



A **“Split Funded Defined Benefit Plan”** is a variation of the defined benefit plan. This type of defined benefit plan involves the purchase of a permanent life insurance policy within the defined benefit plan. A portion of the plan assets are funded within the cash value of the life insurance policy and the remaining portion are invested in any investment instrument the trustee chooses. The advantage of the *Split Funded Defined Benefit Plan* is that the premium payments of the life insurance product are tax-deductible and the overall amount of contribution to the plan is much higher than the traditional defined benefit pension plan.