

Full-Featured Employer-Sponsored Retirement Plans

Did You Know?

Only two thirds of American workers currently have access to an employee sponsored retirement plan.¹

Key Benefits

Offering full-featured employer-sponsored plans gives you the opportunity to:

- › Generate steady new asset flows through contributions
- › Build stronger relationships with business owners by advising on other assets
- › Capture and manage personal accounts of the participants
- › Consolidate existing retirement assets held away

Special Considerations

With these plans, the plan sponsor is an ERISA fiduciary and must file IRS form 5500. Profit sharing and 401(k) plans also have non-discrimination testing rules to maintain qualified status, while money purchase pension plans require regular funding to maintain status.

Full-Featured Employer-Sponsored Plans

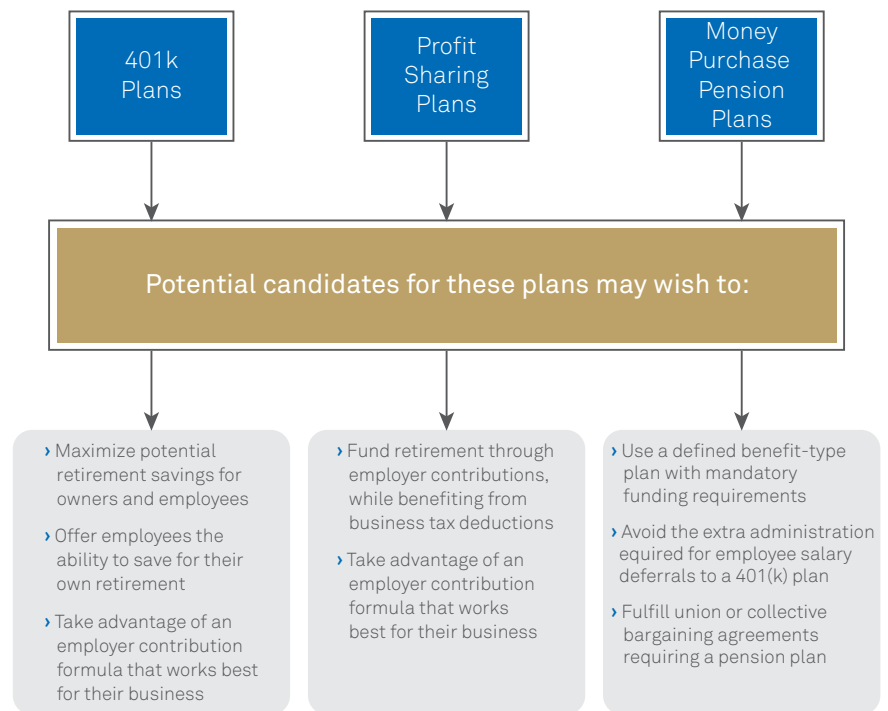
Business owners looking for greater flexibility in plan design may want to consider plans that allow for more customization.

- › **The 401(k)** is one of the most flexible qualified retirement plans available. With high employee contribution limits and optional employer contributions, it can help employers and employees maximize their retirement savings.
- › **A profit sharing plan** is for business owners who want flexibility and choice in a plan funded through employer contributions. Business owners 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 compensation. They are appropriate for business owners who have consistent profitability and can commit to annual contributions.

Customization and more

For all three types of plans, business owners can benefit from:

- › Federal tax deductions on employer contributions
- › A potential federal tax credit of up to \$500 per year for the first three plan years
- › The ability to customize aspects of the plans to meet their goals
- › A choice of contribution formulas to suit business goals
- › The ability to set vesting schedules and eligibility requirements



For professional use only. Not for distribution to the public.

Pershing for Full-Featured Employer-Sponsored Plans

Expand the possibilities

- › 27,000 mutual funds from more than 800 fund families.²
- › More than 7,000 no-transaction-fee options from more than 300 fund families.²
- › Exchange traded funds (ETFs) to meet the needs of even the most sophisticated investors.

Simplify your life

- › Consolidate taxable and retirement assets onto one platform.
- › Access the technology and tools to manage assets holistically, efficiently and cost effectively.

Reinforce your value

- › Retain ownership and control over your client relationships.
- › Use the tools and support to identify and capitalize on retirement opportunities.

Rely on our strength

- › \$1.5 trillion in assets under custody.³
- › \$362 billion in IRAs.²
- › \$24 billion in employer sponsored plans.¹

¹ Investment Company Institute (ICI), The U.S. Retirement Market, Third Quarter 2016.

offer the Mutual Fund Only option for IRAs.

² As of December 31, 2016

³ As of September 30, 2016

	401(k) Plan	Profit Sharing Plan	Money Purchase Pension Plan
Types of Contributions Allowed	Employer contributions and employee deferrals, Roth contribution after-tax deferrals	Employer contributions only	
Mandatory Employer Contribution	No		Yes
Maximum Employee Contribution	\$18,000 for 2016 and 2017; individuals age 50 and older may contribute up to an additional \$6,000 annually	N/A	
Maximum Employer Contribution	<ul style="list-style-type: none"> › Employer contributions are not mandatory; however, employee contributions plus employer matching and/or profit sharing contributions cannot exceed lesser of 100% of compensation or \$53,000 for 2016 and \$54,000 for 2017 › Employer can deduct amounts that do not exceed 25% of aggregate compensation for all employees 	<ul style="list-style-type: none"> › Up to the lesser of 100% of compensation or \$53,000 for 2016 and \$54,000 for 2017 › Employer can deduct amounts that do not exceed 25% of aggregate compensation for all participants 	Lesser of 25% of eligible compensation or \$53,000 for 2016 and \$54,000 for 2017
Timing of Contributions	<ul style="list-style-type: none"> › Employer—prior year contribution must be made no later than the federal tax filing due date (plus extensions) of the employer's federal tax return › Employee—elective deferrals from payroll must be made by December 31 	Employer—prior year contributions must be made no later than by the federal tax filing due date (plus extensions) of the employer's federal tax return	
Vesting Terms	Defined by the employer; a "cliff" vesting schedule (generally 100% vested after three years) or a graded vesting schedule (generally 20% after two years, 20% per year, and 100% vested after six years); 100% vested at retirement		
Penalties	10% early distribution penalty if distributed prior to age 59½		
Required Minimum Distributions	Must begin by the 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 after reaching age 70½		
Rollovers	Must have triggering event (e.g., plan termination, death, separation from service, disability) to roll into an Individual Retirement Account or other retirement plan		
Plan Loans	Yes, if elected by the employer		

To learn more about Pershing's Retirement Solutions, please visit pershing.com or Resources within NetX360® or contact Pershing Customer Support.

©2017 Pershing LLC. Pershing LLC, member FINRA, NYSE, SIPC, is a wholly owned subsidiary of The Bank of New York Mellon Corporation (BNY Mellon). Trademark(s) belong to their respective owners. For professional use only. Not for distribution to the public.

Pershing does not provide tax or legal advice. Clients should be advised to consult with a legal or tax advisor about their individual circumstances and responsibilities in maintaining a qualified plan.



One Pershing Plaza, Jersey City, NJ 07399
FS-PER-RET-FULL-ESPON-3-17