

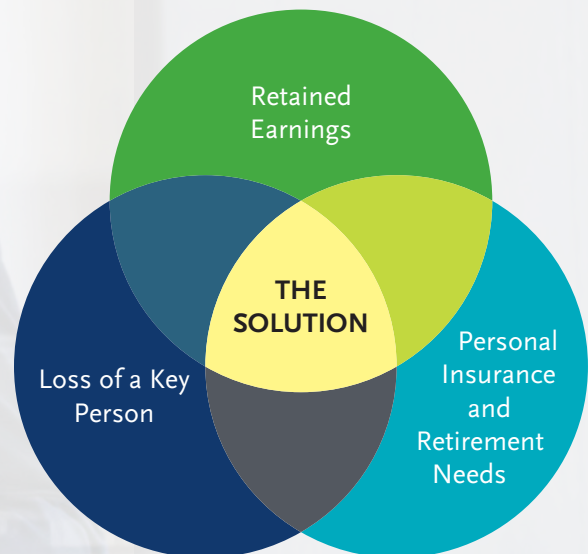


National Life
Group®

Experience Life®

THE RETAINED EARNINGS TRIFECTA

As a successful business owner, a big part of your job is to address and resolve business issues and concerns. Working with business owners we have identified three common concerns and one solution that might make good business sense for you.



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Retained Earnings

When you look at your balance sheet do you see your retained earnings growing? Have you considered that excess retained earnings may represent a future tax problem to the business or to you? Did you know that there is an accumulated earnings penalty tax of 20%? Or, if you choose to distribute the retained earnings the distribution will likely be treated as a non-deductible dividend?

Loss of a Key Person

Have you considered what might happen to the business if you or another key person was no longer able to work or were to die prematurely?

The loss of a key person could have a devastating financial effect on your business. Think of the turmoil the death of a key person can have. It can impact: your clients, your business operations, your credit, your future expansion plans, your other key people and, ultimately, your profits.

Personal Insurance and Retirement Needs

How well protected is your family against your premature death or disability? Could your retirement accumulation use some help?

The 1 for 3 Solution

There is one solution that may help you address all three concerns - permanent life insurance.

1. Protect your business in the event of loss of a business owner or key person using a specially designed permanent life insurance policy.
2. Reduce your retained earnings. The premium paid will reduce your cash account. The cash value of the life insurance policy (if any) will be an asset on your balance sheet. To the extent the cash value is less than the premiums paid your retained earnings will be reduced by that difference.
3. Reduce taxes on later distributions. When the insurance policy is no longer needed for business purposes it may be repurposed and distributed to the insured for personal uses (such as additional protection and potential retirement accumulation).

Is this Concept Right for you?

The ideal candidate for the Retained Earnings Planning Concept is;

1. a C Corporation with excess retained earnings,
2. a business that requires life insurance coverage on the owner or a key executive,
3. an owner who may have a future need for personally owned life insurance

Next Steps

To see whether this concept could apply to you and your business the process is easy. It begins by getting to know you:

1. Understand your current business situation, goals and objectives
2. Review and analyze your information
3. Recommend options and opportunities

Taking the time to plan is always a positive first step for you and your business.

The companies of National Life Group® and their representatives do not offer tax or legal advice. For advice concerning your own situation, please consult with your appropriate professional advisor.

1. The use of cash value life insurance to provide a resource for retirement assumes that there is first a need for the death benefit protection. Policy loans and withdrawals reduce the policy's cash value and death benefit and may result in a taxable event. Surrender charges may reduce the policy's cash value in early years.