

# Offering An SEP IRA

## Developing your future

As an employer, you know the importance of strategic planning. You may spend months working on a plan for your organization. Have you spent the same time planning for your own future? Do your employees have the opportunity to plan for theirs?

A SEP IRA from one of the member companies of Great American Insurance Group® (Annuity Investors Life Insurance Company® and Great American Life Insurance Company®) can make all the difference as you look toward your future.

## What is an SEP IRA?

It's a great benefit to both your employees and you! The Simplified Employee Pension (SEP IRA) is a low-cost retirement plan where you make tax-deductible contributions for you and any eligible employees. In most cases, there are no IRS reporting requirements, and paperwork is minimal.

A SEP IRA benefits more than just your employees...

### It benefits your business.

- Help reward and retain loyal employees while attracting new, well-qualified ones.
- Maintain a positive work environment and enhance your reputation as a progressive, caring organization, with little cost to you.
- Save money on taxes today.
- Standard SEP plans are easy to administer—no filing, testing or complex reporting requirements.

### It benefits you in your goal to prepare for your own retirement.

- You will have a high-quality plan to invest in your own future through pre-tax contributions that will grow over time.
- You have the ability to choose from a wide variety of investment options to fit your goals.

This hypothetical example shows how an SEP IRA could help you contribute toward your retirement while contributing to your employees' retirements.<sup>1</sup>

Owner/employee	Compensation	Employer 15% SEP contribution
Owner	\$100,000	\$15,000
Employee A	\$35,000	\$5,250
Employee B	\$22,000	\$5,250
Employee C	\$15,000	\$2,250
Employee D	\$12,000	\$1,800
Total employer contribution		\$27,600
Contribution to owner		55%
Contribution to employees		45%
Tax savings (assumes 21% rate)		\$(5,796)
Net owner cost		\$21,804
Owner's contribution		\$(15,000)
Net cost of contribution to employees after tax savings & owner's contribution		<b>\$6.804</b>

## Qualifications

Many small businesses and their employees may benefit from the advantages of an SEP IRA. Any employer can establish an SEP IRA, but it is often recommended for selfemployed individuals or very small businesses. The plan must cover employees over age 21 who have worked for your business three of the previous five years and earn at least \$600 per year. You may choose less restrictive requirements for your plan.

More information on reverse side...

## How does a SEP IRA work?

### Contributions

As the employer, you set up an IRA for each eligible employee, and you contribute a uniform percentage of each employee's compensation directly to that account.<sup>2</sup>

SEP IRA contribution limits can be much higher than those of a regular IRA. On a tax-deferred basis, you can generally contribute the lesser of \$57,000 (indexed for inflation) or 25% of the eligible employee's compensation. Contributions are not taxable until withdrawals are made, and then both contributions and earned interest will be taxed as ordinary income. Note that contributions by unincorporated business owners for themselves, including partners in a partnership, do not reduce self-employment tax obligations.

### Access to your money

Employees are 100% vested in all contributions to their SEP IRAs. An employee may withdraw funds before retirement, but since saving is the plan's primary purpose, there is a 10% penalty tax in addition to ordinary income tax for most distributions before age 59½. Certain distributions may be subject to contract charges as well.



It pays to keep things simple.®

1 Actual results will vary.

2 It is possible to integrate contributions for Social Security benefits, allowing larger percentage contributions to those earning over the Social Security wage base. A customized plan document is required, and additional reporting and disclosure rates apply.

Variable annuities are issued by Annuity Investors Life Insurance Company®. You should consider the contract's and underlying portfolio's investment objectives, risks, charges and expenses carefully before investing. Call 800-789-6771 to obtain a free prospectus containing this and other information to read carefully before investing.

Note that qualified plans provide tax deferral and that using an annuity to fund a qualified plan provides no additional tax deferral. While a variable annuity has additional charges, it offers additional benefits. These benefits include a lifetime income and a guaranteed death benefit.

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