

An Employer's Guide to SEP IRAs

A Retirement Plan Solution for Small Businesses

To be a competitive employer in a tight labor market, employee benefits are essential. Setting up some type of retirement plan is important if an employer expects to attract and retain valuable people. While many plans can be quite complex and expensive to run, AB's SEP (Simplified Employee Pension) IRA may be just the answer for small to medium-sized businesses.

Tax-deductible contributions: Contributions made on behalf of eligible employees are deductible by the company.

Tax-deferred earnings: Earnings on investments will not be taxed until distributed, and earnings can compound on a tax-deferred basis.

Maximum contribution limits: SEP contributions made on behalf of each participant cannot exceed the lesser of \$56,000 or 25% of the participant's compensation for 2019.¹

Complete contribution flexibility: Each year, the employer determines the amount, if any, to be contributed for that year.

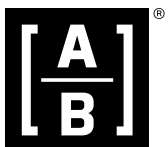
Easy to establish: Just complete IRS Form 5305-SEP and give each eligible employee a copy. Eligible employees establish a Traditional IRA account to receive the contributions. Additional statements must be provided to participants as stated in the 5305-SEP Form under "Completing the Agreement" section.

Easy to understand: The regular IRA rules concerning transfers, distributions, rollovers, etc., apply to the employee's SEP IRA.

Employees control their own accounts: The only decision the employer makes is the amount of the contribution. The employees determine their own investment strategies and how much to take as a distribution.

¹ Based only on the first \$280,000 (for 2019) of an employee's compensation. The maximum contribution and compensation limit will be adjusted from time to time by the IRS.

Investment Products Offered • Are Not FDIC Insured • May Lose Value • Are Not Bank Guaranteed



Frequently Asked Questions on SEP IRA

What is a SEP IRA?

A SEP IRA is a retirement plan in which the employer makes contributions to the Traditional Individual Retirement Account (IRA) of each eligible employee.

Who can establish a SEP?

Generally, any type of employer, including sole proprietors, partnerships and corporations, can establish a SEP.²

Which employees must participate?

An employer's SEP must cover all employees who are at least 21 years old and have worked for the employer in at least three of the preceding five calendar years. This includes part-time employees. An employer may, however, choose to exclude certain nonresident aliens, employees whose retirement benefits are the subject of collective bargaining, and those employees whose compensation for the year is less than \$550 (as indexed for inflation in 2018).

How much can an employer contribute?

Each year an employer can contribute for each eligible employee up to the lesser of \$55,000 or 25% of that employee's compensation.³ The employer can vary the percentage each year or even choose not to contribute for any given year. However, the employer must use the same percentage for determining the contribution for each eligible employee.

The calculation for a self-employed individual's contribution is different from the calculation for employees who are not considered self-employed. These individuals should seek the assistance of a tax advisor in calculating contributions.

When do contributions vest?

SEP contributions are 100% vested and nonforfeitable. Once a properly completed contribution is made to a SEP, it belongs to the employee and can't be taken back by the employer.

When are contributions made?

Contributions can be made at any time, but must be made by the due date for filing the employer's income tax return (including extensions) for the tax year to which the contribution is intended to apply in order to qualify for a deduction for that year.

² Certain limitations apply when using IRS Form 5305-SEP. Check the Form for details.

³ Based only on the first \$275,000 (for 2018) of an employee's compensation. The maximum contribution and compensation limit will be adjusted from time to time by the IRS.

Employees should consult with their tax advisors before making any tax-related investment decisions.

Investors should consider the investment objectives, risks, charges and expenses of the Fund/Portfolio carefully before investing. For copies of our prospectus, or summary prospectus, which contains this and other information, visit us online at www.AllianceBernstein.com or contact your AllianceBernstein Investments representative. Please read the prospectus and/or summary prospectus carefully before investing.

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As long as an employee meets the eligibility requirements, employer contributions can be made to an employee's account even if the employee has attained age 70½.

What information is to be provided to the IRS?

If a SEP contribution is made on behalf of an employee, the employer must ensure that the box marked "Pension Plan" on the employee's W-2 form is checked.

Establishing a SEP IRA with AB

1. Contact AB at (800) 227 4618 to obtain SEP IRA employee materials and prospectuses. You may also download SEP IRA documentation from www.AllianceBernstein.com.
2. Review the documents with your tax advisor.
3. Complete the enclosed Form 5305-SEP.
4. Distribute the application, supporting documents, and a copy of the executed Form 5305-SEP to each eligible employee. The original of the executed Form 5305-SEP is to be kept by the employer.
5. Be sure that every eligible employee completes an application and agreement form.
6. Complete a SEP IRA Contribution Schedule. Be sure to make copies of the blank form for future use.
7. Send the completed SEP IRA documents, a SEP IRA Contribution Schedule and your contribution check made payable to AB to:
**AB Investor Services, Inc.
Retirement Plans Department
P.O. Box 786003
San Antonio, TX 78278-6003**
8. For subsequent deposits, please complete a SEP IRA Contribution Schedule and send it along with the contribution check to AB at the above address.

