



NONQUALIFIED PLAN FUNDING ALTERNATIVES

FUNDING NONQUALIFIED RETIREMENT PLANS

Nonqualified plans are typically informally funded for a number of important reasons, including:

- To create an asset to offset emerging liabilities
- To shift the burden of funding to current management
- To neutralize shareholders to the financial impact of emerging liabilities
- To provide a level of security that is as close as possible to the security level available to qualified plan participants

In choosing an appropriate funding device, there are many important factors to consider, including the investment's after-tax yields and how well it tracks plan liabilities. Largely because of these factors, the two most common vehicles used for funding nonqualified benefit plans are mutual funds and corporate-owned life insurance (COLI).

	MUTUAL FUNDS	VARIABLE COLI
Asset Management Fees	Yes	Yes
Insurance Charges	No	Yes
Death Benefits	No	Yes
Tax Considerations	<ul style="list-style-type: none"> ■ Capital gains* generated by: <ul style="list-style-type: none"> – Trading within the fund by the fund manager – Liquidation of the funds to pay benefits – Liquidation of the funds to exchange to other funds ■ Dividend pass-throughs from mutual funds** ■ Interest income pass-throughs from mutual funds* <p>With dividend, interest and capital gains pass-throughs the owner (the corporation) <i>has no control over the timing of taxation.</i></p>	<ul style="list-style-type: none"> ■ Cash values grow income tax-deferred (tax-free if held until death) ■ Insurance death benefit proceeds are income tax-free to the corporation ■ Fund transfers between variable subaccounts are not taxable ■ With most contracts, cash values which must be accessed from the insurance prior to death are withdrawn basis first

Investors should consider the investment objectives, risks, charges and expenses of any investment product carefully before investing. This and other important information about the investment company is contained in each product's prospectus, which can be obtained by calling 888.272.0192. Please read it carefully before you invest.

This material is intended for informational purposes only and should not be construed as legal or tax advice and is not intended to replace the advice of a qualified attorney, tax advisor or plan provider.

*Taxed at ordinary income rates for C-corporation owners.

**70% of dividends are excluded from taxable income for C-corporation owners.

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