

Retirement Solutions for Small Business Owners

Simplified retirement plan options through SEP and SIMPLE IRAs.

Small businesses often look for retirement plan options that are easy to understand, simple to run, and cost-effective. SIMPLE and SEP IRAs offer streamlined ways for business owners to save for retirement while supporting their employees, without the administrative complexity of a 401(k).

The following overview outlines each plan's features, how they work, and key considerations for small business clients.

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- Employees can contribute pre-tax or Roth on a tax-deferred basis, and contributions grow tax free until withdrawn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

SEP and SIMPLE IRAs offer streamlined pathways to help small businesses support ongoing retirement saving.

Ascensus' award-winning service, technology, expertise, and simple plan design makes offering a retirement solution an easy decision.

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