Big benefits for your owner-only small business

Your owner-only business can benefit from a Merrill Small Business Individual 401(k) plan designed specifically for the self-employed, partnerships, sole proprietorships and owner-and-spouse businesses.

It can help you defer the payment of taxes on a higher level of profits (compared to other retirement investment options), as well as plan for your retirement.

The benefits could really add up

High contribution limits

- Contributions to your 401(k) account are made up of your pre-tax salary contributions up to $20,500 in 2022, in any combination of pre-tax or Roth 401(k) contributions. Pre-tax contributions as well as contributions you can make as the business owner reduce your taxable income, up to a combined amount of $61,000 annually, or 25% of compensation, whichever is less.
- If you’re age 50 or older, you can contribute an additional $6,500 annually.
- You can take a loan out against your 401(k) account.

Save on taxes

- Company contributions to your individual account, administrative costs and other plan expenses are generally tax deductible to your business.¹
- Convenient pre-tax contributions to your own individual account reduce your current personal taxable income.
- Tax-deferred compounding and growth potential, meaning potential earnings realized on investments — including interest, dividends or other returns — may then also accumulate additional earnings, all potentially tax deferred until withdrawn in retirement, when you may be in a lower tax bracket.
- Roth 401(k) option is available.

Pricing that makes sense

Straightforward, low-cost pricing

<table>
<thead>
<tr>
<th>One-time setup fee</th>
<th>$100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated monthly administration</td>
<td>$20-$25</td>
</tr>
</tbody>
</table>

Affordable features paid by individual accounts

<table>
<thead>
<tr>
<th>Monthly record keeping</th>
<th>$3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual asset-based costs</td>
<td>0.52%</td>
</tr>
</tbody>
</table>

(For investment fiduciary services, participant servicing through the call center, and account services for the ongoing product management, vendor oversight, trading and custodial services.)

For example: An account with a value (or assets) of $1,000 will have approximately $5.20 withheld for the year to cover the asset-based fee.

For employer use only.

Merrill Lynch, Pierce, Fenner & Smith Incorporated (also referred to as “MLPF&S” or “Merrill”) makes available certain investment products sponsored, managed, distributed or provided by companies that are affiliates of Bank of America Corporation (“BofA Corp.”). MLPF&S is a registered broker-dealer, registered investment adviser, Member SIPC and a wholly owned subsidiary of BofA Corp.

Investment products:

Are Not FDIC Insured | Are Not Bank Guaranteed | May Lose Value
Streamlined plan setup
- Online account opening and plan setup can be done in 30 minutes or less, with help if you need it.
- Simple, straightforward pricing that is lower than most traditional 401(k) plans.
- Investment menu and portfolios tailored for the Small Business 401(k) by Morningstar Investment Management LLC (Morningstar), helping take the guesswork out of your plan’s fund selection and your individual investment choices.

Convenient to use
- Company contributions can be structured as discretionary, meaning you can have the flexibility to contribute in years when cash flow is ample, or not contribute when cash flows are insufficient.
- If your business has multiple owners or you own another business, your business can still implement a 401(k) plan.²
- Administration is minimal, certain plan testing is not required, and an IRS Form 5500 is filed annually only when plan assets exceed $250,000. Step-by-step guidance helps you understand the basic requirements and year-end reporting.
- Consolidate your investments by rolling over other retirement account balances.

Education and support
- With Plan Administrators Inc.’s (PAi) CoPilot’s Years of Retirement calculator, you will receive educational resources designed to help you visualize how many years you can afford to be retired, based on your current savings plan and account balance.
- CoPilot’s Alerts provide proactive, relevant messaging, reminding you about the importance of participating in your own retirement journey.

Integrated services help simplify your process
- Spend more time focused on your business through streamlined record keeping, investments, and fiduciary and call center support services.

Investments and fiduciary support
- Morningstar selects the funds for the plan and creates portfolios. And because Morningstar acts as the investment manager and fiduciary, you receive premium value as part of your low-cost plan.

Record keeping
- Full service record-keeping administration is provided through PAi. They will guide you through the year-end plan document and report processing with a step-by-step guide, and a PAi 401(k) Consultant can help you set up your plan.

Call center support
- PAi 401(k) Consultants provide educational support. You can also access a suite of educational resources on the plan’s website to help you make the most of your plan and work toward the retirement you envision.

For example, let’s meet Bob
Bob owns his own consulting firm. He has a spouse and no employees. His revenues can fluctuate quarter to quarter, and his tax obligations are somewhat unpredictable each year.

- He established a Merrill Small Business 401(k) to help plan for his retirement and better manage his tax obligations.
- Bob contributed the maximum allowable amount from his salary and company contributions.³ With the low administrative costs and offsetting tax benefits, after one year, he realized a total benefit value of $60,500 compared to the previous year without a company 401(k) plan.

<table>
<thead>
<tr>
<th>Self-employment income</th>
<th>$150,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary deducted</td>
<td>$20,500</td>
</tr>
<tr>
<td>401(k) contribution</td>
<td></td>
</tr>
<tr>
<td>Owner’s share of</td>
<td>$30,000</td>
</tr>
<tr>
<td>employer contribution</td>
<td></td>
</tr>
<tr>
<td><strong>Total retirement</strong></td>
<td><strong>$50,500</strong></td>
</tr>
<tr>
<td><strong>contribution</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total tax savings</strong></td>
<td><strong>$11,000</strong></td>
</tr>
<tr>
<td><strong>Total benefit</strong></td>
<td><strong>$61,500</strong></td>
</tr>
</tbody>
</table>

The hypothetical illustration assumes the 2021 self-employment tax rate and standard deduction and marital exemptions as applied to a sole proprietor with gross income of $250,000. The hypothetical also assumes approximately $90,820 in business expenses (including a small annual plan administration expense) and makes no assumptions with respect to specific business deductions or credits that may be available.
The next step is easy

Get on the path toward the retirement you want and help your owner-only business realize tax breaks with a Merrill Small Business 401(k). Get started today by visiting merrilledge.com/401k or call a PAi 401(k) Consultant at 866.890.4177.

<table>
<thead>
<tr>
<th>Individual 401(k) vs. SEP</th>
<th>Individual 401(k)</th>
<th>SEP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-employment income³</td>
<td>$150,000</td>
<td>$150,000</td>
</tr>
<tr>
<td>Maximum salary deferral</td>
<td>$20,500</td>
<td>N/A</td>
</tr>
<tr>
<td>Maximum employer contribution² (Max 20% of self-employed income)</td>
<td>$30,000</td>
<td>$30,000</td>
</tr>
<tr>
<td>Maximum total annual contributions (And if age 50 or older, you may add an additional catch-up contribution to salary deferral¹)</td>
<td>$50,500</td>
<td>$30,000</td>
</tr>
</tbody>
</table>

¹ The deductibility of employer contributions to your account is limited by the Internal Revenue Code. Contact your tax advisor to discuss your particular circumstances.
² Certain businesses are grouped together for plan testing purposes under the Internal Revenue Code with respect to 401(k) plan rules.
³ Contribution limits apply for 2022. Amounts for subsequent years may vary.
⁴ “Self-Employment Income” is the net income after the subtraction of the hypothetical business expenses and self-employment taxes. For more information, see IRS Publication 560, Retirement Plans for Small Business at irs.gov.

The case studies presented are hypothetical and do not reflect specific strategies we may have developed for actual clients. They are for illustrative purposes only and intended to demonstrate the capabilities of Merrill and/or Bank of America. They are not intended to serve as investment advice, since the availability and effectiveness of any strategy are dependent upon your individual facts and circumstances. Results will vary, and no suggestion is made about how any specific solution or strategy performed in reality.

Investing involves risk, including the possible loss of the principal value invested.

Merrill, its affiliates and financial advisors do not provide legal, tax or accounting advice. You should consult your legal and/or tax advisors before making any financial decisions.

Plan administrative and record-keeping services for Merrill Small Business 401(k) are provided by Plan Administrators, Inc. (PAi). Morningstar Investment Management LLC is a registered investment adviser and subsidiary of Morningstar, Inc. Morningstar Investment Management LLC acts as a fiduciary under ERISA section 3(38) with respect to the fund line-up and model portfolios provided to a plan through the Merrill Small Business 401(k) Program. The Morningstar name and logo are registered marks of Morningstar, Inc. Educational call center support will be provided by PAi. Bank of America Corporation, PAi and Morningstar Investment Management LLC are not affiliated.

Merrill may include links to third-party sites as a convenience. Merrill has not endorsed or approved the content on any links that are not owned or managed by Merrill, and does not monitor or maintain any of the sites’ information. When you visit a site from these links, you are agreeing to all of its terms of use, including its privacy policies.

For employer use only.

© 2022 Bank of America Corporation. All rights reserved. | MAP377675 | SHEET-03-22-0067 | 00-66-0691N5B | ADA | 03/2022

To learn about Bank of America’s environmental goals and initiatives, go to bankofamerica.com/environment. Leaf icon is a registered trademark of Bank of America Corporation.