

Edward Jones Prototype SEP Plan General Information

1. Simplified Employee Pension Plan

A Simplified Employee Pension (SEP) is a written arrangement (a plan) that allows an employer to make deductible contributions for the benefit of participating employees. The contributions are made to individual retirement arrangements (IRAs) set up for participants in the Plan.

2. Employer Eligibility Requirements

The following conditions must be met for an employer to be eligible to set up an Edward Jones SEP Prototype Plan:

- The SEP Plan must be set up by an individual who controls a business from which his or her personal services are an income-producing factor.
- An IRA has been set up for all eligible employees to receive contributions.
- The employer may be required to include leased employees and the employees of other business(es) as described below:
 - (a) An affiliated service group described in section 414(m)
 - (b) A controlled group of corporations described in section 414(b)
 - (c) Trades or businesses under common control described in section 414(c)

3. Employee Eligibility Requirements

An eligible employee is an individual who meets the following requirements:

- Has attained age 21
- Has worked for the employer three of the past five years
- Has received at least \$750 in compensation for 2023 or \$750 for 2024

An employer may exclude employees covered by a collective bargaining agreement, non-resident aliens and employees who have earned less than \$750 in 2023 or \$750 in 2024.

4. Contributions

An employer can decide from year to year if a SEP contribution will be made to the SEP Plan. The employer has until his/her tax filing deadline, including extensions, to make the SEP contribution to the Plan.

All SEP employer contributions must be made to each eligible employee's individual retirement account in the form of cash.

Under an Edward Jones Prototype SEP Plan, the employer may choose to make contributions under the percentage formula, flat dollar formula or integrated formula. (See Edward Jones SEP Basic Plan Document for details).

5. Deducting Contributions

Generally, an employer can deduct the SEP contributions he/she makes for each employee. The most an employer can deduct for contributions for participants is the lesser of the following amounts:

- 25% of each employee's compensation (annual compensation limited to \$330,000 for 2023 and \$345,000 for 2024)
- The maximum dollar limitation in effect for that plan year (\$66,000 for 2023 and \$69,000 for 2024)

For details on deductions and deduction limits for self-employed individuals and deduction limits for multiple plans, see IRS Publication 560.

6. Employee Notices

The following information must be provided to each employee (participant):

- Edward Jones SEP Adoption Agreement
- Edward Jones SEP Basic Plan Document and SEP Disclosure Information
- Individual statement detailing his/her SEP contribution totals and any excess contribution notices

7. Distributions

An employer may not prohibit participants of the SEP from taking distributions from their IRAs. If a participant makes a withdrawal before attaining age 59½, there may be a 10% penalty tax.

8. Tax Consequences

Before establishing an Edward Jones SEP Prototype Plan, please consult with a qualified attorney or tax advisor. Edward Jones does not issue an opinion as to, and is not responsible for, the tax consequences of the Adoption of an Edward Jones SEP Prototype Plan.

This document is not intended as a substitute for guidance from your tax or legal advisor.

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