



# Individual(k) Plan





## MAXIMIZE YOUR RETIREMENT SAVINGS WITH AN INDIVIDUAL(k) PLAN

Many small-business owners find it difficult to meet current expenses and also set aside enough for a comfortable retirement. But thanks to Individual(k), entrepreneurs like you now can enjoy retirement plan benefits once available only to large employer groups. Designed specifically for owner-only businesses, Individual(k) has many advantages over a traditional 401(k) plan.

### INDIVIDUAL(k) MAY BE BEST FOR EMPLOYERS WHO:

- Are self-employed or owner-only businesses with no employees other than a spouse
- Need to make contributions larger than what typically can be made to SEP-IRA, SIMPLE-IRA or profit-sharing plans alone
- Want flexibility in the amount of annual contributions
- Want an easy-to-administer, low-cost plan

With Individual(k), you can contribute up to \$49,000 per year (\$51,000 if you're age 50 or over) through salary deferrals and profit-sharing contributions.

### ANNUAL CONTRIBUTION MAY INCLUDE:

- Up to \$16,500 in salary deferrals
- Up to 25 percent of your salary in profit-sharing contributions (20 percent of adjusted gross income if business is unincorporated)
- An additional \$5,500 contribution if age 50 or over



## DESIGNED WITH YOU IN MIND

Individual(k) offers many key benefits specifically designed for business owners like you.

### **FLEXIBLE CONTRIBUTIONS**

You don't have to make salary deferrals or profit-sharing contributions every year – they're elective. You decide whether to contribute, and how much.

### **SIMPLIFIED FINANCES**

You can consolidate your savings by rolling over funds from other qualified plans such as a 401(k), SIMPLE-IRA, Traditional IRA, SEP-IRA, Keogh profit-sharing or money-purchase plan. Some restrictions may apply to SIMPLE-IRA plans.

### **ASSET ROLLOVER FROM OTHER RETIREMENT PLANS**

Including other assets in your plan allows you to consolidate your entire portfolio in one plan. With all of the assets in one place, transfer of investments during key life stages can be made easily and hassle free at [GetRetirementRight.com](http://GetRetirementRight.com).

### **TAX BENEFITS**

Your salary deferrals can be made on a pre-tax basis, and your profit-sharing contributions to the plan are tax deductible. Earnings accumulate tax deferred until you withdraw them.\*

### **ACCESS TO YOUR MONEY**

You can take a loan for up to 50 percent of your balance, up to \$50,000.

### **AFFORDABILITY**

Administration fees are less than those of our group 401(k) plans.

### **EASY ADMINISTRATION**

No vesting schedules or rigorous discrimination tests.

### **ROTH CONTRIBUTION AVAILABILITY**

You can opt to make after-tax contributions today to avoid paying taxes later.

Add it all up, and you have a sound, simple retirement plan in Individual(k) – one that can help put you on the right track to a financially secure retirement.

*\* Under current federal income tax laws. Withdrawals taken before age 59½ may be subject to income tax and other penalties.*

# AN IDEAL RETIREMENT PLAN FOR SMALL-BUSINESS OWNERS

## ELIGIBILITY

Both incorporated (C or S corporations) and unincorporated (partnerships, sole proprietorships, LLCs or LLPs) businesses are eligible for Individual(k) plans. However, the business must employ only the owner and/or spouse, and have no other full-time employees (who work 1,000 hours or more per year). Employees who work less than 1,000 hours per year are excluded.

Also, the owner and spouse (if included in the plan) must have earned income. For unincorporated business owners, earned income means net business income; for incorporated business owners, it means the owner or spouse draws a salary or wage (i.e., W-2 income).

Individual(k) covers only owners and their spouses. Once a full-time employee (one who works 1,000 or more hours a year) is hired, other plan designs must be considered. We can assist you with alternative solutions.

## SIMPLE AND AFFORDABLE

Unlike other retirement-savings plans, Individual(k) is simple and affordable. For example, an annual 5500 report is required only when plan assets exceed \$250,000 – at which time we provide a signature-ready form at no extra charge.

Since Individual(k) covers just a small number of related employees, plan administration and testing requirements are minimized. We've simplified the forms required to establish an Individual(k) plan, and can implement your plan quickly.

## ASSISTANCE WITH TAX LAWS COMPLIANCE

In addition to an annual 5500 report (when needed), we also prepare an IRS-approved plan document for you each year. Plus, we'll keep you informed of regulatory updates that affect your Individual(k) plan.

## FLEXIBLE INVESTMENT OPTIONS

Our Individual(k) includes options for all investor types – from conservative to aggressive and everyone in between. We offer three types of investment approaches:

**“MAKE MY DECISION FOR ME”** – Professionally managed account options for investors who want to leave their investment decisions to the experts.

- **Stadion** – employs registered investment advisors to make investment decisions on behalf of investors and provides ongoing retirement account management consistent with the investor's retirement goals

- **Morningstar® Retirement Manager<sup>SM</sup>** – a professionally managed account service that provides ongoing account monitoring and management

**“HELP ME MAKE MY DECISION”** – Asset allocation portfolios for investors who prefer to invest their money based on personal risk tolerance or time until retirement.

- **Mutual Directions®** – series of risk-based portfolios for all types of investors

- **Mutual GlidePath<sup>SM</sup> and Vanguard® Target Retirement Funds** – two options for time-based portfolios based on projected retirement dates

**“I’LL MAKE MY OWN DECISION”** – A menu of fund options for investors who like to build and manage their own portfolios. These non-proprietary funds represent a broad range of asset classes and styles, including a Lifetime Guaranteed Income Account option.\*

Regardless of which investment approach you prefer, we've engaged leading investment consultants to help with investment selection, portfolio allocation, and ongoing performance monitoring and evaluation.



*\*Lifetime Guaranteed Income Account may not be available in all states and specific features may vary by state. The Lifetime Guaranteed Income Account is not available in New York or Nevada.*

Individual(k) also offers features not available in other types of plans:

## SELF EMPLOYED INDIVIDUALS

Investment options within the Individual(k) are offered through a group variable annuity contract. If the plan will cover self employed individuals, employers must satisfy one of the following prior to investing in the contract:

- The employer is a law, accounting, investment banking, pension consulting or investment advisory firm possessing knowledge and experience in financial and business matters to adequately represent its interest and those of its employees; or
- The employer has obtained the advice of an independent person or entity with knowledge and experience in financial and business matters to adequately represent the interests of the employer and employees.

We can assist you with further information on these requirements.

## THE INDIVIDUAL(k) DIFFERENCE

By including salary deferrals, an Individual(k) plan allows you to maximize your annual contributions. Contributions are flexible – you can decide each year how much to contribute. And all contributions immediately are vested 100 percent.

The table below illustrates how, in most cases, you can contribute more money to an Individual(k) plan than to other retirement plans.

ANNUAL CONTRIBUTION AMOUNTS BY PLAN <sup>1</sup>				
Salary	SIMPLE-IRA	SEP IRA <sup>2</sup>	Profit Sharing <sup>2</sup>	Individual(k)
\$40,000	\$12,583	\$7,435	\$7,435	\$23,935
\$80,000	\$13,665	\$14,870	\$14,870	\$31,370
\$120,000	\$14,755	\$22,354	\$22,354	\$38,854
\$160,000	\$15,905	\$30,247	\$30,247	\$46,747
\$245,000 <sup>3</sup>	\$18,348	\$47,020	\$47,020	\$49,000

<sup>1</sup> Indexed for inflation using 2010 contribution limits for an individual under age 50 in this example.

<sup>2</sup> This example uses an unincorporated business, 20 percent of modified net business income. Modified net business income equals net business income less self employment tax deduction.

<sup>3</sup> The compensation that can be used for plan purposes is limited to \$245,000 for 2010.

PLAN FEATURES				
	SIMPLE-IRA	SEP IRA	Profit Sharing	Individual(k)
Loan Provisions			✓	✓
Pretax Salary Deferrals	✓			✓
Roth Salary Deferrals				✓
Catch-Up Contributions	✓			✓
Maximize Profit-Sharing Contribution		✓	✓	✓
Maximize Annual Additions		✓	✓	✓

## PLAN SUPPORT SERVICES

We offer reliable, competitively priced recordkeeping services, which include 24-hour account access at **GetRetirementRight.com** and the ability to make daily transfers. Additionally, we provide quarterly account statements and informative retirement-planning newsletters.

## PLAN LOANS

Unlike some types of retirement programs, a plan loan of up to the lesser of 50 percent of your account balance or \$50,000 can be taken out tax free and without penalty if the money is repaid through quarterly (or more frequent) payments.

## BEFORE YOU BEGIN

- Complete a Plan Establishment Kit before making any contributions
- Establish your plan by December 31 or fiscal year-end to be eligible to make deferrals relating to the tax year
- Make employer profit-sharing contributions by your tax-filing deadline, plus applicable extensions

The deadline for depositing salary deferrals depends on whether your business is incorporated. Contact your financial representative for more information.



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Investment options are offered through a group variable annuity contract (Forms 902-GAQC-09 or 902-GAQC-09(OR), 902-GAQC-09(CT) or 901-GAQC-07) underwritten by United of Omaha Life Insurance Company for contracts issued in all states except New York. United of Omaha Life Insurance Company, Omaha, NE 68175 is not licensed in New York. In New York, Companion Life Insurance Company, Hauppauge, NY 11788 underwrites the group variable annuity (Form 900-GAQC-07(NY)). Each company accepts full responsibility for each of their respective contractual obligations under the contract but does not guarantee any contributions or investment returns except as to the Guaranteed Account and the Lifetime Guaranteed Income Account as provided under the contract. Neither United of Omaha Life Insurance Company, Companion Life Insurance Company, nor their representatives or affiliates offers investment advice in connection with the contract.

Lifetime Guaranteed Income Account (Rider Forms 651-GAQR-10 or 651-GAQR-10(CT) or 651GAQR-10(OR)) may not be available in all states and specific features may vary by state. Availability may vary by plan. The Lifetime Guaranteed Income Account is not available in Nevada or New York.

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