

## ING introduces new solution for the growing needs of employers and employees

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### *New life insurance product provides loan feature and may help with supplemental retirement income*

The ING Life Companies (ING) are introducing a new solution to an old problem — giving employers a way to recruit key talent by helping key employees prepare for their retirement income needs. The solution is a new concept, dubbed Self-Owned Life and Retirement (S.O.L.A.R.) Insurance Arrangements, which puts a life insurance policy in the hands of key employees funded through employer contributions,\* after-tax employee contributions, or a combination of both. This arrangement can help reduce the risk to the employer while providing more flexibility for the employee. Key to the new arrangement is the idea that the employee may borrow from a life insurance policy to help pay the employee's current income taxes.

"Some traditional nonqualified plans simply aren't getting the job done in today's environment. Employers want to get rid of the complexity associated with these plans and employees want more control over their retirement benefits," says Kurt Fasen, senior vice president and head of Insurance Sales Support, ING. "S.O.L.A.R. Insurance Arrangements are simpler for the employer, and it puts the insurance policy in the hands of the employee."

### **A New Paradigm**

For many years, the preferred method of rewarding key employees was through nonqualified deferred compensation funded with life insurance. But these plans have a potential negative impact on the corporate balance sheet since the employer must record the promised benefit as a current liability. Insurance companies responded to this need by developing specialized life insurance products for corporate-owned life insurance ("COLI").

Today, more employers are turning to a paradigm of employee-owned retirement benefits. To meet this new model of planning, ING has introduced S.O.L.A.R. Insurance Arrangements to aid employers retention of key employees by helping to fund supplemental retirement income with a cash-value life insurance policy. While COLI-specific products were developed for nonqualified plans, ING has developed a new product for S.O.L.A.R. Insurance Arrangements, ING's Indexed Universal Life-Global Plus (ING IUL-Global Plus,) issued by Security Life of Denver Insurance Company.

Similar to ING Indexed Universal Life-Global launched in 2010, the product offers policy holders valuable death-benefit protection and the choice of a fixed strategy or an indexed strategy. The indexed strategy credits interest based upon a formula that uses a portion of the two better-performing of three indexes (S&P 500 Index, the EuroSTOXX 50 Index, and the Hang Seng Index) looking back over a five-year period. However, the new ING IUL-Global Plus also offers a "select loan" feature that allows the policy owner the ability to take a loan (with a fixed interest rate charge of 6% per year) from the policy that could be used to pay the income taxes owed on the compensation paid by the employer. The loan amount remains in the fixed or indexed strategy elected by the policy owner. Because the amount borrowed remains in the crediting strategy, the cost of borrowing for taxes may be partially or wholly offset by the amount of interest credited to the account. \*\*

"Many experts believe that taxes will be higher in the future," said Randy Kemnitz, ING's manager of Business Planning and Executive Benefits, Insurance Sales Support. "Using the S.O.L.A.R. Insurance Arrangements allows an employee to let money grow tax-deferred in this life insurance policy and may be able to be withdrawn tax-free and used as a potential source of retirement income. At the same time, it simplifies the arrangement for employers and can increase flexibility for everyone."

### **About ING**

*ING is a global financial institution of Dutch origin offering banking, investments, life insurance and retirement services to over 85 million private, corporate and institutional clients in more than 40 countries. With a diverse workforce of about 107,000 people, ING is dedicated to setting the standard in helping our clients manage their financial future.*

*In the U.S., the ING (NYSE: ING) family of companies offer a comprehensive array of financial services to retail and institutional clients, which includes life insurance, retirement plans, mutual funds, managed accounts, alternative investments, direct banking, institutional investment management, annuities, employee benefits and financial planning. ING holds top-tier rankings in key U.S. markets and serves nearly 30 million customers across the nation. For more information, visit [www.ing.com/us](http://www.ing.com/us).*

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\* Through § 162 bonuses.

\*\* In other words, with Select Loans, the net borrowing costs of having a policy loan varies depending on the index credits earned and/or the credited interest rates on the account value.