Corporate Compensation Plans, Inc.

CCP Announces a New Program to Protect Employees' Non-qualified Deferred Compensation Plans

Danbury CT, June 29, 2009, Corporate Compensation Plans Inc. (CCP) announced today a new program to protect employees' nonqualified deferred compensation plan benefits. Benefits from nonqualified plans can far exceed those in "qualified" retirement plans – such as 401k programs – because there are no limits on employee and employer contributions.

"As a result", said Philip Davis, president of CCP, "It is not uncommon to see higher paid employees – and their companies – deferring hundreds of thousands of dollars of income into the these plans, making it critically important that they eliminate risks that can cause the loss of their investment accounts.

CCP has identified the most serious of these risks to be a pre-retirement disability; the significant cost of extended health care, and the income and estate taxes that can drastically reduce nonqualified retirement plan survivorship benefits.

"The first risk to employees' nonqualified plans", said Tracy Shaw, Senior Vice President at CCP, "is a pre-retirement disability. When that occurs, contributions to the disabled employees' nonqualified retirement plans stop with the potential for severe losses in their retirement savings and investments. For example, a 50-year-old employee, who is deferring $150,000 a year into his nonqualified retirement plan, can expect to have $3,800,000 at age 65, assuming a 6.5% investment return. Yet, if he is totally disabled, he will have nothing in his account at age 65 because his deferrals will have stopped."

The second risk to employees' nonqualified plan assets is the cost of long term health care which can exceed a million dollars from conditions such as strokes, Alzheimer's, or the results of a serious accident. Costs of this magnitude can decimate an employees' retirement income and force the family to liquidate nonqualified plan assets to maintain their standard of living,

The third risk to nonqualified plan assets is they are subject to both income and estate taxes when the executives die. This means that over 65% of nonqualified plan survivorship benefits can be eaten up by taxes.

457 Main Street – Danbury, CT 06811 – www.corpcompinc.com
Phone: 203.792.7300 – Fax: 203.798.8424

To insure against these risks CCP has designed an integrated insurance plan with three components.

The first is a special disability insurance plan that will continue contributions of up to $200,000 a year into employees' nonqualified deferred compensation accounts when they become disabled. This means their retirement assets will grow just as if they had continued to work.

The second component is a long term care insurance plan that protects employees' nonqualified plan assets and income against the high costs of long term health care. Premiums can be paid from corporate nonqualified plan contributions and the plan has a money back feature that refunds premiums if care is never needed.

The third component will convert income and estate taxable deferred compensation survivorship benefits into income tax free and estate tax exempt life insurance.

"Our new plan is particularly relevant today because many employees have suffered severe reductions in their nonqualified retirement accounts from the bear market and further losses could destroy their retirement security", remarked Philip Davis, "and the really good news is that it can be implemented on a cost neutral basis to the company".

About Corporate Compensation Plans

For more than 25 years Corporate Compensation Plans has provided innovative, tax-advantaged benefit plans – and the systems to administer them – to many of the nation's largest companies and law firms. These plans are specifically designed to help employers in their ongoing efforts to attract and retain the top talent they need to effectively compete in today's global economy.

Contact

Tracy Shaw, Senior Vice President , Corporate Compensation Plans
+1 203 792 7300   tshaw@corpcompinc.com

www.corpcompinc.com