

What Is *Classic LifeComp*®?

Classic LifeComp® plans are designed to take maximum advantage of the tax benefits and flexibility associated with interest or market sensitive life insurance. Through a unique joint ownership arrangement, your business can provide meaningful retirement and death benefits to selected participants while still maintaining a significant portion of the plans premium as a business asset.

Depending upon the funding alternative selected, this business asset can be maintained on the balance sheet throughout the plan's duration, or, systematically bonused to the participant in the years preceding retirement. This business choice between asset maintenance and deductibility can be tailored to satisfy specific balance sheet concerns as well as issues relating to plan control. Either way, the business' financial obligation for each participant terminates at his/her retirement. Retired participants direct and control their own supplemental income and continue to maintain an income tax free death benefit for their named beneficiary.

All *Classic LifeComp*® plans are fully serviced by a administrative system designed to insure that your plan remains on target and is accurately accounted for on your business books. This system is unparalleled in the insurance industry.

For a modest annual fee, the administrative system will provide:

- **Monthly Accounting Reports** which furnish you or your accountant with exact *Classic LifeComp*® accounting entries for each plan month.
- **Fiscal Year-End Reports** based on your business' fiscal year enabling your accountant to balance entries for your *Classic LifeComp*® plan to the penny.
- **Annual Re-Evaluations** which track your plan's progress relative to your original objectives.
- **Annual Re-Proposals** which may offer recommended modifications to your plan based on changes made within the funding insurance policy or alteration of your objectives.

In addition to providing retirement income supplement for selected employees, *Classic LifeComp*® plans can be structured to solve a variety of other business and personal needs including:

- Funding for Business Continuation Plans
- Key Executive Indemnification
- Estate Liquidity or Family Financial Protection

Is *Classic LifeComp*® The Right Choice For Your Business' Bottom Line?

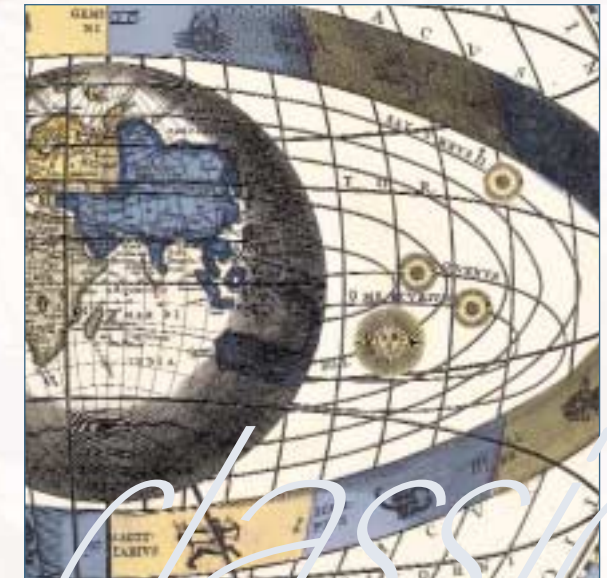
Classic LifeComp®'s innovative concept backed by its thorough accounting and administration system can offer exciting solutions to the supplemental income and other needs of business owners and key executives. Let us custom design a plan for your business so you can evaluate the "bottom line" savings a *Classic LifeComp*® plan can provide.



LifeComp®

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LifeComp®

THE "BOTTOM LINE"

CHOICE FOR EXECUTIVE

BENEFIT PROGRAMS



JEFFERSON PILOT
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Helping you write the story of your life.®



The Problems With Non-Qualified Pension Supplements

Qualified pension and profit sharing plans can provide your employees with a fine basic retirement program. However, contribution limitations and strict participation requirements have motivated many businesses to seek non-qualified retirement supplements for owners and selected executives. While these **Deferred Compensation or Salary Continuation** plans can round out the retirement programs for your business' "highly compensated employees", they can also prove costly to the bottom line for four primary reasons.

- The creation of excessive bookable liability.
- No current deduction for cost of funding vehicles.
- Ongoing financial obligation to retired participants.
- Cost recovery usually contingent upon participant's death.

And, from a participant's perspective:

- Promised benefit payments are unsecured.
- All income benefits are fully taxable when received.
- All survivor's benefits are fully taxable as income to the participant's named beneficiary.



The Solution... *Classic LifeComp*[®]

Classic LifeComp[®], a unique plan offered exclusively by Jefferson-Pilot, can allow your business to provide supplemental retirement benefits to business owners and selected executives while minimizing or even eliminating these problem areas. With *Classic LifeComp*[®], your business can:

- Eliminate (or significantly reduce) bookable liability for benefits promised under an existing plan.
- Receive a current business deduction for a substantial portion of the plan's cost.
- Book a business asset to fully offset any non-deductible cost.
- Ultimately deduct all plan costs or choose to recover non-deductible costs at the participant's retirement.
- Eliminate continued financial obligation for benefits received by retired executives.
- Receive full plan accounting and administration services.

With *Classic LifeComp*[®], participants:

- Have an ownership interest in the funding vehicle prior to retirement.
- Own and control the funding vehicle at retirement.
- Receive several years of supplemental retirement income as a tax free recovery of cost basis.
- Name a personal beneficiary to receive an income tax free death benefit.



The Liability Issue

Generally Accepted Accounting Principles (GAAP) dictate that the present value of benefits promised under conventional supplemental income plans be booked in a systematic and rational manner. In larger plans, and/or plans including older participants, this liability can become significant. Also, its impact on the balance sheet continues until the final benefit payment is made to the youngest participant.

Classic LifeComp[®] plans do not require a bookable liability since each participant's projected retirement benefit will be generated by an asset fully owned by him/her at retirement (i.e. not tied to promises or future financial obligations of the business). When compared to conventional plans, this *Classic LifeComp*[®] advantage alone can have a profound impact on the business bottom line.