



**VALENTINE**  
**401(k)**

**401(k) MANAGEMENT  
AND QUALIFIED PLAN SERVICES**

*It's time for better ...*

- 
- **PROPRIETARY MODEL PORTFOLIOS USING ETFs**
  - **INTENSIVE PARTICIPANT SUPPORT AND EDUCATION**
  - **FULL FEE DISCLOSURE / NO CONFLICTS OF INTEREST**
  - **ERISA 3(38) & 3(21) FIDUCIARY SUPPORT**

## AMERICA IS FACING A RETIREMENT CRISIS

At no time in the last 100 years has the American working public been facing a bleaker retirement situation. Workers today have been beset by a “perfect storm” of conditions that will either prevent them from being able to truly retire, or likely delay that day long past when they’d hope to retire.

There are several explanations for how this crisis came to be:

- A **terrible decade for investors** that’s seen two massive bear markets for stocks, a real estate market implosion, and all-time-low rates of interest for savers.
- The trend away from Defined Benefit (pension) Plans to Defined Contribution Plans (401[k]s) which has **shifted the investment responsibility from the company to the employee.**
- **Two decades of declining savings rates in the U.S.,** on the back of cheap credit, lowered standards for borrowers, and outsized consumption tastes.

### Employees don't save enough

While the Qualified Defined Contribution Plan was set up to assist employees in achieving their financial goals -- most notably a secure retirement -- the vast majority of employees have not been able to fully utilize these beneficial, employer-provided savings vehicles.

It’s not too late for today’s workers to begin to fix the problem, starting with their Qualified Plan offering at work.



### OUR SOLUTION

## Valentine 401(k) encourages employees to save more.

#### EMPLOYEE EDUCATION

We educate plan sponsors and participants in a variety of ways, in order to prevent problems rather than fix mistakes. We offer a combination of on-site visits, quarterly video conferences, and phone support. In addition, participants have access to our proprietary video library ([www.wealthacademy.org](http://www.wealthacademy.org)) and its 401(k) tips section. The education we provide comes with a level of objectivity not found in traditional 401(k) providers because Valentine 401(k) is able to serve as an ERISA 3(38) and 3(21) registered investment advisor, held to a fiduciary standard that puts the client’s financial needs first, unimpeded by commission-based financial conflicts of interest.

#### AUTO-ENROLLMENT

We encourage the Plan sponsor to allow us to auto-enroll eligible employees in the Plan. While they may opt out, studies show that companies that use auto-enrollment have much higher ongoing Plan participation rates.

According to the Employee Benefit Research Institute’s “2012 Retirement Confidence Survey,” 60 percent of workers report that the total value of their household’s savings and investments, excluding the value of their primary home and any defined benefit plans, is less than \$25,000.

WE BELIEVE  
EMPLOYEES THAT TAKE  
RESPONSIBILITY  
FOR THEIR FUTURE MAKE  
BETTER EMPLOYEES.



[www.wealthacademy.org](http://www.wealthacademy.org)

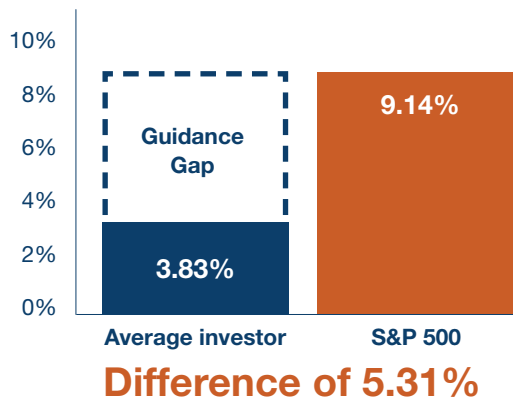


## Employees often make poor investment decisions

Investing is not a simple task. Most plan participants lack the knowledge, time, or emotional restraint to make sound decisions about plan options and investment vehicles on their own and can benefit from the guidance of expert financial advisors.

### Average Stock Investor vs. Stock Market

Average annualized return over 20 years, 1991-2010. Source: Dalbar, Inc.

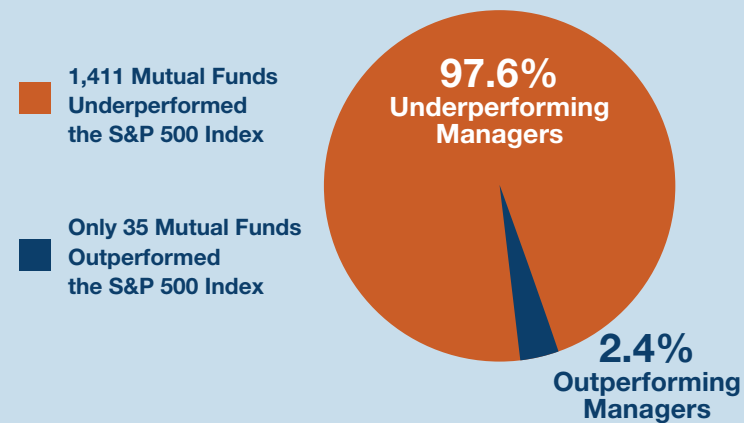


When faced with a multitude of investment options, investors too frequently make the same four mistakes:

- Investing in Actively Managed Funds**  
*Active funds historically underperform.*
- Chasing Performance**  
*Jumping between funds to try and match last year's high returns.*
- Market Timing**  
*Buying high, selling low.*
- Defaulting to Cash**  
*Holding cash due to uncertainty about correct investment choices.*

## Actively Managed Funds Don't Beat the Market

1,446 Large Cap Blend Mutual Funds vs. the S&P 500 Index 10 Years (1994 - 2004)



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## Chasing Performance Can Be Damaging

2007 Top Ten Managers and Subsequent Performance

Fund Name	2007 Ranking	2008 Ranking
Direxion Commodity Bull 2XInvestor	1	7,121
Direxion Latin America Bull 2xInvestor	2	7,135
Marker Vectors Steel ETF	3	7,060
CGM Focus	4	6,443
iShares Brazil Index	5	6,881
AIM China A	6	6,771
Nationwide China Opp IS	7	6,948
iPath MSCI India Index ETN	8	7,081
Matthews China	9	6,519
ProFunds UltraEmerging Market Investor	10	7,130
<b>Total Number of Funds</b>	<b>6,765</b>	<b>7,770</b>

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## OUR SOLUTION

# The Valentine 401(k) "Index Plus" Advantage.

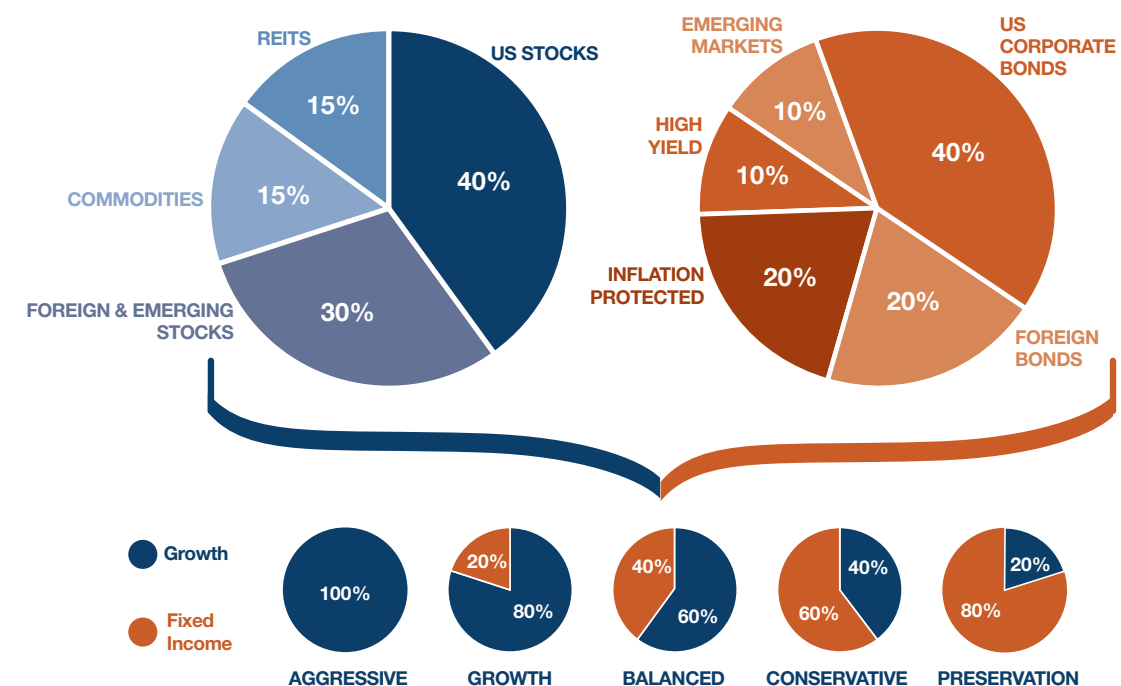
### INFORMED DECISION MAKING

Better investment decision making and investment results at the Plan level come from better investment options, more appropriate asset allocation selection, and better educational information. Valentine 401(k) model portfolios provide maximum potential returns through more intelligent construction. Our Asset Allocation questionnaire results in the optimal allocation selection, and our educational platform ([wealthacademy.org](http://wealthacademy.org)) provides participants with the best information available.

### MANAGED INVESTMENT PORTFOLIOS

Valentine 401(k)'s proprietary "Index Plus" portfolios use Exchange Traded Funds to invest across multiple asset classes, reducing the effects of negative performance and volatility of any one class. Our portfolios are positioned to protect capital, provide income, and smooth investment returns.

Our strategy differs from a "target-date fund" in our ability to strategically rebalance the portfolios to take advantage of market opportunities when it makes sense. While the "Index Plus" portfolios provide global risk-adjusted exposure for any personal financial profile, participants who prefer to make their own portfolio decisions have access to virtually unlimited options.

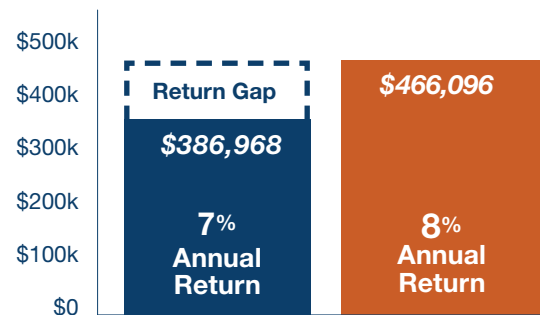


Employees often pay too much in fees, and frequently don't even know it

Employees savings grow at the net-of-fees rate. Because of the power of "compounded" returns, the effect of high fees is corrosive over time. Even a reduction of just 1% can have a dramatic effect on wealth building.

**Higher Fees vs. Minimized Fees**

Effect of a 1% difference in annual fees on a \$100,000 401(k) balance over 20 years.



**Difference of \$79,127**

Too often, high fees at the investment fund level call into question the suitability of the investment choices. Plan managers operating outside of an ERISA 3(38) and 3(21) relationship are not held to a "fiduciary standard" the way the Plan sponsor is.



ARE YOU AN EXPERT  
AT INVESTMENT SELECTION  
AND ASSET ALLOCATION?  
IF YOU DON'T HAVE A CONTRACTUAL  
RELATIONSHIP WITH AN  
ERISA 3(38)/3(21) CO-FIDUCIARY,  
YOU HAD BETTER BE.

For the decade ending 12/31/11, according to Morningstar, the average "Balanced Fund" had an annual return (before fees) of approximately 5.2%. If the average participant pays 2% (a conservative estimate of fees), that means nearly 40% of the investment return is eaten up by fees.

OUR SOLUTION

**Valentine 401(k) minimizes fees, offers low cost investments, and operates as a co-fiduciary.**

LOW-COST MODEL PORTFOLIOS

Valentine 401(k) has created intelligent, low-cost model portfolios that utilize ETFs to provide investors with globally diversified investment options across the risk spectrum. The models were designed by a professional money manager, based on years of experience, and in accordance with proven investment research.

**Average Expense Ratio**

of 401(k) mutual fund investment options

Actively managed mutual funds*	1.25%
<b>Valentine 401(k) Index Plus portfolios</b>	<b>0.24 - 0.25%</b>

\* Source: Vanguard 2011

The Valentine 401(k) offering was designed with minimizing fees as a primary objective. Our investment portfolios have been designed to have among the lowest fees available, and our preferred Third Party Administrator and Record Keeper partners have been selected on the basis of their competitive fees, unsurpassed transparency, and superior client service.

ERISA 3(38) AND 3(21) FIDUCIARY SUPPORT AND ADVICE

Plan sponsors that operate without contractually defined co-fiduciary support are responsible (and liable) for investment performance, selection, and monitoring. Valentine 401(k), as an independent fee-only advisory firm and ERISA 3(38) fiduciary, is able to accept responsibility for investment selection and monitoring where traditional brokerage firms and most insurance companies cannot. We know you have a lot on your plate in addition to serving as the plan sponsor; let us take responsibility for the things we do best.

ADVICE WITH TEETH

As independent advisors, we are compensated only from our clients; we accept no commissions or hidden sources of revenue. This means our advice is in your best interest, with no messy conflicts of interest or distractions. Our independence allows us to give advice in accordance with ERISA 3(21) and 3(38); advice we are willing to stand behind, meaning we can provide true support to plan sponsors AND participants, without hiding behind legalese or worrying about guidance from a parent corporation.



# If you are looking for unbiased, objective financial advice, welcome to Valentine 401(k).

Valentine 401(k), a division of Valentine Ventures, LLC, was created to help plan sponsors and participants navigate the financial uncertainties of life.

Valentine Ventures is a Registered Investment Advisory firm providing fee-only financial planning, investment management, and advisory services for individuals and corporations. Based in beautiful Bend, Oregon, Valentine Ventures was founded in 1997 by William L. Valentine, CFA. Valentine Ventures offers Investment Management and Financial Planning services on a standalone or combined basis with no minimum account size requirement.

## INVESTMENT MANAGEMENT

Using a combination of liquid, low-cost ETFs and individual bonds, Valentine Ventures provides broad diversification across different asset classes, allowing for more effective risk management.

## FINANCIAL PLANNING

Our objective, fee-only Financial Planning brings a new light to your financial health. Financial Plans create a tangible path towards financial independence and illuminate opportunities within the maze of personal finance.

## 401(k) MANAGEMENT SERVICES

Valentine 401(k) provides qualified plan management using proprietary ETF model portfolios, combined with intensive participant support and education, full fee disclosure, and ERISA 3(38) & 3(21) fiduciary support.



**Valentine 401(k)**  
550 SW Industrial Way  
Bldg. 2, Suite 202  
Bend, Oregon 97702

**Michael Bird**  
Director, Valentine 401(k)  
Michael@Valentine401k.com  
(541)749-1009