

EMPLOYER-SPONSORED RETIREMENT PLANS

GROW YOUR RETIREMENT BUSINESS WITH PERSHING



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- › Open architecture platform
- › Simplified account management
- › Unbiased perspective
- › Strong heritage
- › Broad range of retirement solutions

BIG BUSINESS FOR YOUR BUSINESS

Retirement is big business. Consider that today there is more than \$20.9 trillion in U.S. retirement assets, including \$5.3 trillion in defined contribution (DC) plans and \$5.7 trillion in Individual Retirement Accounts (IRAs), as of June 30, 2013.¹ And it is worth noting that these figures do not account for the trillions of dollars earmarked for retirement that are potentially invested outside of these plans.

Advisors offering employer-sponsored retirement plans can position themselves to capture a portion of these assets. Consider that you not only have the chance to create recurring revenue streams through ongoing contributions, but you also gain the opportunity to expand relationships with plan participants for additional business.

The retirement opportunity is significant—and the truth is that if you are not speaking to your business owner clients about it, someone else will. If you already manage the personal assets of business owners, you have an advantage. Helping these owners start a new plan or improve their existing plan may enable them to attract and retain talent, gain tax benefits, better prepare for their own retirement and more. Pershing LLC (Pershing), a BNY Mellon company, is prepared to help you turn retirement into big business for your business.

A GROWING OPPORTUNITY

Over 80 million workers have no access to an employer-sponsored retirement plan and close to 95 million workers do not participate in an employer-sponsored plan. More than half of all businesses offer no employer-sponsored retirement plan.²

PLANS FOR EVERY KIND OF BUSINESS

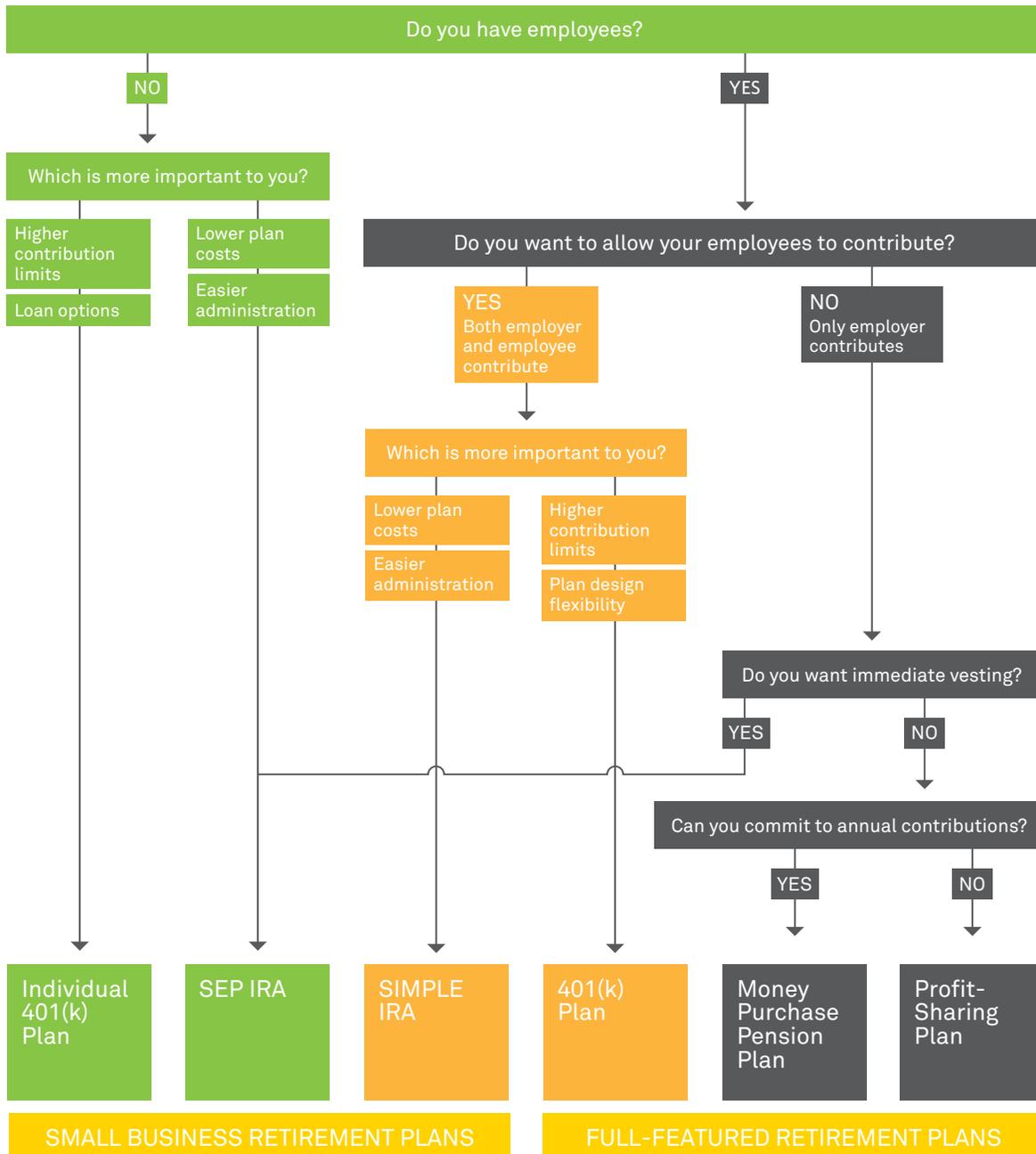
Pershing provides a range of retirement solutions for businesses of all sizes. Whether you focus on helping businesses establish new plans or on helping companies make their retirement plans more successful, one of the most important services you can provide is to help them select the right plan. There are many types of plans, each with different features, legal obligations and costs. It is especially important to provide guidance to business owners without existing retirement plans.

¹ U.S. Retirement Assets—Investment Company Institute; Second Quarter 2013.

² Employee Benefit Research Institute, October 2012.

WHICH RETIREMENT PLAN IS APPROPRIATE?

This decision tree can help as you work with your clients to determine which employer-sponsored plan is appropriate for their business needs.



SMALL BUSINESS RETIREMENT PLANS

Close to 9 million self-employed workers do not currently have a business retirement plan.³ Small business retirement plans provide a simple way for owners to start, or to continue, saving and investing for retirement.

PERSHING FOR SMALL BUSINESS RETIREMENT PLANS⁴

Pershing provides advisors and plan sponsors with the tools and services they need to successfully set up and maintain retirement plans, including:

- › Necessary plan documents and participant information
- › Simple ways to set up and monitor plans and underlying accounts
- › Assistance with asset consolidation and rollover processing

ADVANTAGES OF SMALL BUSINESS RETIREMENT PLANS⁵

Small business retirement plans provide employers with tax benefits and may help them attract and retain employees. As an added benefit, small plans do not require the same level of administration—or non-discrimination testing—required by traditional 401(k) or other full-featured retirement plans. Whether clients choose the Simplified Employee Pension Individual Retirement Account (SEP IRA), the Savings Incentive Match Plan for Employees Individual Retirement Account (SIMPLE IRA) or an Individual 401(k) plan, they will enjoy federal tax deductions on contributions and potential federal tax credits for the first three years of the plan. Additionally:

- › **SEP IRAs** offer business owners maximum flexibility for contributions—providing the ability to scale contributions based on employee wages and to change contributions depending on business conditions.
- › **SIMPLE IRAs** offer many of the same features and benefits of 401(k)s, but with limited employer contribution requirements.
- › **Individual 401(k) plans** offer high contribution limits and a flexible plan design, plus they allow business owners to make tax-deferred contributions as both the employee and employer—increasing their chance of meeting their individual retirement goals.

ESTABLISHING A PLAN

SEP and SIMPLE IRAs are established in three simple steps:

- › Execute a written agreement to provide benefits to all eligible employees.
- › Notify employees about the plan: employers must notify eligible employees that they have adopted a SEP or SIMPLE IRA, what the requirements are for participation and how the employer contributions, if any, are calculated.
- › Set up an IRA for each employee.

Pershing supports prototype SEP IRAs and Salary Reduction Simplified Employee Pension Plan (SARSEP) IRAs as well as Roth Individual 401(k) options that allow plan participants to contribute after-tax dollars and to receive qualified distributions of funds tax free.

Individual 401(k) plans require different steps, as outlined below, but they enable business owners to maximize their individual retirement savings:

- › Adopt a written plan document.
- › Set up a trust and select a trustee for the plan's assets (the business owner is typically the trustee for an individual 401(k)).
- › Select an administrator—accurate record keeping tracks contributions, earnings and losses, plan investments and more. This is also required for preparing the annual returns, if applicable, that must be filed with the federal government.

³ Employee Benefits Research Institute, October 2013.

⁴ Pershing does not provide legal or tax advice.

⁵ Employers should be encouraged to consult with a legal or tax advisor before establishing or maintaining a retirement plan.

ADVANTAGES OF FULL-FEATURED RETIREMENT PLANS⁶

Full-featured retirement plans offer more flexibility in plan design and in contributions, but can be more complex to administer. These plans require the employer to assume fiduciary responsibility for the plan assets and, in most cases, investment options. In addition:

- › **401(k) plans** generally allow for maximum flexibility of design and customization. Typically, businesses with steady cash flow, sophisticated employees and a company infrastructure to support human resource functions consider these types of plans.
- › **Profit-sharing plans** can be stand-alone or combined with other plan types, like 401(k) plans. Business owners who choose these plans are not locked into making contributions and can decide each year whether and how much to contribute.
- › **Money purchase pension plans** are funded by employer contributions equal to a fixed percentage of employee compensation. They are appropriate for business owners who have consistent profitability and a level of certainty about their ability to commit to annual contributions. Pershing supports existing money purchase pension plans.

ESTABLISHING A PLAN

Creating a 401(k) or profit-sharing plan involves four simple steps to get started:

- › Adopt a written plan document.
- › Set up a trust and select a trustee for the plan's assets—plan assets must be held in trust to ensure that assets are used solely to benefit the participants and their beneficiaries.
- › Select an administrator and a record keeper—accurate record keeping tracks contributions, earnings and losses, plan investments and more. Plus, it is helpful for preparing the annual returns that must be filed with the federal government.
- › Provide plan information to participants—employers need to provide eligible employees with information about the plan including:
 - A summary plan document (SPD) that details how the plan operates.
 - Requirements for participation.
 - Advantages of participating in the plan and tax-deferred savings.
 - Description of the employer contribution calculation, if applicable.

Pershing can help you consolidate plans and simplify management for plan sponsors by supporting automated rollovers that help qualified retirement plans shift administrative risk and provide you with an opportunity to generate revenue.

⁶ Employers should be encouraged to consult with a legal or tax advisor before establishing or maintaining a retirement plan.

⁷ Pershing does not provide legal or tax advice.

FULL-FEATURED RETIREMENT PLANS

Small business owners with more sophisticated needs—or whose small plans have become larger plans—may want to consider a full-featured plan that allows more customization. With Pershing's employer-sponsored retirement plans, you receive dedicated customer service and have access to experienced professionals who can help you use our full range of platform capabilities and investment options.

PERSHING FOR FULL-FEATURED RETIREMENT PLANS⁷

Pershing provides firms with the tools and services they need to successfully set up and maintain full-featured retirement plans. In addition, Pershing also supports existing money purchase pension plans as well as Traditional and Roth 401(k) options that allow plan participants to contribute after-tax dollars and to receive qualified distributions of funds tax free.

OPERATIONAL SPECIFICS AT A GLANCE

This table provides more detailed information about how each plan operates, including deadlines to establish the plan and make contributions, rules regarding distributions, transfers, rollovers and more. To compare the features and benefits of small business retirement plans, visit retirementpowerplay.com/essentials.

SMALL BUSINESS RETIREMENT PLANS			
Plan Details	SEP IRA	SIMPLE IRA	Individual 401(k)
Contributor Options	Employer can decide whether or not to make contributions year to year	Employee can decide how much to contribute Employer must make matching contributions or contribute 2% of each employee's salary up to the set maximum	Business owner can make pre-tax and discretionary profit-sharing contributions
Deadlines to Establish a Plan	By the business' tax filing deadline (plus extensions)	Generally must be established by October 1 If employer previously maintained a SIMPLE, a new one can only be established on January 1 If a new employer comes into existence after October 1, a plan can be established as soon as administratively possible	Plan year-end—December 31, or fiscal year-end
Timing of Contributions	Contributions must be made by tax filing date (plus extensions) for prior year contribution	EMPLOYER: Contributions must be made by tax filing date (plus extensions) for prior year contribution Deposits of contributions from payroll are required 30 days following month-end	EMPLOYER: Profit-sharing contributions must be made by tax filing date (plus extensions) for prior year contribution EMPLOYEE: 401(k) pre-tax within seven days following deduction (Traditional or Roth)
Federal Tax Penalties for Early Distributions	10% early distribution penalty if withdrawn prior to age 59½	25% early distribution penalty if withdrawn during the first two years of participation 10% early distribution penalty after the two-year period has elapsed	10% early distribution penalty if withdrawn prior to age 59½
Required Minimum Distributions	Must begin by April 1 of the year following the later of age 70½ or retirement	Must begin by April 1 of the year following the later of age 70½ or retirement	Must begin by April 1 the year after the account holder reaches age 70½
Transfer Limits	No limits between similar accounts	No limits between SIMPLE IRAs	Employee may not transfer assets from plan during employment
Rollovers	One 60-day IRA-to-IRA rollover per 12-month period, reported as a distribution and returned as a rollover contribution	One 60-day SIMPLE IRA-to-SIMPLE IRA rollover per 12-month period, reported as a distribution and returned as a rollover contribution Rollover from a SIMPLE IRA to a Traditional IRA is permitted only after the two-year period has elapsed	Must have triggering event (e.g., plan termination, death, severance from employment, disability) to roll into an IRA or other retirement plan
Participant Loans	Not available	Not available	Yes, up to 50% of account value up to \$50,000 if elected by the employer

FULL-FEATURED RETIREMENT PLANS

401(k) Plan	Profit-Sharing Plan	Money Purchase Pension Plan
<p>Employees can decide how much to contribute through a payroll deduction</p> <p>The employer can make additional contributions, including matching, as set by plan terms</p>	<p>Employer makes contributions as set by plan terms</p>	<p>Employer makes contributions as set by plan terms</p>
<p>Plan year-end—December 31, or fiscal year-end</p>	<p>Plan year-end—December 31, or fiscal year-end</p>	<p>Plan year-end—December 31, or fiscal year-end</p>
<p>EMPLOYER: Prior year contributions must be made no later than the tax filing due date (plus extensions) of the employer's tax return</p> <p>EMPLOYEE: Elective deferrals from payroll must be made by December 31</p>	<p>EMPLOYER: Prior year contributions must be made no later than by tax filing due date (plus extensions) of the employer's tax return</p>	<p>EMPLOYER: Prior year contributions must be made no later than by tax filing due date (plus extensions) of the employer's tax return</p>
<p>10% early distribution penalty if distributed prior to age 59½</p>	<p>10% early distribution penalty if distributed prior to age 59½</p>	<p>10% early distribution penalty if distributed prior to age 59½</p>
<p>Must begin by later of April 1 of the year following the year of retirement or when the account holder reaches age 70½, unless a 5% owner, who must commence by April 1 following attainment of age 70½</p>	<p>Must begin by later of April 1 of the year following the year of retirement or when the account holder reaches age 70½, unless a 5% owner, who must commence by April 1 following attainment of age 70½</p>	<p>Must begin by later of April 1 of the year following the year of retirement or when the account holder reaches age 70½, unless a 5% owner, who must commence by April 1 following attainment of age 70½</p>
<p>Employer may transfer plan to a like account</p>	<p>Employer may transfer plan to a like account</p>	<p>Employer may transfer plan to a like account</p>
<p>Employee may not transfer assets from plan during employment</p>	<p>Employee may not transfer assets from plan during employment</p>	<p>Employee may not transfer assets from plan during employment</p>
<p>Must have triggering event (e.g., plan termination, death, separation from service, disability) to roll into an IRA or other retirement plan</p>	<p>Must have triggering event (e.g., plan termination, death, separation from service, disability) to roll into an IRA or other retirement plan</p>	<p>Must have triggering event (e.g., plan termination, death, separation from service, disability) to roll into an IRA or other retirement plan</p>
<p>Yes, if elected by the employer</p>	<p>Yes, if elected by the employer</p>	<p>Yes, if elected by the employer</p>

ADDITIONAL RETIREMENT PLAN SERVICES

Many businesses have existing retirement plans—often with significant assets—but many of these plans have limited investment offerings.

Through 403(b)(7) custodial accounts, an investment only platform or self-directed brokerage accounts, you can help plan sponsors and their participants supplement the investment offerings in their existing plans.

RETIREMENT ESSENTIALS

Pershing's Retirement Essentials Pocket Guide provides an easy reference for employer plan information. Or go online at retirementpowerplay.com/essentials from your tablet or PC to access contribution and deduction limits, compare plans or help select a plan for your client.

403(b)(7) CUSTODIAL ACCOUNTS

The 403(b)(7) custodial account offers similar features and advantages to a traditional 401(k) plan—enabling participants and employers to make tax-deferred contributions—but is not subject to the same non-discrimination testing as a 401(k). These plans are only available to Internal Revenue Code 501(c)(3) tax-exempt organizations established for religious, charitable, scientific, literary, educational or safety testing purposes, or a public school or university system.

Advisors servicing 403(b)(7) custodial accounts can offer their clients access to a broad range of registered investment products including mutual funds and certain exchange-traded funds (ETFs). Pershing 403(b)(7) custodial accounts can support Roth contributions, which allow plan participants to contribute after-tax dollars and to receive qualified distributions of funds tax free.

INVESTMENT ONLY PLATFORM

Pershing's investment only platform allows advisors to provide additional value to plan sponsor clients by managing all or a portion of the employer-sponsored plan assets. With an investment only platform, a single, pooled account is set up for the employer-sponsored plan. You can work with your plan sponsor clients to invest a portion or all of the plan assets in any investments available on the platform and are free to manage the assets in accordance with the plan's Investment Policy Statement.

This approach—which may be best suited for employers or entrepreneurs with existing defined benefit plans, cash balance plans or defined contribution plans with assets that are partially or fully employer-directed—may enable you to gain significant plan assets, while record keeping and administration are handled by third parties.

An investment only platform from Pershing enables you to manage retirement assets more effectively. You can provide access to the complete open architecture capabilities of Pershing, while maintaining the speed and efficiency that you and the plan sponsor already enjoy from the Pershing platform.

Through 403(b)(7) custodial accounts, an investment only platform or self-directed brokerage accounts, you can offer additional services and a wider array of investments to your plan sponsor clients.

SELF-DIRECTED BROKERAGE ACCOUNTS

Traditionally, participants in retirement plans have a predefined investment menu. With self-directed brokerage accounts (SDBAs), you enable plan sponsors to supplement their investment selection to provide sophisticated participants with more choice, flexibility and control over investment management.

Your firm can choose to provide plan sponsors with a brokerage or mutual fund window option:⁸

- › **Brokerage.** Expands access to any permitted investments. Though some investment types may be restricted by ERISA (such as margin trading) or by the plan sponsor for various corporate reasons (e.g., employer stock may be offered only in the core investments of the plan), this variation effectively allows the participant to invest in the remaining universe of asset types.
- › **Mutual Fund Window.** Expands the plan's investment lineup to include thousands of mutual funds available through Pershing's customizable rules engine. Allows plan sponsors to exercise additional control over available investments by limiting participant access to mutual funds.

LEVERAGE PERSHING TO DEEPEN CLIENT RELATIONSHIPS

Pershing makes it easy for you to incorporate retirement solutions into your existing business models with open architecture, flexible technology and unparalleled support.

ACCESS PERSHING'S OPEN ARCHITECTURE PLATFORM

Working through a single brokerage platform enables you to provide your clients with access to an array of investment options for their retirement assets. Pershing's platform includes:

- › Over 21,000 load and no-load mutual funds from more than 700 fund families through FundCenter®.
- › Over 5,300 mutual funds from more than 280 respected fund families through FundVest®.
- › FDIC-insured cash management solutions, including money market mutual funds and more than 140 sweep options.
- › Access to all available domestic ETFs and notes.
- › Access to equities, fixed income products, alternative investments and separately managed accounts.

⁸ Plan sponsors selecting an SDBA must take on additional oversight responsibilities, including determining the criteria by which participants qualify for these types of accounts.

⁹ MBSC Securities Corporation, member FINRA and SIPC, is a subsidiary of The Bank of New York Mellon Corporation and an affiliate of Pershing LLC.

MORE FLEXIBILITY WITH PERSHING

SDBAs do not have to be complex. With Pershing, your firm can choose to:

- › Use Pershing's investment platform while your existing infrastructure supports these accounts
- › Select our full-service, customizable, private-label solution available through MBSC Securities⁹

RETIREMENT CALCULATORS

Access an extensive suite of retirement calculators in the Retirement Center on NetX360®.

- › Model customized projections based on personal data
- › Compare projected results to help identify suitable plans
- › Calculate maximum contributions
- › Generate customized, easy-to-read reports for client presentations

PERSHING'S TECHNOLOGY PLATFORM

Through NetX360, you can access retirement planning calculators and premium, value-added tools like NaviPlan®, Morningstar®, MoneyGuidePro™, The Income for Life Model® and many others. Together, the resources on NetX360 enable you to research and compare investments, stay informed with industry regulations, assess client retirement needs and develop comprehensive plans.

SIMPLIFY ACCOUNT MANAGEMENT

With Pershing, you can consolidate retirement assets onto a single platform to simplify account and investment management. Being able to see—and service—client assets in one place offers many advantages. Along with executing trades and rebalancing portfolios at the touch of a button, consolidated brokerage accounts enable advisors to aggregate assets and information to keep financial strategies on track.

Consolidation is a critical tool in gathering assets and simplifying management in both retirement and taxable accounts. With Pershing, you can transfer existing assets held for your clients on other platforms—or with other advisors—to offer more holistic advice and more consistent client service so that you can gain a larger share of client assets.

You can household information and offer consolidated statements and tax reporting as well as more comprehensive and consistent client service. Further, Pershing supports fee- and commission-based pricing, providing convenient access to all client assets and accounts in one place, around the clock.

REINFORCE YOUR VALUE

Pershing focuses on your business so you can concentrate on the needs of your clients. We have no retail business to distract us from offering you unbiased access to the investment choices that you and your clients seek. We believe that you know your clients best, so we offer the control and flexibility to select the investments you think will work best for your clients. With Pershing, you reinforce your value rather than ours.

PLAN FOR SUCCESS

Because our business is built exclusively to serve financial institutions and advisors, our success depends entirely on yours. To that end, our consultative approach provides personal attention, access to seasoned professionals and easy-to-execute solutions to help you build a solid foundation to grow your retirement business. Pershing helps you successfully identify, prospect and service new and existing IRA and employer-sponsored plan business.

Pershing's retirementpowerplay.com provides complimentary marketing resources, training services, financial calculators and educational planning tools to help you integrate retirement solutions into your business.

RELY ON OUR STRENGTH

Pershing has been a leading global provider of financial business solutions for 75 years and serves many of the world's most respected financial organizations. Pershing provides state-of-the-art technology, a highly reliable and scalable infrastructure, and a host of innovative products and services. Pershing is committed to the safekeeping, servicing, segregating and reporting of assets held in custody. Our parent company, BNY Mellon, has been in business for 230 years and is the world's leading provider of securities services and a top global manager of assets.

- › Pershing has over \$1 trillion in global client assets under custody.¹⁰
- › Pershing is the industry's largest global outsourcing provider, offering clearance in 60+ markets, order execution in 60+ markets and foreign exchange in 50+ currencies.
- › Pershing has thousands of associates located in 23 offices worldwide.
- › Pershing's associates hold more than 500 membership positions on approximately 300 industry committees, boards and task forces. The members of our highly knowledgeable and skilled management team provide stable leadership averaging more than a decade with Pershing.
- › Pershing was named the #1 U.S. clearing firm, ranked by number of broker-dealer customers (*InvestmentNews*, 2008-2013).

TAKE THE NEXT STEP TO BUILD YOUR RETIREMENT BUSINESS

Retirement is critically important to investors—and to the future of your business. Pershing believes that one of the best ways to retain existing assets, capture additional assets and build stronger relationships is to become your small business clients' retirement solutions provider.

Pershing not only offers you a comprehensive suite of retirement products and services for your individual and business clients, but also provides the tools, technology and support you need to successfully build—and maintain—your retirement business.

¹⁰ As of September 30, 2013.



BNY MELLON

A STRONG FOUNDATION

Our parent company, BNY Mellon, has \$27.4 trillion in assets under custody and administration and \$1.5 trillion in assets under management.¹⁰ Recent recognition includes:

- › World's Safest U.S. Bank by *Global Finance* magazine for the fourth consecutive year
- › World's Best Global Custody Bank by *Global Finance* magazine for the 13th consecutive year
- › Top U.S. wealth manager (*Barron's* 2013)

WE ARE PERSHING. WE ARE BNY MELLON.

Pershing, a BNY Mellon company, and its affiliates provide global financial business solutions to advisors, asset managers, broker-dealers, family offices, financial organizations, fund managers and registered investment advisory firms. A financial services market leader located in 23 offices worldwide, we are uniquely positioned to provide advisors and firms global insights into industry trends, regulatory changes and best practices, as well as shifts in investor sentiment and expectations. Pershing provides solutions—including innovative programs and business consulting—that help create a competitive advantage for our clients.

PERSHING LLC

As the New Model Clearing Firm™, Pershing LLC provides a broad suite of financial business solutions so advisors and broker-dealers can drive their business forward in a dynamic industry and regulatory environment. We are the #1 clearing firm in the U.S.* and our clients range from full service, institutional and independent firms to self-directed and bank-affiliated broker-dealers and span the globe. With a keen eye on delivering dependable operational support, robust trading services, flexible technology, an expansive array of investment solutions, practice management support and service excellence, our solutions help advisors and firms manage their businesses efficiently and serve their clients effectively. Pershing LLC (member FINRA/NYSE/SIPC) is a BNY Mellon company. To learn more, visit pershing.com.

*Based on number of broker-dealer clients, *InvestmentNews* August 2013

To learn more about Pershing's Retirement Solutions, please visit Resources in NetX360®, pershing.com, or contact your Pershing Relationship or Account Manager.

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Pershing does not provide tax or legal advice. This brochure is intended to provide general information. Clients should be advised to consult with a legal or tax advisor about their individual situation before implementing any strategies described or establishing and maintaining a retirement account.

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