

Pensions-Financing
(1982?)

Bankers Life Deposit Administration

BANKERS *Life* **COMPANY**

INSTITUTE OF

**Modern Group Annuity
Plans to Meet Today's Needs**

DEPOSIT
ADMINISTRATION
Employee Pension Programs

*Provide Important Advantages
for Both Employees
and Employers*

As Underwritten by

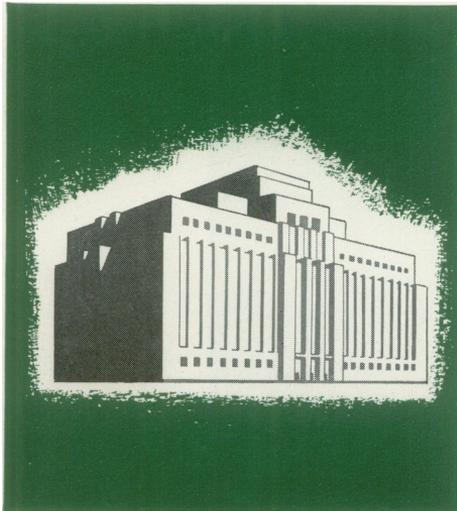
BANKERS *Life* **COMPANY**
DES MOINES, IOWA

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BANKERS *Life* **COMPANY**
Des Moines, Iowa

The Bankers Life Company of Des Moines, Iowa, was organized in 1879 and is a mutual legal reserve company. Assets total more than 450 million dollars. Insurance in force exceeds one and a quarter billion dollars. The Bankers Life Company has 48 agency offices and serves in every section of the country.



BANKERS LIFE DEPOSIT ADMINISTRATION

Contracts Were Developed
to Meet Specific Problems

There's an interesting story behind the development of Bankers Life Deposit Administration Group Pension Plans. Many employers of medium-sized and larger groups wanted the guaranteed benefits of an insured pension plan but felt that they could not commit themselves to the payment of fixed premiums each year. They felt that they must have the flexibility of being able to contribute more in good years and less in bad years, but only

reluctantly passed the benefits of insured plans to maintain this flexibility. To answer this need for the maximum practical flexibility and, at the same time, provide the benefits of an insured plan, Bankers Life Company announced its Deposit Administration Plans for group pensions. Under Deposit Administration Plans as written by Bankers Life Company, the employer has a number of ways available to accumulate the amounts during the working years of an employee which will provide for that employee's pension.



*How can I get these benefits
without fixed premiums?*

BANKERS LIFE DEPOSIT ADMINISTRATION

Is Simple in Operation

Fundamentally the operation of this Deposit Administration Plan is very simple. Each year an actuarial estimate is prepared to determine the amount of money the employer needs to contribute to Bankers Life Company to keep up to date on the accumulation which will provide at retirement the pension for each of the present group of eligible employees. The amount accumulated is

called the "employer fund". It is credited with interest each year at a guaranteed rate. It is not allocated to the individual employees covered by the plan until they actually retire. When an eligible employee does retire, an amount sufficient to purchase, at annuity rates guaranteed in the contract, the retiring employee's pension is withdrawn from the total fund.

If employees who are participating in the plan contribute toward their own pension, their contributions also are paid to Bankers Life Company. An individual record of each participant's contributions is maintained. If the participant dies prior to retirement, his beneficiary will receive the amount of his contributions with interest. If the participant terminates employment prior to retirement, he is entitled to the amount of his contributions with interest. If the participant remains in the plan until retirement, the amount of his contributions with interest is used to provide annuity benefits for him. The employer fund is then charged only with the amount necessary to provide the balance of the pension to which the retiring employee is entitled.

The yearly actuarial computation may be obtained in either of two ways. The employer may retain an independent consulting actuary of his own choice to value the fund and determine each year's contribution needs. Or if the employer desires, Bankers Life Company will provide this actuarial service without extra charge.



Simplified Administration

**BANKERS LIFE
DEPOSIT ADMINISTRATION**
Offers Unique Combination
of Values

Bankers Life Company Deposit Administration is similar in many respects to self-administered trust funds. Deposit Administration Plans contain the advantages of the self-administered trust plans but, because of the insurance company guarantees, eliminate many of the disadvantages of the self-administered trust. Note the following benefits:

Flexibility of Annual Deposits. Employer's annual contributions may vary within wide limits. This permits him to contribute relatively large amounts during periods of high profits and smaller amounts during periods of low profits.

Guarantees of Principal and Interest. Bankers Life Company guarantees the principal and rate of interest on each contribution as long as it remains in the fund. All contributions received by Bankers Life Company immediately become part of the company's assets, thus receiving maximum diversification and administration by highly skilled specialists in the investment field. This relieves senior executives of the employer from the responsibility for safeguarding the funds for which they have the ultimate responsibility under self-administered trusts.

Guarantees of Annuity Rates. As each dollar is contributed to Bankers Life Company not only is a rate of interest guaranteed, but an annuity rate is guaranteed for the time when that dollar plus accumulated interest is used to provide pensions. This places the responsibility for providing a guaranteed life income on Bankers Life Company. The importance of this is becoming increasingly greater due to the constant lengthening of the average person's life expectancy. This increase in pension years can be devastating to a trust fund.

Realistic Initial Cost Approach. In determining the employer's annual contributions, mortality, interest and other factors are taken into consideration. Proper appraisal of these factors will result in a realistic initial cost. For example, turn-



Guaranteed Life Income

over can be anticipated and made a factor in determining the original contribution if desired. This will reduce the amount of original contribution from that required without taking this factor into consideration. This procedure, with minor adjustments as actual experience indicates, tends to level out annual contribution requirements and, therefore, makes the first contribution as realistic as possible. Of course, if turnover is not included in the original calculation, subsequent contributions can be reduced by an amount consistent with actual turnover.



Many Values

Low Expense of Administration. Because Bankers Life Company will be handling—under the same general procedure—a large number of plans, extremely low unit costs are achieved. On the other hand, the ordinary trustee is handicapped by investment and administrative procedures which may vary greatly from plan to plan.

Eliminates Administrative Work in Connection with Pensioners and Ex-Employees. Bankers Life Company is a nation-wide organization and it is a simple matter for the Company to keep in close touch with these individuals wherever they live. Trustees generally limit their activity to relatively small territories. They are handicapped, therefore, in keeping in touch with anyone outside their immediate territory.

Automatic Handling if the Plan is Discontinued. In the event that it becomes necessary to discontinue the plan, contributions previously made are automatically handled without additional cost. All employees already on pension will receive their retirement income for life. This is in marked contrast with the elaborate and costly procedure when a trust is dissolved.

No Trust Agreement Necessary. The contract is issued by Bankers Life Company to the employer generally. It is not necessary for a trust agreement to be drawn, nor is it necessary to have a trustee. This eliminates what can be heavy expenses and saves the time of the employer's senior officers which would have to be devoted to the administrative problems of a trust.

Employer's Choice of Methods for Determining Benefits. A benefit schedule based on percentage of earnings, or based on flat amounts, or based on percentage of earnings multiplied by years of service is commonly used for a pension plan. Any of these is available at the employer's choice under Bankers Life Deposit Administration Plans



*Across the Nation
Representatives*

Actual Experience Reflected in Cost. After the first year the employer contributions will reflect the actual experience of his group. Variations in turnover or in the actual mortality in the group from previous assumptions will be reflected directly in employer contributions. Bankers Life Company is a mutual company and any dividends credited to the contract will be based on interest earnings in excess of the guaranteed rate, mortality savings on pensioners and expense savings.

No Charge Upon Termination of Employment. Since the employer fund is not allocated to individual participating employees, it is not necessary to make any charges in the event the participant does terminate employment.

Long Waiting Periods Not Necessary. It is not necessary for a new employee to work as many as 5 years, which is often required in usual pension plans, before becoming eligible for benefits. This is of major importance in increasing employees' appreciation of a Bankers Life Deposit Administration pension plan.

Actuarial Service Furnished by Bankers Life Company Without Extra Charge. It is not necessary for the employer to retain an independent consulting actuary to make an annual calculation of the contribution needed. This service will be furnished, if desired, by Bankers Life Company with no extra charge.

Employees Like This Type of Plan. There are a number of reasons why employees particularly like a Bankers Life Deposit Administration pension plan. Bankers Life Company with its nation-wide operations is more likely to be known to the individual employee than is a large bank or trust company operating more locally. They know that state insurance departments supervise the activity of any insurance company whereas they may be critical of the handling of funds under a self-administered trust with its appearance of management domination. This will give them much more confidence in the impartial third party handling of funds by Bankers Life Company. A certificate is issued to each employee giving him visible evidence of his benefits which is not often done under self-administered trusts because of the lack of guarantees. Employees are more readily willing to contribute under a plan backed by insurance company guarantees and so it is possible to provide greater benefits without greater employer cost.



Bankers Life is a Mutual Company



Certificate for Each Employee

BANKERS LIFE
DEPOSIT ADMINISTRATION
One of Many Group Coverages
Available through
Bankers Life Company

In addition to Deposit Administration, Bankers Life Company writes a wide variety of group insurance forms, including:

Life (on the term plan)

Group Permanent

Group Annuities

Accidental Death and Dismemberment Benefits

Accident and Sickness Weekly Income

Hospital Expense

Surgical Expense

Medical Expense (Doctor's Visits—home, office and hospital)

Diagnostic X-ray and Laboratory Expenses

Supplementary Accident Expense

Your Insurance Agent or Advisor Will Assist You. Ask your insurance agent or advisor to obtain information for you from a Bankers Life Company salaried Group representative. Any Bankers Life Company office will refer you to the Group representative located nearest to you.

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