

A high-angle, slightly blurred photograph of a man and a woman sitting at a rustic wooden table in what appears to be a cafe or office setting. The man, wearing a maroon shirt and glasses, is pointing at a document held by the woman, who is wearing a blue denim shirt. A laptop is open on the table, and stacks of white cups and saucers are visible in the background. The overall tone is professional and collaborative.

# RETIREMENT PLAN SOLUTIONS FOR SMALL BUSINESS

FLEXIBLE | EASY | SMART





# Small Businesses are BIG

- As of 2023, there are **33.2 million** small businesses in the U.S. — representing **99.9% of all businesses**<sup>1</sup>
- **98% of small businesses** have fewer than 100 employees, and 89% have fewer than 20 employees<sup>2</sup>
- Small businesses have created **two-thirds of new jobs** since 2000<sup>2</sup>
- In 2019, small businesses created **1.6 million new jobs**, with firms employing fewer than 20 employees generating 1.1 million new jobs<sup>3</sup>

**37%**

of small business owners don't think they make enough profit to save for retirement<sup>4</sup>

**21%**

of small business owners used their retirement savings to invest in their business<sup>4</sup>

**50%**

of small business owners think their employees aren't interested in a retirement plan<sup>4</sup>

**52%**

of small business owners who OFFER a plan, said retirement packages help attract better quality employees **and 47%** said retirement plans inspire increased employee engagement<sup>4</sup>

<sup>1</sup> U.S. Small Business Administration, What's New with Small Business – March 2023. The SBA Office of Advocacy defines small businesses as firms with fewer than 500 employees.

<sup>2</sup> Small Business and Entrepreneurship Council, Facts & Data on Small Business and Entrepreneurship

<sup>3</sup> U.S. Small Business Administration, 2022 Small Business Profile and FAQs

<sup>4</sup> SCORE Association, Small Business Retirement – Investing in Your Future, Dec. 2022

## Ready to start a retirement plan for a small business?

### Security Benefit is the solution.

Our company began in 1892 with the belief that everyone deserves an opportunity to achieve financial security. Our goal is to provide you with inventive, simplified savings solutions for small businesses.

For more than 50 years, we've focused exclusively on the retirement savings market to help small business owners and their employees, like those within your community, align their assets with their aspirations, so they can have a confident, comfortable retirement.

# What to Look for When Deciding the Right Fit for a Small Business Retirement Plan

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## 1 How many employees?

- Sole proprietor (owner only OR owner and spouse)
- Under 100 employees
- Over 100 employees

## 2 What is the goal of offering the plan?

- Maximizing contributions for owners or highly compensated employees
- Providing an employer benefit to current employees
- Helping to recruit new and retain existing employees

## 3 Is the employer willing to provide contributions to the plan?

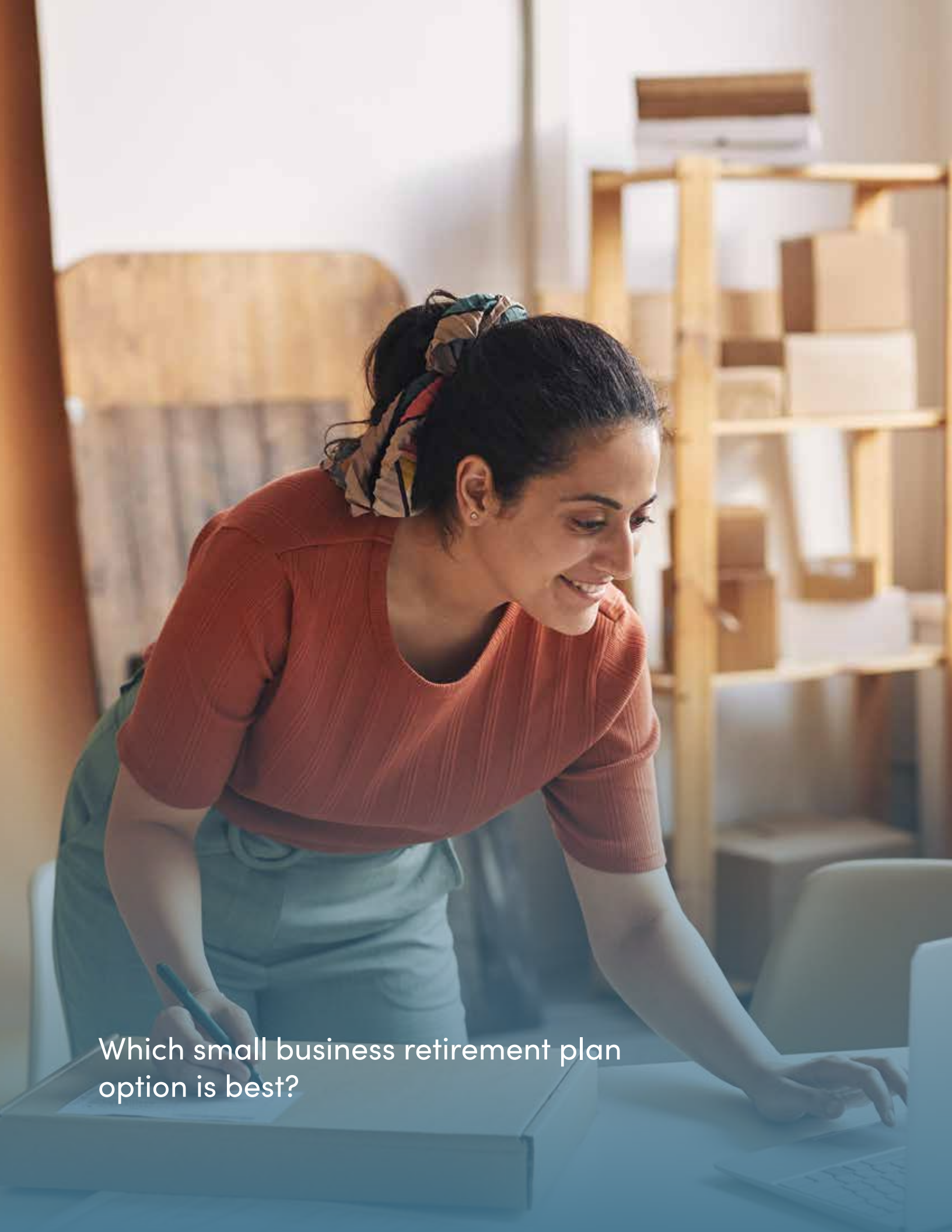
## 4 Does the employer want to offer features like loans, vesting of employer contributions, etc.?

The answers to these questions will help determine the best solution for the business.



**We can be the key to open more doors with your small business clients.**

We're proud to offer several solutions for small business owners including our Solo 401(k), Solo 401(k)/Cash Balance, SEP IRA, SIMPLE IRA, and profit-sharing plans. There are also other options available in the marketplace — 401(k), Safe Harbor 401(k), and defined benefit plans.



Which small business retirement plan option is best?



# Small Business Retirement Plan Options

Business Owners and Spouses — ONLY

## Solo 401(k)

### Features

- Opportunity to maximize business deductions
- Generous contribution limits
- Roth contributions available
- IRA rollover flexibility upon termination
- Ability to take out a loan or consolidate other retirement accounts
- Business owners can contribute to a Solo 401(k) both as the employee and the employer ... and a spouse can also be added to the payroll too!
- Great last minute tax planning tool

### Examples

Solo 401(k)s are well suited for individuals who want to contribute more than 25% of their compensation to their retirement plan. So how much can actually be contributed? We illustrate this to the right with examples.

#### Business Owner, Age 55

Annual earnings:	\$184,000
Employee salary deferral:	\$23,000
Catch-up contributions:	\$7,500
Employer contributions:	\$46,000
<b>Total:</b>	<b>\$76,500</b>

#### Spouse, Age 55

Annual earnings:	\$50,000
Employee salary deferral:	\$23,000
Catch-up contributions:	\$7,500
Employer contributions:	\$12,500
<b>Total:</b>	<b>\$43,000</b>

## Solo 401(k)/Cash Balance

### Features

- Same features as a Solo 401(k), plus a defined benefit plan
- Higher contribution limits overall
- Great opportunity for a small business owner who has postponed retirement planning/funding and now has the cash flow to catch-up
- Contribution flexibility

### Examples

#### Owner/Spouse, Age 45

Annual earnings:	\$345,000
Employer contribution:	\$20,700
Salary deferral:	\$23,000
Cash balance:	\$150,928
<b>Total:</b>	<b>\$194,628</b>

#### Owner/Spouse, Age 60

Annual earnings:	\$345,000
Employer contribution:	\$20,700
Salary deferral:	\$23,000
Catch-up:	\$7,500
Cash balance:	\$318,482
<b>Total:</b>	<b>\$369,682</b>

Business Owners | Businesses &lt;100 Employees | Businesses &gt;100 Employees

## SEP IRA

### Features

- Simplified Employee Pension (SEP) Plan
- Tax-deferred growth
- All contributions 100%, immediately vested
- No plan level restrictions on withdrawals (IRA rules apply)
- No administrative costs
- Available for any business type, including non-profit and government
- Easy to set up and maintain
- Great last minute tax planning tool

### Example

An individual age 55, earning \$40,000/annually

How much can be contributed?

Employer contribution (up to 25% of pay) <sup>5</sup>	\$10,000
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<sup>5</sup> The maximum annual addition to a participant's account is 25% of their compensation, subject to the annual limit.



## Businesses &lt;100 Employees

## SIMPLE IRA

## Features

- Savings Incentive Match Plan for Employees (SIMPLE)
- Pretax or after-tax (Roth) employee contributions available
- Tax-deferred growth
- Available for any business type, including non-profit and government
- Mandatory employer match of dollar for dollar up to 3% of compensation or 2% non-elective contribution
- Reduced match is available in two out of five years
- No employee minimum age requirement
- Low-maintenance — minimal employer involvement required
- No cost to establish
- Helps attract and retain good employees
- No government forms to file; no annual reporting

## Examples Using Employer Match vs. Non-elective Contribution

## Two choices:

1. Matching Contribution Cost for non-owners = \$2,375
2. Employer Non-elective Contribution Cost for non-owners = \$3,030

Owner and spouse receive net allocations of \$42,750, yet matching contribution for employees was only \$2,375.

Name	Salary	Deferral	Match	Total
Owner	\$100,000	\$19,500	\$3,000	\$22,500
Owner Spouse	\$25,000	\$19,500	\$750	\$20,250
Eligible Employee #1	\$25,000	\$2,000	\$750	\$2,750
Eligible Employee #2	\$21,000	\$0	\$0	\$0
Eligible Employee #3	\$19,000	\$1,000	\$570	\$1,570
Eligible Employee #4	\$17,500	\$0	\$0	\$0
Eligible Employee #5	\$16,000	\$1,000	\$480	\$1,480
Eligible Employee #6	\$13,000	\$0	\$0	\$0
Eligible Employee #7	\$12,500	\$1,000	\$375	\$1,375
Eligible Employee #8	\$10,000	\$0	\$0	\$0
Eligible Employee #9	\$10,000	\$200	\$200	\$400
Eligible Employee #10	\$7,500	\$0	\$0	\$0

## Businesses &lt;100 Employees | Businesses &gt;100 Employees

## Profit Sharing

## Features

- Can benefit and help attract/retain relatively young, key employees
- Tax-deferred growth
- Employer contributions are tax deductible
- Flexible, inexpensive and easy to understand



# Small Business Retirement Plan Options

The following chart outlines the differences between retirement plan options for small businesses and can help determine the right plan for a business.

PLAN TYPE	SOLO 401(k)	SEP IRA	SIMPLE IRA	PROFIT SHARING
Target Market	Owner and spouses only	Small businesses and self-employed	No more than 100 employees who earned more than \$5,000 in prior year and self-employed	Businesses with fluctuating earnings and self-employed
Key Features	Tax-deferred investing; no discrimination testing; investment flexibility  Cash Balance option adds defined benefit plan with higher contribution limits overall	Easy administration; investment flexibility	Tax-deferred investing; no discrimination testing; no plan administration fee; investment flexibility	Flexible contributions; investment flexibility
Contributors	Employee and Employer	Employer only	Employee and Employer	Employer only
Contribution Flexibility	Yes	Yes	Very Limited	Yes
Maximum Eligibility Requirements	Age 21 with one year of service	Age 21 with any service in 3 of last 5 years	Employees earning \$5,000 <sup>6</sup> in current year and any 2 prior years	Age 21 with two years of service <sup>8</sup>
Maximum Annual Salary Deferral	\$23,000	Not applicable	\$16,000	Not applicable
Catch Up Contributions (Over Age 50)	\$7,500	Not applicable	\$3,500	Not applicable
Roth	Yes	No	Yes <sup>9</sup>	No
Maximum Annual Employer Contribution	25% of eligible employee compensation	25% of eligible employee compensation <sup>7</sup>	100% up to 3% match to participants or 2% to all eligible employees	25% of eligible employee compensation
Vesting in Employer Contributions	100% immediately	100% immediately	100% immediately	May be graded up to 6 years
Loans	Yes	No	No	Yes
When Established	Anytime prior to tax filing deadline, including extensions	Anytime prior to tax filing deadline, including extensions	Prior to October 1	Anytime prior to tax filing deadline, including extensions
IRS 5500 Reporting	Yes, once assets exceed \$250,000	No	No	Yes

<sup>7</sup> On maximum contributions, compensation is limited to \$345,000 per year. The overall contribution limit is \$69,000 plus any applicable catch-up contribution.

<sup>8</sup> 100% immediate vesting is mandatory.

<sup>9</sup> Pending IRS revision of Form 5304-SIMPLE

# Available Solutions

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**Our goal is simple. We believe that everyone deserves the opportunity to achieve financial well-being. We offer Solo 401(k), Solo 401(k)/Cash Balance, SEP IRA, SIMPLE IRA, and other types of plans based upon the needs and tax filing status of each business.**

We utilize a custodial platform with no proprietary mutual funds that can provide investment flexibility, fiduciary solutions, and services to business owners and their employees. Our capabilities can provide a true-turnkey opportunity that is ideal for the small business or a company with a slightly larger employee base that needs a more flexible plan design.



# Product and Platform Solutions

Product Solution		Advisor Mutual Fund Program	SecurePoint Retirement Program	Workplace Retirement Plans	SmartChoice Retirement Program
Plan Type	Solo 401(k) and Solo 401(k)/Cash Balance		✓		
	SEP IRA	✓			
	SIMPLE IRA	✓			
	Profit Sharing		✓	✓	✓
Key Product Features		140+ mutual funds with names like Vanguard Funds®, American Funds®, Fidelity®, BlackRock®, and T. Rowe Price®  Diversification of 30+ fund companies  30+ different asset classes  Rights of accumulation across multiple investment companies  Life style and life cycle funds for participants who want something simple	30+ investment options selected by Mesirow Financial  Investment comparison reports  Bundled services program for small business employers	Low-cost Target Date and Vanguard Index Funds  Asset Allocation Models  Streamlined Enrollment Process  “Build your own” portfolio	Open Architecture – providing access to over 20,000 mutual funds  No proprietary mutual fund requirements  Flexibility to use any TPA or bundled with Security Benefit  Platform Consistency – one platform, multiple plan types  Online access for employers and participants  Online Enrollment – Quick Enroll Option
	Automatic dollar cost averaging	✓	✓	✓	✓
	Automatic Asset Reallocation	✓	✓	✓	✓
	Free exchanges	✓	✓	✓	✓
	Loans		✓	✓	✓
	Plan level fiduciary protection – 3(16), 3(21), 3(38)	N/A	✓	✓	✓



Our dedicated team of specialists and product solutions can also provide additional features, services, and value add opportunities to complement the small business owner and employee needs.

- No proprietary funds; fixed account available
- Customized pricing available
- Plan level fiduciary services — 3(16), 3(21), 3(38)
- Bundled or unbundled TPA options
- Plan comparison reports
- Quarterly plan investment report cards and health reports
- Paperless enrollment
- Mobile app for 24/7 account access

If you would like more information or a proposal for a retirement plan, please contact your Security Benefit Sales Team at 800.747.5164, option 3, or visit [SecurityBenefit.com](https://SecurityBenefit.com).

**You should carefully consider the investment objectives, risks, charges, and expenses of the mutual funds carefully before investing. You may obtain prospectuses or summary prospectuses (if available) that contain this and other information about the mutual funds by calling our Service Center at 800.888.2461. You should read the prospectuses or summary prospectuses (if available) carefully before investing. Investing in mutual funds involves risk and there is no guarantee of investment results.**

The principal value of target date funds is not guaranteed at any time, including at or after the target date, which is the approximate date when investors turn age 65. The funds invest in a broad range of underlying mutual funds that include stocks, bonds, and short-term investments and are subject to the risks of different areas of the market. The funds emphasize potential capital appreciation during the early phases of retirement asset accumulation, balance the need for appreciation with the need for income as retirement approaches, and focus more on income and principal stability during retirement. The funds maintain a substantial allocation to equities both prior to and after the target date, which can result in greater volatility.

The Guaranteed Fixed Account is a group unallocated fixed annuity contract issued by Security Benefit Life Insurance Company (SBL), policy form GV4586. The obligations under the Fixed Account option are guaranteed by SBL's General Account in the event that the assets are not sufficient to meet the Fixed Account obligations. Not available in the state of New York.

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The Security Benefit SecurePoint Retirement 401(k) and 401(a) products are Trust Accounts under §401 of the Internal Revenue Code. The SecurePoint Retirement 403(b)(7) ERISA product is a Custodial Account under §403(b)(7) of the Internal Revenue Code. The SecurePoint Retirement 457(b) Tax Exempt product is a Trust Account under §457(g) of the Internal Revenue Code.

The Security Benefit Workplace Retirement Program for ERISA Plans (CS) 401(k) and 401(a) products are Trust Accounts under §401 of the Internal Revenue Code. The Security Benefit Workplace Retirement Program for ERISA Plans (CS) 403(b)(7) ERISA product is a Custodial Account under §403(b)(7) of the Internal Revenue Code. The Security Benefit Workplace Retirement Program for ERISA Plans (CS) 457(b) Tax Exempt product is a Trust Account under §457(g) of the Internal Revenue Code.

The Security Benefit SmartChoice Retirement Program for ERISA Plans 401(k) and 401(a) products are Trust Accounts under §401 of the Internal Revenue Code. The Security Benefit SmartChoice Retirement Program for ERISA Plans 403(b)(7) ERISA product is a Custodial Account under §403(b)(7) of the Internal Revenue Code.

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Dollar cost averaging does not ensure a profit or provide protection against loss. An investor should consider the ability to continue purchasing through periods of low price levels.