

Pension Completion Insurance

A Disability Financial Planning Tool



**When a Disability
Interrupts Your
Pension
Contributions**



PETERSEN
International Underwriters
Lloyd's Coverholder



A PLAN TO COMPLETE YOUR RETIREMENT GOALS

Whether it is a 401K, Profit-Sharing, SEP-IRA or Keogh plan, any defined contribution retirement plan can be guaranteed to complete itself in the event the participant becomes disabled. People who participate in retirement plans often times do not think about the fact that personal disability insurance in of itself will most likely not provide a sufficient benefit to maintain a family's lifestyle and provide for the continued deposits into their retirement plans. What will happen when the personal disability insurance benefits cease at age 65? Will there be a fully funded retirement plan waiting?

Interruptions to the contribution of a retirement plan would seriously impact the amount of money available at retirement. Why take the chance of letting a disability cause such anxiety when the planned contributions can be insured?

INDIVIDUAL PURCHASE OR EMPLOYER SPONSORED PURCHASE

The Retirement Funding Completion Insurance plan can be purchased by an individual who participates in one of the IRS recognized defined contribution plans or it can be sponsored and paid for by an employer who provides this type of employee benefit. The Retirement Funding Completion Plan will pay to the insured person the equivalent of the balance of contributions anticipated by the participant.

NO TRUST INVOLVED

The primary difference with the Retirement Funding Completion Insurance plan, when compared to some of the other disability retirement funding plans, is that this benefit is paid as a lump sum and is paid directly to the participant. Most other plans force the benefit into a trust which the insured cannot attach until the insured turns age 65. Additionally, the benefits are paid into the trust on a monthly basis, thus running the risk that a premature death will cease the completion of the retirement plan for the heirs of the participant. Providing a lump sum benefit alliviates the participant's worries in regards to whether or not the plan will be completed. Additionally, because the benefits are not involved in a trust, the participant may elect to use the funds for something other than retirement if he/she chooses. An example is a terminally ill person who might elect to set up a college fund for his/her son or daughter or perhaps he/she might decide to take that dream cruise he/she never had a chance or the means to do. It is nice to be able to have choices, and the Retirement Funding Completion Insurance plan provides just that.



PLAN DESIGN

Benefit Amount – The lump sum benefit is determined by multiplying the number of years between the current age of the participant and age 65 by the employee’s previous year’s retirement plan contribution.

Elimination Period – The lump sum benefit will be paid following either a 180 day or 365 day elimination period, whichever one is selected by the insured at the time of application.

Permanent Total Disability – In order to qualify for the lump sum benefit, the insured must be “Unable to engage in his/her occupation and in the opinion of competent medical authority he/she will not recover from the effects of the disability.” This is a true “Own Occupation” definition.

Policy Term – The policy is issued for periods of 3 to 5 years and renewal is subject to all parties agreeing to any new terms.

Premiums – Modal premium payments can be made on a pre-paid discounted basis, annual, semi-annual, quarterly or monthly. Monthly premiums are only available through an electronic withdrawal or credit card basis.

ELIGIBILITY

Guaranteed Issue is available when an employer agrees to pay the premium for all participants and there are at least 10 participants in the group. Participants can be deleted from the plan at any time given a 15 day written notice to the underwriter. New participants can be added at any time with a 15 day written notification to the underwriter. Premiums would be adjusted on a pro-rata basis. The employer must provide a census of the plan participants.

Simplified Issue is available for smaller groups from 5 to 9 people or when an employer may want to make this program voluntary with employee contributions to premium. A simple one page application is required, no need for exams or labs. The policy may be rated or involve specific exclusions on an individual basis.

Individual Issue is a fully underwritten plan and may be paid for by the employee or the employer. Depending on the age of the insured and the benefit amount being applied for an exam may be required.