



Building a solid future

Exploring the SEP and SIMPLE IRA plan for retirement



Make the road ahead a little less scary with a financial strategy that can help secure your and your employees' retirements. If you're a small business owner, retirement plans don't have to be too costly or complex.

There are two affordable, easy-to-manage solutions to help you and your employees create the retirement you want:

1. Simplified Employee Pension (SEP) plan.
2. Savings Incentive Match Plan for Employees (SIMPLE) plan.

Both provide an outstanding benefit and enhance your ability to attract and retain quality employees. And both offer convenient ways for you and your employees to save toward retirement and in addition, potentially save on taxes through deductions. Other advantages include:

- No annual administrative or setup fees.
- One-on-one customer service for your account.
- Help with your plan setup.
- A wide array of investment options across all major asset classes.
- Low minimum investment requirements.

SEP plan overview

Simplified Employee Pension IRA plan

A SEP IRA plan offers a flexible, convenient way for business owners like you to contribute to their employees' retirement savings as well as their own.

Employer contributions are made directly into each employee's SEP IRA. You, as the employer, are *not* locked into making contributions every year. A SEP is the only plan that allows you until your tax filing deadline

(plus extensions) to decide if you want to sponsor a SEP plan and make contributions to it. This makes a SEP an attractive option for businesses with variable cash flows.

However, if you elect to offer a SEP, all eligible employees must participate in the plan—including owners. Employees choose where they establish their SEP IRA and how the employer contributions are invested.

Eligibility	<p>Employee eligibility requirements (though you may choose less restrictive requirements):</p> <ul style="list-style-type: none">• All eligible employees age 21 or older must be included even though some employees may be subject to required minimum distributions.• For 2023, earn a minimum annual compensation in year of contribution of \$750. For 2022, earn a minimum annual compensation in year of contribution of \$650.¹• Have worked for the employer anytime in three of the last five years.
Contributions	<ul style="list-style-type: none">• Made exclusively by the employer and are discretionary.• Contribution amount:<ul style="list-style-type: none">— For 2022, up to 25% of each eligible employee's compensation or \$61,000,¹ whichever is less.— For 2023, up to 25% of each eligible employees' compensation or \$66,000,¹ whichever is less.• No employee deferrals are permitted.• For a self-employed individual, special contribution/benefit calculations apply.
Deadline for adopting and funding a SEP plan	<p>The due date of the business' tax return, plus any extensions.</p>
Administration	<p>Employers are responsible for plan administration. The IRS website provides SEP plan information and guidelines, including a SEP Checklist that plan sponsors can use during their annual plan reviews, as well as information about compliance with IRS rules and regulations. See irs.gov/retirement.</p>
Vesting/ Withdrawals	<ul style="list-style-type: none">• Employees have immediate control and can withdraw the funds at any time, although state and federal taxes may apply.• Employees may be subject to a 10% premature withdrawal penalty unless an exception applies.²
Tax information	<ul style="list-style-type: none">• Employers may deduct their contributions (within legal limits).• Employers may be eligible to receive a tax credit for costs related to new plan setup and maintenance, equal to the greater of (1) \$500 or (2) the lesser of (a) \$250 for each non-highly compensated employee who is eligible to participate in the plan or (b) \$5,000.• Employees who receive SEP IRA contributions may not be eligible for a traditional IRA deduction. IRA deductibility is also based on the plan participant's tax-filing status and modified adjusted gross income.• Contributions are reported on IRS Form 5498 in the year received. Trustees and the issuer are not responsible for reporting the year for which SEP contributions are made.³

The chart above provides general guidelines for plan selection purposes. Detailed IRS regulations provide further guidance, limitations and requirements.

¹Limits are indexed.

²Penalty exceptions include: over age 59½, disability, first-time home purchase (maximum of \$10,000), higher education expenses, or up to \$5,000 on the birth or adoption of a child. See IRS publication 590 for the complete list of exceptions.

³Source: IRS Instructions for Forms 1099-R and 5498.

SEP plan basics

Establishing a SEP plan

1. Review IRS Form 5305-SEP (or prototype plan document). Consult with your tax advisor to confirm your eligibility for plan adoption.
2. Complete IRS Form 5305-SEP (or prototype plan document). Keep a copy for your records and make copies for all eligible employees and your Thrivent financial advisor. Do not file this form with the IRS.
3. Give each eligible employee a copy of a SEP Plan Employee Guide (item #32080). You can obtain copies from your financial advisor.
4. Obtain from your employees the location (financial services provider) and account number of their SEP IRA. If they are establishing their SEP IRA with Thrivent, you can obtain this information from your financial advisor.

Plan maintenance

Review your plan annually to ensure it's operating in compliance with current IRS rules and regulations. IRS Pub. 4285 SEP Checklist (available at [irs.gov](https://www.irs.gov)) can help you with your plan reviews.

If you made changes to your plan during the year, be sure to provide each employee with an amended copy of the IRS Form 5305-SEP plan document. With a SEP plan, you're in the driver's seat as the administrator of your plan. However, Thrivent is here to help you along the way. Talk to your financial advisor about how ongoing guidance can benefit your small business.

Changing contribution allocations

Plan participants must notify you, as their employer, if they want to change the way their contributions are allocated to their investments. You will need to allocate contributions accordingly on the remittance submitted with their check. If participants want to invest in a new product, they should contact their financial advisor.



SIMPLE plan overview

Savings Incentive Match Plan for Employees IRA plan

A SIMPLE IRA plan is another option that offers a flexible, convenient way for a business owner like you to contribute to your employees' retirement savings, as well as to their own. With a SIMPLE IRA plan, employers make certain

matching or nonelective contributions directly to each eligible employee's SIMPLE IRA, including their own. Each employee will choose the investments for the contributions made into the SIMPLE IRA.

Eligibility	<p>Employers that had no more than 100 employees who earned \$5,000 or more in compensation and who don't currently offer another retirement plan. Employee eligibility requirements (though you may choose less restrictive requirements):</p> <ul style="list-style-type: none">• Received \$5,000 in compensation in any two prior years, and/or• Expect to receive \$5,000 in compensation in the current year.• All employees regardless of age must be included even though some may be subject to required minimum distributions.
Contributions	<p>Employers must either match employee salary deferrals dollar for dollar (up to 3% of compensation) or contribute 2% of compensation on behalf of all eligible employees up to 2% of \$330,000.¹</p> <p>Employee salary deferrals cannot exceed \$15,500.¹ Participants age 50 or older at year-end are allowed up to \$3,500 of additional "catch-up" contributions.</p> <p>For self-employed individuals, special contribution/benefit calculations apply.</p>
Deadline	<p>Employer plan adoption deadline is Oct. 1. Employer contributions must be deposited by the employer's tax-filing deadline, including extensions. Employee contributions must be deposited:</p> <ul style="list-style-type: none">• By the 30th day of the month following deferral for plans not subject to the Employee Retirement Income Security Act of 1974 (ERISA).• Generally, seven business days from the date of deferral for plans subject to ERISA.
Administration	<p>Employers are responsible for plan administration. The IRS website provides SIMPLE plan information, including a SIMPLE Checklist that plan sponsors can use during their annual plan reviews, as well as information about compliance with IRS rules and regulations. See irs.gov/retirement.</p>
Vesting/ Withdrawals	<ul style="list-style-type: none">• Employees have immediate control and can withdraw the funds at any time, although applicable state and federal income taxes apply.• Employees may be subject to a federal 25% premature distribution penalty for the first two years and 10% after that, unless an exception applies.²• Two-year rule: Within two years, beginning the first day contributions were deposited into your SIMPLE IRA, your SIMPLE IRA:<ul style="list-style-type: none">— Cannot accept rollovers or transfers of any other type of retirement account, other than another SIMPLE IRA.— Cannot be rolled or transferred to any other type of retirement account, other than another SIMPLE IRA.
Tax information	<p>Employers</p> <ul style="list-style-type: none">• May deduct their contributions (within legal limits).• May be eligible to receive a tax credit for the costs related to establish and maintain a new plan. The credit is the greater of (1) \$500 or (2) the lesser of (a) \$250 for each non-highly compensated employee who is eligible to participate in the plan or (b) \$5,000.• SIMPLE plans must be maintained on a calendar-year basis. <p>Employees</p> <ul style="list-style-type: none">• Salary deferrals are made on a pretax basis, which reduces the employee's taxable income.• Contributions are reported on IRS Form 5498 in the year received. Trustees and issuers are not responsible for reporting the year for which SIMPLE IRA contributions are made. (Source: IRS Instructions for Forms 1099-R and 5498.)• Employees who receive SIMPLE IRA contributions may not be eligible for a traditional IRA deduction. IRA deductibility is also based on the plan participant's tax-filing status and modified adjusted gross income.

The chart above provides general guidelines for plan selection purposes. Detailed IRS regulations provide further guidance, limitations and requirements.

¹Limits are indexed. The limits shown are for tax year 2023.

²Penalty exceptions include: over age 59½, disability, first-time home purchase, higher education expenses, or up to \$5,000 on the birth or adoption of a child. See IRS publication 590 for the complete list of exceptions.

SIMPLE plan basics



Establishing a SIMPLE plan

1. Review IRS Form 5304-SIMPLE (or prototype plan document). Consult with your tax advisor to confirm your eligibility for plan adoption.
2. Complete IRS Form 5304-SIMPLE (or prototype plan document). Keep a copy for your records and make copies for all eligible employees and your financial advisor. Do not file this form with the IRS.
3. Give each eligible employee a copy of a SIMPLE Plan Employee Guide (item #32079). You can obtain copies from your financial advisor.
4. Obtain from your employees the location (financial services provider) and account number of their SIMPLE IRA. If they are establishing their SIMPLE IRA with Thrivent, you can obtain this information from your financial advisor.
5. Make necessary modifications to begin withholding salary deferral contributions from employees' paychecks and send them directly to your employees' respective SIMPLE IRAs.

Plan maintenance

Review your plan annually to ensure it's operating in compliance with IRS rules and regulations. The IRS Pub. 4284 SIMPLE IRA Plan Checklist can help you with your plan reviews. You must satisfy the following IRS notification requirements by Nov. 1:

- Notify your employees about the terms of the SIMPLE IRA plan (including withdrawal procedures) for the next plan year.
- Give eligible employees a 60-day election period to begin participating or change their salary reduction contributions.¹

We will notify employers who have employees with SIMPLE IRAs at Thrivent about this requirement.

Changing salary deferrals and investment allocations

If participants would like to change their current salary deferral percentages or contribution allocations to their existing investment products—they must notify you, their employer. You should then allocate the dollars accordingly on the remittance submitted with the check. If participants want to invest in a new product, they should contact their financial advisor.

¹New employees must be given a 60-day election period upon meeting eligibility requirements.

Your investment options

Thrivent offers a variety of products to help meet the goals of your employees—as well as your own. Participating in a retirement plan is an important step toward preparing for retirement. However, it's just as important to decide how to invest the money in your account.

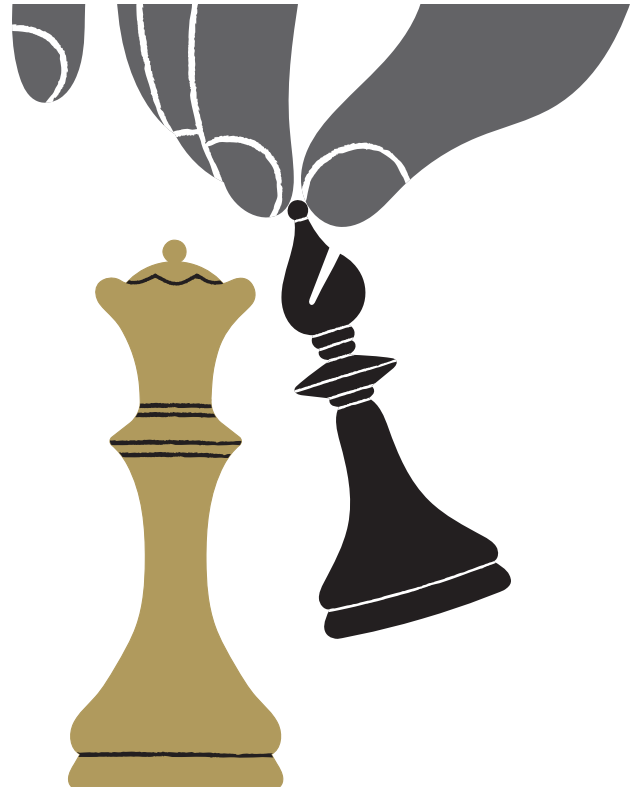
Your financial advisor can help you identify an appropriate mix, based on your risk tolerance and time horizon, consisting of any of the following financial products:

Mutual funds¹

- Market access to help you take advantage of the earning potential of your retirement dollars over the long term.
- A wide array of options to meet most investment needs.
- Professional investment management.

Retail brokerage accounts^{2,3}

- A wide array of investment options (mutual funds, stocks, bonds and other instruments) for portfolio diversification.⁴
- 24-hour ready access to your account by phone or online.
- No minimum required investment.



¹Investing involves risks, including the possible loss of principal. The prospectus and summary prospectuses of the variable annuity contract and underlying investment options and mutual fund prospectus contain more information on the investment objectives, risks, charges and expenses, which investors should read carefully and consider before investing. Available at thrivent.com.

²Refer to the Thrivent Investment Management Inc. Regulation Best Interest Disclosure document for information on fees, services, potential conflicts of interest, and additional information. Available upon request from your financial advisor and on thrivent.com/disclosures.

³Investing involves risks, including the possible loss of principal. The product and summary prospectuses for applicable securities (including mutual funds held in an account) and the Thrivent Investment Management Inc. Managed Accounts Program Brochure, contain information on investment objectives, risks, charges and expenses, which investors should read carefully and consider before investing. Available at thrivent.com.

⁴While diversification can help reduce market risk, it does not eliminate it. Diversification does not assure a profit or protect against loss in a declining market.

Make the most of your plan

Employer-sponsored retirement plan benefits

- Potential tax savings through deductions and possible credits.
- Tax-deferred growth potential.
- Increased ability to attract and retain quality employees.
- Access to a range of affordable, competitive products and personal service.

Resources

You can find these documents and additional information about selecting and establishing retirement plans (as well as plan-specific questions for small businesses) on the IRS website—at [irs.gov](https://www.irs.gov).

- IRS Pub. 560: Retirement Plans for Small Business.
- IRS Pub. 590: Individual Retirement Arrangements (IRAs).
- IRS Pub. 3998: Choosing a Retirement Solution for Your Small Business.
- IRS Form 8881: Credit for Small Employer Pension Plan Startup Costs.
- IRS Retirement Plans: [irs.gov/Retirement-Plans](https://www.irs.gov/Retirement-Plans).

Already have a SEP or SIMPLE plan?

You probably don't need to adopt a new plan or plan document. Your existing plan document may be sufficient, as long as:

- There are no changes to plan provisions.
- The document is compliant.
- The document doesn't limit your investment choices.

Mailing information

For Mutual Fund Accounts

Contribution allocation instructions and a check made payable to Thrivent Mutual Funds should be mailed to:

Thrivent Mutual Funds
P.O. Box 219334
Kansas City, MO 64121-9334

For Annuity Contracts

Contribution allocation instructions and a check made payable to Thrivent should be mailed to:

Thrivent
P.O. Box 8061
Appleton, WI 54919-0000

For Retail Brokerage Accounts

Contribution allocation instructions and a check made payable to NFS should be mailed to:

Thrivent Investment Management Inc.
Brokerage Advisory Services
P.O. Box 8004
Appleton, WI 54912-8004

Strong and stable

For over 100 years, Thrivent has helped people build their financial futures and live more generous lives. Today, we're a Fortune 500 company, offering a full range of expert financial solutions, serving more than 2 million clients, as well as the communities in which they live and work.



Rated by:

AM Best, Moody's Investors Service
and S&P Global Ratings¹



¹Ratings are based on Thrivent's financial strength and claims-paying ability. Does not apply to investment product performance. For information on each rating, visit the individual rating agency's website. The rating also refers only to the overall financial status of the company and is not a recommendation of the specific policy provisions, rates or practices of the insurance company.

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Get guidance from someone who gets you.

Your financial advisor can discuss the benefits of a SEP IRA and a SIMPLE IRA with you in greater detail to see if it's a good fit for your retirement strategy.

[Name, Designation(s)]
Title
Team Name
Email Address
Website
Street Address
City, State ZIP
Phone Number(s)
AR License #####
CA Insurance #####]

[Name, Designation(s)]
Title
Team Name
Email Address
Website
Street Address
City, State ZIP
Phone Number(s)
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CA Insurance #####]

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Neither Thrivent or its financial advisors are permitted to provide administrative services for SIMPLE IRA plans or SEP IRA plans or give tax, legal or accounting advice. This material does not constitute such advice. Employers are responsible for determining employee eligibility and contribution amounts and allocations. The IRS has developed a SIMPLE IRA Plan Checklist and a SEP Plan Checklist for plan sponsors to use in reviewing their plans. An annual review is recommended to help you make sure your chosen plan operates in compliance with IRS rules and regulations. SIMPLE and SEP Plan Checklists can be found at [irs.gov/retirement](https://www.irs.gov/retirement).

Thrivent is the marketing name for Thrivent Financial for Lutherans. Insurance products issued by Thrivent. Not available in all states. Securities and investment advisory services offered through Thrivent Investment Management Inc., a registered investment adviser, member FINRA and SIPC, and a subsidiary of Thrivent. Licensed agent/producer of Thrivent. Registered representative of Thrivent Investment Management Inc. Advisory services available through investment adviser representatives only. [Thrivent.com/disclosures](https://www.thrivent.com/disclosures).

