

Understanding SEP-IRAs

An Option to Consider When Saving for Retirement



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What Is a SEP-IRA?

A simplified employee pension (SEP) IRA is an employer-sponsored retirement savings plan that is easy to establish and administer. It allows you to make annual, discretionary, tax-deductible contributions for your employees.

Who Can Set Up a SEP-IRA?

Self-employed individuals often set up SEP-IRAs, although corporations, partnerships, tax-exempt organizations, and state and local government entities also are eligible to establish SEP-IRAs.

How a SEP-IRA Plan Works

You may establish a SEP-IRA by completing IRS Form 5305-SEP, by adopting a prototype SEP-IRA plan document, or by creating an individually designed SEP plan. The deadline for establishing and funding a SEP-IRA is the tax-return due date of the business, including extensions. Any contributions are deposited into individual SEP-IRA accounts owned by each eligible employee. The maximum annual contribution per eligible employee is limited to the lesser of either 25% of compensation or 69,000 for 2024.

Key Features

- Easy to establish and administer.
 - No IRS Form 5500 reporting.
 - No third-party administrator necessary.
- From year to year, you may vary contribution percentages or stop contributions altogether.
- Can offer employees the ability to treat contributions as a post-tax Roth SEP-IRA (in whole or in part).
- Can now be set up by employers of domestic employees (i.e., nannies) to provide retirement benefits.
- Employees make investment decisions.
- Contributions can be made up to the tax-return due date of the business, including all extensions.

Points to Consider

- Using a pro rata contribution formula, you must contribute an equal percentage of compensation for all eligible employees.
- All contributions are 100% vested immediately.
- Part-time employees may be eligible to participate.
- A SEP-IRA is considered an employer-sponsored retirement plan and therefore may affect employees' ability to make deductible IRA contributions.
- Employees are not permitted to take loans from their SEP-IRAs.

Funding Your SEP-IRA

To find out how you can fund a SEP-IRA for your business, contact your tax and financial professional for more details.

Why Pacific Life

Pacific Life has more than 150 years of experience, and we remain committed to providing quality products, service, and stability to meet your needs today and throughout your lifetime.

It's essential for you to choose a strong and stable company that can help you achieve your future income needs. Since 1868, individuals and their families have relied on the strength of Pacific Life to help protect their financial security.

- Pacific Life Insurance Company is organized under a mutual holding company structure and operates for the benefit of its policyholders and contract owners.
- We have achieved ongoing recognition¹ for high-quality service standards.
- We offer products that address market environments during all stages of your life.
- Pacific Life is designated as one of the 2023 World's Most Ethical Companies^{®2} by the Ethisphere Institute, a global leader in defining and advancing the standards of ethical business practices.
- We maintain strong financial-strength ratings from major independent rating agencies.

Ratings may change and do not apply to the safety or performance of the underlying variable investment options. For more information and current financial-strength ratings, please visit [PacificLife.com](https://www.PacificLife.com).



¹Recipient of multiple DALBAR Service Awards since 1997. Refer to www.DALBAR.com for more information regarding awards, certifications, and rankings.

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To learn more about traditional IRAs and SEP-IRAs,
speak with your financial professional or visit our website.

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