



Non-qualified 401(k) Look-Alike Plans with Life Insurance

You know what you're worth.
So does your employer.

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Exceptional Executives Deserve Exceptional Retirement Solutions

Your earning power is at its peak. You are a seasoned professional who deserves to reap the rewards of your efforts. So when it comes to retirement planning you want to be sure you can maintain the lifestyle you've worked so hard to achieve.

Top executives like you understand the challenges in accumulating the money needed to fund a comfortable retirement. You know that government legislation penalizes top earners by placing a ceiling on the amount of income that can be deferred annually into qualified plans. That means, even if you contribute the maximum amount to your company's qualified plan, you still may not have enough funds to enjoy the retirement lifestyle you envision.

Your Employer Values You and Wants to Help

Your employer is offering you a way to help you feel confident about your retirement savings plan. You are invited to participate in a Non-qualified 401(k) Look-Alike Plan with Life Insurance which means you can:

- Defer pretax income in excess of qualified plan limitations.
- Receive matching contributions from your employer to help boost retirement fund accumulation.
- Postpone taxation on your deferrals, your employer's matching contributions and any earnings credited until you take a distribution from the plan.

How It Works

While the Executive is Employed



1. The employer and the executive enter into a contractual arrangement to defer future compensation. The terms of the plan are documented.
2. Each calendar year the executive elects to defer a portion of current compensation prior to the period of service in which the compensation will be earned. The employer has the right to set limits on the deferral amount.
3. The employer matches all or a portion of the executive's deferral according to a prearranged formula. For example, the employer may agree to match a certain percentage of the executive's deferral, up to a set maximum. Deferrals, matching employer contributions and earnings are periodically credited to a bookkeeping account in the executive's name.
4. The employer purchases a key person life insurance policy on the executive's life. The policy serves as an informal funding vehicle for the benefit liability.

At the earlier of retirement, termination, death or disability, a benefit is paid to the executive (or heirs) in an amount that generally reflects the balance in his or her bookkeeping account. Distributions will be subject to ordinary income tax.

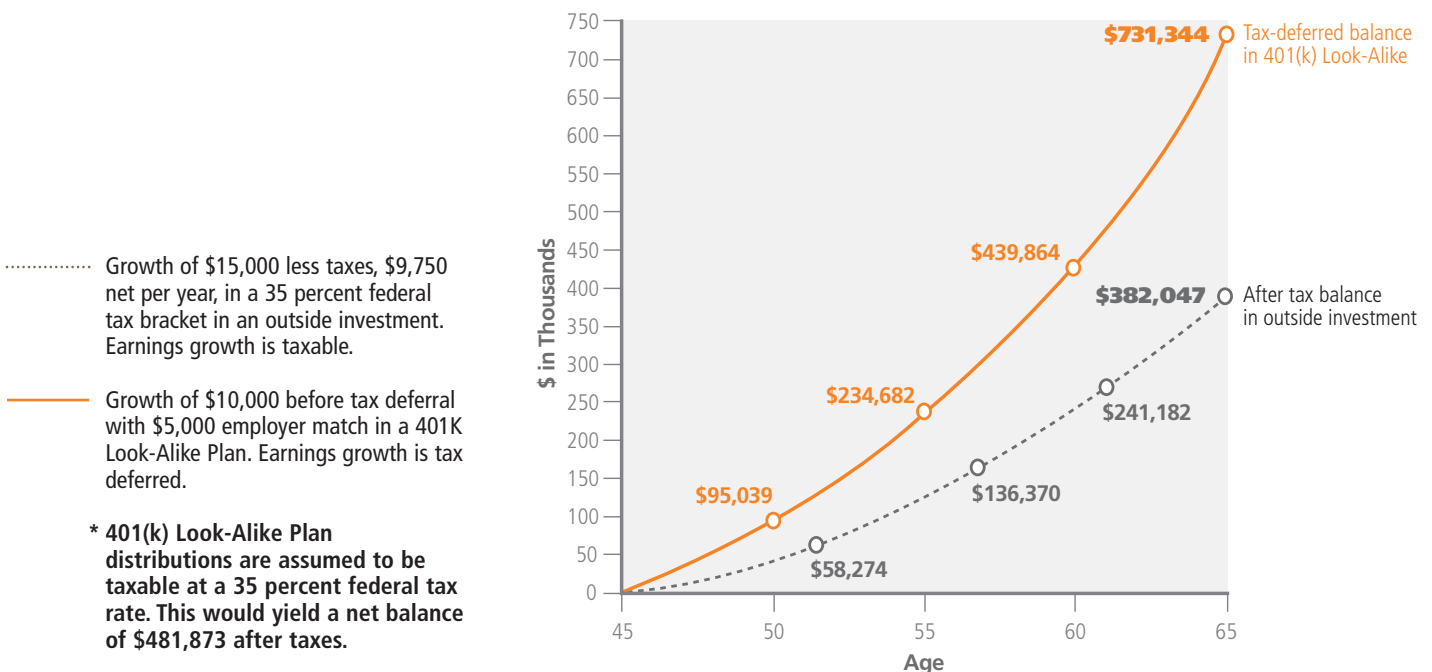
The Story in the Numbers.

A 401(k) Look-Alike may help you accumulate greater retirement benefits than those generated through personal after-tax earnings. Let's look at a hypothetical example.

Assume an executive, age 45, has the choice of deferring \$10,000 per year, pretax, by participating in a 401(k) Look-Alike Plan with an employer match of 50 percent. Or, the executive can invest the \$15,000, less current taxes, in an outside investment. The average annual pretax yield is assumed to be eight percent in both cases, and the executive is in the 35 percent federal income tax bracket. To better approximate the true after-tax returns, the eight percent yield for the outside investment is assumed to consist of 50 percent capital gains taxed at 15 percent and 50 percent ordinary income taxed at 35 percent. The executive retires at age 65.

The net after-tax balance in the 401(k) Look-Alike Plan outperforms the after-tax investment account. However, the true power of this plan lies in the matching employer contributions, which act as additional capital for the compounding process.

Hypothetical Growth of Before Tax Deferral with a 50% Employee Match Compared to \$15,000, Less Taxes (\$9,750 Net) in an Outside Taxable Investment.



The hypothetical investment results are for illustrative purposes only and should not be deemed a representation of past or future results. This example does not represent any specific product, nor does it reflect sales charges or other expenses that may be required for some investments. Consider your personal investment horizon as well as your current and anticipated income bracket when making an investment decision, as these may further impact the results of this illustration. Bear in mind that changes in tax rates and tax treatment of investment earnings may also impact the comparative results.

What Next?

Talk to your financial professional about how a Non-qualified 401(k) Look-Alike Plan with Life Insurance may help you feel more confident about your retirement savings plan.

ReliaStar Life Insurance Company
20 Washington Avenue South
Minneapolis, MN 55401

**ReliaStar Life Insurance
Company of New York**
1000 Woodbury Road, Suite 208
Woodbury, NY 11797

**Security Life of Denver
Insurance Company**
1290 Broadway
Denver, CO 80203

www.ing.com/us

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