

# SINGLE EMPLOYER WELFARE BENEFIT 419(E) PLAN

Are you looking for a way to help pay for medical costs during retirement?

As an owner of a thriving professional group or small business you may have implemented benefit programs to help provide for your retirement income needs. With increasing life expectancies and healthcare costs testing the limits of Medicare and traditional insurance programs, you recognize the dramatic need for more funds for retirees during their retirement.

A 419(e) Single Employer Welfare Benefit Plan can give you the ability to provide valuable life insurance benefits to employees, while they work and help pay for medical costs after they retire. And it can be funded with tax-deductible dollars.

## What is a 419(e) plan?

The Single Employer Welfare Benefit Plan is for a business or professional group that wants to provide exceptional benefits to its owners and employees. It is a nonqualified welfare benefit program that can provide a unique blend of tax-favored pre-retirement death benefits and post-retirement medical expense benefits. It is NOT a plan providing retirement income.

## What are the plan benefits?

The Single Employer Welfare Benefit Plan will be customized, within the parameters set by the tax law, to work best for your situation. The plan benefits typically provide reimbursement for health care expenses during retirement as well as life insurance death benefits prior to retirement and, optionally, during retirement to qualifying employees. Retirees may be reimbursed for medical expenses, such as:

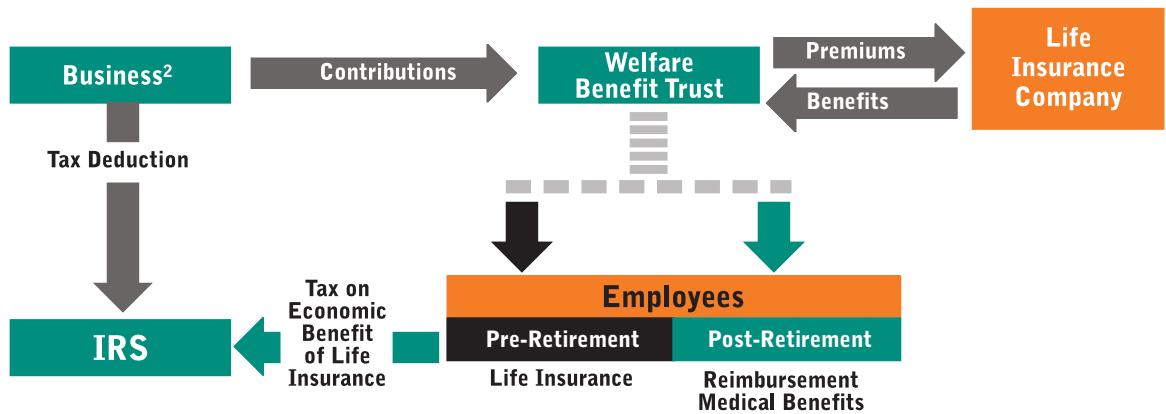
- Prescription and over the counter medicine
- Medical, surgical, dental and similar care
- Premiums for medical or qualified long-term care insurance
- Qualified long-term care services
- The cost of institutionalization

## What are the tax issues?<sup>1</sup>

The Single Employer Welfare Benefit Plan is designed so that the employer's contributions are tax deductible within limits stated in IRC sections 419 and 419A. The employee is not taxed on employer contributions except for the economic benefit of the life insurance coverage. Distributions to reimburse medical expenses are income tax-free. Any death benefits are received income tax-free by the beneficiaries.

**Benefits:**

- Valuable benefits to reward valued employees at an affordable cost
- Encourage employees to remain with the company
- Supplement existing benefit programs that might already be fully funded
- Tax deductible contributions  
*(subject to the limits of IRC Sections 419 and 419A)*
- Tax favored benefits – income tax-free death benefits to the beneficiary and income tax-free reimbursement for qualifying retiree medical expenses
- The plan's assets are protected from the employer's creditors



<sup>1</sup>The specifics of how the tax consequences will impact you may be different in your unique situation. You should consult with your tax advisor to determine the tax impact on you and your employees

<sup>2</sup>All business entities except sole proprietors and limited liability companies taxed as sole proprietorships are eligible.

Not FDIC, NCUA/NCUSIF insured	Not insured by any federal government agency	Not a deposit	No guarantee bank or credit union	May lose value
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