

# Securing Retirement One SEP at a Time



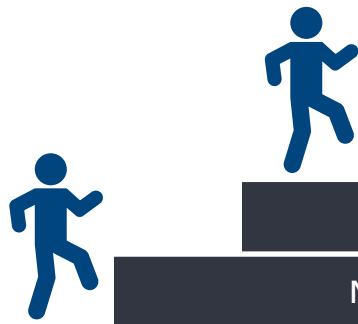
Simplify saving for retirement on the job with a SEP plan.

Are you contemplating a retirement plan for your business, but are reluctant to take on the complexity that comes with most plans? Consider setting up a simplified employee pension (SEP) plan.

Learn more today.

*"Having a SEP plan simplifies retirement saving for my employees and for me as a business owner."*

## Why step up to a SEP for your employees?



Simple to administer

Less expensive to maintain

No government reporting

Discretionary contributions from year to year

Tax deduction for the employer on plan contributions

Tax-deferred contributions and earnings for employees

Simplified employee pension (SEP) plans are available to all types of businesses, including sole proprietorships, partnerships, corporations, tax-exempt entities, and state and local governments. Because they offer many of the advantages of qualified retirement plans without as many reporting and disclosure requirements, SEP plans are ideal for self-employed individuals and small businesses.

### Simplified Eligibility

All employees generally are eligible to participate in a SEP plan. But an employer may place certain restrictions on eligibility. Any restrictions must apply to all employees, including the business owner.

The following eligibility requirements are the most restrictive allowed for a SEP plan; an employer can be less restrictive or not apply any restrictions.

- Employees must be at least age 21.
- Employees must have worked three of the immediately preceding five years.
- Employees must earn at least \$600\* in compensation (for 2017 and for 2018).
- Employees must not be covered by a collective bargaining agreement.
- Employees who are nonresident aliens with no U.S. income are excluded.

### Simplified Contributions

Should you choose to make SEP plan contributions for the year, you must make a contribution on behalf of each eligible employee. Each employee must establish a Traditional IRA to receive the contributions. If an employee is unwilling or unable to establish an IRA, the employer may set up a Traditional IRA on the employee's behalf.

Employers have until their business's federal tax return due date, including extensions, to make contributions each year. The contribution limit per employee is the lesser of

- 25 percent of the employee's compensation up to a defined compensation cap\* (\$270,000 for 2017 and \$275,000 for 2018) or
- a set dollar amount\* (\$54,000 for 2017 and \$55,000 for 2018).

A SEP plan does not allow for employee deferrals, but employees are allowed to make separate Traditional IRA contributions. And once SEP plan contributions are in the Traditional IRA, they are treated as Traditional IRA assets, subject to the same rules as Traditional IRAs, especially when it comes to moving or withdrawing the assets.

### Simplified Plan Establishment

- 1) Adopt a SEP plan for your business by signing a written agreement.
- 2) Provide your employees information about the plan.
- 3) Have each eligible employee establish a Traditional IRA.
- 4) Decide whether to contribute and how much to contribute each year.

Consider talking with your financial advisor about eligibility, contributions, and whether a SEP plan is right for your business.

### For More Information

Talk to us—we'll be glad to provide you with more information on SEP plans.

\* These limits are subject to annual cost-of-living adjustments.