Presentation To
The Michigan Senate
Banking & Financial Services Commitee

Services & products offered by Advance Capital Services, Inc., an affiliated company.

ADVANCE
CAPITAL I

Background

- 20+ years in business
- Headquartered In Southfield Michigan
  - Other Offices;
    Grand Rapids, Illinois, Ohio, Missouri
- 5,500 Clients & $2 Billion AUM

Services

- Retirement Planning Services
- Institutional Investment Management
- Advance Capital I Funds

Educational Seminars

- Taxes & IRA Rules
- Asset Diversification
- Long-Term Investment Returns
- Appropriate Withdrawal Level
- Impact of Investment Fees

Taxes & IRA Rules

Rollover rules

State & Federal Taxes

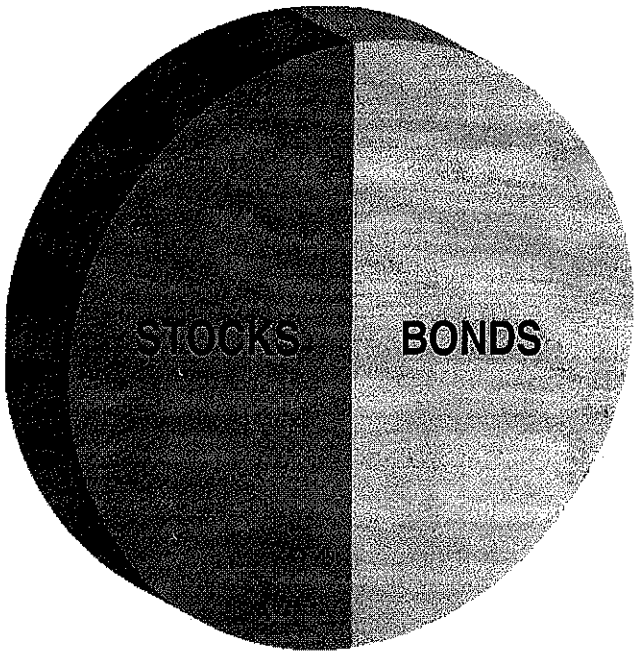
Pre 59 1/2 distributions (sub equal rules)

70 1/2 minimum distributions

Asset Diversification

STOCKS

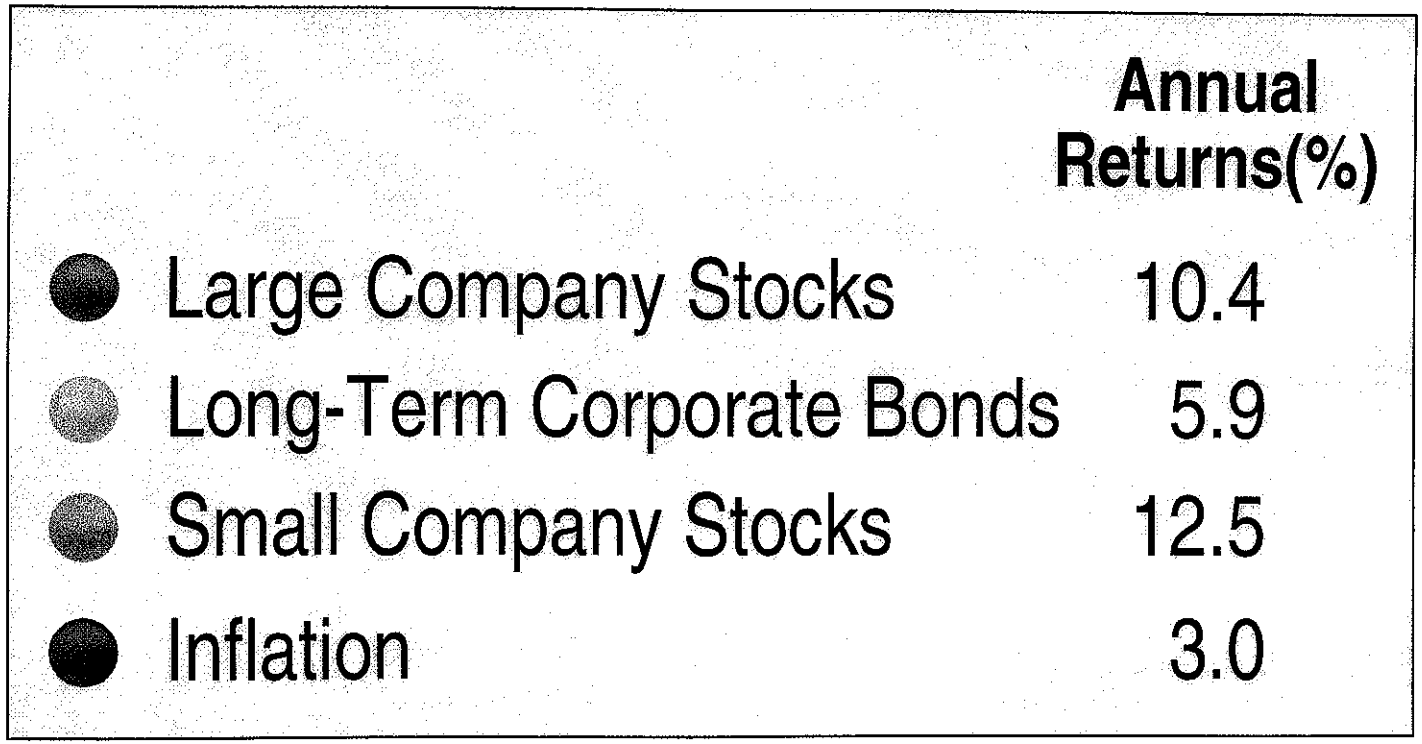
Domestic
International
Growth
Blend
Value
Large-Cap
Mid-Cap
Small-Cap



BONDS

Investment Grade
International
High Yield
Government
Agency
Mortgage-Backed
Cash
Other Assets

Long-Term Investment Returns 1926-2007



Source: Small Company Stocks—represented by the fifth capitalization quintile of stocks on the NYSE for 1926–1981 and the performance of the Dimensional Fund Advisors, Inc. (DFA) U.S. Micro Cap Portfolio thereafter; Large Company Stocks—Standard & Poor's 500®, which is an unmanaged group of securities and considered to be representative of the stock market in general; Corporate Bonds—Salomon Brothers Long-Term High-Grade Corporate Bond Index for 1969-2007. Over 1926-1968 total returns were calculated by summing the capital appreciation returns and income returns. The methodology is similar to that used by Salomon for 1969-2007. Inflation—Consumer Price Index.

Appropriate Withdrawal Level

All Stock Portfolio
Retire December 31, 1972

Asset Mix

Starting Portfolio: $500,000

Withdrawal Rate: 7.0%

Withdrawal Rate: $35,000

No Inflationary Increases

2006 Ending Portfolio Value:
$2,342,385

Past performance is no guarantee of future results. Assumes reinvestment of income and no transaction costs or taxes. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index.

All Stock Portfolio
Retire December 31, 1972

Asset Mix

Starting Portfolio: $500,000

Withdrawal Rate: **8.0%**

Withdrawal Rate: **$40,000**

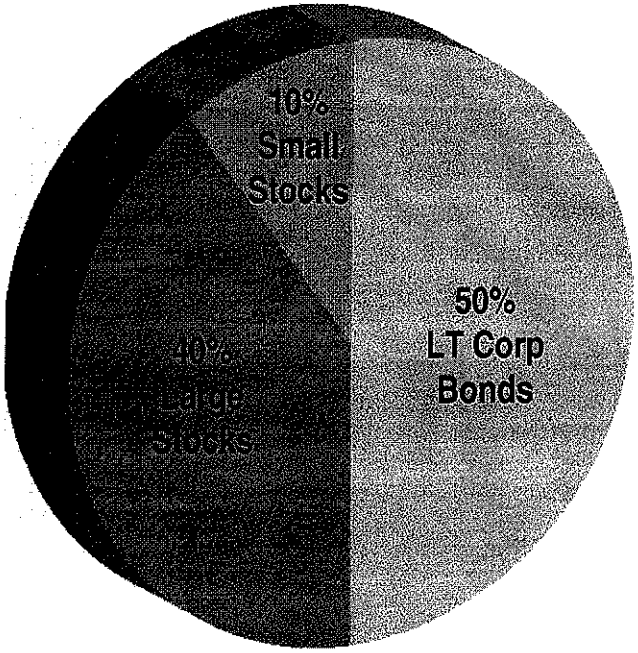
No Inflationary Increases

OUT OF MONEY IN 2006

Past performance is no guarantee of future results. Assumes reinvestment of income and no transaction costs or taxes. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index.

Portfolio With Small Company Stocks & Bonds

Asset Mix



Starting Portfolio: $500,000

Withdrawal Rate: 7.0%

Withdrawal Rate: $35,000

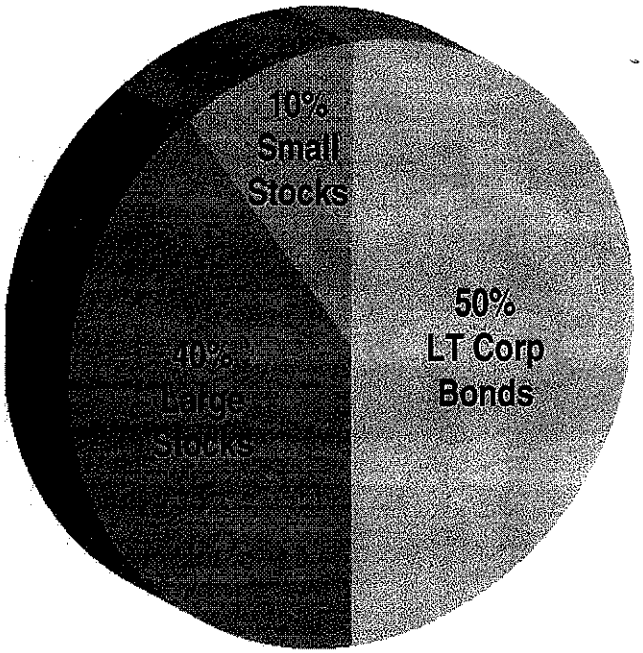
No Inflationary Increases

Ending Portfolio: **$3,749,231**

Above portfolio is reallocated annually to the corresponding asset mix. Past performance is no guarantee of future results. Assumes reinvestment of income and no transaction costs or taxes. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index.

Portfolio With Small Company Stocks & Bonds

Asset Mix



Starting Portfolio: $500,000

Withdrawal Rate: **8.0%**

Withdrawal Rate: **$40,000**

No Inflationary Increases

Ending Portfolio: **$1,837,812**

Above portfolio is reallocated annually to the corresponding asset mix. Past performance is no guarantee of future results. Assumes reinvestment of income and no transaction costs or taxes. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index.

Impact of Investment Fees

Value Difference Of A $500,000 Portfolio

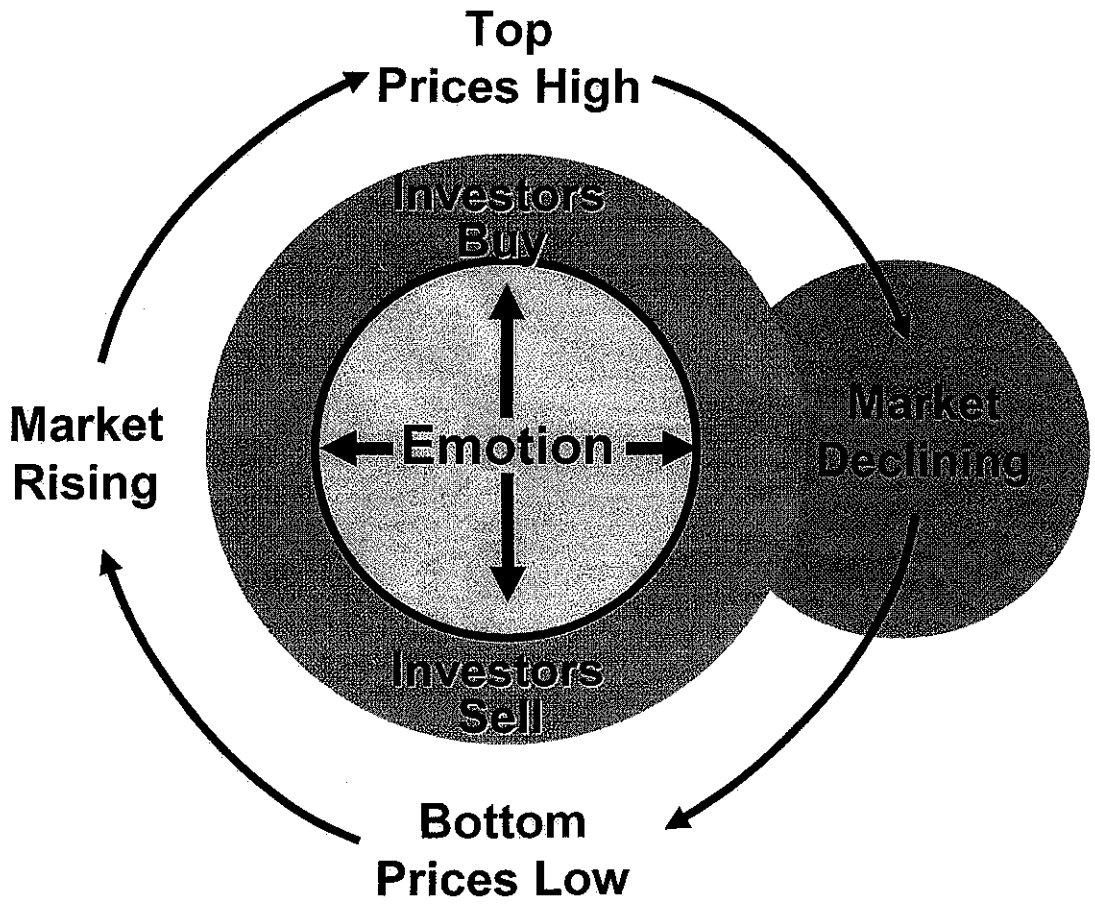
EXPENSE SAVINGS	10 YEARS	20 YEARS
0.5%	$29,227	$69,546
.75%	$43,362	$101,955
1.0%	$57,186	$132,879

Figures assume an 8% return and a 6% withdrawal rate. This table is for informational purposes only, and is not indicative of any particular Advance Capital Portfolio.

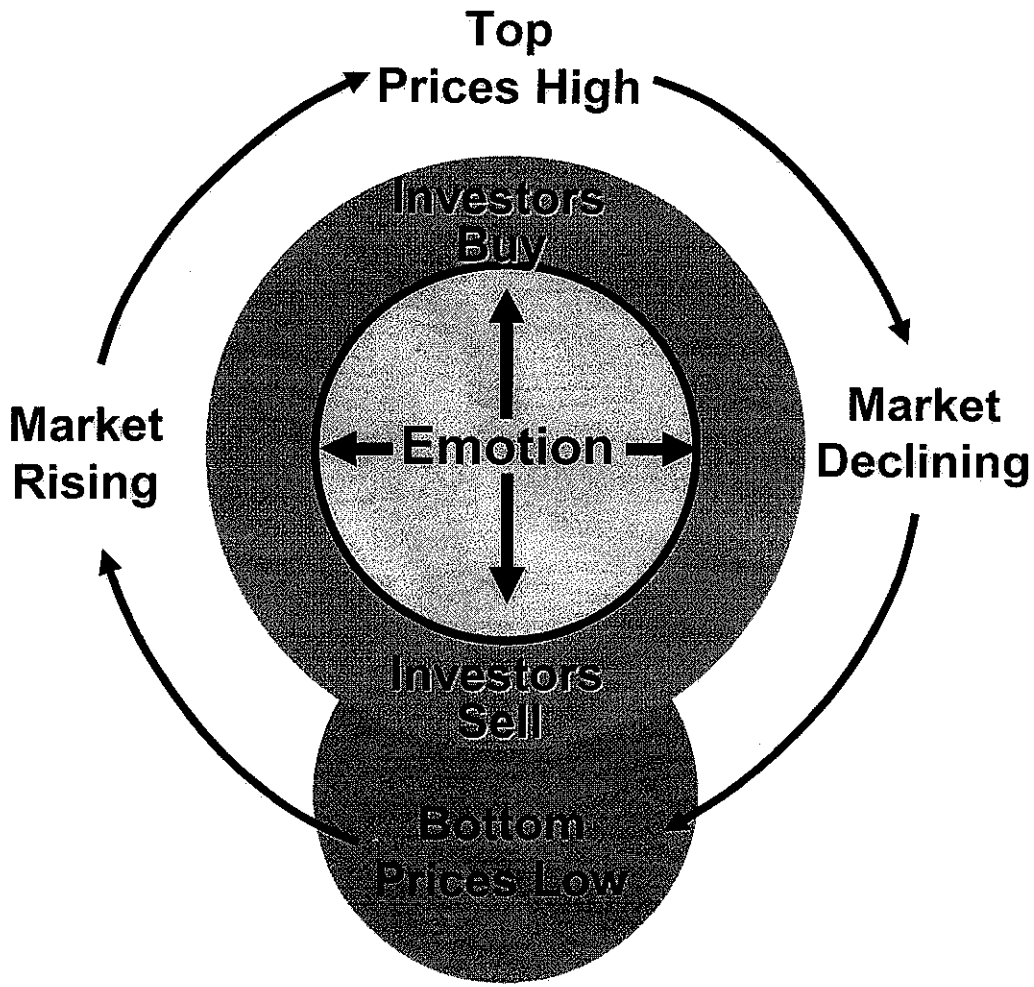
Why Retirement Planning Services Are Important

- A Person's Entire Life Savings
- No Second Chances
- Industry Fees Can Be Excessive
- Need Realistic Expectations Of Investment Returns
- Take the emotion out of investing

Avoid Emotional Investing



Avoid Emotional Investing



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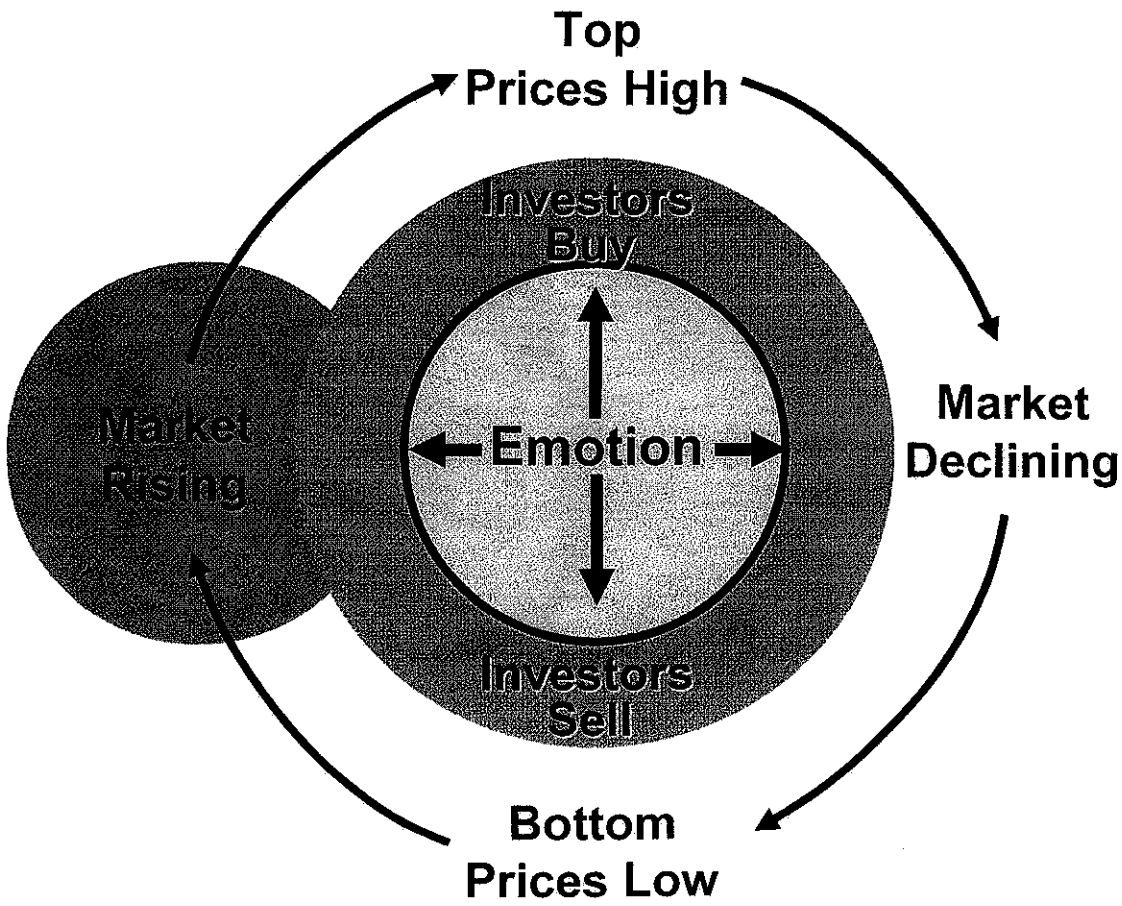

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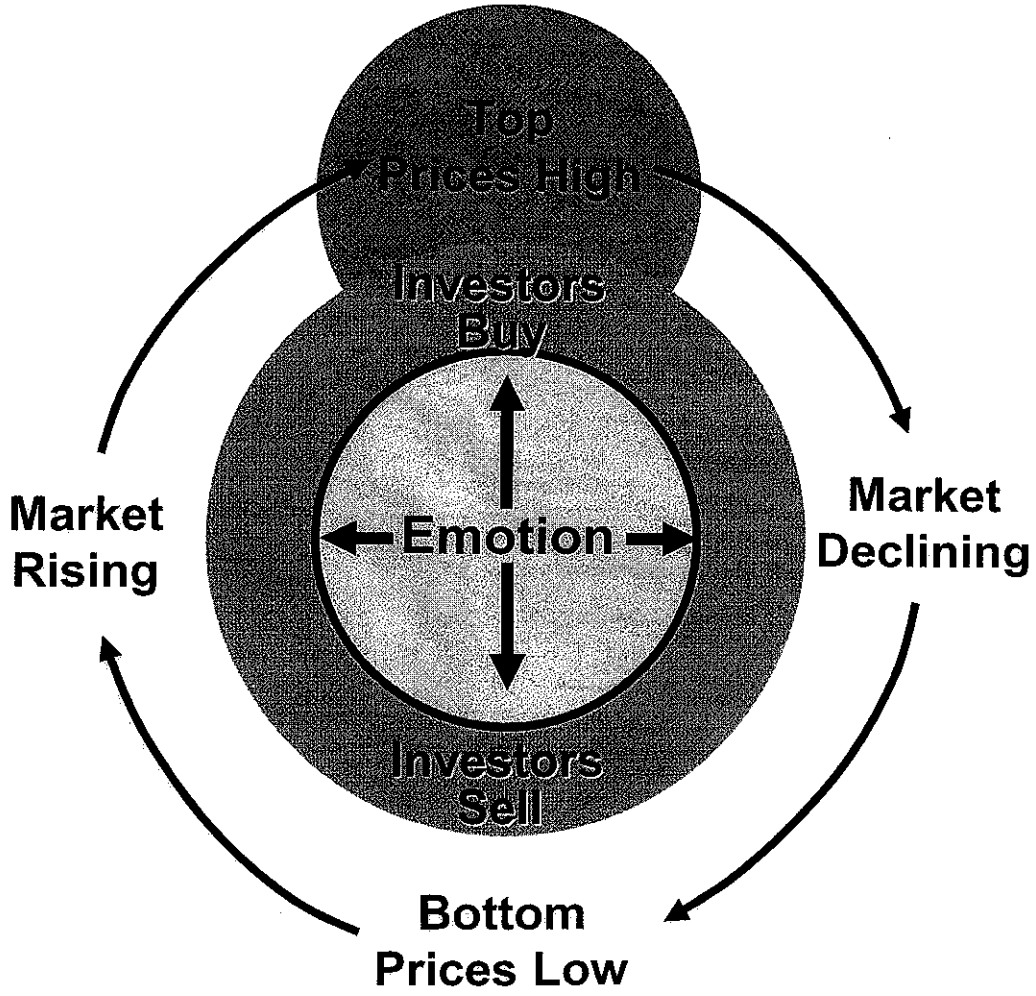


The average equity fund investor earned 3.51 %* annually for the last 20 years while the S&P500 earned an average of 12.98 %.

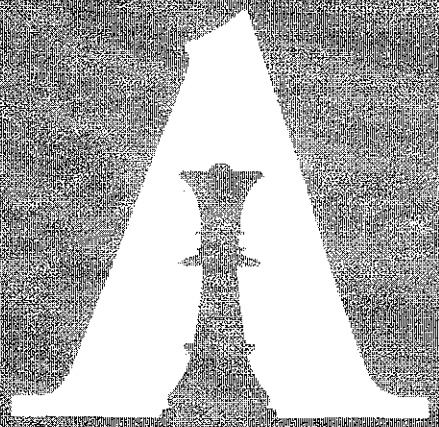
* SOURCE: Dalbar quantitative analysis of investor behavior 4/01/04

Financial Planning Services

- 15 Financial Advisors – CPAs, CFPs, MBAs
- Comprehensive Retirement Plan
  - Free of charge
  - In-House Proprietary Software
  - Highly Customized and Flexible
  - Detailed 20 Year Income & Asset Projection
  - Specific Investment Recommendations
  - Create 600 Per Year
- Annual Portfolio Reviews

- For the past 21 years we have been providing education and low cost, diversified portfolios for retirees in Michigan
  - Oakland County - $401,053,000
  - Wayne County - $264,197,000
  - Macomb County - $180,643,000
  - Kent County - $48,907,000
  - Livingston County - $48,202,000
  - Genesee County - $36,911,000
  - Saginaw - $39,397,000
  - Grand Traverse - $25,188,000

Thank You



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CAPITAL

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