

Why run a lottery when you can have **401kSecure™**?

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One definition of a lottery is as an event where the outcome to the participants is left to chance.

In that sense, almost every 401k plan in the country is a lottery.

“Ridiculous!” you say. “What self-respecting plan sponsor or fiduciary would leave its employees’ financial futures to luck or chance?”

True, but most employees have to play a version of Russian roulette every day of their working lives; If they are lucky, and stay healthy they are able to make contributions to their 401k plans. If they are unlucky they get sick or hurt and lose their jobs. As a result their 401k contributions stop and they can face a catastrophic loss of their retirement assets.

This means that 401k plans just do not work for people who become disabled. Whether or not you or I suffer a disability is simply a matter of chance – a condition over which we have no control.

Providing a retirement plan where luck determines the ability of employees to accumulate assets should be of grave concern to every plan sponsor and its fiduciaries. Why put your employees at risk when you can empower them with 401k Secure?

401kSecure is our patent protected feature that continues contributions to your employees’ 401k plan accounts when they become disabled. In that way their retirement assets will grow just as if they were working – an invaluable benefit that can be provided at little or no corporate cost.

Sure beats a lottery!

A social issue?

*Applying standard probabilities of disability to a base of 60 million defined contribution participants, shows **3 million** of them will suffer a long-term disability over the next 10 years.*

“What’s in 401kSecure for me, as a plan sponsor?”

- 401kSecure is a highly visible benefit – and benefits are important to attract and retain the top talent you need to compete in today’s global economy⁽¹⁾.
- 401kSecure provides a solution to a critical weakness in your 401k plan – the fact that when your employees become disabled their 401k contributions stop.
- 401kSecure may increase both participation and deferrals because of the enhanced financial security it provides to your employees.
- Making 401kSecure available to your employees demonstrates corporate leadership – your company’s forward-looking strategies on retirement plan issues.
- Making 401kSecure available to your employees meets a plan sponsor (and perhaps fiduciary) responsibility to provide an appropriate level of competitive benefits to your employees.⁽²⁾

The most important advantage of all may be subjective: the satisfaction of knowing that your disabled employees will be able to retire with dignity rather than having to borrow from others to pay their bills.

(1) According to the 2005 MetLife Study of Employee Benefit Trends, 31% of today’s employees say benefits are an important reason why they came to work for their employer and nearly 40% say the benefits offered to them are an important reason why they remain with their employer — up from 35% in 2004.

(2) For an eye opening article on the responsibility of an employer to operate a successful 401k plan see *The Fiduciary Duty to Administer a Successful Plan: Ameriprise Retirement Services Blue Print Design* by Fred Reish and Bruce Ashton.

Do other retirement plans provide disability protection to their participants?

401kSecure-type protection has been offered in other retirement plans for years:

- Many 403b plans — particularly those sponsored by universities — continue contributions to disabled employees’ plan accounts when they become disabled.
- Almost all defined benefit programs continue pension accruals for disabled employees.
- Defined contribution plans in Australia and South Africa provide participants with disability insurance protection.

Now 401kSecure can do the same for your 401k plan.

How much can be lost when a plan participant is disabled?

Totally disabled at age:	Loss of Retirement Assets at age 65 ⁽¹⁾		
	\$6,000 annual contribution	\$16,000 annual contribution	\$70,000 annual contribution ⁽²⁾
30	\$ 1,591,668	\$ 4,244,754	\$18,574,767
40	\$ 631,747	\$ 1,686,764	\$ 7,372,487
50	\$ 215,338	\$ 574,952	\$ 2,512,994

(1) At 8% interest—3% salary scale.
 (2) Includes contributions to NQDC plans.

No one has a lease on good health

All of us tend to go into self-denial when it comes to 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.

401kSecure for non-qualified deferred compensation plans

When we are talking to plan sponsors about *401kSecure* they usually say: "Our NQDC plans provide significant capital accumulation opportunities for our higher-paid employees. However, just as in their 401k plans, when they become disabled their NQDC contributions stop. Do you have a solution to that problem?"

The answer is *WealthSecure*TM, our patent-pending plan that is specifically designed to continue accruals to disabled employees' NQDC plans. Equally important, *WealthSecure* can be made available without any employer cost or negative impact on the corporate financial statements.

None of us has a lease on good health and all of us have the chance of suffering from a devastating illness or being seriously hurt in an accident

"Think Twice about cashing out your 401(k)"

"Think twice about cashing out your 401k" is the subject of a *NASD* Investor Alert and warns that cashing out even a modest amount of 401k assets can have a devastating impact on a participant's retirement assets.

But if you want to talk about "devastating" results think about this: most employees who become seriously disabled face this scenario – (1) their 401k contributions and employer matching contributions stop, and (2) they often have to cash out 401k assets to pay their increased medical and insurance costs.

Then what happens to these folks when they reach age 65 and their disability insurance benefits run out? For many the answer will be a lifetime of poverty.

How 401kSecure works

401kSecure is a special disability insurance policy that is owned by a 401(k) plan and insures a participant's 401(k) and profit sharing contributions. In the event of a disability it pays the benefit directly into the disabled employees' 401k account.

Example: \$16,000 annual 401(k) contribution

