SECURITY MUTUAL LIFE
The Company That Cares.®

Fully Insured Plan
Defined Benefit Plan
A Next Level Retirement Plan

For over 50 years, small business owners and self-employed persons have turned to the advantages that defined benefit plans offer the mature business owner. Fully insured plans were among the first forms of defined benefit plans in the United States and can dramatically amplify these advantages.

A fully insured plan can provide substantial retirement benefits under a simple and secure program. Once the future benefit is selected, the Trustees of the Plan enter into an agreement with the insurance company to guarantee all forms of the benefit. The amount required to fund this benefit is derived using the guaranteed cash values and annuity purchase rates of certain insurance contracts that meet the requirements of IRC 412(e)(3).

Advantages

- **Easy to Understand.** Unlike other defined benefit plans, a fully insured plan's benefit is always equal to the value of the annuity contracts or annuity and life contracts purchased for each participant. Hence, the value of the accrued benefit is easy to understand and communicate.
- **Easy to Administer.** Traditional defined benefit plans, although often a very good design for mature small-business owners, must abide by complex funding rules and be certified by an Enrolled Actuary each year. A fully insured plan requires no actuarial certification.
- **Always Fully Funded.** Because the cash surrender value of the underlying contracts equals the benefit at all times, a fully insured plan is always fully funded if the required premiums are paid.
- **Guaranteed Values.** A fully insured plan must be funded solely by guaranteed, level-premium annuity contracts or annuity and life contracts. There is no market risk.
- **Predictable Contribution.** Once the plan benefit formula is selected, a fully insured plan may have a very predictable cost. That's because the plan assumes only the guaranteed values of the underlying contracts. Any excess interest earned or dividends paid on the life insurance contracts will simply reduce future required contributions.
- **Creditor Protection.** Because the benefit cannot be assigned, money in qualified plans can be protected from creditor claims. This protection was extended to all qualified pension plans by the Bankruptcy Abuse and Consumer Protection Act of 2005.

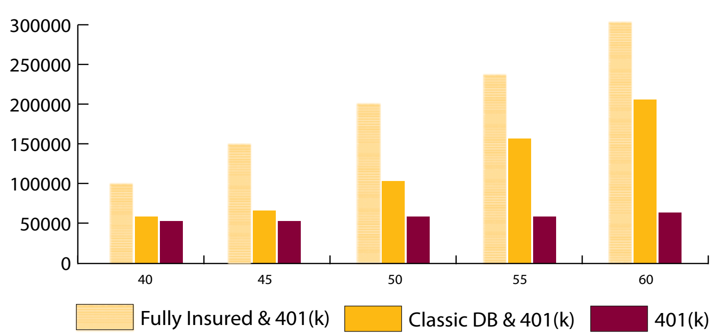
Unlike 401(k) and other common types of retirement plans, contributions made to fund participant benefits are neither limited to a fixed percentage of pay, nor to a fixed dollar amount (e.g., $61,000 in 2022). A properly crafted fully insured plan can take retirement savings to the "next level" by creating much larger, tax-deductible contributions and retirement benefits.

Client Profile

Before you look into whether or not a fully insured plan is right for you, we suggest you consider the following questions:

- Would you like to increase your tax-deductible retirement savings?
- Are you at least 50 years of age?
- Do you need to diversify your retirement portfolio by increasing your "safe money" assets?
- Would you like the option to provide substantial survivor benefits to your beneficiaries?
- Does your business have stable income or profitability?
- Do you have very few employees, if any, and are they generally younger than you?
- Can your business make a longer-term commitment to increased plan contributions?

First Year Plan Contributions by Age
Participant with $305,000 Salary



Fully Insured Plan

Fully Insured Plan Alternatives *Client Age 55, Maximum Lump Sum Benefit*			
	Annuity-Only Plan	Enhanced Survivor Benefits	Maximized Survivor Benefits
Initial Contribution:			
Annuity	$280,015	$249,953	$183,100
Life Insurance	0	47,685	153,564
Total Plan	$280,015	$297,638	$336,664
Lump Sum Benefit at Age 65	**$2.95 million**	**$2.95 million**	**$2.95 million**
Added Survivor Benefit	—	$1.5 million	$4.8 million

Funding Options

A fully insured plan must be funded by certain insurance contracts that qualify under IRC 412(e)(3). We offer the following alternatives:

1. Flexible Premium Annuity (FPA)
2. Whole Life Insurance with FPA Rider

Looking at the chart above we can make a few conclusions as to how these plans operate: adding needed life insurance will increase the tax-deductible contribution and dramatically increase the survivor benefit; all plan options are headed to the same maximum defined benefit, in this case, $2.95 million at age 65.

FPA Contract

Our Flexible Premium Annuity is an appropriate choice for funding a fully insured retirement plan. It allows the plan funding to be adjusted for changes in the plan formula or in participants compensation levels. Here are a few features:

- The guaranteed accumulation rate of 1 percent is the investment rate assumed by the plan.*
- A current interest rate guaranteed for one year from date of payment may be higher than the guaranteed rate.
- A 10 percent withdrawal feature (without surrender charge) facilitates required distributions, such as payment to "key employees" after age 72.
- A guaranteed income under various payout options is available at any time.

FPA Rider

Our FPA Rider, which can be appended to our WL4U2 Unisex℠ whole life product, offers a unique advantage. Although life insurance premiums are generally due within 31 days of the due date, the Code allows a plan sponsor until the tax-filing date to fund the plan. This delay in the funding may cause life insurance policies to lapse. Our FPA Rider can automatically pay any life insurance premium due if the FPA Rider has sufficient value.

Whole Life Policy

Survivor benefits defined in the plan may be secured with our WL4U2 Unisex℠ whole life insurance product. This product can be tailored to meet the needs of the plan and participants. Some of their many features include:

- Guaranteed level premiums and guarenteed cash values.
- Non-guaranteed dividends[2] are used to reduce the future premium contributions.
- An innovative policy exchange rider that will allow participants to maintain permanent coverage beyond separation from service or retirement, if desired. Upon termination of the plan or separation from service, the trustee may either distribute the policy, sell the policy, surrender the policy, or exchange the policy. Please refer to our "Beyond Retirement or Separation from Service" flyer (Form No. 0014975) for a detailed explanation of these options and certain potential tax consequences.

Plan Administration

As with other qualified plans, a fully insured plan must be established in writing before the end of the tax year for which a deduction is desired. Annual benefit accounting, testing and reporting is required. Security Administrators, Inc. (SAI), a wholly owned subsidiary of Security Mutual Life Insurance Company of New York, offers you:

- Plan documents.
- Annual contribution and benefits determination.
- Comprehensive record keeping and signature-ready IRS filing forms.
- Competitive fees.

Let Us Know How We Can Help You

This publication is intended for general information purposes or to support the promotion or marketing of the Company's products and does not constitute legal or tax advice. This publication is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed on the taxpayer under the Internal Revenue Code or any other applicable tax law. There are various income, gift and estate tax consequences of utilizing life insurance within a qualified plan. A decision to purchase life insurance within a qualified plan should be made after considering the tax results and your non-tax needs for insurance. Taxpayers are advised to seek tax advice based on the taxpayer's particular circumstances from an independent tax advisor.

Any benefits and payments due on the annuity and/or life insurance policy are backed by the claims-paying ability of Security Mutual Life Insurance Company of New York. Such benefits and payments are subject to the financial condition of the insurance company.

[1]Tax deferral is provided by the pension plan and the tax deferral of the annuity does not provide any additional benefit.

[2]The payment of dividends is not guaranteed, and the amount credited, if any, may rise and fall depending on experience factors such as investment income, taxes, mortality and expenses.

Products may not be available in all states.

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Policy Form Nos. 2115-U-NY; ICC-19-2115-U; Series 2115-U. 2111-NY, 2111-Q-NY; ICC13-2111, ICC13-2111-Q; Series 2111, 2111-Q.
Rider Form Nos. IO-9347-Q-NY; ICC13-IO9347-Q; Series IO-9347-Q.

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