Benefits for Corporate America, Inc.

Presents

The outsourced Benefits for Corporate America, Inc. Deferred Compensation Plan

What is "Deferred Compensation"?

- A non-qualified form of providing retirement benefits to executives.
- May use defined benefit or defined contribution approach.
- Funded with executive salary deferrals or with elective employer contributions.
- BCA Deferred Compensation Plan is referred to as “the Plan”.

How Does the Plan work?

Employer → $ → Trust → $ → Investments

- Employer makes contributions directly to a “Rabbi Trust”.
- Contributions are not tax-deductible.
- Funds are invested in accordance with executive’s election.
- Trust is not tax-exempt;

  investments must consider taxes.
- Tax-deferred investments include insurance, annuities and municipal bonds.

What is the Plan Model?

- Deferred compensation is not tax-deductible because amounts are not immediately vested in the executive.
- Benefits for Corporate America has developed a model which allows the company's entire contribution to the Plan to be invested, not just the after-tax portion.

How Does the Plan Work?

Employer	$	Trust	$	Investments

- Each year, employer determines elective contribution amount and executive makes salary deferral election.
- Employer contributes those amounts to the Plan.
- Contributions are deposited directly to the Rabbi Trust.
- Funds are invested in accordance with executive's election.

How Are Taxes Paid?

- Contributions to the Plan, whether by employer election or by employee salary deferral, are not tax-deductible.
- BCA makes a “low cost” loan to employer to cover the income taxes.
- Loan is repaid at the time benefits are distributed.

- [Note: if employer is a pass-through entity, contributions are taxed to the owners of the entity.]

How Does the Income Tax Loan Work?

- BCA has arranged for a line of credit to cover the income tax loans.
- The line of credit is secured by a collateral assignment of the executive's investments.
- BCA subsidizes the interest during the executive's participation.
- Upon the executive's retirement, the loan is repaid from the then value of the executive's investments.
- Zero net tax at retirement since the employer claims a full tax deduction for benefits paid to the executive and the benefits are taxable to the executive.

Benefits to Employer

- Unlimited, flexible contributions.
- Cover only desired executives.
- Minimal cost and hassle with no IRS filing requirements.
- No ERISA compliance or fiduciary liability issues

Unlimited, Flexible Contributions

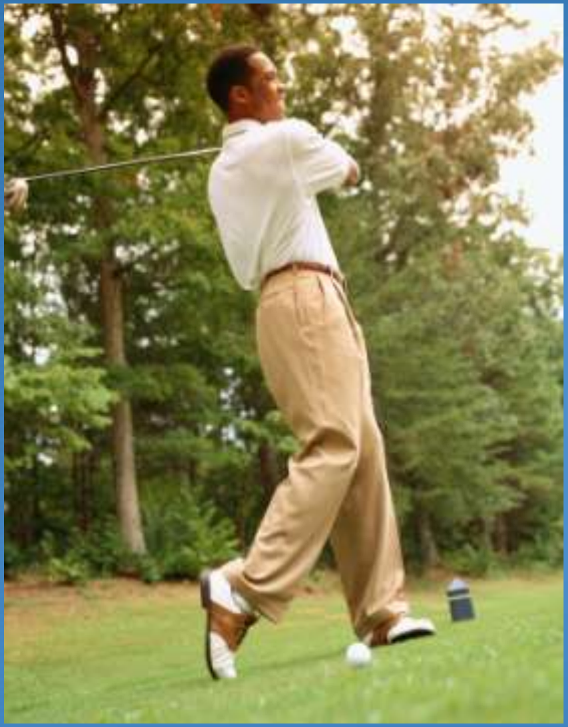
- No dollar limit on employer contribution or salary deferral.
- All contributions are compensation; total compensation must be "reasonable". - IRC 162
- Executive makes annual salary deferral election.
- Employer makes annual contribution election.

Cover Only Desired Executives

- The Plan is a “Top-Hat Plan”.
- Only “Key” or “Highly-Compensated” executives may be selected by the employer to participate.
- No non-discrimination requirements as to eligibility or benefits.

Advantages to Executive

- Ability to reduce compensation for additional contributions.
- Entire contribution is invested, not just after-tax portion.
- Tax-deferred investment growth.
- Safety of principal.
- Choice of investment.
- Choice of retirement date and form of benefit.
- Benefits are protected from creditors.



Tax-Deferred Growth; Safety

- Contributions are invested in tax-deferred investments, usually annuities or life insurance.
- Policy funds are invested in sound underlying investments with investment strategy selected by the executive.

Choice of Investment Strategy

- Fixed Interest Account.
- Russell 2000® Indexed Account.
- S&P 500® Indexed Account.
- Nasdaq-100® Indexed Account.
- EURO STOXX 50® Indexed Account.
- FTSE 100 Indexed Account.

[Note: Indexed investments may be subject to annual caps.]

Retirement Date and Form

Participant may select:

- Retirement age.
- Form of benefit payment.
- Investment strategy.

Executive's Benefits Protected

The deferred compensation benefits held in the Rabbi Trust become irrevocable upon the employer's:

- Insolvency or filing for bankruptcy protection.
- Assignment for creditors.
- Change in control or ownership.

Case Study

- 55 year old executive defers $150,000 per year for 5 years, with no additional contributions thereafter.
- Executive then retires at age 65 with tax-free payments of $106,874 per year for 10 years.
- The employee, therefore, receives $318,740 more than was paid into the Plan.

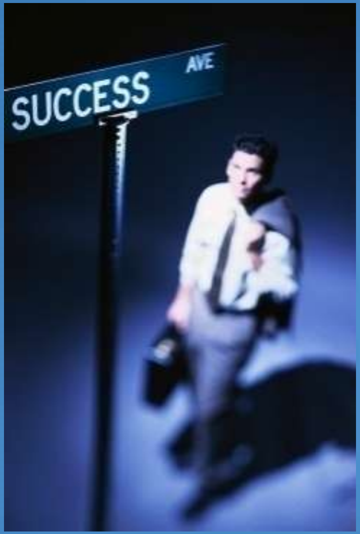
[Note: A 7.07% rate of return was assumed on accumulation, actual results may vary.]

Minimal Cost & Hassle

- Set-up Fee: $1,500
- Annual Administration Fee: $750 + $25 /Exec.
- Trustee Fee: $500 /yr.

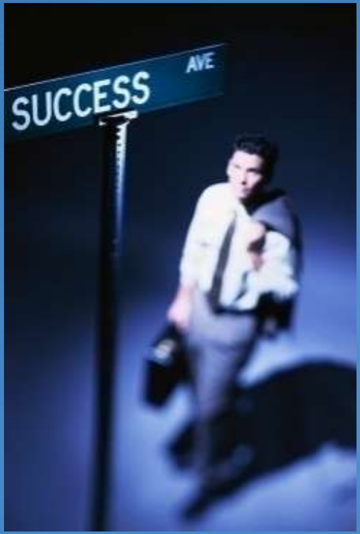
Technical Details

1. Employer enters into agreement with BCA.
2. Executive elects to defer selected portion of compensation and/or employer designates the elective contribution it will make.
3. Employer prepares payroll, withholding salary deferral contribution.
4. Employer pays amount withheld plus amount of elective employer contribution to the Plan.



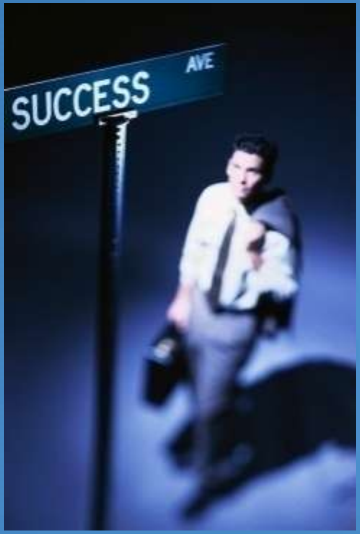
Technical Details (2)

5. Trustee sends funds to investment provider per investment election.
6. BCA loans amount for taxes to employer.
7. Administrator posts quarterly balances from investment provider to internet website.
8. Executive elects retirement age and form of benefits.
9. Upon retirement eligibility, executive receives benefit payments from Trustee.



Technical Details (3)

10. If executive dies prior to receiving entire retirement benefit, beneficiary receives balance of benefit distribution.
11. Executive can change investment election at any time before retirement.
12. Executive can change retirement date election prior to retirement eligibility year.
13. Executive can change form of benefit election prior to retirement year.



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