

LIFESTYLE DB PLAN

A small business defined benefit plan



Employer Fact Sheet

LIFESTYLE DB PLAN is a retirement savings alternative for high income earners that offers the highest deductible contributions – potentially higher limits than a 401(k), Profit-sharing, Money Purchase Pension, SEP IRA or SIMPLE IRA plan. Tax law rules make it possible for qualified clients to potentially cut taxes significantly and use that money for retirement.

PLAN FEATURES

<p>Target Market LIFESTYLE DB PLAN may be appropriate for small businesses and professionals 35 years or older, typically earning \$100,000 or more per year, such as:</p> <ul style="list-style-type: none"> • Business owners with less than 10 employees • Independent contractors, consultants, professionals, sales reps, doctors, real estate agents, brokers • Employees who also receive self-employment income from a side business • Self-employed spouses of high income earners <p>Clients should be interested in contributing more than \$46,000 annually and expect to participate, and make contributions to the plan for at least three years.</p>	<p>Vesting A participant is entitled to receive distributions from the LIFESTYLE DB PLAN according to vesting status. The vesting schedule can be up to six years.</p>
<p>Contributions and Contribution Deadlines</p> <ul style="list-style-type: none"> • The annual benefit payable at retirement from a LIFESTYLE DB PLAN can be as high as \$185,000 (2008). The exact contribution that must be made to the plan is determined after the end of the fiscal year and depends on the client's age, average of the three highest consecutive years of income, years to retirement and benefit formula • Contributions must be made each year • Contributions must be made by the tax-filing deadline including extensions, but not later than eight and one-half months after the fiscal year end 	<p>Rollovers</p> <ul style="list-style-type: none"> • 401(k), Profit sharing, Money Purchase Pension, 403(b), 457 and IRA Rollovers can be consolidated into a LIFESTYLE DB PLAN • At plan termination LIFESTYLE DB PLAN assets can be rolled into an IRA
<p>Plan Set-up Deadline</p> <ul style="list-style-type: none"> • By the end of the employer's fiscal year 	<p>Investment Management</p> <ul style="list-style-type: none"> • The LIFESTYLE DB PLAN is managed utilizing our Tactical Asset Allocation investment philosophy combined with an institutional investment approach.
<p>Tax Benefits</p> <ul style="list-style-type: none"> • Annual contributions are considered business expenses and are fully deductible to the employer • Investment income is tax deferred • Employees are not taxed on any part of the plan benefit until money is paid to them 	<p>Government Reporting</p> <ul style="list-style-type: none"> • Form 5500 and Schedule B completed annually by the plan's third party administrator (TPA) • IRS Form 1099R completed by TPA for participant termination
<p>Eligibility Employees who are 21 years or older and who work 1,000 hours or more during the plan year are covered.</p>	<p>Documents</p> <ul style="list-style-type: none"> • IRS-approved plan document prepared by TPA
<p>Trustee</p> <ul style="list-style-type: none"> • Self-trustee (the business has the option of engaging an independent corporate trustee) 	<p>Third Party Administration Fees and Expenses</p> <ul style="list-style-type: none"> • Plan set up: \$1,000 • Annual administration: \$1,200 + \$40 per participant • Participant termination packages: \$75 per participant
<p>Investment Management Fee</p> <ul style="list-style-type: none"> • 1.00% of assets under management 	

PLAN SUPPORT

Plan Set Up and Administration

Complete, year-round phone support provided by HICKS Pension Services, a leading provider of actuarial services in the small plan market.

Investment and Portfolio Management Support

Your Lifestyle Portfolios investment management team is available to you anytime to answer any questions you may have regarding the **LIFESTYLE DB PLAN**, our firm or investment philosophy. We can be reached at Toll Free 866.825.5253 or email us at lenny@lifestyleportfolios.com

FREQUENTLY ASKED QUESTIONS

How does LIFESTYLE DB PLAN work?

With **LIFESTYLE DB PLAN**, you decide how much yearly income you want at retirement. Of course, you will want to consider how much you can comfortably afford to contribute to the plan each year to meet this goal. The exact contribution is based on your age, the average of your three highest consecutive years of income, planned retirement age and the balance accumulated in the plan.

Once you've reached retirement age, you can roll your plan assets into an IRA. You are not required to withdraw any money from the IRA before age 70½.

How much do I have to contribute for employees in the LIFESTYLE DB PLAN?

Yearly contributions for employees are based on the same criteria as contributions for yourself, including age, income and the investment performance of the account. If you have older, higher paid employees, you will make larger contributions than if you have younger, lower paid employees. It depends on your specific situation.

Can I change the amount I must contribute to LIFESTYLE DB PLAN in a given year?

Yes, subject to IRS rules, you can change the contribution amount by amending the benefit formula.

Why is LIFESTYLE DB PLAN only available to smaller companies?

LIFESTYLE DB PLAN caters to the specific needs of small business owners and professionals. Defined benefit plans have traditionally been designed for larger firms, but in recent years this has changed. Small employers are now discovering that these plans can be remarkably effective in providing generous benefits on a tax-advantaged basis and can be set up without undue effort.

How much more can I save toward retirement with LIFESTYLE DB PLAN compared to other retirement plans?

Retirement Plan Limits

SIMPLE	\$21,000 plus \$2,500 catch-up contributions and \$2,500 match on catch-up*
SEP	\$46,000 plus \$5,000 in SARSEP catch-up contributions*
401(k)/Profit sharing	\$46,000 plus \$5,000 in catch-up Contributions*

*catch-up contributions for individuals over the age of 50

LIFESTYLE DB PLAN . . . The exact contribution is determined based on age, average of the three highest consecutive years of employment income, years to retirement and benefit formula. Sample level contributions are illustrated below.

2008 Defined Benefit Annual Limits

Age	Level Contribution*	150% Rule**
35	40,400	60,600
40	55,100	82,650
45	77,000	115,500
50	107,000	160,500
52	122,900	184,350
55	146,700	220,050
57	167,600	251,400
60	199,800	299,700

* The Level contribution amount is the annual amount contributed to the plan assuming W2 wages of \$230,000. A lower amount may be selected at the time the plan is established

** IRC Section 404(a)(1)(D) permits individuals to Contribute and deduct up to 150% of the plan's "current unfunded liability." This is a one time benefit and impacts future contributions

How do I get started?

Establishing a **LIFESTYLE DB PLAN** is a team effort. Your Lifestyle Portfolios investment advisor will work with you and the TPA to complete the necessary paperwork for your business situation. Call 866.825.5253 today for a complimentary Small Business Retirement plan consultation

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Before investing, investors should carefully consider a mutual fund's investment objectives, risks, charges and expenses. Fund prospectuses contain this and other information about the funds, and may be obtained by contacting the offices of Lifestyle Portfolios

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