

The Pension Specialists, Ltd.

Proposal Request Package

Check Proposal(s) to be requested

- Product Proposal
- Fee Proposal
- Technical Allocation Proposal

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The Pension Specialists, Ltd. (TPS) Retirement Plan Third Party Administrator

Service Pricing Philosophies

TPS pricing mission:

“To provide aggressively competitive pricing while maintaining high quality service.”

TPS pricing goal:

“To provide the high quality service our clients desire at the lowest possible price.” Revenues must be enough to provide quality staff and to give the staff the resources needed to deliver high quality service. Revenues must provide resources to improve service through the addition of technological advances and system enhancements. Our clients will be those that are focused on value. They will seek quality pro-active advice and attentive responsive service, as opposed to the lowest possible price.

Pricing strategy:

“To custom price each client’s service to assure the client is paying the lowest price for the service provided, while maximizing the net value each client receives.”

Comparing the competition:

Straight hourly rate method.

Clients don’t like this “open check book” approach. Actual fees usually end up far exceeding quotes. Clients pay for the inefficiency of the service provider. Clients don’t like bad surprises. Clients are forced to haggle over fees.

Base fee plus a per participant fee method.

Price becomes excessive as the number of plan participant’s increases. Counting is troublesome. Clients needing excess service pay too little, non-demanding clients pay too much. “Efficient Clients” subsidize “inefficient clients.”

The TPS customized pricing model:

TPS closely reviews its role in each engagement. Major pricing factors include: 1.) The services and service level the Client desires. 2.) The ability of the Client’s staff to support TPS. 3.) The Client’s ability to use technology. 4.) The ability of the Client’s investment Broker to support TPS 5.) The ability of the client’s Investment Company to support TPS. The more support we receive, the lower the price.

Using these factors we develop an annual base fee using hourly rates from \$60.00 to \$150.00 per hour. The more hours anticipated, the less is charged per hour (Similar to a volume discount). The base fee quote is guaranteed. The base fee is increased annually by a factor of 2.5% to 5% to reflect increasing costs. Client base fees are often reviewed and decreased, as the relationship becomes more efficient. Clients with complex plans requiring high service, with little ability to provide support or use technology, using inexperienced Brokers and convoluted investment plans will pay more. We are proud that we rarely receive complaints or requests for billing adjustments or decreases.

Pricing estimate examples:

- a) A one time non-repeat two hour service will be billed \$300.00
- b) A one time non-repeat ten hour service will be billed \$1,250.00
- c) An ongoing engagement requiring five hours per year will be billed \$500.00
- d) An on going engagement requiring ten hours per year will b billed \$800.00
- e) An ongoing engagement requiring twenty hours per year will be billed \$1,500.00
- f) An ongoing engagement requiring forty house per year will be billed \$2,800.00
- g) An ongoing engagement requiring eighty hours per year will be billed \$4,800.00

The TPS base fee versus additional TPS fees:

The TPS base fee is intended to cover all of the costs of measurable and standard plan processing tasks. This includes processing, verifying and proofing remittances, preparing periodic plan valuations, processing participant enrollments, processing employee participation election changes, and preparation of periodic management, participant and government agency reports. Additional TPS fees are intended to cover non-measurable, unanticipated and non-standard administrative tasks that may arise. All of these additional services are clearly identified in our “Client Engagement Letter.” The more common additional tasks are distributions, loan applications, loan maintenance, hardship withdrawals, and IRS forms 945 and 1099R. Most additional services are billed out at a flat fee for the task while more complex additional services are billed hourly at rates ranging from \$60.00 to \$150.00 per hour.

Employer paid additional services fee examples: **Price**

Distributions (Defined Compensation & Defined Benefits)	\$58.00 – \$135.00
Hardship distribution	\$125.00
In-service distribution	\$50.00
Qualified domestic relations order (QDRO) distribution	\$50.00
(QDRO) adjudication. TPS arranges with outside counsel (By outside counsel)	\$150.00
Plan amendment including SPD and notice	\$150.00

Employee paid additional services fee examples: **Price**

Loan application	\$125.00
Loan administration billed for each month outstanding	\$6.25/month outstanding

Fees listed above are for example only. Fees may be changed at any time. Please refer to a Specimen or Actual Client Engagement Letter for more information about billing.

The Pension Specialists, Ltd.

Business Data / General Information

Name of Business: _____ Est. Date: _____

Contact Name: _____ Title: _____

Address: _____

County: _____

City, State, Zip: _____

Phone: (____) _____ Fax: (____) _____

Plan year end: _____
(Mo./day)

Business year end: _____
(12/31, 6/30, etc.)

Business Data:

FEIN: _____

- | | | |
|---|--|---|
| <input type="checkbox"/> Corporation | <input type="checkbox"/> S-Corporation (Sub-S) | <input type="checkbox"/> LLC |
| <input type="checkbox"/> LLP | <input type="checkbox"/> Sole Proprietorship | <input type="checkbox"/> Professional Corporation |
| <input type="checkbox"/> Nonprofit Organization | <input type="checkbox"/> Partnership | |

List ownership information below:

<u>Owner's Name</u>	<u>%</u>	<u>Employee?</u>	<u>Trustee</u>	<u>Title</u>
		<input type="checkbox"/> Yes <input type="checkbox"/> No		
		<input type="checkbox"/> Yes <input type="checkbox"/> No		
		<input type="checkbox"/> Yes <input type="checkbox"/> No		

Are any family relatives employed here? No Yes - If yes, list name and relationship. _____

Is the business associated with any other business by common ownership, or by maintaining an affiliated service group? No Yes - If yes, list details on attached form.

Is there a union with which retirement benefits have been the subject of good faith bargaining? Yes No

Does the employer maintain a Section 125 plan (cafeteria plan)? Yes No

Does the employer currently have a qualified retirement plan? Yes No
(Refer to takeover checklist)

Has employer ever had a qualified retirement plan? Yes No
If yes, specify type of plan: _____

Does employer use services of leased employees? Yes No

The Pension Specialists, Ltd.

Business Data / Plan Information

A NEW PLAN including plan design, plan document, administrative Services and investment contract.

TAKEOVER an existing plan.

Estimated amount of annual recurring contributions during the first

Contract year: Variable \$ _____ Fixed \$ _____

Estimated assets available to transfer to the successor investment company during the first six

Months: Variable \$ _____ Fixed \$ _____

Current funding provider: _____

Are surrender charges applicable? Yes No – Estimated amount or %: _____

Is employer seeking maximum business tax deduction?

Yes No Other – Specify _____

Desired plan type:

- | | | |
|--|---|--|
| <input type="checkbox"/> Profit Sharing | <input type="checkbox"/> Target benefit | <input type="checkbox"/> 401(k) Profit Sharing |
| <input type="checkbox"/> Money Purchase | <input type="checkbox"/> Simple IRA | <input type="checkbox"/> Age-weighted Profit Sharing |
| <input type="checkbox"/> Defined Benefit | <input type="checkbox"/> Please call to discuss | |

Will employer provide a matching contribution?

Yes No If yes: _____% of the first _____% of each participant's salary deferral contribution

Will employer provide a discretionary contribution (profit sharing)? Yes No

Does the business wish to commit to a fixed contribution every year? Yes No

Who will make investment election? Trustee Participant Other: _____

List below names and address of Business Advisors, Accountant, Attorney, Financial Planner, etc.

Business Advisor

Accountant

Name: _____

Address: _____

Phone: _____

Attorney

Financial Planner

Name: _____

Address: _____

Phone: _____

The Pension Specialists, Ltd.
Qualified Plan/Takeover Checklist

Plan Name: _____

We will not begin processing until requested information has been received.

Type of Plan:

- | | | |
|---|--|--|
| <input type="checkbox"/> Profit Sharing | <input type="checkbox"/> Target benefit | <input type="checkbox"/> 401(k) Profit Sharing |
| <input type="checkbox"/> Money Purchase | <input type="checkbox"/> Age-weighted Profit Sharing | <input type="checkbox"/> Defined Benefit |
| <input type="checkbox"/> Simple IRA | <input type="checkbox"/> Other _____ | |

Current year census information for ALL employees:

- | | | |
|---|---|--|
| <input type="checkbox"/> Employee Name | <input type="checkbox"/> Birth Date/Sex | <input type="checkbox"/> Hire Date |
| <input type="checkbox"/> Title/Position | <input type="checkbox"/> Work Status | <input type="checkbox"/> Annual Compensation |
| <input type="checkbox"/> Termination Date | <input type="checkbox"/> Owner % | <input type="checkbox"/> Annual Hours Worked |

Listing of all employee:

- Stockholders Employee Officers Family member's that are employed by the company.

Current year:

- Receipts Disbursements Contributions (Dates & Amounts) Insurance Cash Value
 Copy of Fiduciary Bond

Employer Identification Number: _____

Trust Identification Number: _____ (to be assigned, if new)

Business Code (6 digit): _____

Takeover Checklist

- | | |
|---|---|
| <input type="checkbox"/> Prior Trust Document | <input type="checkbox"/> Adoption Agreement |
| <input type="checkbox"/> Determination Letter | <input type="checkbox"/> Amendments |
| <input type="checkbox"/> Prior year financial statements | <input type="checkbox"/> Prior year valuation including |
| <input type="checkbox"/> Participant account balances by source of contributions | |
| <input type="checkbox"/> Participant distributions for 5 preceding years | |
| <input type="checkbox"/> Participant vesting | |
| <input type="checkbox"/> Government 5500 Forms with all Schedules filed for prior plan year | |

Comments for future processing:

The Pension Specialists, Ltd.
Other Business or Affiliated Group

Owner's Name	%	Employee?	Trustee	Title
Business Name				
		<input type="checkbox"/> Yes <input type="checkbox"/> No		
		<input type="checkbox"/> Yes <input type="checkbox"/> No		
		<input type="checkbox"/> Yes <input type="checkbox"/> No		
		<input type="checkbox"/> Yes <input type="checkbox"/> No		
Business Name				
		<input type="checkbox"/> Yes <input type="checkbox"/> No		
		<input type="checkbox"/> Yes <input type="checkbox"/> No		
		<input type="checkbox"/> Yes <input type="checkbox"/> No		
		<input type="checkbox"/> Yes <input type="checkbox"/> No		
Business Name				
		<input type="checkbox"/> Yes <input type="checkbox"/> No		
		<input type="checkbox"/> Yes <input type="checkbox"/> No		
		<input type="checkbox"/> Yes <input type="checkbox"/> No		
		<input type="checkbox"/> Yes <input type="checkbox"/> No		
Business Name				
		<input type="checkbox"/> Yes <input type="checkbox"/> No		
		<input type="checkbox"/> Yes <input type="checkbox"/> No		
		<input type="checkbox"/> Yes <input type="checkbox"/> No		
		<input type="checkbox"/> Yes <input type="checkbox"/> No		

The Pension Specialists, Ltd.
Objectives

<u>Personal Objectives</u>	<i><u>Not Important</u></i>	<i><u>Somewhat Important</u></i>	<i><u>Very Important</u></i>	<i><u>Extremely Important</u></i>
1.) Maximize tax benefits for owner				
2.) Maximize retirement benefits for owner				
3.) Meet retirement income objective				
4.) Provide estate liquidity				
<u>Business Objectives</u>	<i><u>Not Important</u></i>	<i><u>Somewhat Important</u></i>	<i><u>Very Important</u></i>	<i><u>Extremely Important</u></i>
5.) Reduce corporate income taxes or net partnership or proprietorship income				
6.) Reward key employees				
7.) Motivate employees				
8.) Recruit new employees				
9.) Reduce employee turnover				
10.) Increase employee satisfaction				
<u>Altruistic Objectives</u>	<i><u>Not Important</u></i>	<i><u>Somewhat Important</u></i>	<i><u>Very Important</u></i>	<i><u>Extremely Important</u></i>
11.) Provide employees with retirement income				
12.) Promote employee savings for retirement				
13.) Provide employee with a flexible compensation plan				
14.) Share business profit with employees				
15.) Share business ownership with employees				
What Other Important Objectives should be considered?				
<hr/>				
<hr/>				
<hr/>				

The Pension Specialists, Ltd.
Objectives Continued

<u>Financial Factors</u>	<i>Increasing</i>	<i>Stable</i>	<i>Declining</i>	<i>Fluctuating</i>
16.) What has been the cash flow Trend the past five years?				
17.) What has been the before-tax Profit trend the past five years?				
18.) What is the outlook for the cash flow available for retirement plan Contribution?				
19.) What is the outlook for before Tax profits?				

What is the maximum amount the business could have afforded to contribute to a qualified plan for the last fiscal year?
 \$ _____

What is the maximum amount the business could have afforded to contribute to a qualified plan for this fiscal year?
 \$ _____

<u>Regulatory Factors</u>	<i>Extremely Objectionable</i>	<i>Very Objectionable</i>	<i>Somewhat Objectionable</i>	<i>Not Objectionable</i>
20.) Contribution for employees				
21.) Forfeiting the use of assets until retirement				
22.) Complying with federal reporting and disclosure requirements				
23.) Incurring administration				
24.) Assuming fiduciary responsibilities / liabilities				
<u>Attitudinal Factors</u>	<i>Extremely Objectionable</i>	<i>Very Objectionable</i>	<i>Somewhat Objectionable</i>	<i>Not Objectionable</i>
25.) Making a commitment to annual contributions				
26.) Sharing business profits with employees				
27.) Sharing business ownership with employees				

