

# Retirement Solutions for Small Business Owners

Get more out of your small business by offering a SIMPLE or SEP IRA.

Being a small business owner certainly has its share of responsibilities, and offering a retirement plan to your employees is likely one of them. Several types of plans that maximize relevant features at a reasonable price may be appropriate for your business. Below are some of the most popular retirement solutions for small businesses.

## SIMPLE IRA (Savings Incentive Match Plan for Employees)

### FEATURES

- Available to any small business with less than 100 employees
- Employer cannot have any other retirement plan
- Contributions are made to an IRA set up for each employee
- Employees can decide how much to contribute
- Employer can choose to match employee contributions up to 3% or make a 2% contribution for each eligible employee even if the employee chooses not to contribute on their own
- An employee may initiate a withdrawal at any time, subject to current state and federal income taxes and penalties

### ADVANTAGES

- SIMPLE IRA plans are easy to set up and maintain
- Employers have a simplified low-cost method to contribute toward their employees' and their own retirement savings
- Easy administration with no tax filing required by the employer
- Employees can contribute on a tax-deferred basis, and contributions grow tax free until withdrawn
- Contributions are deductible as a business expense and are required every year
- No discrimination testing required

### HOW DOES A SIMPLE IRA PLAN WORK?

- Employer establishes a SIMPLE IRA plan for its employees
- Employer notifies its employees of their right to participate
- Eligible employees open a SIMPLE IRA with Ascensus Trust
- Employee signs a Salary Reduction Agreement with the employer
- Employer deducts employee contributions from the employee's paycheck and forwards to Ascensus Trust
- Funds are invested by Ascensus Trust as directed by the employee
- Ascensus Trust does the tax reporting and required minimum distribution (RMD) notices
- Ascensus Trust sends the annual summary description to employer

## SEP IRA (Simplified Employee Pension Plan)

### FEATURES

- Available to any size business
- Only the employer contributes
- An employee may initiate a withdrawal at any time, subject to current state and federal income taxes and penalties
- Employees can make a personal contribution to their SEP IRA (not through payroll deduction)

### ADVANTAGES


- Easy to set up and maintain
- Low administrative costs
- No tax filing required by the employer
- Flexible annual contributions

### HOW DOES A SEP IRA PLAN WORK?


- Employer establishes a SEP IRA plan for its employees
- Eligible employees open a SEP IRA with Ascensus Trust
- Employer submits contributions to the employee's SEP IRA
- Funds are invested by Ascensus Trust as directed by the employee
- Ascensus Trust does the tax reporting and RMD notices

**For financial professionals who care about their clients' success, from the company that cares about yours. Contact our IRA team for more information about these plans.**

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