



NEWS

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Alliance Benefit Group Rolls Out Employer Driven Health Savings Accounts *National Retirement Plan Administrator Unveils New Healthcare Savings Plan For American Workers*

Peoria, IL (August 2, 2004) – Alliance Benefit Group (ABG) announced today it has completed the final design and agreements to provide Health Savings Accounts (HSA's) in a custodial account with The Charles Schwab Trust Company (CSTC). The ABG product is specially designed to provide Health Savings Account (HSA) benefits through employer sponsored cafeteria benefit plans.

The new product offers HSA participants a fully integrated menu of mutual fund investment choices in addition to a fixed rate of return option. Employee contributions are made through pre-tax payroll deductions and employers may contribute to the HSA accounts with savings from reduced premiums in either fixed dollar amounts or by matching contributions like 401(k) plans.

Health Savings Accounts were created by Congress to encourage the development of lower cost healthcare plans. The plans rely on encouraging participants to become cost conscious consumers of healthcare benefits by converting insurance paid first dollar benefits to visible charges paid from each participating employee's Health Savings Account. "When participants think a visit to the doctor's office actually costs \$20 or if they believe their name brand prescription drug only costs \$10 they have no reason to consider alternative treatment modes," said Brad Arends, a principal of Alliance Benefit Group. "Our plan makes people aware of the savings impact of alternatives and will help control costs."

Participants retain unused amounts in the HSA account, which may be rolled forward without tax to meet the needs of payment for services in later years. Participants control the use of their account and may even use it for “non-qualified”, non-medical expenses, in which case the distribution is taxable.

The Charles Schwab Trust Company will serve as the custodian for the Alliance Benefit Group HSA program. The Alliance Benefit Group HSA offers investment features similar to those in 401(k) plans. Investment options are established with a wide range of fund choices from a variety of fund families. Distributions from the plan will be available in several ways including direct payment checks, direct deposit, and a debit card.

“The Alliance Benefit Group HSA plan has a fully integrated investment menu and operates much like a 401(k) plan,” said John Blossom, president of Alliance Benefit Group. “Because our plan operates similar to a 401(k) it is more manageable and accessible to participants and their knowledge of the plan will be increased because many of them are also participants in their employer’s company-sponsored retirement plan.”

“Participants will receive jobsite education about the plan itself and about the significance of being cost conscious consumers of healthcare benefits. The huge success of The Charles Schwab Trust Company in their services to retirement plans adds value to our product,” said Blossom.

Alliance Benefit Group will focus on two main markets with their HSA program. The first market is ABG’s existing client base of nearly 3,000 corporate clients who utilize their retirement plan services. The other market is health insurance companies and third party administrators (TPAs) who are not equipped or staffed to handle the administration of HSA plans and the investment features of the plans.

“Flexibility and portability are two of the major advantages of our HSA plans,” said Mr. Blossom. “Our fully integrated investment menu allows employees the flexibility they need to tailor the account to their individual objectives. Employers can change their underlying insurance plan without having to open a new HSA. And the plan is portable,

so employees can take their HSA with them if they are making a career change or changing employers.”

The Alliance Benefit Group HSA is now available and is being offered through the Alliance Benefit Group offices in Illinois and Minnesota. For more information on the program, please call John Blossom at Alliance Benefit Group of Illinois (800-224-4015) or Brad Arends at Alliance Benefit Group of Minnesota (507-377-2919).

ABOUT ALLIANCE BENEFIT GROUP

Alliance Benefit Group, headquartered in Peoria, IL, has independently owned and operated offices in more than fifteen cities across the United States and provides retirement plan services for more than 3,300 plans with over \$5.9 billion under investment management. Alliance Benefit Group strives to provide employers with the “perfect plan” through knowledge and independence.

For more information on Alliance Benefit Group, visit www.abgnational.com.

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