

MERRILL SMALL BUSINESS 401(K)

Big plan features. Small business convenience.

The Merrill Small Business 401(k) can give you the benefits of big-company 401(k) plans but is designed with small business owners in mind — it's streamlined, convenient and affordable.

Benefits such as the opportunity for tax deductions for your business, investment fiduciary support, and call center educational support for your employees help make establishing a Merrill Small Business 401(k) a smart retirement solution.

Advantages to you, the small business owner, and your business

Easy to start, convenient to use

- Online account opening and plan setup can be done in roughly 30 minutes, with help from a consultant from the plan's recordkeeper — Plan Administrators, Inc. (PAi) — if you need it.
- Easy-to-understand pricing that is generally lower than many comparable 401(k) plans.
- Simple, secure platform lets you quickly check in on your plan when and where you want.

Big plan features

- Investment menu and model portfolios tailored for the Small Business 401(k) by Morningstar Investment Management LLC — helping take the guesswork out of your plan's fund selection.
- Plan design structure that automatically satisfies certain tax law requirements.
- Administrative, reporting and call center support through PAi.
- Automatic enrollment option.
- Roth 401(k) contributions option.

The truth about 401(k)s

Myth: Small businesses can't afford 401(k) plans.

Fact: The Merrill Small Business 401(k) offers streamlined features and bundled services that allow for more cost-effective plan administration. In addition, the potential tax benefits may outweigh the costs associated with it.

Myth: Running a 401(k) is too much work for busy small business owners.

Fact: Merrill uses a streamlined process to help you select and set up the retirement plan that's right for you, requiring minimal administration — so you can stay focused on running your business. Our secure platform simplifies the way you set up and manage your plan.

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Potential tax benefits

- Administrative costs and other plan expenses, along with company contributions, generally are tax deductible by the business.
- Your business may be eligible for a tax credit of up to \$500 for each of the first three years if this is your first 401(k) plan and you have 100 or fewer employees who received at least \$5,000 in compensation from your business in the preceding year.
- Other tax benefits may apply. See our Tax Benefits fact sheet.

Flexibility

- Employer 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.
- Customize your plan's features to help meet your business's needs and goals.
- A 401(k) plan can be used in conjunction with another tax-qualified retirement plan.

Benefits for your employees (and your own individual account)

Potential tax benefits

- Traditional 401(k) contributions reduce individuals' current taxable income and tax liability.
- Roth 401(k) contributions and any potential earnings are federal income tax free if withdrawn as part of a qualified distribution.¹
- Earnings on traditional 401(k) contributions are tax deferred. That means any potential earnings on traditional 401(k) contributions are not reported as taxable income until withdrawn, which if withdrawn in retirement, employees may be in a lower tax bracket.²
- Tax-deferred compounding and growth potential. Any earnings realized on investments — including interest, dividends, or other returns — may then accumulate additional earnings, tax deferred.
- Participating employees may roll over account balances either from another qualified plan or from an IRA.³

Higher contribution limits

- Convenient salary deferrals with the opportunity for each individual to contribute up to \$19,500 annually — over three times the limit compared to an IRA.⁴
- Individuals age 50 or older can contribute up to an additional \$6,500⁴ in “catch-up” contributions.
- Employees have the option to contribute traditional 401(k) contributions or Roth 401(k) contributions, or a combination of both.
- Combined total contributions for each individual account (employee contributions and any employer contributions) of up to \$58,000 or 100% of compensation, whichever is less (\$64,500 limit with catch-up contributions).⁴

Education and support

- With PAi's CoPilot, *Years of Retirement*, employees receive educational resources designed to help employees visualize how many years they can afford to be retired, based on their current savings plan and account balance.
- CoPilot's *Alerts* provide proactive, relevant messaging, reminding employees about the importance of participating in their own retirement journey.

For example, let's meet Kate

Kate owns a small business with 15 employees. Her revenues have been flat for a while, and she is often losing good employees to other local businesses that offer more benefits. The tax burden on her business has been demanding and somewhat unpredictable year after year.

- These short-term issues are getting in the way of Kate's longer-term planning. She thinks a 401(k) may be a good solution for her business, but she's not an expert, and not sure if she'll know she's doing what's right. What she does know is that she needs a solution that's flexible, low cost and low maintenance.
- Kate established a Merrill Small Business 401(k) online one afternoon. It was simple and convenient, and she was able to get help from a PAi 401(k) Consultant during the plan setup. Because Merrill packaged the services Kate needed to operate her plan, she didn't have to hire additional staff. She was also relieved that Morningstar Investment Management LLC selected the investment funds for the plan, and that retirement consultants are available through the PAi call center to help her employees.

Kate's employees are excited to begin investing for retirement and getting knowledgeable support along the way.

Kate has the time to remain focused on her business while potentially keeping more of her hard earned profits due to the tax benefits to her business.

Kate's own financial future is shaping up — with the potential for tax-deferred compounding and growth potential from her own individual account.

Integrated services help simplify your process

- The Merrill Small Business 401(k) packages the services small business owners need to help them operate their plans. With simplified services like fiduciary and investment, recordkeeping, and call center support, you can spend less time administering the plan and more time focusing on your business. Along with Merrill, the following providers help deliver a 401(k) solution that is streamlined and affordable.

Investment and fiduciary support

- Morningstar Investment Management LLC selects the funds for the plan as well as creates portfolios. This helps take the guesswork out of fund selection. And because Morningstar acts as the investment manager and fiduciary, you receive premium value as part of your low-cost plan.

Recordkeeping

- Full service recordkeeping 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 for your employees through the PAi call center. Employees can also access a suite of educational resources on the plan's website.

Pricing that makes sense⁵

Straightforward, low-cost pricing for employers

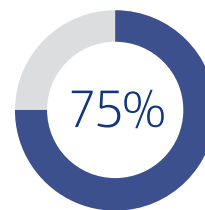
One-time setup fee (non-refundable)	\$390
Monthly administration:	
2+ Employee plans	\$90

Affordable features paid by your employees

Monthly recordkeeping	\$4
Annual asset-based costs	0.52%

(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.



of employees say that access to an employer-sponsored retirement program would help them save for retirement.⁶

Merrill Small Business 401(k)



Investments and fiduciary support



Recordkeeping



Call center support

Get started online today

401(k) plan benefits are within your reach. With our simplified setup process, you can get a plan designed with features for your small business. Visit merrilledge.com/401k or call a PAi 401(k) Consultant at **866.890.4177**.

¹ A qualified distribution is one that is taken after the last day of your fifth consecutive taxable year after making your first regular contribution to any designated Roth account under a single plan and after you have attained age 59½ (or became disabled or died). For example, if your first regular contribution to a designated Roth account under a plan was made any time during the tax year 2009 (January 1, 2009 – April 15, 2010), the first time you can take a qualified distribution is January 1, 2014 (after you meet one of the other requirements, such as attaining age 59½). If you contribute funds to a designated Roth account through a rollover, the taxable period applicable to the rolled over funds would be the earlier of the two plans' taxable periods. If you take a non-qualified distribution of amounts in your Roth 401(k) account, and it is not rolled over to another designated Roth account or Roth IRA, the earnings will be subject to regular income taxes, plus a possible 10% additional tax if withdrawn before age 59½ unless an exception applies.

² Taxes on pre-tax contributions and any associated earnings will be due upon withdrawal. You may also be subject to a 10% additional tax if you take a withdrawal before age 59½ unless an exception applies.

³ Your participants have choices for what to do with their 401(k) accounts. Depending on their personal financial circumstances, needs and goals, they may have the option to roll over to an IRA or convert to a Roth IRA, roll over to a 401(k) at their new employer, take a distribution, or if the account balance is above \$5,000 they may leave the account where it is. Each choice may offer different investment options and services, fees and expenses, withdrawal options, required minimum distributions, tax treatment, and provide different protection from creditors and legal judgments. These are complex choices and should be considered by your participant population with care.

⁴ Contribution limits apply for 2021, per tax law cost-of-living adjustment. Amounts for subsequent years may vary.

⁵ Pricing last updated on October 1, 2018 and subject to change.

⁶ 2018 Millennium Trust Small Business Retirement Survey.

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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 recordkeeping 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.

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