



# LORD ABBETT SEP-IRA PLAN

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A Simplified Employee Pension (SEP) plan offers sole proprietors and small-business owners an attractive and affordable way to maximize their retirement savings.

### ADVANTAGES OF A LORD ABBETT SEP-IRA:

- No custodial account fees
- Low cost and easy to maintain
- Attractive investment options
- Employer contributions are tax-deductible
- High contribution level (\$56,000 in 2019)
- Funding flexibility—contributions are discretionary
- No government filings
- Retroactive establishment and funding—plan can be established as late as the business’s tax-filing deadline plus extension

### HOW DO YOU SET UP A LORD ABBETT SEP-IRA?

Establishing a Lord Abbett SEP IRA is easy. Simply complete IRS Form 5305-SEP and a SEP IRA application located at lordabbett.com or call our IRA specialists at 888-522-2333.

## ELIGIBILITY

A SEP IRA must include any employee who satisfies the following criteria:

- Age 21 and older
- Employed by the employer in at least three of the last five years
- Annual earnings of at least \$600 in 2019

Employers are permitted to choose less restrictive eligibility requirements.

## CONTRIBUTIONS

Employer: A discretionary contribution equal to the lesser of 25% of compensation or \$56,000 (2019)

Employee: Not permitted

## DISTRIBUTIONS

As an IRA, a SEP retains the distribution rules that apply to traditional IRAs.

## FOUR REASONS WHY OUR IRA IS **EASY**

### EASY ON YOUR WALLET



- No annual custodial fees\*
- No account setup charges
- No charges for paper statements
- Free overnight shipping

### FAST ACCOUNT SETUP



- User-friendly electronic applications
- Same day setup using Automated Clearinghouse (ACH) Funding

### SIMPLE INVESTMENT SELECTION



- More than 30 equity, fixed-income, and asset-allocation capabilities to help address a range of investment goals
- Single-fund allocation strategies
- Plan-level breakpoints

### OUTSTANDING CLIENT SERVICE



- Our IRA specialists guide the plan sponsor through the setup process.
- Award-winning service team†

\* Lord Abbett will waive (or otherwise pay) the yearly \$10.00 custodial fee that would be charged each year on an ongoing basis to every new IRA account and therefore will not assess a custodial account fee in 2019 or any year afterward. Additionally, the Federal Express (FedEx) charges are currently absorbed by the broker/dealer to submit paperwork to DST to open a Lord Abbett IRA account. Fund-level fees and expenses are still applicable. Please see a fund’s current prospectus.

† In 2014, Lord Abbett was recognized as a leader in customer service by Dalbar.



## HOW MUCH CAN YOU CONTRIBUTE?

## EXAMPLE 1: SOLE PROPRIETOR

Owner's Salary	\$50,000	\$100,000	\$250,000
Maximum SEP Contribution*	\$9,294	\$18,587	\$47,921
Taxable Income	\$40,706	\$81,413	\$202,079
Marginal Tax Bracket	25%	28%	33%
Tax Savings	\$2,323	\$6,133	\$15,813

\*You may make an annual contribution of up to 25% of the employee's compensation or \$56,000, whichever is less. Individuals with self-employed income must base their contributions on "earned income." For self-employed individuals, earned income refers to net business profits derived from the business, reduced by a deduction of one-half of your self-employment tax, less your SEP IRA contribution. Compensation, for this purpose, does not include employer contributions to the SEP or the employee's compensation in excess of \$280,000. Refer to IRS Form 5305-SEP for more details. For assistance in calculating your SEP contribution, visit [lordabbett.com/calculators](http://lordabbett.com/calculators).

## EXAMPLE 2: SMALL BUSINESS WITH EMPLOYEES

	SALARY	CONTRIBUTION (10% OF INCOME)
Employer	\$95,000	\$9,500
Employee 1	\$50,000	\$5,000
Employee 2	\$45,000	\$4,500
Employee 3	\$35,000	\$3,500
<b>Total Contributed</b>		<b>\$22,500</b>
Less Tax Savings (28% bracket)		\$6,300
<b>Net Cost</b>		<b>\$16,200</b>
Less Employer's Contribution		\$9,500
<b>Annual Net Contribution</b>		<b>\$6,700</b>

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A Simplified Employee Pension plan (SEP-IRA) is a retirement plan specifically designed for the self-employed and small-business owners. When establishing a SEP IRA plan for your business, you and any eligible employees establish your own separate SEP IRAs; employer contributions are then made into each eligible employee's SEP IRA.

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## FOR MORE INFORMATION:

Lord Abbett Client Service: 888-522-2388 | Visit us at: [lordabbett.com](http://lordabbett.com)

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