Standard SEP

# Basic Facts about your SEP Plan

## ELIGIBILITY

### Employer

To be eligible to offer a SEP plan, you must be a sole proprietor, a business owner, in a partnership, or earn self-employment income.

### Employee

Generally, the SEP plan must be offered to all of your employees, including part-time employees, seasonal employees, and employees who die or terminate employment during the year. However, you may exclude employees who:

- Are under the age of 21
- Have not worked for you in at least three of the last five years
- Are expected to earn less than $750 in the current year (subject to cost of living adjustments)
- Are nonresident aliens, certain union members, or new employees resulting from an acquisition or similar transaction (during a transition period only).

## CONTRIBUTIONS

### Employer

Each year you may decide if you want to make a SEP plan contribution. The maximum contribution which can be made each year for any employee is 25 percent of the employee's compensation or $66,000 for 2023 and $69,000 for 2024 (this amount is subject to cost-of living adjustments), whichever is less. These limits apply to your employee's total contributions to this plan or any other defined contribution plan (other SEPs, 401(k), 403(b), profit sharing, or other money purchase plan) they may be participating in.

You have until the due date for filing your business's tax return (plus extensions) to make contributions to your SEP Plan.

There are special rules if you are a self-employed individual. For more information on the deduction limitations for self-employed individuals, see IRS Publication 560, *Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans)*.

### Employee

Employee salary reduction contributions can not be made under a SEP, only employer SEP contributions may be made under the plan.

### Ownership

All contributions to employees' SEP IRAs belong to the employees.

### Taxes

Contributions to your employees' SEP IRAs are not taxable to them until they take a distribution from the IRA. Within limits, employer contributions are generally deductible by the employer if they are made for that tax year and they are made by the due date (including extensions) of the employer's tax return for that year.

### Sending Contributions to Ascensus Trust

Forward contributions and remittance information to Ascensus Trust via the Plan website. Ascensus Trust will email the website information to the administrator and plan contact(s) you designate on the Plan Authorization Form.

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## INVESTMENTS

### Choices
For a list of eligible investments please review the approved fund list.

### Minimums
Varies by fund, please review the fund prospectus for specific details.

## REPORTING REQUIREMENTS

Ascensus Trust will file the following required forms and notices.

#### Form 5498
Ascensus Trust files IRS Form 5498, *IRA Contribution Information*, annually with the IRS and sends a copy to each employee who has received a contribution in the previous year or has a required minimum distribution due during the year.

#### Form 1099-R
Ascensus Trust files Form 1099-R, *Distributions from IRAs*, annually with the IRS and sends a copy to each employee who has taken an IRA distribution in the previous year.

#### RMD Notice
Ascensus Trust will notify the IRA owners by January 31 of each year when a minimum distribution is required.

## FEES

### Employer
Please review Schedule B for the fees associated with your plan.

### Employee
Please review the Financial Disclosure for fees associated with your SEP IRA.

## ACCOUNT STATEMENTS

### Employer
Your plan contribution statements are available by logging on to the Plan website.

### Employee
Ascensus Trust will mail account statements to the employee’s address on record unless they have opted into e-delivery. Employees may access a copy of their statement online at any time regardless of their e-delivery preference.

*The December 31 Fair Market Value will be provided in your year-end account statement.*

## DISTRIBUTIONS

### Employer

You have no involvement in making distributions to employees. Ascensus Trust will process distributions from the account as directed by the employee.

### Employee

The rules for taking distributions from a SEP IRA are the same as those for Traditional IRAs.

#### Cash Withdrawal

Distributions are normally taxed as ordinary income. If withdrawals are made before age 59½, a 10% IRS early distribution federal tax penalty may apply.

#### Required Minimum Distribution (RMDs)

You must start taking annual RMDs from your SEP IRA for the year that you attain age 73. The deadline for taking RMDs is December 31 each year. You may delay taking your first RMD (and only your first RMD) until April 1 of the year after you turn 73.

#### Transfers

SEP IRA assets may be transferred to another SEP IRA or to another Traditional IRA at any time. SEP IRA assets may be transferred to a SIMPLE IRA if the two-year period beginning with the first contribution to the SIMPLE IRA has passed. Your employees may perform an unlimited number of transfers.

#### Rollovers

Employees may roll their assets over to another SEP IRA, Traditional IRA, Roth IRA, SIMPLE IRA (after the two-year period beginning with the first contribution to the SIMPLE IRA has passed), qualified plan, 403(b) plan or 457(b) plan regardless of whether or not they have terminated employment with your organization. An employee is permitted to roll over only one distribution from an IRA (Traditional, Roth or SIMPLE) in a 12-month period, regardless of the number of IRAs the employee owns.