

EFFECTIVE RETIREMENT PLAN MANAGEMENT

EXECUTIVE SUMMARY

We provide investment advice to retirement plan sponsors and their employees. Our services can be distinguished in four ways:

A. Investment performance:

- We manage risk, return, and cost.
- We have a repeatable method.
- Earned highly competitive results

B. We succeed only if you succeed, because we:

- Are paid only by our clients.
- Do not sell products, promote our own mutual funds, or collect commissions.

C. We answer the three most important retirement questions asked by employees:

- How much money will I need at retirement?
- How much money should I save each month?
- What investment choices are best for me?

The answers to these questions are based upon each participant's unique circumstances. We conduct seminars, have an interactive Website, and provide financial planning software and workbooks for each participant. **We direct each employee to an appropriate portfolio, and we inform participants of the changes being made in their portfolios each quarter.** We select top performing no load funds from a variety of companies and change them when suggested by their performance or our investment forecast.

D. We accept investment fiduciary liability for your plan in writing. We: -

- Have no conflicts of interest.
- Create and maintain your Investment Policy Statement.
- Determine participants' needs and match investments accordingly.
- Use only no-load mutual funds and replace them when necessary.
- Verify that costs are justified by performance.
- Re-optimize portfolios periodically.

ERISA holds you personally liable for investment performance unless you have a written contract with a qualified investment advisory firm accepting that responsibility. We accept investment liability in writing, minimize your liability, and provide your employees with an excellent retirement plan.

THANK YOU FOR CONSIDERING OUR SERVICES

There is a world of investment options competing for your attention. Today entire market sectors can switch direction overnight as capital moves across borders at the speed of light. The products and services offered by the financial services industry are complex and knowledge of performance and cost is not always easy to ascertain. As trustee and plan fiduciary, you may not have the time, inclination, or the proven investment skill to manage your organization's retirement

plan. Yet the Employee Retirement Income Security Act (ERISA) and Michigan law holds you to an expert standard of skill and makes you personally liable for investment losses. That is why the selection of an investment advisor who will accept this liability and deliver excellent returns is so important to your plan, your employees, and to you personally.

The selection of an investment advisor rests on both analytical and personal factors. Among those you will surely consider are:

- Willingness of the advisor to accept in writing investment fiduciary responsibility under ERISA Sec. 3(38).
- Excellent performance history.
- A repeatable methodology.
- Management of both risk and return.
- Applicability to your needs.
- No conflicts of interest.
- Accessibility to key professionals.
- Experience.
- Service.

We believe that you will find our services very attractive. We can help you.

WHO ARE WE?

Tisch Investment Advisory Incorporated (TIAI) is an independent firm established in 1983 that manages over \$100,000,000 and serves corporate, trust, union, and personal clients. We have broad experience in the field of portfolio management, estate and financial planning, and retirement plan investment administration, and we are qualified to accept investment fiduciary responsibility under ERISA. TIAI is registered with the Securities and Exchange Commission (SEC) as an investment advisor.

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OUR SERVICE MISSION

Assist participants to answer four key retirement questions.

- How much money will I need at retirement?
- How much must I save each month?
- What investments are best for me?
- When shall I change investments?

OUR INVESTMENT MISSION

Provide participants with investment choices that will allow them to realize outstanding returns without exposure to excessive risk.

A TEAM APPROACH

Excellence in wealth management requires a broad interdisciplinary perspective combining tax, investment management, insurance, and financial planning. We are a unique team. Each of us has earned graduate degrees in financial services or investment management and/or one of the

following designations: Certified Public Accountant (CPA), Chartered Financial Analyst (CFA), Certified Financial Planner (CFP), Chartered Life Underwriter (CLU), or Chartered Financial Consultant (ChFC).

MANAGING 401(k), 403(b), 457, AND OTHER PARTICIPANT DIRECTED RETIREMENT PLANS

Managing participant directed retirement plans is the heart of our business. It requires special skills and experience. The key characteristic of these plans is that each participant saves for their own retirement and chooses their own investment portfolio. Participant directed retirement plans must meet the needs of people having vastly different resources, needs, knowledge, and emotional temperament. In addition, participants must receive periodic information and educational services so that they can make informed choices. This requires seminars and pamphlets tuned to the sophistication of your employees and delivered wherever they may be located. Finally, each participant must be informed about their legal rights under the plan and how the plan functions. Participant directed plans are very service intensive, and demand that very highly trained professions be available to your employees.

THE TISCH APPROACH

Tisch Investment Advisory Incorporated has developed a unique approach to manage participant directed plans. Our service is backed by a highly qualified team of experts. We:

1. Select twenty top performing no-load mutual funds.
2. Change funds when necessary to improve performance.
3. Combine these funds into four managed portfolios. Participants may invest in a managed portfolio or any of the mutual funds.
4. Provide education for participants taught by people that participate in the investment management process.

SELECTING TOP PERFORMING MUTUAL FUNDS

Participant directed retirement plans generally use mutual funds as the investment of choice. Mutual funds are a diversified portfolio of many stocks or bonds. Although mutual funds can suffer losses, they have the advantage of being directed by professional fund managers who are highly skilled and have access to extensive research, possess important analytical resources, and can gain access to the management of the companies in which they invest.

Today there are thousands of mutual funds available to investors. Many share the goal of risk reduction through diversification, but each is designed to meet specific investment goals. Some funds are directed toward aggressive growth, investing in only smaller companies with great potential. Others are designed to provide current income by investing in larger companies with a history of regular dividend payments and dividend increases. In addition there are "sector" funds which bring the investor the ability to focus investment in one particular asset class such as technology, finance, health care, etc. These sector funds allow participants to concentrate investment in the fastest growing areas of the economy.

There is a vast amount of information available on the more than 11,000 mutual funds. Neither the fund's name nor its historical performance reveals much information about its propensity for better than average future growth. Researching mutual funds is a full-time job and we at Tisch Investment Advisory Incorporated are organized to evaluate and select the right funds to fulfill either our asset allocation model or to meet the needs of individual plan participants. We have developed extensive screening techniques to identify leading funds. We monitor the funds daily. We meet with fund managers to understand their strategies and market expectations, and we

track their underlying portfolios in a separate real time database. We use only no-load mutual funds.

ERISA requires that your plan provides a selection of funds that in combination reduces portfolio risk. In addition, the costs charged by the mutual funds must be justified by the returns earned and the risks taken. At Tisch, we consider these factors when compiling a menu of mutual fund choices for your plan's participants.

By using our services, your plan participants can expect to have their assets invested with the best mutual fund managers available and have costs justified by risk adjusted returns. If a participant chooses a managed portfolio, Tisch will apportion their money in a way that will reduce risk, be focused in the fastest growing sectors of the economy, and reposition their funds as economic conditions warrant.

CHANGING MUTUAL FUNDS

If a fund does not perform well, we replace it! We are not timid in taking advantage of opportunities, and we also have measures in place to limit losses during downturns. We waste no time in getting out of a fund or sector when we believe it has peaked. < /P > < P > We do not have conflicts of interest, we do not sell mutual funds, and we do not collect any form of compensation from any firm in which your money is invested. We are only interested in providing your participants with the best possible program. We work only for you.

MENU OF CHOICES

Typically we provide twenty funds in a plan. They fall into one of these categories:

- Domestic
- International
- Large, Mid, and Small Cap
- Growth and Value
- Balanced
- Fixed Income
- Sector (technology, financial services, health, etc.)

We provide mutual funds covering a very broad spectrum of the markets, with the goal of enabling every participant to find a combination of investments to meet his or her needs.

MANAGING MODEL PORTFOLIOS

The two most important decisions made by an investment manager are:

1. Selecting the most productive classes or sectors in which to invest.
2. Determining the amount of money to place in each one.

Academic studies have shown that 93% of the difference in the performance of investment managers was attributable to these two decisions. Only 7% were attributable to the choice of individual securities and market timing. Our performance record indicates our success in making these decisions.*

We study the economic forces that affect investment performance, and apportion money among those asset classes that we believe will produce above average returns, and yet are able to

provide participants with the stability, risk, and other characteristics that they desire and have approved. Our priorities are:

1. Capital preservation.
2. Achieving the highest level of growth consistent with the models volatility constraints.

We invest in the best performing sectors and alter our allocation to reflect changing market conditions. This is done continuously and automatically for participants who choose to invest in a managed portfolio.

For those who self-direct their account, we announce fund changes once each quarter. Participants have 90 days to make changes; otherwise, their money is transferred to a default election of similar style.

Of course, we cannot guarantee that all trades will occur at the best possible time, but our long-term performance demonstrates our success in both good and poor markets.

*Determinants of Portfolio Performance, Financial Analysts Journal, (July/August 1986):39-44;
Determinants of Portfolio Performance II: An Update, Financial Analysts Journal (May/June 1991):40-48.

RISK MANAGEMENT

Our portfolios are configured using five critical risk reduction techniques:

1. We select a variety of different asset classes to reduce market volatility.
2. We find the optimal risk/return trade-off among classes using a complex algorithm refined from Modern Portfolio Theory. (Developers awarded the Nobel Prize in 1990.)
3. We employ mutual funds to reduce the specific risks associated with individual stocks. We can also use individual securities when the amount of money available is sufficient to use effective risk reduction techniques.
4. We often use multiple mutual funds per class to reduce manager risk.
5. The income and growth of each client's portfolio may be tailored to meet individual needs.

Each portfolio invests in six to ten different asset classes. These classes are chosen based on a participant's needs, risk tolerance, and expected performance.

MUTUAL FUND COST COMPARISONS

We screen mutual funds for low cost. Every dollar of cost saved is an extra dollar of risk-free return earned.

<u>Number of Funds</u>	<u>Front Load</u>	<u>Deferred Load</u>	<u>No Load</u>	<u>Tisch Selections</u>
Front Load (3,872)	4.27%	0.11%	0.00%	0.00%
Deferred Load (4,751)	0.13%	3.04%	0.00%	0.00%
12b-1 Fees	0.33%	0.89%	0.11%	0.11%
Expense Ratio (Ind. 12b-1 fees)	1.36%	1.97%	1.04%	1.22%

Source: Morningstar, Inc., Data as of 12/31/02 and subject to change. All values are averages and are stated in percentages.

PARTICIPANT EDUCATION

Our goal is to provide participants with a means to estimate their future retirement income needs, select appropriate investments, and maximize the use of their participant directed retirement plan. We provide six participant education services:

1. We conduct retirement planning workshops designed to provide information about:

A. General investment concepts, such as:

- Risk/return
- Dollar-cost averaging
- Diversification
- Historical Returns
- Tax Deferral
- Compounding

B. Historical differences in returns between asset classes.

C. Effects of inflation.

D. Assistance in estimating future retirement income needs.

E. Guidelines to determine investment time horizons.

F. Methods of assessing risk tolerance.

G. Concept of tax shelter and the reasons why tax sheltered retirement plans provide an advantage to after-tax savings.

H. Description of the plan formula and contribution of the employer.

2. Financial Planning Software.

We provide our "Guidance Plus" software to help participants factor in all of the components of their net worth when planning for their retirement, and to make different assumptions so that they can assess the sensitivity of their plan to varying economic conditions.

3. Retirement Planning Workbook.

Our Workbook is specifically written for your plan. It is designed to supplement the financial planning software or to replace it if the software is not used. The Workbook helps participants learn how to use the Website, software, newsletter, and enrollment forms.

4. Interactive Website (www.tischinc.com).

Our Website can be found at www.tischinc.com. This Website supplements other forms of communication and provides interactive software that participants can use to aid them in

managing their money and planning for their retirement. The Website provides current information about the mutual funds being used, a forecast of the economy, and timely articles on issues relevant to plan participants.

5. Newsletters.

Each quarter we publish our own newsletter which informs participants of (a) recent economic conditions; (b) the performance of the model portfolios and changes in the mutual funds that are available; (c) a complete list of all mutual fund performance; and (d) other information which we think participants may find of interest.

6. Video Programs.

We can provide, at an additional cost, video presentations on the following topics:

- An explanation of your retirement plan.
- Investment fundamentals.
- Planning your retirement.

SAMPLE FINANCIAL PLANNING SOFTWARE, NEWSLETTER, AND WORKBOOK

Financial Planning Software:

We can provide you with a sample of our participant software package. If you have Windows 3.1 or higher, just pop it in your computer and try it out. This software will provide your employees with a state-of-the-art method of understanding investments, planning for their retirement, and selecting appropriate investments. We will provide participants with four model portfolios updated continuously. The software will help them choose which model is best for them, and as your investment advisor, we will make sure that they are updated to reflect current economic conditions and mutual fund performance.

Quarterly Plan Newsletter:

We will provide you with a sample newsletter as an example of the type of communication given to your employees each quarter.

Workbook:

We will provide you with a sample Workbook which can be tailored to your specific needs.

PERSONAL FINANCIAL PLANNING

For those participants nearing retirement, financial planning can be very important. Participants want to know if they have enough money to retire, how much they can spend, what the effects of inflation will be, and what investments are best. Monte Carlo Simulation is the best technique to dynamically model portfolio performance.

Monte Carlo Simulation allows us to use statistical data to project the probable interrelated effects of expected return, risk, inflation, and income withdrawal over a person's lifetime on the value of their portfolio. By using Monte Carlo Simulation we can estimate the probability that a person could run out of money during retirement, and thereby adjust spending, saving, risk, and portfolio composition to create the best scenario possible.

- We can assist retiring participants in creating a rollover portfolio to meet their needs for income, liquidity, growth, and tolerance for market volatility.
- We can assist participants in selecting retirement plan choices and optimizing their non-retirement portfolio with respect to retirement plan assets.
- We also offer estate planning services.

Financial planning services require a separate, individual engagement with each participant.

CUSTODY OF ASSETS

If you decide to have us manage your company's retirement plan, we will assist you in opening an account with an independent custodian such as the Charles Schwab Company, Fidelity Asset Management, or other broker dealer. Trustees retain ownership and control—we only have the authority to make investment decisions for your account. The account is titled in the name of your trust. Trustees will receive a monthly statement from the custodian listing the assets held in your account and the transactions during the month. Trustees will also receive a quarterly report from Tisch which will calculate the rate of return earned during the quarter, as well as a statement of the changes that we have made and our overview of the market.

REPORTING TO TRUSTEES

Each quarter we will send you a report on your account providing summaries of:

- Statements of Current Holdings
- Performance Report
- Commentary on the Financial Markets

All assets from different managers are consolidated in one report.

We would like to review your account with you personally at least on an annual basis.

You will have access to our tischinc.com Website to keep you up to date.

THE COST OF OUR SERVICES

Fees are based on assets under management and will be quoted to you personally.

CUSTODIAL SERVICES

We use as custodian either trust departments, insurance companies, or brokerage firms to hold assets and execute trades. We will work with any firm you choose that is able to implement our strategy.

MUTUAL FUND EXPENSES

Mutual funds charge fees in any of four ways: as a front load, a back load, an internal 12b-1 fee, and an investment management fee. The investment results that mutual funds report are net of investment management fee, but not the other charges. Our goal is to use top performing funds with no front, back, or 12b-1 charges. We report results only after all costs have been netted out.

PLAN ADMINISTRATION

Your plan will need the services of a third-party administrator (TPA). A TPA is a firm which specializes in accounting for retirement plans. The TPA keeps track of how much money is owned by each participant, creates benefit statements, calculates vesting, performs required tests, and prepares the tax return. We think it is advantageous to plan trustees to have an independent third party administrator, rather than a party at interest administering your plan. We will help you find an expert administrator. We can refer you to many firms that we have worked with and we will work with your choice of administrators to make your plan function seamlessly.

SERVICES AND FEES

NEXT STEPS

The next step in reviewing our services is to provide you with a proposal that will include the following information:

- **Investment Management Proposal** – evaluates your current investments as to past performance, risks, cost, forecasted future returns, and their interactive risk reduction capabilities. These factors are then compared to other options to see if improvements can be made.
- **Specimen Investment Management Contract** – provided so that you may compare your existing investment management contract to our contract to see if your current investment manager has accepted ERISA liability.
- **Investment Policy Statement (IPS)** - created to illustrate the standard of management that we recommend and to put in place an oversight and measurement system.
- **Employee Workshop Materials** – includes the educational workshop slide show, newsletter, and forms that employees will use to select either our investment recommendations or make their own choices independently.
- **Estimation of costs**

We will provide you with a list of the information we will need to get started.