



Are Your SEP Plans Safe From Other Financial Advisors?



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If you are a financial advisor that works with company sponsored retirement plans, you more than likely deal with different types of plans from SEPs and Simple IRAs to 401(k)/Profit Sharing plans and Defined Benefit plans. If this is the case, do you spend enough time evaluating your SEP plans?

SEP plans are typically set up for several reasons:

1. Low cost
2. Easy establishment
3. Limited annual administration

Although there are good reasons for certain employers to establish a SEP, their limited design flexibility with regard to benefitting owners or certain key employees also makes them easy targets for other advisors. Therefore, you need to make your clients aware of all possible plan designs, including those that would be more beneficial to owners and key employees, in order to “close the door” on other advisors who want to take your business.

A lot of SEP plans can benefit from a New Comparability plan design utilizing safe harbor as a plan feature. In many cases, this allows the plan sponsor to provide a greater benefit to the owners or a specific group of valued employees while reducing the overall employer contribution to the other employees as well as possibly even to the plan as a whole. By using this 401(k)/Profit Sharing plan design which is not available to a SEP, you can possibly save them a significant amount of money. The savings associated with the more efficient design can then be used to defray, if not eliminate, the added plan administration cost associated with a 401(k) Profit Sharing plan.

Legacy Retirement Solutions can help you evaluate your SEP business to make sure you retain your clients regardless of the type of plan they sponsor. Now is the best time to start evaluating your plans as certain timing deadlines impact the establishment of different types of plans. We can create free, customized illustrations to show your clients the impact of a plan change. We can also look at your SIMPLE IRA business as well.

Please take a look at the sample illustration to see how this can work for your clients.



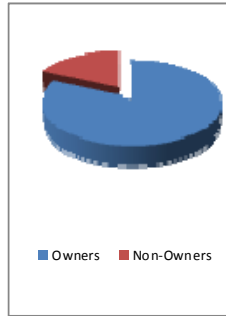
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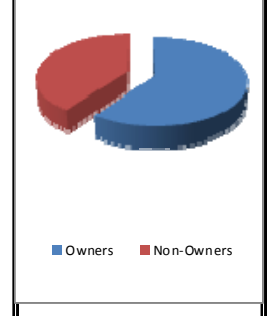
401k/Profit Sharing

SEP

	Deferrals	New Comp Max
Owners	\$35,000.00	\$67,000.00 81.82%
Non-Owners	\$17,000.00	\$14,888.89 18.18%
Total	\$52,000.00	\$81,888.89



Employer Contribution
\$102,000.00 60.00%
\$68,000.00 40.00%
\$170,000.00



Employee Name	Compensation	5% Owner	Tiered Class	Deferrals	Catch up Elig.	New Comp Max	Total Employee & Employer	SEP - Employer Contribution
Owner 1	\$ 255,000.00	Y	A	\$17,500.00	Y	\$33,500.00 13.14%	\$51,000.00	\$ 51,000.00 20.00%
Owner 2	\$ 255,000.00	Y	A	\$17,500.00	Y	\$33,500.00 13.14%	\$51,000.00	\$ 51,000.00 20.00%
Employee 1	\$ 60,000.00	N	B	\$ 3,000.00	Y	\$ 2,627.45 4.38%	\$ 5,627.45	\$ 12,000.00 20.00%
Employee 2	\$ 50,000.00	N	B	\$ 2,500.00	Y	\$ 2,189.54 4.38%	\$ 4,689.54	\$ 10,000.00 20.00%
Employee 3	\$ 50,000.00	N	B	\$ 2,500.00	Y	\$ 2,189.54 4.38%	\$ 4,689.54	\$ 10,000.00 20.00%
Employee 4	\$ 50,000.00	N	B	\$ 2,500.00	Y	\$ 2,189.54 4.38%	\$ 4,689.54	\$ 10,000.00 20.00%
Employee 5	\$ 40,000.00	N	B	\$ 2,000.00	Y	\$ 1,751.63 4.38%	\$ 3,751.63	\$ 8,000.00 20.00%
Employee 6	\$ 40,000.00	N	B	\$ 2,000.00	N	\$ 1,751.63 4.38%	\$ 3,751.63	\$ 8,000.00 20.00%
Employee 7	\$ 30,000.00	N	B	\$ 1,500.00	N	\$ 1,313.73 4.38%	\$ 2,813.73	\$ 6,000.00 20.00%
Employee 8	\$ 20,000.00	N	B	\$ 1,000.00	N	\$ 875.82 4.38%	\$ 1,875.82	\$ 4,000.00 20.00%



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