

# Bridging the Gap ...

## YOUR NEED FOR A NONQUALIFIED DEFERRED COMPENSATION PLAN

### Nonqualified Deferred Compensation

Nonqualified deferred compensation plans, **NQDC**, can serve an important function in helping to fill the significant gap between the combined amount of your social security retirement benefits plus your qualified retirement benefits *and* the amount of retirement savings you will need in order to **replace your current income**.

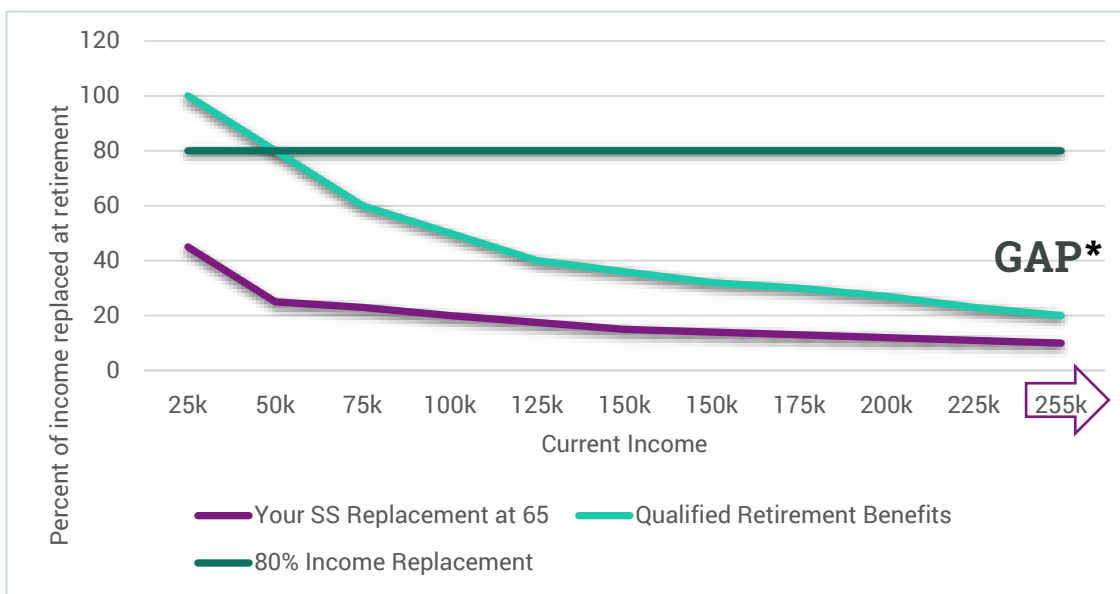
Qualified retirement plans, IRAs, and 403(b) plans have limits on contribution amounts. In contrast, NQDC has inherent flexibility and affords greater opportunities, including 401(k) "restoration" that can help you bridge the replacement income gap.

### NQDC plans:

- Permit you to defer compensation in excess of qualified plan limits on a pre-tax basis.
- Have flexible distribution options that can allow more choices in tax planning, including permitting accessibility before you reach the age of 59½ years.
- Restore contributions limited by IRS restrictions on qualified retirement plans.
- Allow you to have an individualized investment strategy.
- Are not subject to contribution/ participation limits.
- Allow organizations to make discretionary contributions to enhance employee retention, including incentive-based contributions.
- Have simplified government disclosure and reporting rules or no disclosure reporting at all.

# 40%

FORTY PERCENT OF HIGHLY-COMPENSATED EXECUTIVES ADMIT THEY ARE CONCERNED ABOUT THE GAP BETWEEN THEIR CURRENT INCOME AND THEIR PROJECTED RETIREMENT INCOME. \*2013 Trends in Nonqualified Deferred Compensation; *Spotlight on Plan Participants*, the Principal Financial Group.



This information is from the Principal Financial Group® Replacement Ratio Calculator with source information from the Annual Statistical Supplements to the Social Security Bulletin ([www.ssa.gov](http://www.ssa.gov)). It is intended to demonstrate the potential impact of Social Security and 401(k) plan benefits at various income levels. For more information on your individual circumstances, please speak with your financial or tax professional.



Find out how a NQDC plan could change your financial future.  
Contact Fulcrum Partners. [www.fulcrumpartnersllc.com/team/](http://www.fulcrumpartnersllc.com/team/)

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