

Another Innovative Benefit from Benefit Technologies International

The

RSI 401(k) Plan

One of the major advantages of working with Benefit Technologies International and Retirement Specialists, Inc. (RSI) is our ability to help your organization **MAXIMIZE** key/highly compensated pre-tax deferrals while **MINIMIZING** your employer contributions utilizing the unique ***RSI 401(k) Plan*** and ***Deferred Comp Plan***.

Most 401(k) plans and other qualified plans do not have a highly trained consultant to look over and analyze how to achieve key/highly compensated employee retirement goals while staying within IRS guidelines.

Most owners have never seen their options put on paper to make an informed decision as to matching and profit sharing contributions and the ramifications of both to the key employees and highly compensated owners. If desired, ***Benefit Technologies International*** will prepare a side-by-side comparison of up to 9 different qualified plan options for review.

You will be able to make an informed business decision as to which option best suits your specific goals now and in the future.

With your association with ***Benefit Technologies International*** and our investment advisor, Bob Dunlap with the international investment firm of ***Prudential Securities***, your company now has access to the type of plan that was previously available only to Fortune 1000 sized companies. You have a small set-up cost of only \$500, an annual maintenance fee of \$350 and only a small quarterly participant admin fee of \$14 which is paid by employee or, if desired, by the employer. In addition, each participant will have a 1% asset management fee automatically charged to their account for investment advisory, management and support services.

Please call and request a plan set up and census report package:

Benefit Technologies International

Attn: William H. Prouty

(909) 301-0606

Questions? Please call Bill Prouty at 909-301-0605

The Benefits of Adopting the RSI 401(k) Plan

- 1) Retirement Specialists, Inc. (RSI) has taken the time and has completed the extensive due diligence required of a trustee as to which retirement plan structure is the best the market has to offer. By partnering with Nationwide Life Insurance Company, one of the nation's largest and most secure qualified retirement plan support organization and some of the world's oldest and strongest investment management organizations, including, Fidelity, Oppenheimer, Dreyfus, Janus, American Century, Invesco and more, the RSI 401(k) Plan has the resources necessary to make your plan operate effectively.
- 2) RSI has absorbed the bulk of the costs associated with setting up this powerful multiple employer 401(k) plan for employer organizations. RSI in cooperation with National Benefit Services, Inc. (NBS), a nationally recognized plan administration firm has made sure that all the strict IRS guidelines have been followed.
- 3) By adopting the RSI 401(k) Plan, your fiduciary liability is reduced because of the involvement of trustees and other professionals at all levels of plan operation. RSI has assumed the primary fiduciary responsibility for plan operations.
- 4) The adoption of the RSI 401(k) Plan reduces the usual \$1,000 + set up and annual administrative fees to a small annual administrative fee of \$350 and setup fee of \$350. Employers may also choose to match the contributions of your employees or add a profit sharing element. All plans have vesting schedules options designed to help **retain** your key employees.
- 5) The assets of each participant are self-directed with 24/7 hour Internet or toll-free 800 line access for review and management.
- 6) With financial management family names like: Janus, Fidelity, American Century, Dreyfus, Oppenheimer, etc., your employees will be very pleased by their wide range of plan investment options.
- 7) The flexible plan design maximizes opportunities for income deferrals and enhanced retirement income opportunities for key owners and other highly compensated staff members. Special complimentary non-qualified and executive compensation benefit strategies are also available to assist to maximize retirement income results and minimize tax impacts for owners and key employees.

The employer receives comprehensive administration, reduced fiduciary liability, some of the best investment funds to choose and on-going analysis and support to maximize highly compensated employee deferrals. **Benefit Technologies International, RSI, NBS and Morgan Stanley Dean Witter** offers the best possible choices for your tax qualified retirement saving plans. The administrative cost for each employee participant is only \$14 per quarter which enables them to allocate thousands of dollars each year toward the accomplishment of their individual retirement income goals. These employee fees can also be paid by the employer, if desired.

For answers to your questions and a detailed analysis of your situation, please call William Prouty at (909) 301- 0605.

Retirement Savings Plan Funding Alternatives

Employers and employees both benefit from the creation of tax qualified retirement savings plans. Extensive research and negotiation has been conducted to develop a wide range of retirement savings plan funding alternatives designed to provide sufficient choices to meet the investment risk tolerance levels of every plan participants. Plan options include IRA, SIMPLE IRA, SIMPLE 401(k), 401(k), 457 and 403(b). Only financial services/investment organizations with the highest financial ratings are used to assure the highest degree of financial integrity. New regulations under Section 404(c), provides employers using the recommended alternatives with the safe harbor provisions of the regulations regarding fiduciary standards of the investment choices available to qualified plan participants.

FIXED and VARIABLE ANNUITIES & MUTUAL FUNDS

Several comprehensive investment vehicles are available coordinated by Nationwide Life Insurance Company, ManuLife Financial Services, and other premier financial service organizations including Morgan Stanley Dean Witter incorporating many of the leading investment fund management groups in the industry. These include:

- American Century Investment
- Dreyfus Corporation
- Federated Investment Group
- Fidelity Investments
- Janus Funds
- Nationwide Financial Services
- Oppenheimer Funds Management
- Invesco Funds

For those plan participants who wish to have their assets partially or totally placed in secure fixed rate accounts which are not subject to the more volatile conditions of the equity markets, funds can be placed in the fixed annuity accounts, bonds or money market accounts. Account benefits can include special loan options which facilitate the application of funds to emergencies or special opportunities without the serious tax and penalty burdens of a partial withdrawal. Special systematic LERO withdrawal provisions dramatically increase the flexibility of fund withdrawals at retirement and allow for funds to remain in an environment of growth based on current interest rates instead of fixed by the provisions of standard annuity settlement options. The flexible nature of the contracts permits the reallocation of contributions to other investment options should circumstances for plan participant change.

Types of Qualified Retirement Plans

Profit Sharing Plan

A profit sharing plan allows you to make annual contribution of up to 15% of eligible salary (the total salary of those who meet the participation requirements of this plan) or \$30,000 per employee, whichever is less. Every year, your company can decide the amount of contributions, if any, to be made up to the maximum limit. This flexibility is particularly valuable to companies that would like contribute in profitable years but not in the unprofitable years.

Integrated Profit Sharing Plan

Integration of profit sharing plans is the process of correlating the benefits or contribution under a plan with those under a governmental program. Plans may be integrated with various federal and state programs, the most common being federal Social Security benefits.

Integration with Social Security is a cost saving method for the employer under which benefits provided by the Social Security Act are not duplicated. The effect is to maximize contributions made effectively on behalf of higher paid employees.

There are three basic integrated plans:

Excess plans - this type of plan excludes from participation employees who earn less than a specified dollar amount in annual wages.

Offset plans - this type of plan computes a gross benefit based on a formula geared to all pay, from which an amount can be deducted up to a permitted maximum on account of Social Security benefits or employer paid FICA contributions.

Step-rate plans - this type of plan provides a designated percentage up to a specified level of pay and then another percentage for pay above that specified amount.

Age Weighted Profit Sharing Plan

Like the profit sharing plan, the age weighted plan allows the company to contribute up to 15% of eligible salary or \$30,000 per employee; whichever is less, each year. Unlike the traditional plan, the total contribution to an age weighted plan is allocated base on employee's age. The older employees will receive a higher contribution than younger employees. This type of plan may also be integrated with state or federal retirement plans as was covered above.

401(k) Plan

The 401(k) plan is a plan that allows employees to contribute a percentage of their salary to the plan. Employees deferring a portion of their salary can fund a 401(k) plan. An employee can annually contribute the lesser of up to 20% of their salary or \$9,500. The company can make additional matching contributions based on the amount each employee contributes.

The 401(k) plan must adhere to a special non-discrimination testing procedure that limits the amount highly compensated employees can contribute from their salary to a multiple of the average amount contributed by the non-highly compensated.

Money Purchase Pension Plan

In the Money Purchase Pension Plan, the employer contributes a defined or fixed percentage of the participating employees salaries each year. The maximum annual contribution is 25% of salary with a maximum dollar amount of \$30,000 per participant. Typically younger employees are favored because they have a longer time for their funds to grow. The employer is obligated to make the contributions unless the plan is terminated. This type of plan can be integrated with State or Federal retirement plans like Social Security.

Defined Benefit Plan

A Defined Benefit Plan allows the company contributes as much money as is necessary to provide an employee with the retirement benefit specified in the plan document. The employer contributes an actuarially determined amount sufficient to pay each participant a fixed or defined benefit at his or her retirement. Each year the actuary recalculates the amount that must be contributed. If the actual earnings inside the plan exceed the actuarial assumption, then the amount the company must contribute is decreased. If the earnings fall short, then the company must contribute more in order to make up the difference.

Target Benefit Plan

The Target Benefit Plan has elements of both the defined benefit and defined contribution plans. The contributions are determined as if the plan were defined benefits plan while the defined contribution plan annual contribution percentage and dollar amount limitations apply to the actual contributions.

Unlike a defined benefit plan where the annual contribution is recalculated every year to compensate for the difference between the actual and the assumed earnings, the annual contribution to a target benefit plan is determined and set the year the plan is established. The value at retirement is merely a target and the actual future value will depend on the amount contributed, the earnings, inside the planned and the number of years until the employee retires. Like the money purchase plan, the contribution formula is written into the plan document and must be adhered to. The target benefit plan favors older employees.

New Comparability Plan

Like an age weighted plan, the New Comparability Plan uses the process of cross-testing to satisfy the discrimination rules. Cross testing is the process of converting contribution made today into their equivalent benefit accrual rates.

In designing, a new comparability plan, there are two methods, super-integrated and classification. Under the super-integrated method, a profit sharing plan would utilize an allocation formula that would be similar to an integrated profit sharing plan. For example, 15% of total compensation plus 20% of compensation in excess of \$75,000.

In the classification method, the plan would define two or more classifications of employees to divide participants into allocation groups. Each allocation group would receive a designated portion of the employer's contribution for the year.

Simplified Employee Pension (SEP)

A SEP is an IRA-type plan that works like a profit sharing plan allowing the company to contribute up to 15% of an employees salary or \$30,000, whichever is less. The SEP plan does not require plan and trust agreements or a plan sponsor to file Form 5500 tax forms each year. Unlike the other qualified plans, SEP plans are considered IRAs and do not offer the advantages of loans, vesting schedules, voluntary employee contributions, life insurance benefits, the exclusion of part-time employees or favorable tax treatments for distributions. SEP plans can also be integrated with state and federal retirement plans like Social Security.

The 1996 Small Business (Minimum Wage) Bill brought significant changes to the qualified plan systems. Those changes took effect on January 1, 1997 will help simplify and reduce the administrative confusion and costs regarding many of the plans. Regulations will be forthcoming in the coming months.

Pension and Retirement Savings Plans are being looked at very carefully in the current session of Congress and there is a strong likelihood that contribution limits will be raised significantly in 2001 which will help every working citizen develop a stronger personal retirement support system that will reduce the growing dependency on the Social Security system.

BTI-RSI 401(k) Plan
2001
Retirement Savings Plan Investment Choices

Fixed Accounts

Virtuosa II - The fixed account components of *The Best of America* portfolio of investment accounts. Current rate of return for next twelve months is guaranteed at 5.10% or you may select a shorter term guarantee with adjustments that more closely parallel market interest changes.

Variable Accounts

The following investment options are part of *Nationwide-The BEST OF AMERICA Retirement Advisor* group pension retirement plan investment portfolio. The yields are computed as of 2/28/2001. Current and future investment allocations can be changed by participant at anytime by using the special **Inquire** toll-free hotline or website connection. You can call as often as you like to learn the current value of the funds in your retirement account. You can move part or all of your account balances from one variable investment option to another. For calls made before 4:00 PM Eastern Standard Time the transaction will be completed the same day.

Conservative Accounts

Nationwide Money Market Fund SC (I) - A low volatility and risk account which provides for temporary holding accounts for investment funds while account adjustments are considered. Twelve month yield has been 3.53%. Inquire Code #834

Federated Bond Fund (II) - This portfolio is designed to preserve principal and have some equity exposure to keep pace with inflation and is appropriate for conservative investors with time horizon of less than five years. The three, five and ten year yields have been 1.38% / 3.61% / 7.90%. Inquire Code # 235

Balanced Accounts

Fidelity Advisors Balanced Class A (III) - A moderate volatility and risk account with combination of stock and equity securities. Three, five and ten year yields have been 16% / 6.08% / 7.43%. Inquire Code # 283

Invesco Total Return Fund (III) - A moderate volatility and risk account investing in a combination of stock and other equity securities. The three, five and ten year yields have been -1.50% / 5.83% / 8.50%. Inquire Code # 596

Fidelity Advisor High Yield (III) - This portfolio is designed to provide capital appreciation with some income. The three, five and ten year yields have been -1.97% / 3.32% / 9.09%. Inquire Code # 285.

Fidelity Advisor Equity Income (IV) - This portfolio is designed to provide capital appreciation with some income. The three, five and ten year yields have been 4.75% / 10.42% / 12.87%. Inquire Code # 282.

American Century Income and Growth (IV) - A moderate volatility and risk account with combination of stock and equity securities. Three, five and ten yields have been 2.87% / 12.54% / 13.32%. Inquire Code # 572

Nationwide S&P 500 Index (IV) - This portfolio is designed to maximize capital appreciation for investors with a 15+ year time horizon who are willing to take a high level of risk. This is a new S&P Index account with yield for twelve month at -10.77%. Inquire Code # 356

Dreyfus Balanced Fund (IV) - This portfolio is designed to maximize capital appreciation for investors with a 15+ year time horizon who are willing to take a moderate level of risk. . The three and five year yields have been 2.83% / 7.15%. Inquire Code # 219

Growth Accounts

Dreyfus Premier Third Century Fund (V) - A high growth and volatility account with combination of emerging companies and investments with higher degree of risk. Three, five and ten year yields have been 4.72% / 12.14% / 10.87%. Inquire Code # 225

Janus Worldwide (V) - A high growth and volatility account with combination of emerging international companies and investments with higher degree of risk. Three and five year yields have been 9.34% / 14.61%. Inquire Code # 315.

Fidelity Advisors Equity Growth Fund (V) - A high growth and volatility account with combination of emerging international companies and investments with higher degree of risk. Three, five and ten year yields have been 9.35% / 13.45% / 15.04%. Inquire Code # 755.

Fidelity Advisors Growth Opportunities Fund (V) - A high growth and volatility account with combination of emerging international companies and investments with higher degree of risk. Three, five and ten year yields have been -5.64% / 5.17% / 10.18%. Inquire Code # 281.

Janus Fund (V) - A high growth and volatility account with combination of emerging companies and investments with higher degree of risk. Three, five and ten year yields have been 9.29% / 13.67% / 13.25%. Inquire Code # 320.

Dreyfus Appreciation Fund (V) - An aggressive growth and high volatility account with primary focus on growth companies. Three, five and ten year yields have been 5.72% / 13.95% / 12.95%. Inquire Code # 217

Strong Advisors Common Stock (V) - A high growth and volatility account with combination of emerging companies and investments with higher degree of risk. Three, five and ten year yields have been 8.91% / 13.55% / 17.45%. Inquire Code # 521.

Oppenheimer Global Fund (VI) - A very aggressive growth and high volatility account with primary focus on emerging international companies. Three, five and ten year yields have been 15.59% / 16.45% / 12.35%. Inquire Code # 435

American Century International Growth (VI) - A very high growth and volatility account with combination of emerging companies and investments with high degree of risk. The three and five year yields have been 8.27% / 12.83%. Inquire Code # 571.

Strong Advisors Mid Cap Growth Fund (VI) - A very aggressive growth and high volatility account with primary focus on emerging companies. The three-year yield has been 13.86%. Inquire Code # 882

American Century Growth (VI) - A very aggressive growth and high volatility account with primary focus on emerging companies. Three, five and ten year yields have been 5.20% / 111.41% / 10.13%. Inquire Code # 570

Nationwide Small Cap Index Fund (VI) - A very aggressive growth and high volatility account with primary focus on emerging companies. The twelve-month yield has been -21.67%. Inquire Code # 967.

Invesco Small Company Growth Fund (VI) - A very aggressive growth and high volatility account with primary focus on emerging companies. Three and five year yields have been 11.01% / 12.66%. Inquire Code # 786.

Invesco Dynamics Fund (VI) - A very aggressive growth and high volatility account with primary focus on emerging companies. Three, five and ten year yields have been 11.85% / 14.82% / 16.88%. Inquire Code # 317.

Janus Twenty Fund (VI) - This portfolio is designed to maximize capital appreciation with income as a secondary goal. Appropriate for investors with a 15+ year time horizon who are willing to take a high level of risk, or for investor willing to take a higher level of risk given a shorter (10 to 15 year) time horizon. The three, five and ten year yields have been 10.20% / 17.21% / 15.22%. Inquire Code # 325.

Your benefits counselor will help assist you in determining what allocation will best meet your personal investment objectives. You can call Bill or Lynn Prouty at **Benefit Technologies International (909) 301-0605 or (909) 672-3403** at any time with questions on your plan. You are encouraged to use the Nationwide toll-free **Inquire** system **(800) 772-2182** or their website **www.bestofamerica.com** (Case #196-_____) to check on the balances in your accounts or to make one-time or permanent changes in the allocations of your plan investments.