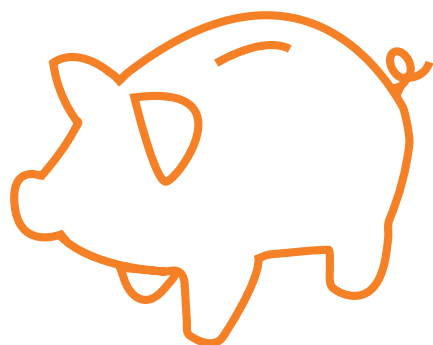


Everything you wanted to know about 401(k)s ...but were afraid to ask



A Buyer's Guide to 401(k) plans for small businesses

the online | 401(k)[®]

FWD Forward Thinking

Size matters.

Did you know that most 401(k) plans are built for large businesses, not small? In fact, most 401(k) plan providers are not even interested in providing services for small businesses. When they do, their plans typically do not fit small businesses well.

What does that mean for you?

- You could end up paying for features you don't need
- You may not be told about the hidden fees most plans include
- You may not receive the help you need choosing the 401(k) plan that's best for your small business

This no-nonsense guide is built for small businesses like YOU. We're leveling the playing field and showing you the simple way to buy a 401(k) plan.

Small businesses deserve a way to save!

As a growing small business, you and your employees deserve the benefits that bigger businesses have, without the big business cost and empty promises.

Here's what you'll learn:

This no-nonsense guide is built for small businesses like YOU. We're leveling the playing field and showing you a simpler way to buy a 401(k) plan. You'll learn:

- What to look for in a 401(k) plan
- Questions to ask
- How to choose the right plan for your small business

Don't worry, there's not a word of fine print in this guide, and you won't find any fancy jargon, either. All you'll get is plain English and some good advice.

Got your attention? Read on...

Why 401(k)?

You and your employees deserve to have the retirement of your dreams, no matter what they are. The benefits of the right plan are endless.

A 401(k) plan can help you to:



Save @Work

Save up to \$16,500* at work without thinking about it! You and your employees designate how much you want to save per paycheck and it's taken out, pre-tax. Out of all the retirement plans, a 401(k) plan allows you to contribute the most.



Attract & Retain

According to *Plan Adviser* magazine, 64% of employees of small businesses said a 401(k) plan is an important benefit that employers should be obligated to offer. And nearly 40% of employees indicated they would leave their current job for one that provided a 401(k). Don't be left behind.



Reduce Taxes

Uncle Sam supports small businesses! The government provides a \$500 tax credit to small businesses that set up a 401(k) plan, for the first 3 years it's in place. In addition, the expenses your company incurs (including matches and what you pay to manage the plan) are tax-deductible!

*401(k) Contribution Limit for 2009

No match required

There's all kinds of retirement plans out there, and most of them require employers to match what their employees put in. With a 401(k), it's your choice if you want to match or not. Still, some shady 401(k) providers would have you believe otherwise. They might just stick you in a plan that requires matching, without even telling you. But don't believe the hype. You don't have to match if you don't want to.

**There are so many retirement plans out there.
Which one is right for me?**

Wondering why a 401(k) plan might be the right one for you?

With so many choices, it's hard to figure out which retirement plan is right for you and your employees. Plus, who wants to spend precious hours researching this stuff?

Take a look to find out which type of retirement plan is right for you, or go through our recommendation engine on our home page, www.theonline401k.com.

Features	The Online 401(k)	SIMPLE 401(k)	Profit Sharing	SEP IRA	SIMPLE IRA
What's the cost?	Low to High	Low to Medium	Low to High	Low	Low
Who can contribute?	Employee and employer	Employee and employer	Employer	Employer	Employee and employer
How much can my employees defer?*	Lesser of \$16,500 (for 2009) or 100% of compensation	Lesser of \$11,500 (for 2009) or 100% of compensation	None	None, contributions are only by the employer	Lesser of \$11,500 (for 2009) or 100% of compensation
Is there a catch-up contribution for those employees over age 50?*	Yes, \$5,500 for 2009	Yes, \$2,500 for 2009	N/A	N/A	Yes, \$2,500 for 2009
Does the employer have to contribute?	No	Yes	No	Yes	Yes
How much can the employer contribute?*	It is up to the employer. The company may deduct up to 25% of the total payroll. The individual limit for 2009 is \$49,000 per employee (offset by deferrals).	There is a required match on deferrals of 100% up to 3% of employee's compensation (this may be reduced to 1% in 2 of any 5 years) OR 2% of compensation to all eligible employees.	It is up to the employer. The company may deduct up to 25% of the total payroll. The individual limit for 2009 is \$49,000 per employee (offset by deferrals).	It is up to the employer. Limits are up to 25% of an employee's eligible compensation or \$49,000 (for 2009), whichever is less.	There is a required match on deferrals of 100% up to 3% of employee's compensation (this may be reduced to 1% in 2 of any 5 years) OR 2% of compensation to all eligible employees.

*Limits are adjusted each year for inflation

IMPORTANT NOTE: This chart is not considered a comprehensive review of each plan type. It is intended to be general in nature. As a result, exceptions to each plan can exist, and is not intended to provide legal, tax or investment advice.

But what does a plan cost? ...

How much should a 401(k) plan cost?

There's no such thing as a free lunch, although many providers would have you believe otherwise. Beware the smiling salesman who promises you a "free" 401(k) plan.

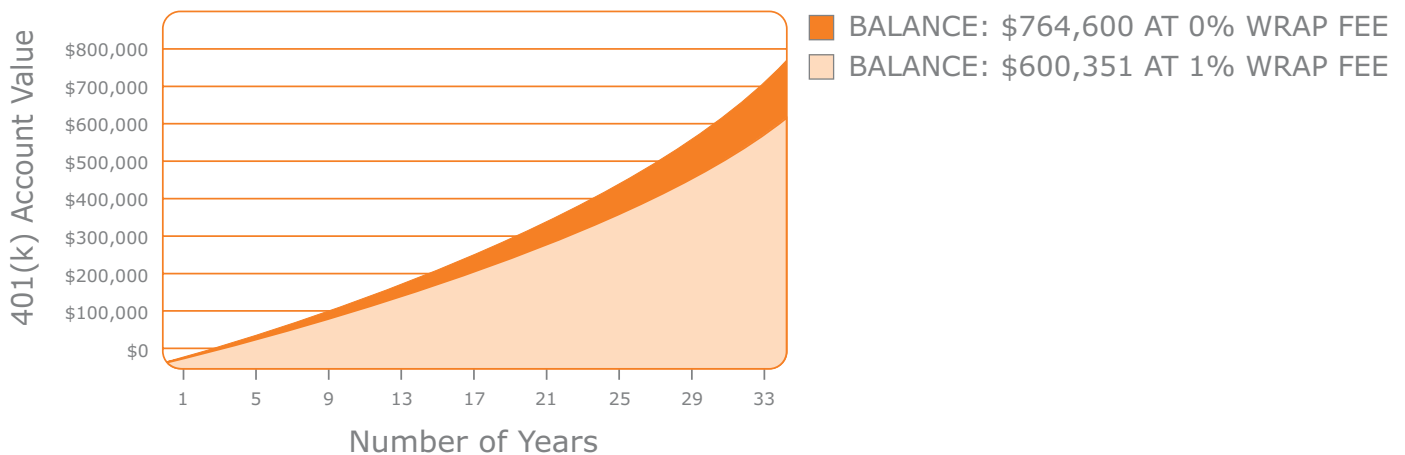
And since you don't have the armies of lawyers required to decipher the fine print that often accompanies 401(k) fee information, we've simplified it for you.

What kind of fees can I expect?

There's this thing called an asset-based fee. It's a fee based on the amount of money in your plan. The more money you have, the bigger the fee. As you can imagine, this isn't good for you or your money.

Some plan providers charge this fee to pad their pockets. They might mention it in the fine print of the account paperwork, but they're not required to tell you about it on your statement. So you might be paying extra, and not even know it.

Take a look at this example, which shows how just a 1% fee can affect the balance of your 401(k) account.



*Source: The Online 401(k)

This chart has been prepared for illustrative purposes only.

Assumes that participant begins saving at age 30 until retirement at age 65

Assumes annual 401(k) deferrals are \$4,000

Assumes gross rate of return is 8%, wrap fee at 1% per year, compounded monthly

What kind of fee should I look for?

What you want is a 401(k) plan that charges a flat fee. That way, you'll always know how much you're paying and how much you're earning. You pay a simple flat fee based on the number of employees you have and the services you want. It's that easy and allows you to control your expenses. The Online 401(k) is one of the few 401(k) providers that offers a flat fee, and we're proud of that.

Sounds great! Give me the skinny on other 401(k) secrets...

What about financial advisors and their fees?

A financial advisor helps guide you and your employees in making investment choices as they relate to your 401(k) plan. We work with a wide network of more than 300 financial advisors across the country, and our CEO was a financial advisor. We believe in what they do.

Your financial advisor might charge an asset-based fee. Unlike 401(k) providers though, that's the whole enchilada – meaning, that's all they are paid for their services while a 401(k) provider can charge you an asset-based fee AND a standard fee for service.

Don't double-pay your 401(k) provider – it's that simple.

Two strategies to reduce the cost of your 401(k) plan!

IRS \$500 Tax Credit

Don't forget, if you are starting a NEW plan you can take advantage of the \$500 Small Business Tax Credit for three consecutive years from the IRS. Please talk to your Regional Sales Director to find out if you qualify for this credit.

Cost-Splitting

Still concerned about price? Your company can pass on some of the 401(k) costs on a pro-rated basis to the employees participating in the 401(k) plan. The net cost to your participants can be as little as \$5 to \$10 per pay period, plus tax savings. It's a no-brainer!

5 ways to outsmart the fine print

Lots of companies get rich on fine print. They know you'll never read it, so that's where they do their dirty work.

1 Take the easy way out

This isn't rocket science. Setting up a 401(k) should take no more than an hour, and maybe a half-hour per month to keep it going. The provider you choose should give you an easy way to select the features you want in your plan. Stay away from providers who insist on endless conference calls, followed by 1-lb packages in the mail. Not only are they killing trees, but they're wasting your time.

Ideally, you should have one phone call to set up your plan and you should get your plan documents to sign off on. That's it.

2 Don't pay more than you should

We've already mentioned the types of fees 401(k) providers can charge. Where can you find them? They might mention it in the fine print of the account paperwork, but they're not required to tell you about it on your statement. The best thing to do is ASK them upfront about asset-based fees and if there are any. That way, it's not lying by omission, it's just plain lying if they don't tell you.

3 Beat the investment bullies

Many 401(k) providers make their plans look like you're getting more than you pay for. One way they do that is by giving you fewer investment options, often from just one company—the one that will give them a kickback. Or, they scrape a little bit off the top every time you put money in or take money out. Find out if you'll have all the investment options you want, from a wide range of companies – you owe it to yourself and your employees.

4 Check for a pulse

There's a whole bunch of 401(k) providers out there on the Internet. A lot of them are run by robots. They give you nothing but software and a set of indecipherable instructions. And when you need help, you're stuck with automated phone menus and shoddy e-mail support. This is no place for a human to plan his or her retirement. Before you sign on, make sure there are real live breathing humans on the other side.

5 Educate your employees

What's the use of having this wonderful benefit if your employees don't use it? Make sure your employees are aware of this great benefit you are putting into place for them. Ask for a demo of what your employees will see and make sure that the process for enrollment is going to be easy.

Okay, what questions do I ask to make sure I land the best provider for my company?

Questions to ask a potential 401(k) provider

Now you're ready to start your search.

Here's a checklist of questions to make it easier to find the perfect 401(k) provider for you:

✓ *How much does your 401(k) product cost? Please include fees that come out of participant (employees) accounts as well as the upfront fee I need to pay.*

Make sure the providers you are considering give you a clear, itemized list of ALL fees you and your employees will pay.

✓ *Do you sell your own investments? If so, what do I need to do to get access to other mutual funds?*

You and your employees deserve access to multiple funds and a diverse range of mutual fund brands.

✓ *How will you help me or my employees if we have a question?*

How will they give you and your employees support – will it be e-mail only or will there be a phone number? Whatever it may be, make sure it meets your expectations and needs.

✓ *How long does it take to set up a plan, what are the steps and how long will it take for me to manage the plan on an ongoing basis?*

Have the provider walk you through the steps of the setup as well as demonstrate the tools you will use to manage the plan.

✓ *What type of education will you provide my employees with?*

Ask to look at the types of materials and tools your employees will be using to make their investment decisions, as well as resources for you.

Got questions?

We've got answers.

If you'd rather talk to a live human being, one of our retirement consultants would be more than happy to speak to you about your specific needs and any questions you might have on setting up a 401(k) plan for your small business.

Contact us today!

e-mail: sales@theonline401k.com

phone: 877.775.401k