

Over - Funding / Over - Regulation of Traditional Defined Benefit Plans

Due to changes in the tax law, many traditional defined benefit plans may have become **over-funded** in the last few years. The result of over-funding, is severe tax penalties for the sponsoring business. Converting to a fully insured 412i plan can eliminate these reversion penalties and restore tax deductible plan contributions.

Other tax law changes have created situations where plans operated in good faith, and in accordance with all regulations, are suddenly 'deemed' to be **under-funded**. In these conditions, the business is required to immediately fund the plan short fall in one lump-sum. 412i can also provide relief in these situations. Since 412i plans operate on a guaranteed interest rate (rather than a projected), they are correctly funded at all times.

Over-regulation is a widespread problem with traditional defined benefit plans. The reporting burden has become excessive and many businesses are trapped in this paperwork nightmare. 412i offers a viable conversion option, because 412i plans are exempt from many of the regulatory requirements imposed on traditional defined benefit plans.

Fully insured 412i plans are not a recent innovation - **412i has a long history** in the code. Because 412i shifts the benefit obligation from the sponsoring business and vests it in a third party insurance company, the employees are protected from the potential for asset mismanagement and other conflicts of interest. As a result, the reporting requirements for 412i are greatly simplified.

412i is a powerful retirement planning tool that fits many small businesses. Our feasibility studies are quick and require minimal effort on your part. We have assembled some of America's top retirement plan experts. Please use them to help you save taxes and grow your retirement assets.

Ask Us:

- ❖ **How to blend a 412i plan with a 401k plan and increase both your tax deductions and your personal retirement account.**
- ❖ **How to inflation proof 412i and 401k retirement benefits**
- ❖ **How to offset distribution taxes and increase retirement income by 30% to 40%**

*This information is not intended to be tax or legal advice. It is simply a discussion of what can occur in a specific situation. Please consult your tax advisor or attorney for advice on your precise circumstances.