



# SEP SUMMARY FOR EMPLOYEES

Please read together with your Employee Information sheet.

## ESTABLISHMENT OF SEP PLAN

Your Employer has adopted a type of Employee benefit plan known as a simplified employee pension (SEP) plan. To become a Participant in the Plan, you must meet the Plan's eligibility requirements specified below. Once you become a Participant, you are entitled to receive a certain share of the amounts your Employer contributes to the Plan. All contributions will be deposited into a Traditional IRA for you. Contributions made to the Plan for you are yours to keep. These features of the Plan are explained further in the accompanying *Employee Information sheet*.

The actual Plan is a complex legal document that has been written in a manner required by the Internal Revenue Service. The *SEP Summary for Employees*, however, is designed to explain and summarize the important features of the Plan. If you have any questions or need additional information about the Plan, consult \_\_\_\_\_ (Name of Employer Representative)

You may examine the Plan itself at a reasonable time by making arrangements with the above-mentioned representative of your Employer.

## EMPLOYER INFORMATION

Name of Adopting Employer \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Telephone \_\_\_\_\_ Plan Year End \_\_\_\_\_

## EFFECTIVE DATES

The Effective Date of this SEP Plan is \_\_\_\_\_.  
If this is a restatement of an existing SEP plan (a Prior Plan), the Prior Plan was initially effective on \_\_\_\_\_.  
The Effective Date of this restatement is \_\_\_\_\_.

## ELIGIBILITY

**Employer Contributions:** Your Employer is not required to make contributions to the Plan. However, if a contribution is made, your IRA will receive a share of that contribution if you are an "eligible" Employee and if you have met the age and service requirements set forth below.

**Eligible Employees:** Under the SEP Plan, all Employees can participate except the classifications of Employees checked below:

- Those Employees covered by the terms of a collective bargaining agreement (a union agreement) where retirement benefits were negotiated.
- Those Employees who are nonresident aliens who received no United States earned income from the Employer.
- Those Employees that are determined to be acquired Employees as a result of an acquisition or similar transaction with the Employer as described in the Code (during the transition period only).
- Those Employees who did not earn at least \$600 (for 2020) and \$650 (for 2021) from the Employer during the year. (This amount is subject to cost-of-living adjustments.)

**Age Requirement:** You must be at least \_\_\_\_\_ years old.

All Employees will be considered to have met the age and service requirements described above if employed on the Effective Date of this SEP Plan.  Yes  No

**Service Requirement:** You must have worked for your Employer in at least \_\_\_\_\_ (must be 0, 1, 2, or 3) of the immediately preceding five years.

## CONTRIBUTION FORMULA

The amount of the Employer Contribution, if any, will be determined according to the formula selected below:

- Discretionary:** An amount determined each year by the Employer.
- Fixed Percent of Profits Formula:** \_\_\_\_\_% of the Employer's profits in excess of \$\_\_\_\_\_.
- The Employer will not make Employer contributions to the SEP Plan.

Any Employer Contribution will be allocated to your IRA in accordance with the formula selected below:

- Pro Rata Formula:** Each eligible Employee will receive a pro rata portion of the Employer Contribution equal to the ratio of his or her Compensation to the total Compensation of all eligible Employees. Thus, the contribution will be the same percentage of Compensation for all Employees.
- Flat Dollar Formula:** The Employer Contribution for all eligible Employees will be the same dollar amount.
- Integrated Formula:** Integration allows contribution percentages among eligible Employees to vary. Details about integration are provided in your *Employee Information sheet*. The integration level is:
  - The Taxable Wage Base (TWB); or
  - \_\_\_\_\_% of the TWB.