

**The following story is hypothetical and does not represent any actual experiences of ISI clients.**

A business owner was working with Tim Decker, President of ISI Financial Group, on his own personal financial plan and wealth management. The business owner's company employs 115 people and had an existing 401(k) for company employees through another advisor and administrator. In working together on the business owner's financial plan, Tim learned that his client's 401(k) plan was a bundled plan with an insurance company. A bundled 401(k) combines together the services of the 3rd party administrator, the record keeper, and the advisor. This type of plan is common in companies with less than 500 employees and less than \$20 million in plan assets. Because it bundles together its fees for the three services, a bundled 401(k) plan often makes it difficult for a company to truly understand their 401(k) cost structure. Without transparency in 401(k) plan expenses, employers lack the necessary information to adequately fulfill their fiduciary reporting responsibilities to employee participants.

And this was the case for this business owner's company. ISI Financial Group was able to break out the expenses associated with the administration and investment management of the current 401(k). The business owner learned that total expenses exceeded 2% and in some cases approached 3% depending on the investment option selected. ISI Financial Group proposed an alternative solution for the company utilizing an unbundled format with a separate administrator, record keeper, and advisor that reduced overall plan expenses by more than 50%. This unbundled plan made it easier to identify the plan's expenses enabling the business owner to be able to fulfill his fiduciary responsibilities as employer.

Plan improvements extended to the employees as well. With the 401(k) plan designed and implemented by ISI Financial Group, employees now had the choice to direct their money in a managed option or continue to manage their own investment choices.

The managed option was based on one of three formats depending on an employee's risk tolerance and investment time horizon. With the new managed options, the employee's money was automatically diversified among 10-12 asset classes and rebalanced as necessary to stay within their choice of risk tolerance using no-load, low-cost investment vehicles.

ISI Financial Group used funds from Vanguard and Dimensional Fund Advisors for the

investment fund options. Dimensional Fund Advisors' funds are typically only available exclusively through select, fee-only advisors like ISI Financial Group or to large institutional clients. Employees who choose to manage their own investment choices were given a menu of diversified Vanguard, no-load mutual funds to utilize in designing their own asset allocation if they wished to do so.

Over 90% of employee participants chose to take advantage of one of the three managed options. Consistent employee feedback indicates appreciation for the managed option because it saves them time and relieves them of the burden of choosing and managing their own asset allocation.

Also, another significant feature was the new, advanced 401(k) plan design ISI Financial Group was able to present, which provided opportunities to increase the allowable personal deductible contributions for the business owner and key employees over their previous plan.

401(k) plans, like other employee benefits, help employers attract and retain a quality work force. This ability to attract and retain quality employees is only as effective as the extent to which employees understand the value of their benefits. Before and after ISI Financial Group implemented the enhanced 401(k) plan, they created and help deliver individual and group communications to help employees understand the benefits of the lower expenses and increased investment choices. These ongoing communications, along with the enhancements to the 401(k) plan, helped significantly increase overall participation in the company 401(k) plan. This business owner now sleeps better at night knowing that he meets his fiduciary responsibilities for his company's 401(k) plan and has provided valuable new benefits to employees.

**Although the preceding scenario accurately describes services provided by ISI Financial Group, Inc., the above is meant to be an example only and is not by name an actual client of ISI. The content is based upon information believed to be accurate by ISI Financial Group; however, it should not be relied upon for legal or accounting purposes. Past performance is not indicative of future performance. Investments involve risk, including the possible loss of principal.**