

Merrill Small Business Simplified Employee Pension (SEP) IRA

Flexible retirement solution to fit your needs

Pursuing a financially secure retirement is an important goal — but for small businesses, traditional retirement plans are often perceived as too costly or complex to implement.

A simplified employee pension (SEP) plan provides an affordable, easy-to-manage solution to help you work toward the retirement you want. A SEP is a flexible, cost-effective retirement plan that offers you and your employees (if you have them) an opportunity to build retirement assets through tax-deferred growth.

With a SEP, employer contributions are made directly to traditional IRAs (individual retirement accounts) that you set up for yourself and each eligible employee. One of the flexible features of a SEP is that you are not locked into making contributions every year. In fact, each year you decide whether to and how much to contribute. This may make a SEP an appropriate option for businesses with variable cash flow.

Benefits to your business

Tax benefits

- Contributions you make to the individual accounts under your SEP are generally tax deductible by the business. Speak to your tax advisor for more information.
- You can establish a SEP and make contributions by your business tax-filing deadline, including extensions, to take advantage of the potential tax opportunities for the preceding calendar year.
- Your business may be eligible for a tax credit of up to \$5,000 if this is your first SEP and you have 100 or fewer employees.¹
- Employers who start a new plan can receive a tax credit for 5 years of up to \$1,000 per employee equal to the applicable percentage of eligible employer contributions to an eligible employer plan. This credit applies to employers with up to 50 employees and is phased out for employers with between 51 and 100 employees. There is an exception for employees with wages in excess of \$100,000.

Time-saving services help make operating your plan easier

Merrill makes available services to help you manage your plan more efficiently, so you can stay focused on running your business.

Merrill Lynch E-Contribs for Small Business Retirement Accounts™

A free service that provides small business owners with a convenient web-based solution for making contributions to retirement plan accounts.

Automated investment program

Provides a systematic way to invest in mutual funds on a schedule based on your needs.

Managed money solutions

Offers discretionary, fee-based investment services.

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
-----------------------------	--------------------------------	-----------------------

Low fees, less paperwork

- No plan setup fee or administrative fees.
- Account level fees may also apply for certain transactions including account closure.
- Generally less ongoing administration as compared to other employer-sponsored retirement plans, such as a 401(k).
- No program or administrative fees apply to a SEP opened online. Other fees may apply to a SEP opened with assistance from a Merrill advisor.
- No requirement to file Internal Revenue Service (IRS) Form 5500.

Flexible contribution options

- Flexibility to contribute as your cash flow allows. You can choose to contribute only during profitable years, or even change the amount of your contribution from year to year based on your company's financial performance.
- Flexibility in calculating contributions to meet the needs of your workforce.

Limited liability

- Employees exercise control over the investment direction and distribution of assets in their individual SEP accounts, which may limit your liability as plan sponsor.

Benefits to you and your employees

High contribution limits

- You may contribute annually the lesser of 25% of compensation or 20% of net earnings from self-employment, or \$70,000 for yourself and each eligible employee for 2025 up to your tax-filing deadline, including extensions.²
- Rollover contributions are permitted.

Tax benefits

- Contributions have the potential of growing tax-deferred until withdrawn.
- Taxes are paid on distributions when withdrawn, at which time you may be in a lower tax bracket.^{3,4}

Power of compounding

- While you work, your SEP account is also working. With compounding, earnings realized on investments—including interest, dividends or other returns—have the potential to accumulate additional earnings.

Investment choices and flexibility

- Employees can control how they invest their assets and may choose to invest in a variety of investment options.
- All contributions are 100% vested immediately.
- Investments may be subject to commissions, loads and operating expenses.

Eligibility⁵

- At least 21 years of age.
- Earn a minimum of \$750 annual compensation.
- Worked for the company in at least three of the past five years.

What are you looking for in a retirement plan?

The following features help make a SEP an attractive retirement savings option for busy small business owners:⁶

- Potential tax benefits.
- Flexibility.
- Simple setup.
- High contribution limits.
- Virtually any type of business—sole proprietors, small businesses, partnerships, nonprofits, S and C corporations—can set up a SEP.

Planning for retirement can't wait

Get started with your SEP IRA by contacting a Merrill advisor.

¹ Retirement Plans Startup Costs Tax Credit. Please refer too irs.gov/retirement-plans/retirement-plans-startup-costs-tax-credit for more information.

² Compensation limit per employee is \$350,000 for 2025. Limits for subsequent years may vary.

³ Withdrawals are subject to ordinary income tax. In addition, a federal 10% additional tax may apply to withdrawals taken prior to age 59½.

⁴ Employers may offer their employees the ability to make Roth contributions. Currently, Merrill is not offering this SEP Roth IRA option. Note: Roth contributions may be available in a 401(k) plan.

⁵ You may adopt less restrictive eligibility requirements, if desired.

⁶ For more information, see *IRS Publication 560: Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans)*.

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.

Merrill, the Bull Symbol and Merrill Lynch E-Contribs for Small Business Retirement Accounts are trademarks of Bank of America Corporation.

© 2024 Bank of America Corporation. All rights reserved. | MAP7430954 | SHEET-12-24-0156 | 00-66-0225B | ADA | 12/2024