire with dignity.

Equally important, their *employers* will also have failed if their objective is to deliver a 401(k) plan that is *successful* in terms of providing their employees with an *adequate* retirement income; successful in terms of being perceived by their employees as delivering *exceptional* value; and successful in terms of helping them in their continuing efforts to *attract* and *retain* talented employees.

“Policy makers must act quickly to avert a crisis. To start, they should strengthen 401(k)’s now, the main retirement plan for 42 million Americans, about half of the work force.”

From The New York Times editorial “Will Your Money Last?” February 05, 2006

The 401(k) Retirement Solution

Converting the 401(k) savings plan into a *viable* retirement program requires: (1) *eliminating* the need for employees to make *participation, deferral* and *investment* decisions and (2) *eliminating* the employees' *disability* and *longevity* risks. This can easily be accomplished by adding structural and financial security *enhancements* to the 401(k) plan that will give it the *substance* of a defined benefit pension program. In short: change the 401(k) Savings Plan into a *401(k)Pension Plan*.

Example

The *401(k)Pension Plan*

<u>Enhancement</u>	<u>Benefit</u>
Auto Enrollment	Guarantees employee participation
Indexed Contributions	Automatically increases contributions as compensation increases
Managed Accounts	Provides professional management of assets
Disability Protection	<i>401(k)SecureTM</i> continues contributions directly into disabled participants' 401(k) accounts*
Annuities	Converts lump sum distributions into lifetime income

* *401(k)Secure* is a patent-protected disability feature created by Corporate Compensation Plans, Inc.

A 401(k) plan with these features – each of which is a *standard* feature of a defined benefit pension program – will be far more *attractive* and *meaningful* to employees than their current 401k model. Therefore, it will enable employers to *significantly* improve both the *substance* and *appearance* of their 401(k) plan program at a *minimal* cost to themselves.

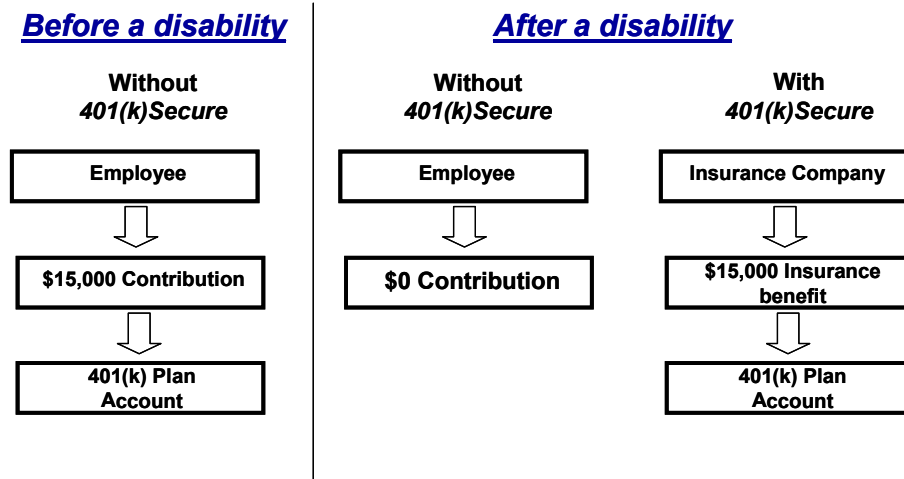
In addition, converting their 401(k) Saving Plans into *401(k)Pension* Plans has *immediate* and important benefits for employers who have *terminated* or frozen their defined benefit pension programs. Adding back to their 401k plan many of the meaningful financial security components of the discontinued pension plan “*changes the headlines*” and make a *powerful* and positive statement to employees.

Features that Transfer Risk

401(k)Secure

401(k)Secure is an *essential* component of the 401(k)Pension Plan because it *guarantees* that contributions will *continue* to disabled employees' 401(k) accounts. As a result, their retirement assets will grow just as if they were working.

Example - \$15,000 annual contribution



Annuity Options

Many retirees quickly *spend down* their 401(k) distributions and are left with little but their Social Security checks on which to live. Others live far *beyond* what used to be “normal” longevity and find they have spent through their asset base. Annuities – both fixed and equity based – help solve both of these problems by paying out a monthly income the retiree *cannot* outlive. Annuities can be offered as a distribution option to employees when they retire or 401(k) assets that are attributable to employer contributions can be automatically converted into annuity income.



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