



SEP-IRA Employee Summary

www.schwab.com

Employer Instructions

Complete all sections of this document in accordance with the elections you made on the Adoption Agreement. Retain the original completed copy for your records—this document should **not** be returned to Schwab. Using the completed original as a master copy, provide a photocopy to each employee along with a Schwab SEP-IRA Employee Enrollment Kit.

To the Employee:

Your employer has adopted a SEP-IRA plan, and this is a summary of its most important terms.

1. Establishment of SEP-IRA Plan

Your employer has adopted a type of employee benefit plan known as a Simplified Employee Pension (SEP) plan. In order 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 any amounts your employer contributes under the plan and, if the plan is a Salary Deferral (SARSEP) plan, to make contributions to the plan out of your salary. All contributions will be deposited into a SEP-IRA for you. Contributions made under the plan for you are yours to keep.

The actual plan is a complex legal document that has been written in a manner required by the Internal Revenue Service. This SEP-IRA Employee Summary is designed to explain and summarize the important features of the plan. You also may examine the plan itself by making arrangements with the representative of your employer named below. If you have any questions or need additional information about the plan, consult:

Name of Employer Representative

2. Type of Plan (Select one.)

- Schwab SEP-IRA:** Your employer has adopted a Schwab SEP-IRA plan. Under this type of SEP plan, your employer may (but is not required to) make contributions on your behalf. Your right to receive a contribution and the amount of the contribution will be determined under the "Eligibility" and "Contributions and Allocations" sections below.
- Schwab Salary Deferral SEP-IRA:** Your employer has adopted a SARSEP-IRA plan. Your employer may (but is not required to) make contributions for you. In addition, if you agree to a payroll deduction, your employer will deposit the amount of your salary you specify to your SEP-IRA, as selected in the "Contributions and Allocations" section below. These types of contributions are called "Elective Deferrals."
- IRS 5305-SEP:** Your employer has adopted the IRS Form 5305-SEP. Under this type of SEP plan, your employer may (but is not required to) make contributions on your behalf. Your right to receive a contribution and the amount of the contribution will be determined under the "Eligibility" and "Contributions and Allocations" sections below.

3. Eligibility

Employer Contributions: Your employer may make contributions for you, and, if a SARSEP-IRA has been adopted, you may make elective deferrals through payroll deduction if you are an eligible employee and if you have met 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).
- Those employees who are non-resident aliens with no U.S. earned income.
- 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 Internal Revenue Code. This exclusion applies only during a transition period.
- Those employees who did not earn at least \$600 from the employer during the year. This exclusion applies to each plan year. (This \$600 figure is increased by the IRS periodically based on changes in the cost of living.)

Age Requirement: You must be at least _____ (must be 18, 19, 20 or 21) years old.

Service Requirement: You must have worked for your employer in at least _____ (must be 0, 1, 2 or 3) of the immediately preceding 5 years.



4. Contributions and Allocations

Contribution Formula. The amount of the employer contribution, if any, will be contributed according to the formula selected below (select one):

- Discretionary.** An amount that is 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-IRA plan.**

Allocation Formula. If you have met all eligibility requirements listed in Section 3 above, a portion of any employer contribution will be allocated to your SEP-IRA in accordance with the formula selected below (select one):

- 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, as explained in your Schwab SEP-IRA Employee Enrollment Guide.

The integration level is (select one):

- The Taxable Wage Base (TWB); or
- _____ % of the TWB

5. For SARSEP-IRA Only

Elective Deferrals

You can set aside each pay period an amount up to \$ _____ or _____ % of your salary or earnings from your employer. However, the dollar amount set aside for any calendar year cannot exceed the lesser of the maximum contribution limits as prescribed by the Internal Revenue Service (IRS), or 100% of compensation. The IRS announces cost-of-living adjustments applicable to dollar limitations for retirement and pension plans annually and the limitation may be adjusted in multiples of \$500. See the employer representative named in Section 1 for additional information about elective deferrals.

Separate Deferral Election for Bonuses

- Will be permitted under the plan
- Will **not** be permitted under the plan

If your employer has selected that separate deferral elections for bonuses will be permitted, you may authorize an amount of a cash bonus to be contributed to your SEP-IRA rather than being paid to you in cash. However, the amount deferred from your bonus, plus all other deferrals under the plan for the year, cannot be greater than the limit(s) stated above under "Elective Deferrals" and, if applicable, below under "Catch-Up Contributions."

Catch-Up Contributions

- Will be permitted under the plan
- Will **not** be permitted under the plan

If your employer has selected that Catch-Up Contributions are permitted under the plan, and you will attain age 50 on or before the end of the calendar year, you can elect to have your elective deferrals increased by an additional amount. This additional amount shall not be greater than the maximum contribution limits as prescribed by the Internal Revenue Service (IRS). The IRS announces cost-of-living adjustments applicable to dollar limitations for retirement and pension plans annually and the limitation may be adjusted in multiples of \$500. See the employer representative named in Section 1 for additional information about elective deferrals.

6. Custodian

Name of Custodian Charles Schwab & Co., Inc.	Telephone Number 1-800-435-4000		
Address 211 Main Street	City San Francisco	State CA	Zip Code 94105

Brokerage Products: Not FDIC-Insured • No Bank Guarantee • May Lose Value

♻️ Printed on recycled paper.

Ascensus, Inc.® 413 (01/17)
 ©2018 Charles Schwab & Co., Inc. All rights reserved. Member SIPC.
 CC1687062 (0318-8H00) REG13284-15 (03/18)
 00206731

