|  |
| --- |
| National Life Group |
| Prospective Name Here |
| Plan-Sponsored IRA Services Proposal |

# Executive Summary

National Life Group is a leading provider of retirement accumulation, protection, and retirement income solutions for over 8,000 employers with plan-sponsored retirement programs.

At National Life Group, we have years of retirement experience, industry leading products and most importantly, a track record of proven results. We are dedicated to partnering with you to build a retirement plan that delivers value – for both you and your employees.

**A Time for Employer Sponsored IRA**

With the recent passing of the Secure Act and states starting to enact mandated retirement plans, now is the time to consider and implement your own employer sponsored IRA program. By establishing a retirement plan for your employees now, you may have the flexibility to design a retirement program that meets your needs and the needs of your employees, with the potential to avoid state-imposed minimums or deadlines.

There are numerous reasons and benefits to providing your employees with an employer -sponsored IRA:

* **IRA is a Powerful Retirement Tool**

An Employer Sponsored IRA Retirement Plan is a powerful tool to offer your employees to help them with their long-term financial and retirement goals.

* **Compound Interest**

Interest compounds year-over-year, making a significant difference in overall retirement savings

* **Tax Deferred**

Depending on the IRA, employees can defer taxes on the money going in now or have tax free withdrawal of the money coming out later if Roth rules are met

* **Lower Adjusted Gross Income**

A tax-deductible IRA contribution lowers adjusted gross income (AGI), which is used to calculate certain itemized tax deductions, as well as your employee’s tax rate

* **Benefits of Consolidation of Retirement Accounts**

There are benefits of consolidating qualified accounts into an IRA to protect your employee’s retirement and of continuing to contribute to their retirement

* **No cost to you or your employees**

National Life Group fixed indexed annuities are offered in your IRA program at no cost to you (the plan sponsor), and at no cost to your employees. With annuities, neither the plan sponsor nor the participant pay any annual fees or recordkeeping fees.

National Life Group is here to help you design an IRA program that is right for you and brings decades of expertise in this field.

**A Leader in Indexed Annuities**. National Life Group, through its two member companies, National Life Insurance Company, chartered in 1848 and Life Insurance Company of the Southwest, chartered in 1955, has met the needs of middle-America for safety and security for over 170 years. We are:

* The longest standing issuer of indexed annuities in the marketplace1
* The first company to launch a flexible fixed indexed annuity in the employer markets, in 1996.
* The #1 provider of fixed indexed annuities in the employer category including 457(b) and 403(b) plans according to LIMRA.2
* Not one of our policy owners have ever lost a penny of their contributions or interest earned due to downturns in the stock market.3

National Life Group believes that exceptional customer service and education is paramount to success in the plan sponsored retirement markets. Providing a unique approach to service is at the core of offering a highly differentiated customer experience. Some of our services include:

* Enrollment meetings, educational seminars and general retirement planning
* Ongoing education support and individual consultations for employees
* A well-trained internal staff that can support the unique needs of your Retirement Plan
* Quarterly or annual plan reviews
* Plan administration

We invite you to review our proposal and contact us with any questions. For more information on how we support our markets please visit our website at: [www.nationallife.com](http://www.nationallife.com).

Annuity Products issued by: Life Insurance Company of the Southwest

National Life Group® is a trade name of National Life Insurance Company, Montpelier, VT, Life Insurance Company of the Southwest, Addison, TX and their affiliates. Each company of National Life Group is solely responsible for its own financial condition and contractual obligations. Life Insurance Company of the Southwest is not an authorized insurer in New York and does not conduct insurance business in New York.

1. Life Insurance Company of the Southwest has been issuing fixed indexed annuities since 1996, to our knowledge, longer than any other existing issuer in the marketplace.

2. LIMRA, U.S. individual Annuities Participant Report, 4Q2021.

3. Assumes no withdrawals during the surrender charge period, or rider charges.

Table of Contents

[Executive Summary 1](#_Toc104208973)

[The Right Retirement Program for You 4](#_Toc104208974)

[Plan Design 6](#_Toc104208975)

[Guaranteed Retirement Income Options 7](#_Toc104208976)

[Participant Services 8](#_Toc104208977)

[Plan Sponsor Services 9](#_Toc104208978)

[Cost Assumptions 10](#_Toc104208979)

[National Life Group 11](#_Toc104208980)

[How We Do Good 11](#_Toc104208981)

[Next Steps 12](#_Toc104208982)

[Contact Information 12](#_Toc104208983)

# The Right Retirement Program for You

There are two primary Employer Sponsored IRA Programs for businesses such as yours: SEP-IRA and SIMPLE IRA.

1. **SEP-IRA (Simplified Employee Pension)**  
   *For small business owners seeking retirement benefits and a business tax deduction.*

***Ideal for employers who are:***

* Self employed
* Own a business with few (or no) employees
* Want to attract and retain employees
* Need a significant tax deduction

***A SEP-IRA Plan has the following features:***

* Solely funded by business owner
* Contributions are not required every year but must be the same percentage of pay for all employer(s) and employees
* Policies are owned by the employees; contributions are immediately vested
* Withdrawals are taxed as ordinary income
* Distribution prior to 59 ½ subject to 10% IRS Early distribution penalty

1. **SIMPLE IRA (Savings Incentive Match Plan for Employees)**  
   For employers with less than 100 employees seeking to make contributions toward their employees' retirement.

***Ideal for employers who are:***

* Looking for a tax deduction business expense
* Do not currently offer any other employer sponsored retirement plan
* Want to offer a pre-tax retirement savings plan for employees
* Want to attract and retain employees

**A Simple IRA Plan has the following features:**

* Plan is primarily funded by elected pre-tax employee contributions
* Employers are required to make contributions:
  + Flat 2% for all eligible employees, or
  + Dollar-for-dollar match of up to 3% for contributing employees
* Policies are owned by the employees; contributions are immediately vested
* If an employee withdraws money within 2 years of first entering the plan, there is a 25% early distribution penalty

**TAX FLEXIBILITY**

Employees also have tax flexibility with IRA contributions through Traditional and/or Roth options. Employees may select both if they choose, however there are contribution limits annually for contributions to all IRAs. In addition there are income limits to qualify for certain tax benefits for each type of IRA:

* 1. **Traditional IRA: Pre-Tax Contributions**

*For employees who want to defer taxes until retirement.*

**For employees who:**

* Need a tax deduction
* Want to save in a tax-deferred vehicle but is okay with paying taxes on withdrawals in retirement
* Anticipate their income tax bracket at retirement to be lower than their current bracket
* Have maxed out contribution to their employer-sponsored plan, have income below the deductibility limits, and would like to save more
* Do not have access to an employer-sponsored retirement plan

**Features of Traditional (Pre-Tax) IRA**

* Contributions may be made regardless of income – deductibility may be limited based on AGI
* 10% IRS tax penalty applies to withdrawals of both contributions and earnings if made prior to age 59 ½, with certain exceptions
* Withdrawals are taxed as ordinary income
* Required Minimum Distributions (RMDs) must start at age 72
  1. **Roth IRA (Post-Tax Contributions)**

For employees seeking tax-free withdrawals in retirement.

**For employees who:**

* Want tax-free withdrawals at retirement
* Anticipate their income tax bracket at retirement to be higher than their current bracket
* Has maxed out contribution to their employer-sponsored plan and would like to save more
* Does not have access to an employer-sponsored retirement plan

**Features of Roth (Post-Tax Contribution) IRA**

* Withdrawals are tax free if Roth has been in place for five years and one of the following:
  + Age 59 ½
  + Disability
  + First time home purchase up to $10,000
* Employee may contribute at any age
* Contributions may be made if income limits are not exceeded
* There are no Required Minimum Distributions (RMDs)
* 10% IRS tax penalty applies to withdrawals of earnings only if made prior to age 59 ½, with certain exceptions

# Plan Design

National Life Group prides itself on its full service approach to plan design. We offer a retirement solution that your employee will not outlive. When National Life Group is selected as your retirement provider we will present a comprehensive package of services and annuities to you and your employees. Our team environment combines years of experience with technological innovation; providing plan administration through a single-source solution.

This comprehensive program seeks to lower the burden, cost and maintenance responsibilities on Plan Sponsors and allows them to focus their attention on managing their business.

Should you decide not to self-administer your plan, we can suggest a TPA to offer services as outlined below.

**Third Party Administrator (TPA) Services:**

A Third-Party Administrator specializing in the design and administration of all types of Retirement Plans including IRA, Flexible Benefit Plans, and COBRA Administration, can be suggested. An independent Third-Party Administrator is not harnessed with the conflict of interest that may exist when mixing plan administration with product sales. Your TPA remains independent of product sales. This commitment to independence shows the commitment to ethics that your TPA maintains while providing the best plan administration available.

Your TPA has the capabilities of aggregating all information together for reporting and common remittance functions. They will capture and process transactions if any legacy investment providers remain in the plan. They would also provide participants and plan sponsors with a suite of reports they could access online.  As a full service TPA, they would monitor all transaction requests and approvals. All loans and hardship withdrawals would be facilitated through either our online process or hardcopy.

Your TPA is independent of all National Life Group companies.

# Guaranteed Retirement Income Options

**Fixed Indexed Annuities and Riders.** Through Life Insurance Company of the Southwest, we offer fixed indexed annuities and riders that allow for accumulation and guaranteed retirement income.

* Fixed-indexed annuities offer policy owners the opportunity to earn interest based in part on the changes in an underlying index, such as the S&P500®1, while being protected from any loss of their premiums paid or interest credited due to a downturn in the market2.
* We also offer an annuity with a Guaranteed Lifetime Income Rider3 (GLIR). By adding an annuity with a GLIR, policy owners receive guaranteed lifetime income, have access to their accumulation value if their needs change and can leave any remaining amount to beneficiaries. The GLIR converts the accumulated value into a stream of income for life while still allowing the annuitant to remain in control of their money.
* Additionally, Rate Booster4 strategies are optional for all indexing strategies and provide higher participation rates and caps for an annual fee. Our annuities also have an Emergency Access Waiver that allows the participant to access funds in the event of an emergency as allowable under the plan.

The following annuities will be available for your plan participants:

* **Fit Secure Growth (Form Series ICC18-/20375(0418))**

Focused on accumulation, it may be ideal for retirement savers who seek competitive rates for retirement savings. Helps the desire for growth potential and protection of hard-earned savings with the flexibility to self-distribute down the road. Optional Rate Booster crediting options provide higher index crediting participation rates and higher limit index caps for an annual fee. The Emergency Access Waiver (form series ICC18-/20375(0418)) is issued with all policies at no additional fee, it allows for policy penalty-free withdrawals due to plan-approved hardship distributions and once separated from service policy penalty free withdrawals increase to 20% for policy years 2-4 then to 100% for policy year 5+ .

* **Fit Select Income (Form Series ICC18-/20375(0418))**

Focused on lifetime income, it may be ideal for retirement savers who seek competitive rates with a solution for lifetime income. Addresses combined goals of saving more now while providing the ability for lifetime income at retirement. Choice between the Max Bonus or Split Bonus Guaranteed Lifetime Income Rider (for an annual fee) uses the potential performance of the policy to provide a lifetime income stream at retirement. Optional Rate Booster crediting options provide higher index crediting participation rates and higher limit index caps for an annual fee. The Emergency Access Waiver (form series ICC18-/20375(0418)) is issued with all policies at no additional fee, it allows for policy penalty-free withdrawals due to plan-approved hardship distributions and once separated from service policy penalty free withdrawals increase to 20% for policy years 2-4 then to 100% for policy year 5+ .

*1. “Standard and Poor’s®,” “S&P®” Standard and Poor’s 500,” and “500” are trademarks of Standard & Poor’s and have been licensed for use by National Life Insurance Company. The product is not sponsored, endorsed, sold or promoted by S&P and S&P makes not representation regarding the advisability of investing in this Product. The S&P Composite Index of 500 stocks (S&P 500®) is a group of unmanaged securities widely regarded by investors to be representative of large-company stocks in general. An investment cannot be made directly into an index.*

*2. Assuming no withdrawals during the withdrawal charge period. Rider charges continue to be deducted regardless of whether interest is credited. Guarantees are dependent upon the claims-paying ability of the issuing company. Indexed annuities have surrender charges that are assessed during the early years of the contract if the annuity is surrendered. Indexed annuities do not directly participate in any stock or equity investments.*

*3. Guaranteed Lifetime Income Rider (GLIR) form series 20367(0518) or a state variation thereof, is a benefit for which premium is charged, is available at issue only and may not be available in all states. Guaranteed Withdrawal Payments reduce the policy’s accumulated value, but you will continue to receive these payments even if your accumulation value declines to zero. Benefits under the GLIR can begin after reaching age 60, and at least 1 year after policy issue.*

*4. Money allocated to a Rate Booster strategy has 1% annual charge deducted from its accumulation value. Rate Booster only benefits interest crediting during periods where interest is credited to that strategy. If no indexed interest is credited for that period, Rate Booster will have no effect. The charge for Rate Booster occurs for every crediting period regardless of whether interest is credited.*

# Participant Services

**Communication and Education Services**

National Life Group will work with you to create and implement a participant communication and education strategy that focuses on multiple delivery channels (online, group meetings and one-on-one meetings) and foster retirement readiness with advantages over today’s communication model – a more appropriate, personal and motivated message delivered to retirement plan participants. The annual education plan will outline retirement communication needs that shift the emphasis from the plan details to focusing on personal and real-time connections to participant’s retirement goals.

We believe that finding the right answers starts with knowing the right questions to ask. Our financial seminars are designed to help employees by making retirement planning concepts simple and easy to understand. We present programs to help employees become better prepared through careful planning and savings strategies.

Our Education Programs:

* + Offer plan specific education strategy - the delivery of the education is tailored to the plan’s demographic needs, including early, mid and late stage retirement planning.
  + Are retirement driven - our Insurance individual agents give employees the tools to plan, and save, for retirement so they are equipped with the knowledge to make informed retirement decisions throughout their lives.
  + Address multiple topics - the education topics focus on all aspects of a participant’s financial picture, recognizing that participants need to better manage their paychecks and prioritize their financial goals better in order to free up money to save for retirement.
  + Use multiple channels to educate employees - diversity to reach employees is critical to continually reinforce key points on saving and investing. It is also why our approach to education makes the most of every touch point, whether in-person, print, phone or web. Each type of education provided is designed to stand on its own or be integrated with others. Channels include: online materials, tools and resources, one-on-ones, workshops, webcasts, social media, and print materials.

Participants can access their own personal information, including contact information, account balances and transaction history, as well as educational materials, articles, calculators, and more.

Tools available to your employees:

|  |  |
| --- | --- |
| * Electronic Statements * Distributions * Salary Reduction Agreement * Projected Monthly Retirement Income * Contact your Advisor/Agent | * Review or Change Options * Review Enrollment * Update your Account * Review Plan Information * Online Calculators and Tools * Retirement Education |

# Plan Sponsor Services

We understand the importance of being able to easily access accurate and detailed information about your plan.

At NLG, Plan and participant information and data is transmitted through our proprietary Internet software application, via the sponsor and participant portal sites. The portal site is your direct, online channel that creates a quick and easy way to maintain and send plan/participant information. The portal site gives you the ability to access plan and participant data virtually around the clock, seven days a week, over a secure internet channel with state-of-the-art digital encryption. It also provides you with immediate access to plan information while helping you limit routine administrative tasks.

Your administrative staff will have access to policy information for participants in the plan for which their organization is affiliated. NLG’s Plan administration website gives you contract information by searching for an individual annuitant and/or policy in a plan or you can download all contract values for all of the participants. Pertinent information to administer loans and hardships is readily available for you at any time. Values are updated on a monthly basis.

**Administration Capabilities**

Plan sponsors can access the following information and more:

|  |  |  |
| --- | --- | --- |
| * **Plan Data**   + Plan Overview   + Account Balances   + Investment Information   + Plan Profile | * **Participant Data**   + Census Information   + Transaction History   + Personal Statement | * **Reports**   + Employer Dashboard   + Contribution Report   + Participant Diversification   + Asset Allocation by Age   + Average Account Balance by Age |

**Plan Sponsor Support**

We are committed to the success of your plan and employee’s retirement dreams. NLG’s service philosophy is driven by our dedication to keep our promises. This philosophy is demonstrated in our commitment to our clients, for whom we develop and maintain relationships and dedicate resources for their retirement plans based on plan demographics, participation goals and other plan sponsor needs. The assigned Account Manager serves as the primary point of contact for the plan sponsor's administration staff. He or she provides oversight on all plan activity and is responsible for plan administration and program support and will facilitate the quarterly or annual plan review.

# Cost Assumptions

National Life Group is pleased to offer you our fixed Indexed Annuities in your plan sponsored IRA plan.

Keeping it affordable...

National Life Group does not charge employers or participants administration fees on our Fixed Indexed Annuity products. In addition the Third Party Administrator (TPA) fees for plan administration per active participant **will be paid by National Life Group for each participant**. As you will see below, there are **no employer or participant fees associated with selecting and utilizing National Life Group Annuities**.

**EMPLOYER**

No Plan Set-Up Fee $0

No Annual Plan Maintenance Fees $0

No Start-up/conversion expenses $0

**EMPLOYEE TRANSACTION FEES\***

No Fixed Indexed Annuity fee

No Annual Fee $0

\*Annual Surrender Charge \*Declining to 0 in 10 years [based on annuity]

No Distribution fee $0

\*For indexed annuities, there are no fees associated with reallocating money among the policy interest crediting options. National Life Group must be notified 15 days in advance of the contribution anniversary. Our indexed annuities have early withdrawal charges that decline to zero over a specific period depending on the product. A provision to withdraw 10% of the Accumulation Value without withdrawal charges is available after the first year as available by law and Plan requirements. There are no charges associated with transfers except the early withdrawal charges noted.

# National Life Group

What matters most is a company’s ability to deliver on its promises. In a changing world, guarantees are what matters most1. Not one of Life Insurance Company of the Southwest’s fixed indexed annuity owners have ever lost a penny of their contributions or interest earned due to downturns in the stock market2,3.

**We are:**

* The #1 largest provider of Fixed Indexed annuities in the employer sponsored plan market4
* One of only a few companies that publish crediting and renewal interest rates

|  |  |  |
| --- | --- | --- |
| **A.M. Best**  A+ Superior  Second highest of 16 rankings | **Standard & Poor’s**  A+ (Strong)  Fifth highest of 21 rankings | **Moody’s**  A1 (Good)  Fifth highest of 21 rankings |

Financial strength ratings for National Life Insurance Company and Life Insurance Company of the Southwest as of 2/2/2024. Ratings are subject to change.

# How We Do Good

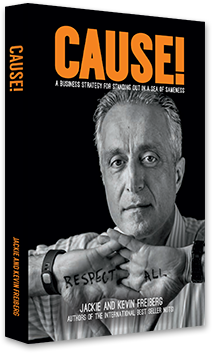
**Our Mission: Keeping our promises.**

**Our Vision: To bring peace of mind to everyone we touch.**

**Our Values: Do Good. Be Good. Make Good.**

All of us at National Life Group understand that strong communities build strong people, families and businesses. That is why we think it is so important to give back.

At National Life, our story is simple: for over 175 years we have worked hard to deliver on our promises to millions of people with our vision of providing peace of mind in times of need. It is our cause, stemming from a deep passion to live our values to do good, be good, and make good every day.



“The people of National Life are grounded in timeless principles – love and friendship, assuring the American Dream and making good on a promise. They live these principles out loud daily because the noble, heroic cause for which they fight depends on it. They are not just a company; they are a movement that is growing stronger one relationship at a time.”

*Jackie & Kevin Freiberg, co-authors of Cause!*



1. Guarantees are based on the claims paying ability of the company.

2. Assuming no withdrawals during the withdrawal charge period. Rider charges continue to be deducted regardless of whether interest is credited.

3. Index annuities do not directly participate in any stock or equity investments.

4. LIMRA US Individual Annuity Industry Sales Report, 3Q2023

# Next Steps

National Life Group is pleased to present to you this comprehensive retirement solution comprised of flexible fixed indexed annuities and services designed to meet the wide range of employee needs. Thank you for reviewing our proposal for your IRA retirement plan. We hope you found this proposal informative about the National Life Group program, investment options, services provided, and associated costs. It is meant to be a resource tool for you to evaluate the various choices available for your retirement plan. We value your business and look forward to successful business relationship.

Once you have reviewed our proposal, please contact us or your financial professional will be in contact with you again to discuss any questions and ensure the process continues moving forward. Our sales and implementation team will be available to assist you with any transition issues involved.

Our goal is to help you get a retirement plan that meets your needs and allows you to get back to managing your business.

Please contact us should you have any questions or require any further information to help with your decision.

# Contact Information

**Your Financial Professional**

Name:

Phone:

Email:

**Your National Life Group Contact**

Name:

Title:

Phone:

Email:

Annuity Products issued by

**Life Insurance Company of the Southwest®**

National Life Group® (NL Group) is a trade name representing various affiliates, which offer a variety of financial service products. Centralized Mailing Address: One National Life Drive, Montpelier, VT 05604 | Home Office: Addison, TX [www.NationalLifeGroup.com](http://www.NationalLifeGroup.com) National Life Group’s member company Life Insurance Company of the Southwest offers and issues fixed indexed annuities and associated riders.