

SEP and SIMPLE IRAs

Did You Know?

Only 14% of employers with fewer than 100 employees offer retirement plans.¹

Key Benefits

Offering SEP and SIMPLE IRAs gives you the opportunity to:

- › Generate steady new asset flows through employee and employer contributions
- › Build stronger relationships with business owners
- › Gain new clients through referrals
- › Potentially manage participants' personal accounts
- › Establish both full-service brokerage and Mutual Fund Only accounts within the same plan

The Pershing Advantage

Pershing, a BNY Mellon company, can help you identify potential SEP and SIMPLE IRA plan opportunities. We also provide all the necessary plan documents, make it simple to set up and monitor plans, help you consolidate assets, process any rollovers and more.

Helping small business owners design and implement an effective plan can potentially reduce costs of employee turnover, provide tax benefits and more.

Business-owning clients who want to avoid the complex and costly administration and non-discrimination testing required by 401(k) plans, may want to consider these individual retirement accounts (IRAs): Simplified Employee Pension (SEP) and Savings Incentive Match Plan for Employees (SIMPLE) IRAs.

Tax advantages all around

SEP IRAs are funded entirely by employer contributions. They offer business owners flexible contribution limits and the ability to decide how much, if anything, to contribute each year. SIMPLE IRAs, much like 401(k) plans, allow participants to make federal income tax-deferred contributions in addition to receiving employer contributions.

With both types of plans, business owners not only receive federal income tax deductions for their employer contributions, but they may receive a potential federal income tax credit of up to \$500 per year for each of the first three plan years.

Potential candidates



SEP IRA

May appeal to self-employed individuals who:

- › Do not have an existing retirement plan
- › Want a cost-effective retirement solution
- › Seek to attract and retain talent
- › Want maximum flexibility with regard to annual contributions



SIMPLE IRA

May be appropriate for businesses that:

- › Have no more than 100 employees
- › Do not have an existing retirement plan
- › Want a cost-effective retirement solution
- › Seek to attract and retain talent
- › Can commit to limited required contributions
- › Want to offer employees the opportunity to save and invest for retirement

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Pershing Enables You To:

Expand the possibilities

- › 27,000 mutual funds from more than 800 fund families²
- › More than 7,000 no-transaction-fee options from more than 300 fund families²
- › 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

Build your business

We offer the tools, support and materials you need to identify and successfully capitalize on retirement opportunities.

Rely on our strength

- › \$1.5 trillion in assets under custody³
- › \$362 billion in IRAs²
- › \$24 billion in employer sponsored plans²

² As of December 31, 2016

³ As of September 30, 2016

	SEP IRAs	SIMPLE IRAs
Eligibility	Must be offered to all employees who are at least age 21, have been employed by the employer for at least three of the last five years, and earned at least \$600 per year in 2016 and 2017	Must be offered to all employees who have had compensation of at least \$5,000 in any prior two years and who are reasonably expected to earn at least \$5,000 in the current year
Types of Contributions Allowed	Employer contributions only	Employer contributions and employee deferrals
Maximum Employee Contribution	N/A	<ul style="list-style-type: none"> › \$12,500 for 2016 and 2017 › \$15,500 for 2016 and 2017 if age 50 or older (includes a catch-up contribution of \$3,000)
Maximum Employer Contribution	Lesser of 25% of eligible compensation or \$53,000 for 2016 and \$54,000 for 2017	<ul style="list-style-type: none"> › Dollar-for-dollar matching contribution, up to 3% of pay OR › A non-elective contribution of 2% of pay for each eligible employee (\$5,300 for 2016 and 2017)
Timing of Contributions	Contributions must be made by federal tax filing date (plus extensions) for prior year contribution	<ul style="list-style-type: none"> › Employer contributions must be made by federal tax filing date (plus extensions) for prior year › Timely deposits of deferred contributions from payroll are required
Investments	Account owner and advisor choice: Full-service brokerage investments or Mutual Fund Only investments option (if available from your firm)	
Vesting Terms	Immediate	
Distributions	10% early distribution penalty if withdrawn prior to age 59½	<ul style="list-style-type: none"> › 25% early distribution penalty if withdrawn during the first two years of participation › 10% early distribution penalty (prior to age 59½) after the two-year period has elapsed
Required Minimum Distribution Rules	Must begin by April 1 of the year following the year the account holder reaches age 70½	
Rollovers and Transfers	<ul style="list-style-type: none"> › One indirect rollover per person is allowed in any one-year period between IRAs—regardless of how many IRAs or types of IRAs the individual has. Note that it must be rolled to another IRA or qualified plan within 60 days › Unlimited trustee-to-trustee transfers are permitted between similar IRA types 	<ul style="list-style-type: none"> › A rollover from a SIMPLE IRA to another SIMPLE IRA can happen any time. Rollovers between a SIMPLE IRA and any qualified retirement plan are permissible as long as the SIMPLE IRA has existed for at least two years › Unlimited trustee-to-trustee transfers are permitted between similar IRA types
Deadlines to Establish a Plan	By the business' federal tax filing deadline (plus extensions)	October 1 (generally)

¹ ICI Research Perspective, "The Role of IRAs in U.S. Households' Saving for Retirement, 2015."

To learn more about Pershing's Retirement Solutions, please visit pershing.com or Resources within NetX360®. To help compare and select IRAs, go to retirementpowerplay.com/essentials.

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



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