

ADVANCED INSURANCE BROKERAGE · QUALIFIED LIFE · FOR EMPLOYERS

The Employer Road Map

Qualified Life lets your employees buy term life insurance through the 401(k) you already offer, paid with pre-tax dollars and helped by your existing match. It adds no new payroll cost, and your plan stays where it is. This guide shows each step, who does it, and what your employees get.

01

Why offer it

02

The road map

03

What employees get

04

How it's set up

05

What we ask of you

06

Sample results and next steps

\$0

new payroll cost: Qualified Life uses the plan and match you already have

6 steps

from the first call to enrolled employees, with AIB coordinating each one

Your plan

stays where it is. Most plans need only a plan document check or a short amendment

01 FOR THE EMPLOYER Why offer Qualified Life

Most employees who want more life insurance buy it on their own, with after-tax pay. Qualified Life lets them buy the same individual term coverage through your 401(k), with pre-tax dollars and your existing match, so the same coverage costs them much less.

NO NEW COST

Uses what you already offer

Premiums come from employees' own plan accounts and the match you already make. There is no new payroll cost and no new plan to sponsor.

KEEP YOUR PLAN

Your 401(k) stays where it is

Qualified Life works with your current plan. AIB checks the plan document with your TPA, and most plans need at most a short amendment.

A BENEFIT EMPLOYEES FEEL

Lower cost for the same coverage

In our example, \$1,000,000 of term that takes \$1,429 of pay to buy on your own costs the employee \$596 through the plan. That's \$833 saved in the first year.

INDIVIDUAL COVERAGE

More than group term can do

Each employee owns an individual term policy through the plan, convertible and portable, with spouse coverage available. Group term can't offer that kind of planning.

The example in brief

\$1,000,000 of 20-year term, age 40	Bought on your own	Through Qualified Life
Premium	\$1,000 retail	\$900 unisex
Paid with	After-tax pay	Pre-tax plan dollars
Employer match toward the premium	—	-\$450
Tax on the REB (the value of the coverage, reported on the W-2)	—	+\$146
Pay it takes in year one	\$1,429	\$596

Part I example: 30% tax rate, 10% unisex savings and a \$450 employer match. Your employees' results depend on their age, tax rate and your plan's match.

What it is not. Qualified Life is not a new retirement plan, a group policy or a payroll deduction program. It is individual term life insurance, owned through the 401(k) you already sponsor, for the employees who want it.

02 FROM THE FIRST CALL TO ENROLLED EMPLOYEES

The road map

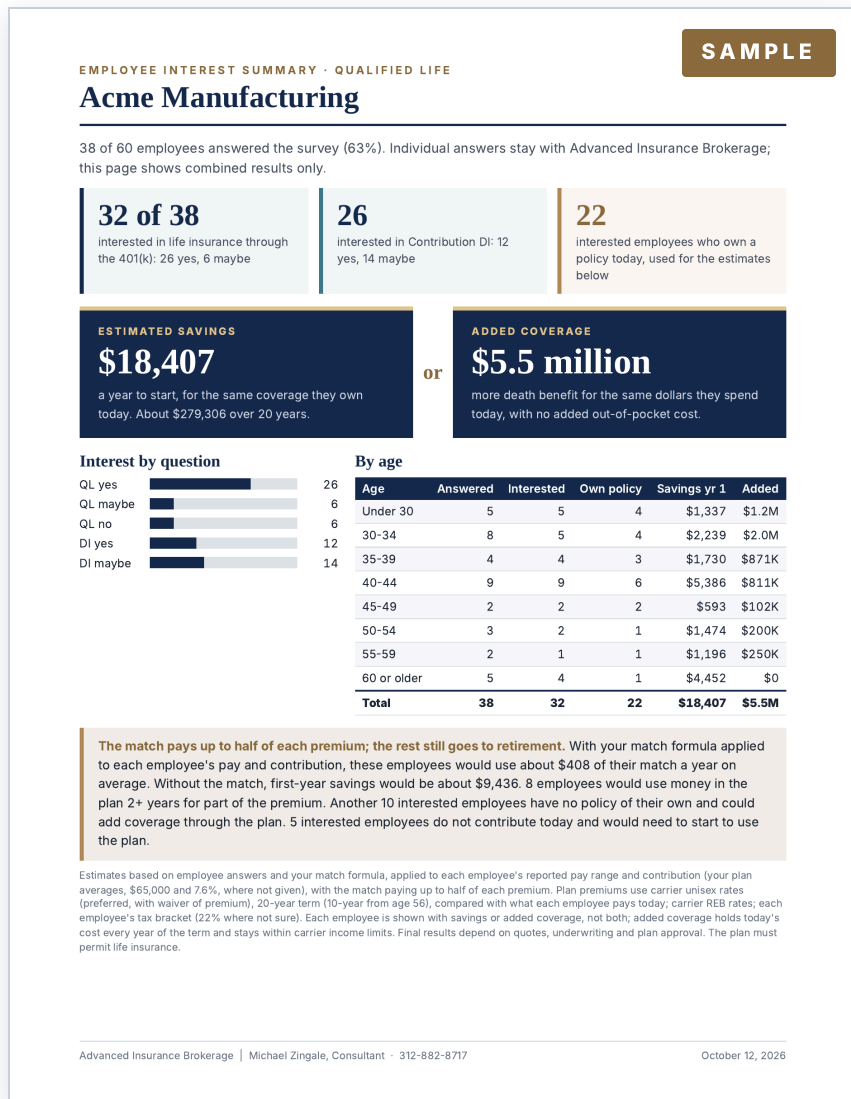
Six steps, with AIB coordinating each one. Nothing in your plan changes before step 5, and you decide at step 4 whether to go ahead.



02 STEP 4 · AFTER THE SURVEY

Your employees' combined results

After the survey, you receive one page with your employees' combined answers, never individual ones, and your actual match formula applied to each employee who contributes. Here is a sample for a company of 60.



1 Who is interested

How many answered, and how many want life insurance or disability coverage through the plan.

2 Savings or more coverage

Total yearly savings for the same coverage, or the added coverage the same dollars could buy.

3 By age group

Where the interest and the savings are, within each carrier's income limits.

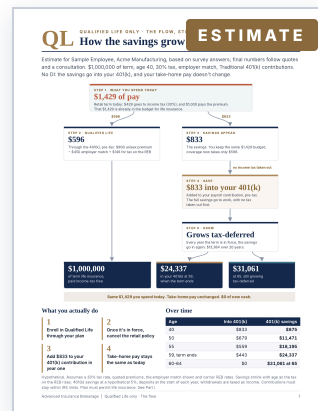
4 Your match at work

How much of the match goes to premiums. The rest still goes to retirement.

STEP 3 · FOR EMPLOYEES WHO ASK

An estimate flow chart

Employees who leave an email get their own estimate, marked as such, before any quote.



Sample results from demonstration survey answers: 38 of 60 employees responding, each employee's pay range and contribution, a safe harbor match paying up to half of each premium, carrier unisex rates, carrier REB rates and each employee's reported premium and coverage. Not a quote; your results depend on your employees' answers, quotes and underwriting.

03 FROM PART I, SECTIONS 04 AND 05 What your employees get

Individual term life insurance, bought through the plan with pre-tax dollars and the match, at unisex rates. A few rules keep it within IRS limits, and the policy offers options group term does not.

The rules, in brief

Money used for the premium	Limit for term insurance
New employee contributions, not yet seasoned	25% of annual contributions
Employer match	No limit: 100% available
Seasoned money (in the plan more than 2 years)	No limit
All money of a participant in the plan more than 5 years	No limit

Each year the REB, the value of the coverage, is reported on the employee's W-2, which keeps the death benefit income-tax free. Contributions stay within IRS annual 401(k) limits.

The options

PRE-TAX AND THE MATCH

Lower net cost

Premiums are paid with plan dollars before income tax, with the match helping.

UNISEX RATES

One rate for all

Qualified plans use unisex rates, often lower than retail.

SPOUSAL OPTION

Cover a spouse

An employee can insure a spouse and pay from his or her own 401(k).

CONVERSION

Up to 30 years

Convertible to permanent coverage, depending on the policy's conversion privileges.

PORTABLE

Goes with them

The policy can stay in place if an employee leaves, and so can spousal policies.

GROUP TERM ALTERNATIVE

Planning room

Options 10 years out and future insurability that group term does not support.

For employees, Qualified Life term can also be the first step of a longer plan. Because the policy is portable and convertible, a future permanent design stays possible even after they leave or if their health changes.

READ THE FULL GUIDE

Qualified Life, Part I: The Death Benefit

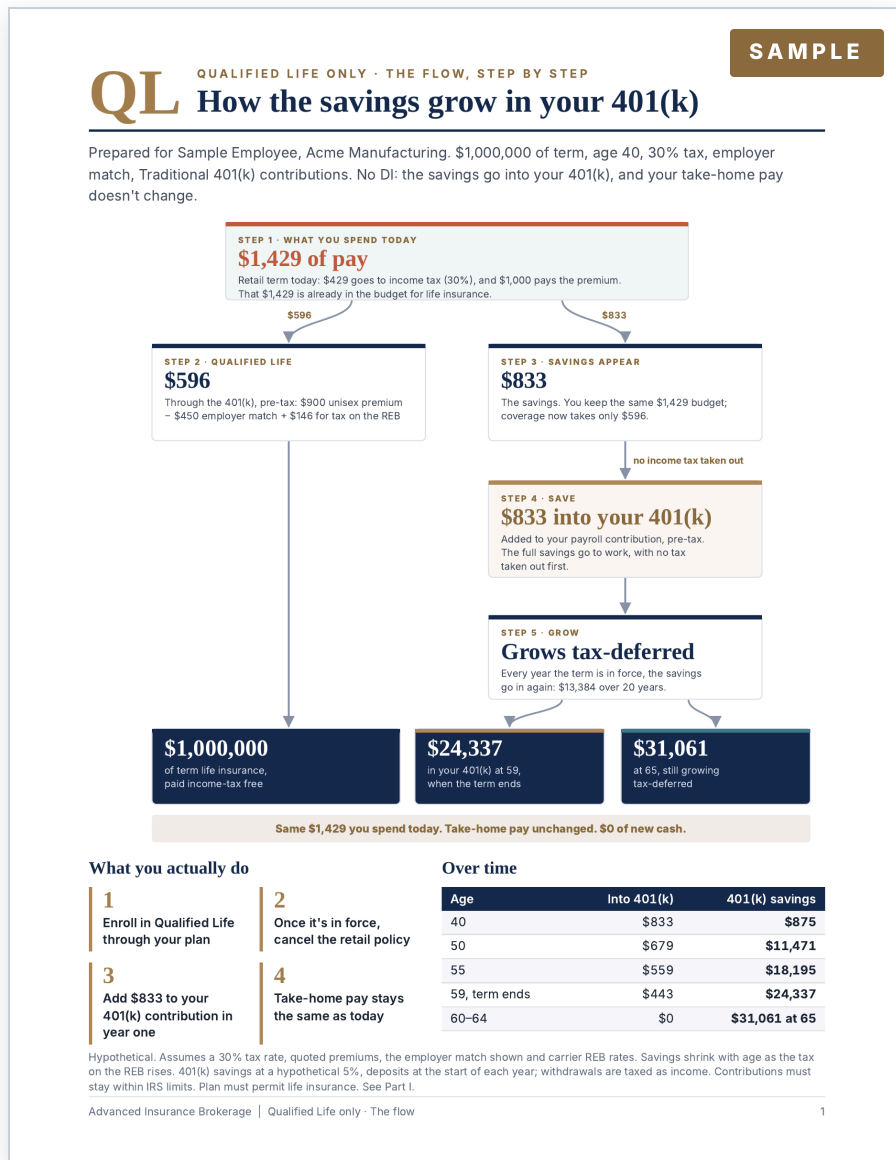
Sections 04 and 05 cover the rules and options in full.

[Part I →](#)

03 STEP 6 · WHAT EACH EMPLOYEE RECEIVES

A personal flow chart

After the intake and a consultation, each employee who enrolls receives a one-page flow chart built on his or her own numbers: what they spend today, what Qualified Life costs, and where the savings go. Here is a sample, using the Part I example.



1 Their own numbers

Prepared for the employee by name, with your company, their age, tax rate and your match.

2 \$1,429 of pay becomes \$596

The same \$1,000,000 of coverage, bought through the plan with pre-tax dollars and the match.

3 \$833 a year put to work

The savings go into the 401(k), or, in the disability design, fund coverage that keeps contributions going. No new cash.

4 Simple next steps

Enroll, cancel the retail policy once the new one is in force, and adjust the contribution. Take-home pay stays the same.

Two designs

Qualified Life only, shown here, or Qualified Life plus a Contribution DI. Each employee chooses at the consultation.

Sample prepared with AIB's flow chart builder using the Part I example: \$1,000,000 of 20-year term, age 40, 30% tax rate, 10% unisex savings, a \$450 employer match and carrier REB rates; savings at a hypothetical 5%. Each employee's chart uses his or her own quotes and plan details.

04 FROM PART IV, SECTIONS 04 AND 05

How it's set up

Every life insurance policy has four roles: owner, payer, insured and beneficiary. Qualified Life moves two of them into the plan. That is why it costs less, and why there is so little for you to do.

Role	Term bought on your own	Qualified Life
Owner	The employee	The 401(k) plan, through its trustee MOVED
Payer	The employee, from take-home pay	The plan, from pre-tax contributions and the match MOVED
Insured	The employee (or spouse)	The employee (or spouse)
Beneficiary	The family	The family, named through the plan

The company is not the owner, payer or beneficiary. Premiums come from each participant's own plan account.

05 PLAIN ANSWERS

What we ask of you

Does it cost the company anything?

No new payroll cost. Your TPA may charge its usual fee if the plan document needs an amendment.

What do you need from us?

Your TPA's contact, a copy of the plan document or adoption agreement, and plan averages: employees, average pay, contribution rate and your match formula.

What about payroll?

The REB for each insured employee goes on the W-2. AIB and the carrier provide the figures each year.

Do we have to move our 401(k)?

No. Qualified Life works with your current plan, recordkeeper and investments.

Who does the work?

AIB coordinates the plan check, carrier, TPA and trustee, and handles every employee consultation, application and policy service.

What if our TPA says no?

We can shop that piece and show what each part of your plan costs. You decide whether anything changes.

Who does what

Role	What they do
You, the employer	Introduce AIB to your TPA, share plan averages, send the survey link, and decide after step 4
AIB	Plan check, sample, survey, results, carrier and TPA coordination, employee consultations, applications and service
Your TPA and trustee	Confirm or amend the plan document, approve the setup and process premiums from participant accounts
Employees	Answer the survey, complete a short intake and choose their coverage

06 STEP 2, BEFORE THE EMPLOYEE SURVEY

Your sample, and where to go next

Before any employee is asked, we prepare a one-page sample for your company and send it to you directly. It uses your plan's own numbers, so you see what Qualified Life could mean before you decide to survey anyone.

WHAT WE USE

Your plan averages

Number of employees, average pay, average contribution (Roth and Traditional combined) and your match formula. No employee names or personal data.

WHAT IT SHOWS

Savings or added coverage

Estimated yearly savings for interested employees, or the added coverage the same dollars could buy, by age group, within each carrier's income limits.

After the survey, we replace the sample with your employees' combined results, with your actual match applied to each employee, plus our suggestions.

Go deeper, in this order

1 • FOR EMPLOYEES

Part I, sections 04 and 05

The rules for premiums, and the options: spouse, conversion, portability.

[Read →](#)

2 • HOW IT WORKS

Part IV, The Four Moving Parts, sections 04 and 05

Why moving the owner and payer into the plan lowers the cost.

[Read →](#)

3 • FOR EACH EMPLOYEE

The Qualified Life flow chart

How one employee's savings work, step by step.

[View →](#)

Start with a short call

We'll cover your plan, your workforce and what fits. Then we'll run your sample.

[Book a consultation →](#)

Please read

For education. This guide explains a process and concepts for employers. It is not a recommendation to adopt any plan feature or buy any insurance product. All figures are hypothetical and do not guarantee future results.

Plan requirements. The 401(k) plan must permit life insurance, and each policy must be set up and approved by the plan trustee, TPA or sponsor before premiums are paid from the plan. Some plans require an amendment. IRS incidental benefit limits apply.

Part I example. \$1,000,000 of 20-year term at age 40, a 30% income tax rate, 10% unisex savings, an employer match covering \$450 of premium and the insurance company's REB rates. Savings decline each year as the REB rises.

Employer sample. Each sample uses the employer's plan averages, carrier REB rates and illustrative or quoted premiums, and limits coverage to the carrier's maximum for each employee's income. It is hypothetical, not a quote; actual results require plan data, quotes and underwriting.

Reportable Economic Benefit. The cost of current life insurance protection (REB) is reportable as taxable income to the participant each year. REB amounts are set by the insurance company and vary by age, death benefit and carrier.

Conversion and portability. Conversion periods and portability depend on the policy and the carrier's provisions. Leaving the plan with a policy can involve a distribution or purchase from the plan; your TPA and AIB will explain the options.

Plan providers. Comparing or replacing a plan provider is your decision as plan sponsor. Changing one provider in a bundled plan can affect others.

Not tax or legal advice. Advanced Insurance Brokerage does not provide tax, legal or ERISA advice. Consult your TPA, tax advisor or ERISA counsel before acting.



Advanced Group

CONTACT

Advanced Group

Michael Zingale, Consultant

55 East Monroe Street, Chicago, IL 60603

312-882-8717 · mzingale@advanced-corp.com

advanced-corp.com · advanced-ib.com