

# Retirement Plan Proposal



# Introduction

## The Vision to Plan...The Wisdom to Perform

Since 1958, BCG has been providing plan sponsors with creative solutions that meet their specific retirement plan needs.

Throughout the decades, BCG has met the challenges of an ever-changing retirement plan environment and has provided its clients with the highest degree of service, cutting edge communication systems and inspired design.

Our management team, with more than 250 years combined experience, is constantly searching for ways to improve speed and accuracy while keeping costs reasonable. It is our goal to provide a quality product; responsive performance and a user-friendly system using advanced technology.

Before designing a plan, we listen. What are the client's objectives? What type of plan best suits the client's business goals?

When designing a plan we consider allocation methods, types and number of plans, features, options that are appropriate, as well as any budgetary restrictions. We apply our training and years of experience to provide more choices and flexibility, which may not have been available to plan sponsors in the past.

BCG has the experience to design a plan to meet the client's needs and has the systems to support it. It is the fusion of design and technology. When you choose BCG, you opt for innovation, experience and an unwavering commitment to excellence.

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## What is a 401(k) Plan?

Section 401(k) of the Internal Revenue Code permits employers to establish a tax-qualified plan that allows employees to defer a portion of their salary into a tax-deferred trust. Contributions made by the employees are not subject to federal

income taxes, or most state and local taxes, although they are subject to FICA taxes. In addition, the earnings from those contributions are excluded from taxation until received, so the retirement assets grow more rapidly.

## Key Features of a 401(k) Plan

The most attractive feature of these tax-sheltered retirement accounts is that your contribution is not taxed as part of your annual income. That's right, no federal income tax on the income until withdrawal of the money. Then, when an employee retires or leaves the company, he/she will receive the money contributed along with the interest it has earned.

The 401(k) plan offers an unprecedented opportunity for all employees to conveniently save their earnings, TAX DEFERRED.

Even a small contribution will be worthwhile to save over a period of years. The key feature of the plan is that all investments and earnings grow tax-deferred until distribution.

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## How Does Your Plan Measure Up?

Today's 401(k) plans are far from perfect. Most plans can benefit from a few minor modifications while others may require a complete overhaul. Companies must regularly assess if they are living up to their responsibilities as plan sponsor and whether their employees' retirement needs are being met. Is your company doing enough to ensure that employees are making informed investment choices? Are your employees making investment decisions without adequate investment knowledge? Plan sponsors are discovering they are increasingly being confronted by disgruntled plan participants. However, by addressing plan shortcomings now, you can implement changes to improve your 401(k) plan and guide your participants toward achieving their retirement goals.

**Investment Options:** Are sufficient choices available? Do they cover a broad range of objectives? Do the funds perform well? Do they provide adequate returns commensurate with their investment risk? Do they stay on course to their objectives? Do they have qualified management?

**Recordkeeping and Administration:** Are the fees reasonable? Are the statements timely? Do they provide reliable information? Are periodic employer reports supplied? Is assistance with regulatory compliance provided? Is participant tax reporting handled correctly? Is the plan administration accurate and flexible overall?

**Participant Education and Communication:** Do the plan materials provide motivation to save for the future? Do they promote learning? Is in-depth fund performance information provided? Is individual counseling and guidance available?

**simple sophistication™** is a complete retirement plan solution that satisfies even the most demanding plan sponsor. It combines experienced investment management, flexible recordkeeping and a focus on participant education with BCG's strong core values: excellence, caring, integrity, and team spirit. This combination results in a comprehensive retirement program that assists plan sponsors in helping employees plan for a financially secure retirement.

# Recordkeeping Services & Plan Features

## Award Winning Service, Accurate Answers, Responsive Solutions

The cornerstone to a sound retirement program begins with the quality of service provided. Changing complexities and ever-increasing government regulation require total administrative and recordkeeping competence. Benefit Consultants Group prides itself on the development of what can be considered one of the most detailed and flexible administrative and recordkeeping systems in existence today.

Many of the Benefit Consultants Group's clientele are small to medium sized businesses and professional corporations lacking the resources to handle administrative bookkeeping and reporting functions that retirement plans entail. As part of the commitment to provide

complete service, Benefit Consultants Group has developed an advanced computerized retirement plan service system.

This system works through an elaborate database that maintains complete records of the coverage in all retirement plans serviced by Benefit Consultants Group.

The continued growth of Benefit Consultants Group's data processing department is a reflection of its leadership commitment to provide the best service obtainable in the benefit plan field.

BCG offers a fully comprehensive recordkeeping and administrative solution that includes the following:

- ◆ Signature Ready 5500
- ◆ Daily Valuation
- ◆ Toll-Free 24 Hour/7 Day Response System (English & Spanish)
- ◆ Interactive Internet Access
- ◆ Call Service Center with Live Client Service Representatives (English & Spanish)
- ◆ Quarterly Participant Smartstatement™
- ◆ Year-End Compliance Testing
- ◆ Electronic Submission of Data
- ◆ Prototype and Custom Plan Documents
- ◆ Summary Plan Description (SPD)
- ◆ Multiple Investment Choices
- ◆ Self Directed Brokerage Accounts
- ◆ Participant Loans
- ◆ Hardship Withdrawal
- ◆ Enrollment Materials (Auto Enrollment Available)
- ◆ Conversion Specialist
- ◆ Sponsor Support / Reports
- ◆ Trustee Services Available
- ◆ Benefit Payments/Distributions
- ◆ Direct Rollovers
- ◆ Single or Multi-Mutual Funds
- ◆ Installation Guide
- ◆ Administrative Manual
- ◆ Tax Withholding and Reporting

# Custom Plan Design

Benefit Consultants Group has been designing and administering retirement plans for more than 45 years. Designing the ideal retirement plan solution is a detailed process unique to every employer adopting a plan. One size does not fit all. While the advantages of any retirement plan may be

similar, the motivation and objectives of each employer are very specific. Before designing any plan, we listen. Our Consultants design every plan we service to ensure the plan meets the goals and objectives of your business.

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## BCG Experts Include:

- ◆ ERISA Attorneys
- ◆ Certified Pension Consultants (QPC's)
- ◆ Enrolled Actuaries
- ◆ Certified Public Accountants (CPA's)
- ◆ Qualified Pension Administrators (QPA's)
- ◆ Qualified 401(k) Administrators (QKA's)

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## Plan Design Considerations Include:

- ◆ Identifying your plan objectives
- ◆ What type of plan (or plans) will suit your business goals
- ◆ Custom allocation methods
- ◆ Recent Legislative opportunities
- ◆ Desired features
- ◆ Flexibility

# Employee Education & Communication Services

The 401(k) plan has become the primary retirement savings vehicle for millions of Americans and the primary retirement benefit program offered by companies of all sizes. In the past 10 years, 401(k) plans have changed the way Americans save for retirement.

Most participants choose the most conservative fixed-income investments for their retirement dollars. Many experts agree these people are unlikely to achieve the long-term investment results needed to overcome the eroding effects of inflation; they may never achieve their goal of a comfortable retirement.

In many cases, these problems have occurred because plan participants have not been educated about their investment options, or about investment concepts such as the importance of diversification, the

relationship between risk and reward, and the benefits of tax-deferred compounding.

The absence of an ongoing education program can greatly affect a participant's ability to make appropriate investment decisions. The lack of such a program can also have a serious impact on the plan sponsor.

Recent Department of Labor regulations under section 404(c) of ERISA clearly place fiduciary liability on plan sponsors who fail to supply participants with the information necessary for making informed investment decisions.

The key to meeting the requirements of these new regulations is for plan sponsors to offer their employees flexible and comprehensive on-going communication and education program.

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## Participant Communications

Many challenges face plan participants as they strive for retirement security. Difficult conditions in the financial markets, as well as competing household priorities, have made saving for the future more problematic for many participants.

Our series of communication and education steps offers valuable ongoing information to assist participants in dealing with these realities.

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## Employee Education and Communication Services

- ◆ Group Employee Multi-Media Presentation\*
- ◆ One-on-one Employee Meetings
- ◆ Custom Enrollment Materials
- ◆ On-going Educational Services for Plan Participants
- ◆ Voice Response System (English or Spanish)
- ◆ Toll free Client Service Center \* (English or Spanish)
- ◆ Participant Account Internet Access
- ◆ Retirement and Financial Planning Software
- ◆ Quarterly Participant Smartstatements and Quarterly Newsletter (may be mailed to participants' home at no charge)
- ◆ Quarterly Employer Reports

\*Group and one-on-one employee meetings are encouraged on a regular basis to promote the Retirement Plan and ensure employee participation.

# Schedule of Fees for Services

## Summary of 401(k) Plan Benefits

### Why a 401(k) Plan

The dynamic growth experienced in the 401(k) market is the result of numerous advantages to both plan sponsors and plan participants. Some of the advantages include:

#### To the Plan Sponsor:

- ◆ A way to share responsibility for retirement planning with employees.
  - ◆ Flexibility in determining annual contributions to a retirement plan.
  - ◆ An opportunity to tie productivity and profitability together in the form of profit-based matching contributions.
  - ◆ A chance to promote financial security for employees while demonstrating responsiveness to employee concerns.
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#### To the Plan Participant

- ◆ A tax shelter opportunity like no other savings program. Participants will be able to increase their take home pay by reducing the amount of Federal Income taxes they pay.
- ◆ The potential for increase accumulation through optional, matching employer contributions.
- ◆ Increased investment income because earnings are sheltered from income taxes until withdrawn.
- ◆ A diversified investment portfolio available through a choice of investment options.
- ◆ A convenient and flexible way to save:
  - ◆ Monthly, payroll deducted savings program.
  - ◆ Deferral percentages and investment options that can be revised periodically.
  - ◆ Savings available through loan provision or in the event of hardship withdrawals.
  - ◆ Upon retirement or termination, after age 59<sup>1/2</sup> money will be available at favorable tax rates for qualified, lump sum distributions.