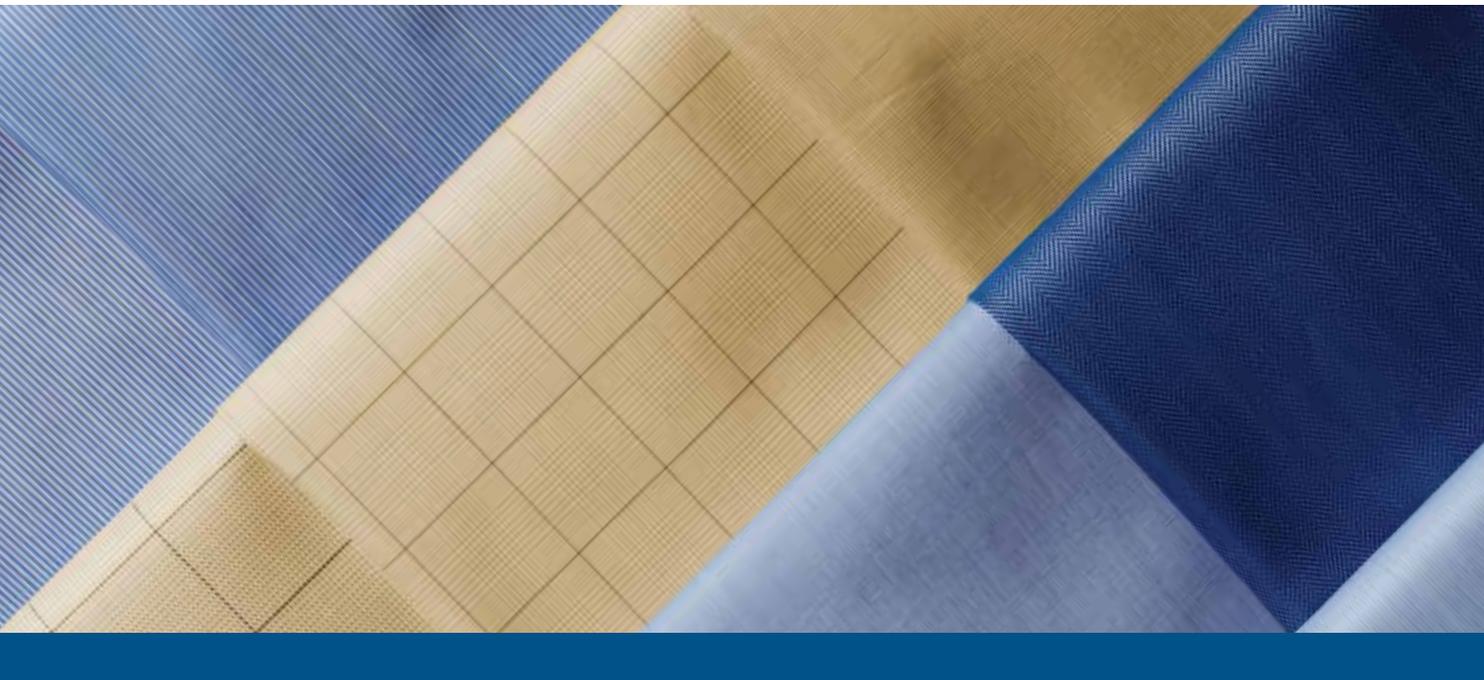
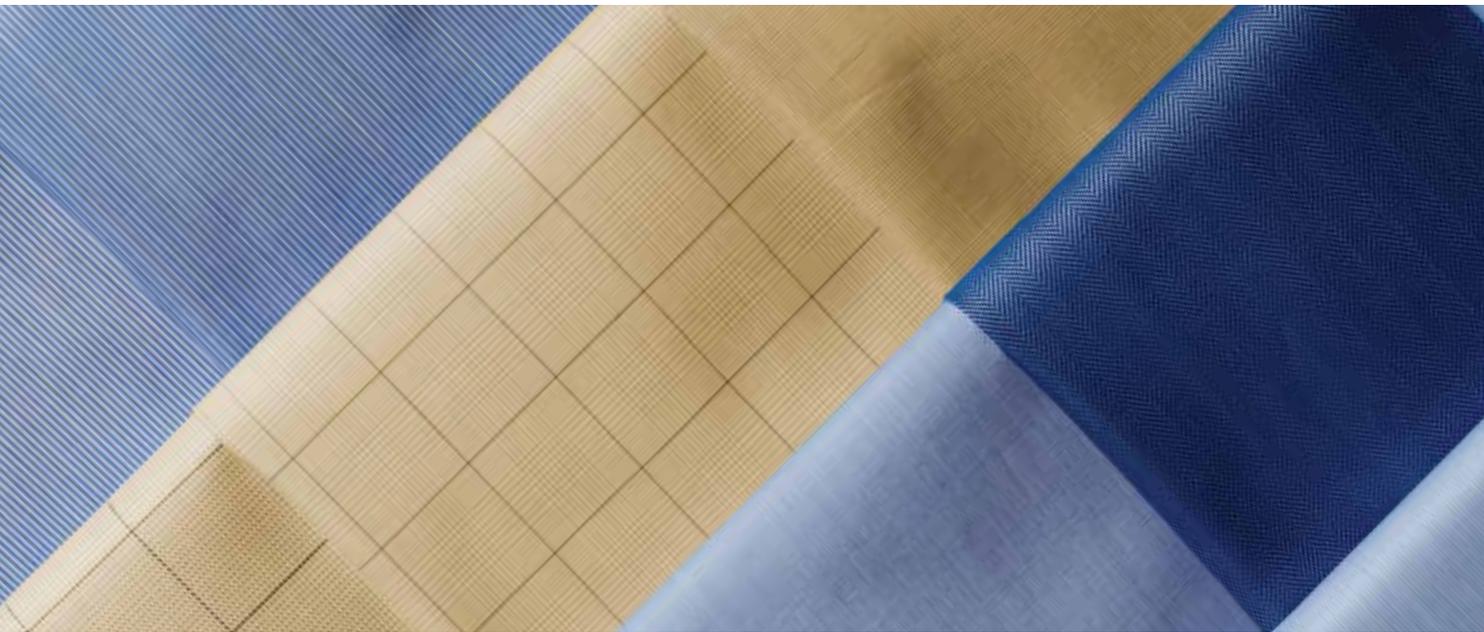


Small Business Retirement Plans

Choose the right retirement solution for your business

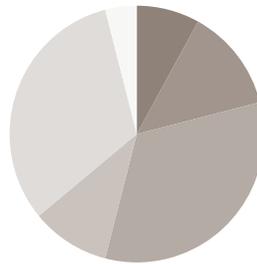




Why Establish a Retirement Plan for Your Business?

Where will your retirement money come from? Many people believe their pensions and Social Security are enough to carry them through their retirement years. Unfortunately, as illustrated by the chart below, that is not the case anymore.

Most people cannot rely on pensions and Social Security alone for retirement.



Sources of Retirement Income

- Government Pensions 8%
- Private Pensions 13%
- Social Security 33%
- Income from Assets 10%
- Earnings 32%
- Other 4%

Source: Security Administration, *Fast Facts & Figures*, 2016.

Benefits of a Retirement Plan for Your Business

As a small business owner, you put your heart and soul into your business. Keeping all the balls in the air as you juggle your day-to-day responsibilities is no easy task. Unfortunately, you may be so busy that you do not have time to focus on a very important aspect of business ownership—a retirement plan for you and your employees.

Retirement plans offer numerous potential benefits for you, your employees and your business, including:

- > Tax advantages provided to the business
- > Attracting and retaining quality employees
- > The opportunity for you to save and invest for your own retirement

The Earlier You Establish a Plan, the Better

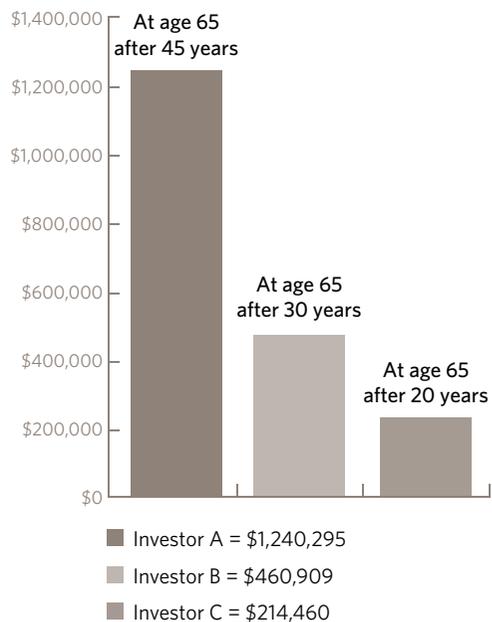
The sooner you begin a disciplined schedule of investing toward your retirement, the larger your retirement asset base may grow. By “paying” yourself first, as if your retirement savings were just another monthly expense, you will be better able to meet your financial needs in retirement.

This hypothetical illustration shows how investing in a tax-deferred retirement plan for longer time periods can be beneficial. You should keep in mind that investing involves risk. The value of your investment will fluctuate over time, and you may gain or lose money.

Compounding Effect of Longer-Term Investing

- Investor A contributes \$5,500 a year from age 20-65.
- Investor B contributes \$5,500 a year from age 35-65.
- Investor C contributes \$5,500 a year from age 45-65.

This hypothetical is for illustrative purposes only and assumes a \$5,500 contribution is made each year to a tax-deferred retirement plan, that no distributions or withdrawals were made and a 6% compounded return. Returns do not take into account fees and expenses of an actual investment, which is subject to investment risk and principal volatility or the potential fees and expenses of maintaining a tax-deferred retirement plan. Actual returns will vary and may be greater or less than any assumed rate. There can be no guarantee that any particular return will be achieved.



Benefits for You, Your Business and Your Employees

You may think that a retirement plan involves too much expense or administrative burden. Actually, it's a benefit that you cannot afford to pass up—for yourself and for your employees.

Advantages of Small Business Retirement Plans

Small business retirement plans provide you with tax benefits and may help you attract and retain employees. As an added benefit, small business retirement plans do not require the same level of administration as required by traditional 401(k) or other full-featured retirement plans. Whether you 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, you 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 your chance of meeting your individual retirement goals.

Please note that you should also consult with your tax or legal advisor before establishing a business retirement plan.

Did You Know?

- Six in ten of today's workers have saved less than \$25,000 for retirement¹
- The average amount paid monthly by the Social Security Administration is \$1,360²
- 83% of workers contribute to an employer-sponsored plan if available¹

¹Employee Benefit Research Institute, *2015 Retirement Confidence Survey*.

²Social Security Administration, *Fast Facts & Figures*, 2016.

Small Business Retirement Plans Overview

Plan Details	SEP IRA
Businesses That Can Offer the Plan	Any business without a retirement plan
Key Advantages	<ul style="list-style-type: none"> Minimal administrative and regulatory requirements Low administrative costs Flexible annual employer contributions
Potential Disadvantages	Employer must contribute equally for all eligible employees
Eligible Employees	Must be offered to all employees who are at least 21 years of age, employed by the business for at least three of the last five years and earned at least \$600 per year in 2016 and 2017
Types of Contributions Allowed	Employer contributions only
Form of Contributions	Cash only
Mandatory Annual Employer Contributions	Contributions may vary from year to year
Maximum Employee Contribution ¹	N/A
Maximum Employer Contribution ¹	Lesser of 25% of eligible compensation or \$53,000 for 2016 and \$54,000 for 2017
Annual Employee Compensation Limit for Calculating Contributions ¹	\$265,000 in 2016 and \$270,000 in 2017
Vesting Terms	Immediate
Administrative and Regulatory Reporting Requirements ²	Employee notice
Investment Selection	Employees are fully responsible for investment selection

¹ Adjusted annually by the IRS.

² Additional reporting may be required.

This table provides an overview of SEP and SIMPLE IRAs, as well as Individual 401(k) plans. It can help you generally compare the features, benefits and contribution limits of each plan to assist you—with the help of your advisor and tax or legal professional—in determining which plan may be appropriate for your business.

SIMPLE IRA	Individual 401(k)
Any business with 100 or fewer employees without a retirement plan	Any sole proprietor, partnership or other business structure where the business employs only the owners and potentially their spouses
<ul style="list-style-type: none"> ▪ Minimal administrative and regulatory requirements ▪ Low administrative costs ▪ Employees share responsibility for their retirement savings 	<ul style="list-style-type: none"> ▪ Employees share responsibility for their retirement savings ▪ Maximizes employee pre-tax contributions ▪ Allows for loans and withdrawals ▪ Flexible annual contributions ▪ Discretionary profit-sharing contributions
<ul style="list-style-type: none"> ▪ Inflexible employer contributions ▪ Lower contribution limits than some other qualified plans 	<ul style="list-style-type: none"> ▪ Administrative costs may be higher than other plans ▪ Withdrawal and loan flexibility adds administrative responsibilities
Must be offered to all employees who have earned at least \$5,000 in the previous two years and are reasonably expected to earn at least \$5,000 in the current year	Only business owners and their spouses employed by the business
Both employee and employer contributions	Both employee and employer contributions
Cash only	Cash only
Yes	No, profit-sharing contribution optional
\$12,500 for 2016 and 2017 plus an additional catch-up contribution of up to \$3,000 for 2016 and 2017 for those age 50 or older	\$18,000 for 2016 and 2017 plus an additional catch-up contribution for those age 50 or older of up to \$6,000 for 2016 and 2017
Employers must either match employee contributions dollar for dollar up to 3% of compensation (can be reduced to as low as 1% in two out of any five years) or contribute 2% for each eligible employee with at least \$5,000 of compensation	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 excluding catch up Employer can deduct amounts that do not exceed 25% of the aggregate compensation for all employees
\$265,000 in 2016 and \$270,000 in 2017	\$265,000 in 2016 and \$270,000 in 2017
Immediate	Immediate
Employee contribution notice and a Summary Plan Description (SPD)	IRS Form 5500-EZ filing when plan assets reach \$250,000
Employees are fully responsible for investment selection	Employees are fully responsible for investment selection

Please note that this information is general in nature and not intended to constitute tax or legal advice. Please contact your tax or legal advisor for assistance with applying it to your particular circumstance.

Note: Investing involves risks, including the possible loss of principal. Investments are not FDIC insured and not insured by any federal government agency and may lose value. Different investments carry different types and degrees of risk and may not be suitable for all investors. Individuals should familiarize themselves with those risks before investing.

This summary is for general information purposes only.

Pershing LLC does not provide tax or legal advice. Individuals should seek professional advice before establishing a retirement plan or account, making any investment decision or taking distributions from a retirement plan.

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