

Direct Recognition Variable Investment Plan

The Direct Recognition Variable Investment Plan (“VIP”) is a qualified retirement plan designed to optimize benefits, eliminate risk and minimize costs. VIP is a qualified retirement plan designed for business owners and professionals who seek high tax deductible contributions in excess of the defined contribution plan limits.

Typical Retirement Plans for Professional Firms & Businesses

Defined contribution plans (401(k) and profit sharing) are subject to relatively low contribution limits (currently \$53,000 per year). Traditional defined benefit and cash balance plans permit much higher contributions, but assets must be pooled together, and the firm is responsible for underfunding due to underperforming investments. This creates a risk of unfunded benefits and uncertainty with respect to future contribution requirements.

How VIP Works

VIP combines the best features of defined contribution and defined benefit plans.



401(k) Profit Sharing plan assets continue to be individually directed by participants.



VIP assets are pooled together and invested in accordance with the firm’s overall investment objectives.



VIP participant account balances increase or decrease in direct relationship to investment results, **eliminating the underfunding risk** associated with traditional defined benefit pension plans and cash balance plans.



Participants may access their 401(k) profit sharing and VIP account balance at any time online, via smart phone, tablet or telephone.

VIP Plan Advantages

- ▶ Contributions are tax deductible.
- ▶ Contributions can be as high as \$310,000 per person.
- ▶ Plan assets are exempt from creditors.
- ▶ Like defined contribution plans, there is no risk of the plan becoming underfunded.
- ▶ Plan contributions are known, consistent and reliable.
- ▶ With the risk of underfunding eliminated, the plan assets can be invested to optimize returns.
- ▶ Participant benefits increase or decrease in direct relation to plan’s investment results.
- ▶ Every plan is submitted to the IRS for approval.

Let us be your guide forward



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