

# 412(i) Fully Insured Plan

**Under current tax laws, a 412(i) Plan provides small-business owners with the maximum tax deduction available for a retirement plan.**

In the past, defined benefit plans were not often considered an attractive retirement savings vehicle for small business owners. However, recent tax legislation has repealed most of the onerous aspects of the laws governing defined benefit plans. One particular type of defined benefit plan – the 412(i) “Fully Insured” Plan has received particular attention because of its many benefits over traditional defined benefit plans.

Unlike traditional defined benefit plans, the 412(i) Plan is much simpler for a small business owner to set up and administer. In fact, the 412(i) Plan works best for the successful business with 5 or less employees. The Plan even works for sole proprietors.

With the market turmoil of the last few years, it is reassuring for many business owners to know that a 412(i) has no investment risk. The retirement benefit is guaranteed by a life insurance company.

## Plan Highlights

- Target market is small-business (5 or less employees) owners, age 45 plus, seeking large tax deductions or with a need to “catch up” on their retirement funding.
- Conservative tax strategy; no grounds for deduction to be challenged.
- No market or investment risk — investment return guaranteed by insurance company.
- Easy to understand — values owed to participant are represented by cash values in that persons account.
- Maximum tax deduction in the early plan years makes it easy to plan contribution costs.
- Though a minimum of three to five years of funding is generally required, plan can be modified in later years to accommodate funding changes.
- Low administrative costs; not subject to onerous requirements of traditional Defined Benefit plans.
- Ability to pre-tax life insurance premiums.
- Contribution levels can be designed to reach or even exceed W-2’s of plan participants, depending on age.

The 412(i) Fully Insured Plan is offered exclusively through some of the top financial service professionals in the country.

For further information about the benefits of this Plan, please contact:

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