



The Defined Benefit Advantage

Retirement security for your employees

TRUSTED. PROVEN. ACCOMPLISHED.

SECURITY

Since the creation of 401(k) plans in 1978, defined benefit plans have increasingly taken a back seat. Their numbers may be down, but the value of their benefits has skyrocketed. Your defined benefit plan can be an incentive, a reward, and even a point of distinction for your company. Together, we can make your defined benefit plan a strategic asset that rewards your company and your employees.

Regardless of market conditions, a defined benefit plan delivers a specific monthly income at retirement, allowing employees to plan for a replacement of their income stream in retirement. This makes a defined benefit plan a valuable tool to attract and retain talented employees.



Defined benefit plans provide valuable design flexibility.

Flexible plan design

Not only do you gain a valuable tool for attracting and retaining exceptional employees, you also get a retirement plan designed to your specifications.

- ▲ Our experienced staff of retirement plan specialists, actuaries, and ERISA attorneys work with you to develop a robust program designed to help you achieve your business goals.
- ▲ Plan can be designed to maximize your tax deductible contributions.
- ▲ The plan is easy to maintain and comes with a service satisfaction guarantee.

We offer defined benefit program options that include a wide variety of funding options and sophisticated plan design elements.

- ▲ Pre-funding (subject to deduction limits) can lower annual costs
- ▲ Back-loaded accruals may benefit long-standing employees
- ▲ Early retirement "windows" allow you to effectively manage your workforce
- ▲ Front-loaded accruals may benefit recently hired employees

Administrative ease

We're committed to providing our customers with tools and services to ease administrative burden.

- ▲ Dedicated, expert service team
- ▲ Form 1099-R preparation
- ▲ Comprehensive actuarial valuation reports
- ▲ Plan administrator workshops and ongoing education
- ▲ Complete nondiscrimination testing
- ▲ Tax withholding
- ▲ Benefit payments

OPTIONS

A defined benefit plan is about helping your employees attain a financially-secure retirement. Program options provide you with more than one way to get there.



Whether you prefer to have someone else make the investment decisions on your behalf, or you want full control of the investment selection and monitoring, we have a program to meet your unique needs. Regardless of which program you choose, each comes with the following benefits that help your employees reach retirement security and help you manage plan costs:

- ▲ Favorable interest rates and economic conditions can significantly reduce your contribution requirements, or make it possible to increase employee benefits.
- ▲ You can choose, within certain limits, how much to contribute to the plan each year.
- ▲ Plan assets are invested collectively, so employees don't have to make individual investment decisions.
- ▲ An actuary prepares an annual valuation report to determine the funding status of the plan and to recommend the employer annual contributions.

We offer a variety of fiduciary support and investment options to choose from.

Investment Selection and Monitoring

Reduced fiduciary risk. The Trustee defined benefit program¹ is for plan sponsors who do not want the burden of ongoing investment selection and monitoring. The Trustee program's investment portfolio is directed by the Board of Trustees to seek capital preservation while still looking for growth tied to rising markets. The Board accepts co-fiduciary responsibility for the investment selection and oversight, reducing the fiduciary risk to your business.

Choice with investment selection and oversight. The Choice defined benefit program² is for plan sponsors who want to choose the investments, but want added support with prescreening and ongoing monitoring. The Choice program offers a wide range of investment options that have been analyzed and prescreened with the guidance of CUNA Mutual's Investment Committee. The Committee's process is certified by Mesirow Financial, and provides documentation for your due diligence files. You may choose the preset core lineup as your portfolio, or you may build a custom portfolio from the full lineup of options.

Completely custom. The Open Architecture defined benefit program is for plan sponsors who want complete control and responsibility for the investment selection and monitoring of their investment portfolio. With guidance from your financial adviser, you choose from a wide range of mutual funds. CUNA Mutual Group will serve as your third-party administrator and actuary. The plan's assets are held in a trust account, usually established by your financial adviser's broker/dealer.

¹ Trustee is the marketing name for the Trustee-directed investments in the Retirement Pension Plan that includes institutionally priced mutual funds in addition to other investment types.

² Choice is the marketing name for the group variable annuity contract issued by CUNA Mutual Insurance Society.

You can offer both a defined benefit and a 401(k) plan to your employees.

Complimentary fit

What's the best way to ensure your employees have everything they need to reach a financially-secure retirement? Provide them with all the tools they will need. Defined benefit (DB) and defined contribution (DC) plans naturally complement each other. Sponsoring both types of plans gives your employees both a predictable retirement income from the DB plan, and the means to set aside additional savings for retirement through their own investing in the DC plan.

The alternative

Cash balance plans have gained in popularity in recent years. These "hybrid" plans exhibit features of both defined benefit and defined contribution plans.

Cash balance plans are a great fit for plan sponsors who want to maintain a predictable funding cost each year and provide a guaranteed level of retirement income for their employees. Employees receive "pay credits" and are credited an assumed rate of interest. So, regardless of market fluctuations, their cash balance account continues to grow at the assumed interest rate – providing peace of mind in times of market instability.

Cash balance plans are often adopted by employers who wish to transition their traditional defined benefit plan to incorporate features of a defined contribution plan without cutting back benefits for their current employees. When a traditional defined benefit plan is converted to a cash balance design, you can "grandfather" some or all employees under the prior defined benefit formula. New hires, and employees not subject to grandfathering, will have a cash balance account maintained for them, receiving pay credits and an assumed rate of interest each year. Like a defined benefit plan, assets are invested collectively, so employees don't need to make individual investment decisions.



CONSIDERATIONS

Is a defined benefit plan right for my business?

With in-depth experience in every component of defined benefit plans — including plan design, compliance, administration, investments and participant education — we can provide a retirement option uniquely crafted for your organization.

Defined benefit plans may or may not be the right choice for your business. Ask yourself the following questions:

- ▲ Do I want to be able to offer a guaranteed monthly benefit to my employees in addition to what they can receive from their 401(k) plan?
- ▲ Am I able to make a long-term commitment to a retirement program for my employees?
- ▲ Have my cash flows been stable for the last five to ten years?
- ▲ Do I see that cash flow remaining consistent for the foreseeable future?
- ▲ Am I willing to take on the investment risk on behalf of my employees?

If you answered “yes” to these questions, then a defined benefit plan may be the right choice for your business.



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Serving your retirement plan needs since 1972.

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