

About The Online 401(k)

The Online 401(k)[™] is a Web-based retirement plan solution built to address the 401(k) needs of small businesses. One of the original Web-based 401(k) providers to address the small business market, today The Online 401(k) serves more than 2,200 businesses across 50 states and continues to grow through strategic relationships with financial advisors and payroll providers.

The company's philosophy is simple: providing affordable, flexible, easy-to-use 401(k) plans for businesses with less than 50 employees. The Online 401(k) also serves one-person businesses with its retirement plan Single(k)[™] (www.single-k.com).

A few facts about us:

- More than 2,200 small business clients
- Independent provider
- Started in 1999 by a Certified Financial Planner (CFP[®])
- Headquartered in San Francisco
- Sales offices in San Francisco, Chicago, Dallas and Scottsdale
- Focused on startup plans with 1 to 50 employees
- Fully-bundled
- True open investment architecture
- Flat fee structure; no hidden fees
- Listed as one of "America's Top Recordkeepers" in *Plan Sponsor's* 2006 Defined Contribution Annual Recordkeeping Survey

What clients say about us:

"Three reasons why we chose The Online 401(k): it was easy to administer, the upfront cost were low and the investment choices were solid."

Whitestone Tech, Inc.
Michelle Pius

"It's all online, that's key for us.

As soon as the employees logged in, they had no problem setting up their account and I had no questions from them."

Skura, Ltd.
Dana Sheppard

The Online 401(k) in the news

As one of the leaders in the small business 401(k) market, The Online 401(k) and the members of its management team are frequently quoted and featured in the media. Here are a few publications where you might have seen our name recently:



The Motley Fool
To Educate, Amuse & Enrich™



THE WALL STREET JOURNAL

**FINANCIAL
ADVISOR**

Newsweek

**Los Angeles Times
latimes.com**

Kiplinger's
PERSONAL FINANCE

PLANSPONSOR

The Online 401(k) Features

The Online 401(k)[™] is an all-inclusive 401(k) plan. That means we handle all aspects of your plan so you and your employees have one single point of contact for all your 401(k) plan needs. Here is a list of all the features and services included in our monthly fees.

Features	Included
Recordkeeping	
Daily valuation recordkeeping	✓
Unlimited fund choices	✓
Optional discount brokerage account	✓
Choice of custodian (Matrix or Schwab)	✓
Plan Administration and Compliance	
IRS-approved plan document	✓
Annual compliance testing	✓
Signature-ready form 5500	✓
Online compliance calendar	✓
Plan Sponsor Online Services	
30-minute online plan setup	✓
Plan forms online	✓
Employee census management	✓
Payroll file submission	✓
Compliance calendar	✓
Monthly e-newsletter	✓
Plan Participant Online Services	
Online enrollment meeting	✓
Daily account snapshot	✓
On-demand Web statements	✓
On-demand transaction history	✓
Unlimited fund transfers	✓
Retirement planning tools, calculators	✓
Loan modeling	✓
Plan forms online (rollover, distribution)	✓
Toll-free live customer support	✓

Plan setup

With The Online 401(k), employers select their plan features through a very streamlined process. Instead of sitting through stacks of paperwork, the employer clicks on plan features displayed online, while guided by a plan specialist over the phone.

Investments

Because The Online 401(k) is an independent provider, the choice of mutual funds is unlimited and there is an option to add a discount brokerage account for those employers looking for added flexibility.

Payroll and census management

With The Online 401(k), employers have access to a Web payroll and census interface which contains all of their employees' information. If no deferral information has changed for employees, it's simply one-click process to send their payroll and census information to The Online 401(k) each pay period.

Enrollment process

The Online 401(k) has designed an online enrollment meeting which employees can follow at their convenience and at their own pace. It is packed with useful investment and 401(k) education and payroll calculators. Employees who wish to enroll simply click "yes" and download their enrollment form online.

Access to daily valuation 401(k) accounts

The Online 401(k) provides employees with password protected access to their 401(k) account. From there, the following tasks can be performed: select funds and change funds, rebalance account, model and apply for a 401(k) loan, generate account statements, pull up transaction history, download forms and more — tasks which can be time consuming if they have to be performed in a paper and phone-based environment.

Investment Education

This is a very important aspect of any 401(k) and one that becomes more effective with a Web-based 401(k) plan. Instead of having to sift through stacks of generic investment education booklets employees have access to a library of investment education and interactive calculators and questionnaires all in one Web site.

Paper vs. Web: what makes a better 401(k) plan?

When it comes to a 401(k), the obstacle for most small businesses is cost and complexity. Most small businesses think that they can't afford a 401(k) plan, or that it's going to take too much time to manage. Sound like you?

Enter online 401(k) plans.

A Web-based 401(k) is ideal for small businesses, as technology can be leveraged to simplify the setup and day-to-day management of a 401(k) plan and cut down on the expenses of paper-based 401(k) plans.

Why a Web-based 401(k)?

The benefits of an online 401(k) plan are endless, but here are a few:

Low cost:

Significant cost savings come from simplifying or even eliminating many of the tasks required to set up and maintain paper-based 401(k) plans. With new Web technologies, providers can strip away many of the unnecessary expenses of traditional 401(k) plans and cost savings can be passed onto small businesses.

Ease of use:

Online tools and up-to-date information make it easier for small businesses to walk through every step of the process, from plan set up to ongoing management; and live customer support is still a phone call or an e-mail away. Truly the best of both worlds!

Ease of management:

On-demand, online tools greatly simplify the day-to-day management of a 401(k) plan. A plan can be managed 24 hours a day from anywhere. Employers can manage census data, payroll data and generate a variety of reports. Employees can enroll online, learn about their investments, select and modify them online, and even rebalance their portfolios whenever they need to.

In-depth investment education:

This is a very important aspect of any 401(k) and one that can be made even more effective with a web-based 401(k) plan. Instead of having to sift through stacks of generic, paper-based investment education booklets, with a Web-based 401(k) plan, employees have access to a library of investment education and interactive calculators and questionnaires — all in one Web site.

By enabling small business to easily manage 401(k) plans online, online providers finally offer them access to powerful retirement plans that large businesses enjoy — giving employees a greater chance at achieving their retirement savings goals.

Working with The Online 401(k)

Building 401(k) success with a software company: Skura Ltd.



Dana Sheppard is in charge of Finance & Administration at Skura Ltd. (www.skura.com), a software company that provides Customer Relationship Management solutions to the Life Sciences industry. Skura's parent company is based in Canada and when they opened their first subsidiary in the US, they knew that a 401(k) plan was a must-have benefit in order to attract talented consultants to staff their American subsidiary.

We sat down with Dana Sheppard to find how The Online 401(k) has been able to meet her needs.

Dana, why did your company select The Online 401(k)?

We decided to go with The Online 401(k) for a couple of reasons. First, our employees were asking for a 401(k) plan. Second, we employ very high-end, highly-paid employees and we do whatever we can do to draw them in. We understand that a 401(k) is imperative to them.

Since 401(k) plans are managed directly by the employees, we liked the fact that The Online 401(k) allows employees to control their money whenever they want through an online interface. The Online 401(k) also allowed us to manage the plan online directly from Canada.

How did you go about your search for a 401(k) provider?

I compared The Online 401(k) to three other providers; one of which was a bank and was more labor intensive — not what I was looking for. The top three criteria in selecting The Online 401(k) were the affordable monthly administrative fees, the flexible plan options and the great variety of investment options.

Tell us about your plan setup process

The Online Plan Design process was very simple. Eddie was excellent from Day One, he gave me more service than I expected, he was really great. It really helps to see the Online Plan Design process on a computer screen while you're on the phone being walked through it. If it had been on hard copy, it would've been difficult.

Because it's all online, as soon as the employees logged in, they had no problems setting up their plan. I had no questions from them.

What do you like best about working with The Online 401(k)?

What I like best about being a plan sponsor with The Online 401(k) is that I can go in and manage the plan whenever I want. I can add employees to my census anytime, I can print reports anytime I want; and sending my 401(k) deposits is very easy. It's all very simple.

The Online 401(k) in the news

It's not just us — the media is finding out about the value of what we do and how we do it. Please go to www.theonline401k.com/press if you would like to read these articles in full.

May 26, 2006



"Flying Solo: Self-employed? Don't Miss Out on These Saving Plans"

May 12, 2006



"Look for Hidden Fees When Choosing a 401(k) Plan Provider"

December 26, 2005



"The Online 401(k) to Launch Co-Branded Advisor 401(k) Web Sites"

December 2005



"Doing Due Diligence: Finding the Right 401(k) for Small Businesses"

December 2005



"Take the E train: Employees are Seizing their Financial Destiny Using Online 401(k) Tools"

November 2005



"The Online 401(k) New Service Options"

October 16, 2005



"Sizing Up Traditional 401(k) with New Roth"

October 5, 2005



"Small Business, Big Nest Egg"

Fall 2005:



"The Many Pluses of a Solo 401(k)"

February 21, 2005



"Capital Ideas"

October 21, 2004



"Big Fees Hit Small Plans"