

Defined benefit retirement plans

Providing a secure benefit for your employees' future



A retirement program appeals to employees of all ages. Defined benefit plans stand out by promising a secure retirement income for employees with plenty of advantages for employers too. Not only do you gain a valuable tool for attracting and retaining exceptional employees, but you get a plan with enormous design flexibility.



Employee benefits of defined benefit plans

For employees and their families, defined benefit plans - also known as traditional pension plans - provide the most direct means to meet their retirement goals. Defined benefit plans deliver a specific monthly income at retirement. Participants know the amount in advance, based on their personal factors such as age, earnings and years of service. This allows employees to confidently plan ahead for replacing their income stream at retirement.

Benefits are not subject to the fluctuations of the stock or bond markets, which otherwise could restrict an employee's ability to retire if investment results were not favorable.

Benefits for you, the employer

Of CUNA Mutual's total retirement plan business, 20% is dedicated to defined benefit plans. Our staff of retirement plan experts, actuaries and ERISA attorneys, provide you with a robust program that has sophisticated investments and plan design flexibility. As an added benefit, our program is simple to administer and comes with a service guarantee.

At CUNA Mutual, we are uncommonly committed to providing our customers with tools and services designed to take away the stress and burden that plan administration often brings to Human Resources personnel and plan sponsors.

- online tools
- a dedicated, expert service team
- complete discrimination testing
- annual plan valuations
- benefit payments
- tax withholding
- 1099-R form preparation
- plan administrator workshops and ongoing education

Defined benefit plans provide enormous flexibility in design. We can design a plan for your company that offers:

- pre-funding (subject to deduction limits)
 - early retirement "windows"
 - back-loaded accruals to benefit long-standing employees
 - front-loaded accruals to benefit recent hires
 - credit for past service
 - credit for prior service in the same industry
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What is my company's responsibility with a defined benefit plan?

The employer pays funds from its operating budget to a third-party to hold until benefits are due. While the money is in "trust," the employer makes the investment decisions, usually with the help of professional money managers. Within certain limits, the employer may choose how much to contribute to the plan. The contribution limits help the plan pay in enough to ensure employees' benefits upon retirement. Favorable interest rates and economic conditions can significantly reduce an employer's contribution, or make it possible to increase employee benefits at reduced or nominal costs. Plan assets are collectively invested, which may result in higher investment returns.

Can I offer both a defined benefit plan and a defined contribution plan?

Yes. Defined benefit plans and defined contribution/401(k) plans complement each other. A combination provides balance in meeting diverse employee needs. In a defined contribution/401(k) plan, even new hires can see the immediate effects of an account. Employees may direct contributions to investments consistent with individual circumstances. For employees age 50 or older, a defined benefit plan produces a rapid benefit buildup.

Offering both types of plans in your retirement package may help ensure that all of your employees are adequately covered in retirement. And, if you are competing for talent in the same employment pool as other businesses, offering both types of plans may give you an edge in attracting and retaining the best employees.

The cash balance alternative

Cash balance plans are viewed as "hybrid" plans. They are defined benefit plans exhibiting features of defined contribution plans. If a pension plan is "converted" to a cash balance plan, certain employees are promised a specific monthly benefit at retirement, according to a traditional defined benefit formula. Others have an individual account balance similar to a defined contribution plan. The plan sponsor/employer engages an actuary to prepare the annual actuarial valuation report to determine the annual employer contribution and the funding status of the plan. Cash balance plans are predominately adopted by employers who wish to transition to a defined contribution plan without cutting back benefits for their current employees.

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. So, what are you waiting for?

Call us today for a no cost, no obligation plan assessment.

877.345.GROW, option 3

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