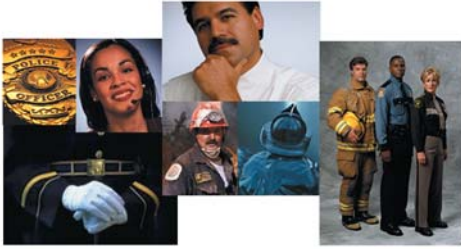


IPPEFA

An Association of Police and Fire Pension Funds



457 Deferred Compensation PLAN



The IPPFA 457 Plan

The IPPFA 457 Program is a unique offering for Illinois municipalities sponsoring 457 plans.

As an association of Illinois public pension trustees (who are also 457 plan employee participants), the Association's instructions to Benefit Solutions Group were simple. They were charged to create a 457 program for its members that would be:

- ♦ Intensely focused on participants**
- ♦ Based on sound fiduciary standards**
- ♦ Easy to understand**
- ♦ Without a hidden fee structure**
- ♦ Built on investment choices created exclusively for pensions**

INVESTMENTS

All of the investment funds in the IPPFA 457 Plan are managed as long-term pension investments that are only used by retirement systems. Diversified Investment Advisors provides a wide range of exceptional funds and top institutional investment managers. It is thought that the heavy reliance on retail mutual funds—found in other vendor offerings—does not serve the average participant well. Inasmuch, many programs offer too many funds with identical or overlapping objectives, making it difficult for the participant to create a sound asset allocation strategy.

Diversified Investments Advisors uses a “manager of managers” approach—to identify proven portfolio managers for each investment style. Sub-advisors are carefully selected through an extensive due diligence process and are monitored for both performance and style drift. Very few of these managers would otherwise be available to the plan participant in any retail environment. These managers are bundled into style and objective specific funds to ensure the participant’s asset allocation strategy is effectively executed.

In addition to the core funds, there are two other important aspects of the IPPFA 457 Plan from Diversified Investment Advisors:

- ◆ Access to the broad mutual fund market and;
- ◆ Managed portfolios for those who need greater assistance with the asset allocation decision.

These options speak to the two opposite ends of the financial sophistication spectrum. The IPPFA 457 Plan allows each participant to easily access the investment universe in a manner appropriate to his or her financial sophistication and need.

Securities offered through Diversified Investors Securities Corp., Member NASD, 4 Manhattanville Road, Purchase, New York 10577.

COMMUNICATION, EDUCATION & SERVICE

The program includes two sources of financial education for the participant. Diversified offers the newest ERISA and DOL compliant education platform (with the same core as that given to their Fortune 100 clients) with important customization for the public sector employee. Diversified also offers comprehensive on-line education, on-site group seminars, asset allocation assistance and investment guidance through an array of services and educational tools.

The IPPFA 457 Plan offers retirement planning education that is independent of product and customized to the Illinois public sector employee.

The IPPFA 457 Plan has full-time local representation with intimate knowledge of Illinois pension benefits. Plan representatives are fully supported by both the Chicago offices of Benefit Solutions Group and Diversified Investment Advisors. On-line and toll-free customer service support is available from Diversified 24/ 7. The Diversified customer service representatives are securities licensed. Visit Diversified on the Web at www.divinvest.com to learn more about the full range of services offered—or call 800-817-0765.

The IPPFA 457 Plans' level of participant education, communication and service will enable the IPPFA participant to make sound allocation and fund selection decisions.



FIDUCIARY MANAGEMENT

With the advent of the Small Business Jobs Protection Act of 1996, employers were required to hold deferred compensation assets for the exclusive benefit of participants and their beneficiaries. While many thought that employers always had fiduciary responsibility, all agree the Act created a new and expanded role.

Unfortunately for plan sponsors, neither the Act nor subsequent legislation has given much guidance on this issue. The safe harbor is, considered by most, to administer the deferred compensation according to the same fiduciary standards as a pension plan.

As an organization dedicated to the training and education of pension trustees, IPPFA is uniquely qualified to provide fiduciary support to the member municipalities in this matter. In the design of this program the IPPFA has made sure that the program contains:

- ◆ Use of an ERISA & DOL compliant platform
- ◆ Sound thought and selection of investments
- ◆ Use of retirement specific funds
- ◆ No retail mutual fund “d’jour” smorgasbord
- ◆ Active monitoring
- ◆ Sound design of fund structure
- ◆ Quality Education Programs
- ◆ Allocation assistance
- ◆ Full disclosure of fees in an easy to find format
- ◆ Ongoing fiduciary review
- ◆ Hold Harmless for plan sponsors for delegated fiduciary duties.

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