



# SEP-IRA PLAN

Business Owner Guidebook

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# WELCOME.

When you commit to saving for retirement, you want to invest with a company that shares your dedication to hard work and results. At T. Rowe Price, we've spent years developing a strategy that pursues competitive long-term returns while seeking to carefully manage risk.

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# PUT OUR RESOURCES AND APPROACH TO WORK FOR YOUR RETIREMENT GOALS.

When you invest with T. Rowe Price, you can take advantage of:

- **Strong Commitment to Proprietary Research**

We believe strongly in independent research and have developed one of the largest and most respected teams in the industry.

- **Seasoned Managers and Analysts**

T. Rowe Price works hard to hold on to good people; our portfolio managers average more than 16 years\* of experience with the company.

- **Sophisticated Risk-Management Process and Control**

Our investment style focuses on reduced risk where possible in an attempt to deliver consistent returns.

- **Strict Adherence to Investment Style**

We believe in our investment strategy and adhere to it in every market climate.

Your retirement savings will be one of your most valuable assets, so it pays to think carefully before selecting your retirement plan provider. Invest with T. Rowe Price to allow our combination of experience and commitment to long-term investing to work for your retirement plan.

\*As of December 31, 2021

For more information on saving for retirement with a SEP-IRA, visit [troweprice.com/sepira](https://troweprice.com/sepira).

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## **BENEFITS OF ESTABLISHING A SEP-IRA PLAN.**

A SEP-IRA plan is a cost-effective way for business owners to help prepare for a financially secure retirement. It's easy to set up and maintain, and you're not required to file annual plan reports with the IRS. In addition, our client services representatives are available to help. If you or your employees want assistance in choosing specific funds or an appropriate asset allocation, we offer investment advisory services.

### **Get valuable benefits targeted to small business owners.**

A SEP-IRA can help you take a big step toward saving for a secure retirement with:

#### ■ **Generous contribution limits**

Generally, you can deduct the contributions you make each year to each employee's SEP-IRA and your own SEP-IRA contribution.

The maximum contribution you can make to each employee's SEP-IRA each year is 25% of compensation\* or \$66,000 for 2023 (\$61,000 for 2022), whichever is less. If you are self-employed, the same limits above apply to you; however, special rules apply when figuring the maximum deductible contribution. Refer to IRS Publication 560 for more details.

#### ■ **Tax savings**

With a SEP-IRA plan, a business owner can save approximately \$2,200\*\* in federal taxes while saving for retirement. You generally can deduct any contributions you make to both your and your employees' accounts as a business expense (see page 4).

\*Under current tax law, the maximum amount of a participant's compensation that can be used in determining contributions is \$330,000 for 2023 and \$305,000 for 2022.

\*\*Based on 2023 IRS Tax Tables. This example reflects a hypothetical, unincorporated, self-employed, married individual under age 50 with 2 dependent children, filing jointly. The individual has net business income of \$100,000, and the spouse has no earned income.

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### ■ Low costs

There are no plan setup costs, and we offer a wide variety of no-load funds. In addition, we keep our mutual fund expenses low to help you save even more.

The \$20 account service fee is automatically waived for accounts that satisfy any of the following conditions as of the last business day in August: any accounts for which the shareholder has elected to receive electronic delivery of statements and confirmations;\* any accounts of a shareholder with at least \$50,000 in total assets with T. Rowe Price (for this purpose, total assets include investments through T. Rowe Price Brokerage and investments in T. Rowe Price Funds, except for those held through a retirement plan for which T. Rowe Price Retirement Plan Services provides record-keeping services); or certain accounts enrolled in the T. Rowe Price Summit Program. If the participant account is closed during the year, a \$20 closeout fee will be deducted automatically from the proceeds of the total redemption. However, the closeout fee is waived when an account service fee was previously assessed to the participant for that year or when the proceeds are being used for a rollover, transfer, or conversion to a T. Rowe Price retirement plan account or T. Rowe Price IRA.

### ■ Flexibility for business owners

The plan gives you the freedom to respond to changing business conditions. You're never required to make a contribution—you can contribute up to 25% of each employee's compensation to a SEP-IRA, and you can change the contribution percentage each year. However, in any year when you make a contribution, you must contribute the same percentage of compensation for all eligible employees, including yourself.

### ■ Plan Sponsor Web (PSW)

PSW ([troweprice.com/psw](http://troweprice.com/psw)) is a free, Web-based service you will use to submit contributions through a secure server. PSW makes it easy to establish accounts for you and your employees and to download plan reports. You can grant an agent or recordkeeper access to PSW as well.

\*Participants can subscribe to paperless delivery via the T. Rowe Price website once their account is established.

## **GO PAPERLESS FOR SECURE ONLINE ACCESS**

Sign up for E-Delivery to view your statements and documents instantly.

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### See how a SEP-IRA can help you save on taxes.

In addition to helping build your retirement nest egg, contributions to your SEP-IRA can be an effective way to reduce your business-related taxes for the current tax year.

The table below shows how an unincorporated business with \$100,000 in income can save over \$2,200 in taxes.

	Without a SEP-IRA Plan	With SEP-IRA Plan
Net Business Income	\$100,000	\$100,000
Less: 1/2 Employment Tax	7,065	7,065
Less: Standard Deduction	27,700	27,700
<b>Less: Plan Contribution</b>	<b>0</b>	<b>18,587</b>
Taxable Income	65,235	46,648
Regular Tax Due	7,388	5,158
Self-Employment Tax Due	14,130	14,130
Total Tax Before Tax Credits	21,518	19,287
<b>Tax Savings*</b>	<b>0</b>	<b>2,230</b>

\*Based on 2023 IRS Tax Tables. This chart represents an unincorporated, self-employed, married individual under age 50 with two dependent children, filing jointly. The individual has net business income of \$100,000 and the spouse has no earned income. The chart shows the difference between the tax due if no contributions are made and the tax due if the maximum contribution is made to a SEP-IRA Plan. There is a child tax credit for each child for 2023, subject to phase-out at a higher income level. This calculation has not taken into account the pass-through deduction that may be available. Actual savings will vary depending on your personal circumstances and the availability of the pass-through deduction. Please consult with your tax professional to discuss your specific situation.



# OPTIONS FOR RETIREMENT INVESTING.

## **Investment for retirement with a diversified fund series.**

If you want a portfolio that automatically adjusts over time, you may want to consider investing in a pre-assembled T. Rowe Price target date fund that provides a diversified portfolio to—and through—retirement. If you want more control, you may want to build your own custom portfolio. Both options are outlined below.

We offer three distinct types of T. Rowe Price target date funds:

### **Retirement Funds**

Retirement Funds are designed to provide you with an age-based diversified portfolio that you can carry to and through retirement—making them a one-stop approach to retirement investing. The Retirement Funds offer higher potential long-term growth and volatility by maintaining an emphasis on stocks before and after the target retirement date.

### **Target Funds**

Target Funds seek to reduce volatility as you near retirement and may better support withdrawals over a shorter time period. These funds offer lower volatility and lower potential long-term growth by emphasizing bonds near the target date.

### **Retirement Blend Funds**

Retirement Blend Funds leverage a substantially similar investment structure as our Retirement series, but with an increased use of passively managed underlying holdings to achieve lower fees. They are designed for those clients who are focused on growth for retirement but who place a greater emphasis on overall cost.

*The visual on the next page shows the distinct characteristics of these fund series and how they progress over time. For more information on these funds, visit [troweprice.com/targetdatefunds](https://troweprice.com/targetdatefunds).*

## **Build your own portfolio.**

If you want to select and control your own investments, you can choose from our more than 100 professionally managed mutual funds. Manage your portfolio and asset allocation over time to suit your risk tolerance, time horizon, and financial situation. For information about fund options, contact one of our retirement specialists.

*All investments involve risk, including possible loss of principal. Diversification cannot assure a profit or protect against loss in a declining market.*

*Call 1-800-638-3804 to request a fact sheet, a prospectus, or summary prospectus; each includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.*

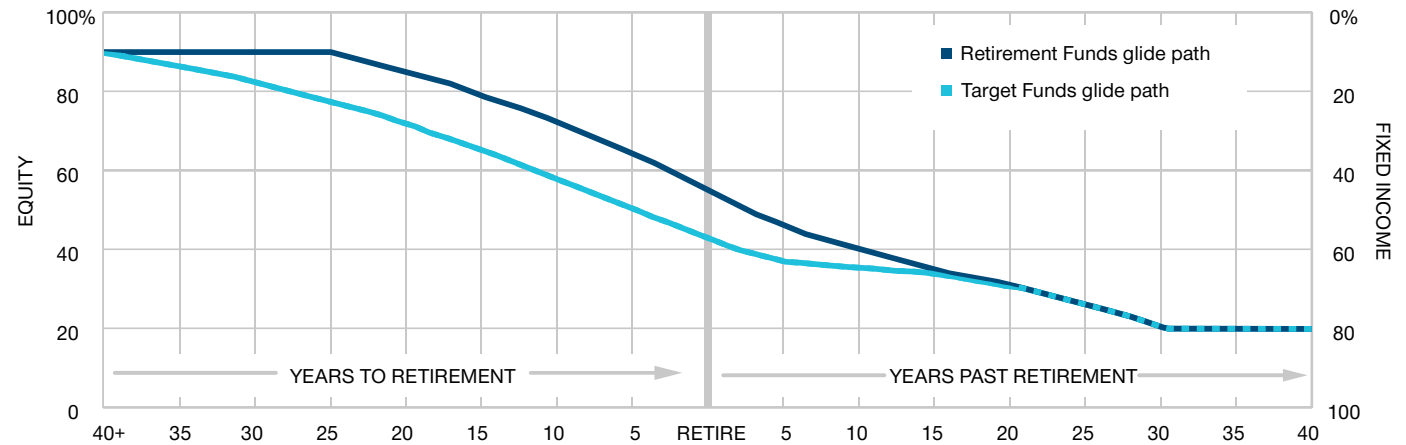
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## Comparing asset allocations for our target date funds.



This chart shows the neutral allocations for the funds as of 2023. The allocation for each fund may vary from the long-term neutral allocation. Call 1-800-541-8803 for the most current asset allocation.

The principal value of the Retirement Funds, Retirement Blend Funds and Target Funds (collectively, the “target date funds”) is not guaranteed at any time, including at or after the target date, which is the approximate year an investor plans to retire (assumed to be age 65) and likely stop making new investments in the fund. If an investor plans to retire significantly earlier or later than age 65, the funds may not be an appropriate investment even if the investor is retiring on or near the target date. The target date funds’ allocations among a broad range of underlying T. Rowe Price stock and bond funds will change over time. The Retirement Funds and Retirement Blend Funds emphasize potential capital appreciation during the early phases of retirement asset accumulation, balance the need for appreciation with the need for income as retirement approaches, and focus on supporting an income stream over a long-term retirement withdrawal horizon.

The Target Funds emphasize asset accumulation prior to retirement, balance the need for reduced market risk and income as retirement approaches, and focus on supporting an income stream over a moderate postretirement withdrawal horizon. The target date funds are not designed for a lump-sum redemption at the target date and do not guarantee a particular level of income. The key difference between the Retirement Funds/Retirement Blend Funds and the Target Funds is the overall allocation to equity; although they each maintain significant allocations to equities both prior to and after the target date, the Retirement Funds/Retirement Blend Funds maintain a higher equity allocation, which can result in greater volatility over shorter time horizons.





## SET UP YOUR SEP-IRA PLAN.

### Step 1—Establish your SEP-IRA plan.

Please review the [T. Rowe Price Traditional and Roth IRA Disclosure Statement and Custodial Agreement](#) before completing the [Information and Services Agreement](#).

Complete the following forms to establish your plan with T. Rowe Price:

- [Form 5305-SEP](#)
- [Information and Services Agreement](#)

You have until your company's tax filing deadline (generally April 15 for noncorporate entities or March 15 for corporate entities) plus any extensions to fund the plan. Return a copy of the Form 5305-SEP and the original Information and Services Agreement to T. Rowe Price at the address below. We will send you a confirmation and login information for the PSW site ([troweprice.com/psw](https://troweprice.com/psw)). You can then establish participant accounts.

T. Rowe Price  
P.O. Box 17350  
Baltimore, MD 21297-1479

#### **Express delivery only:**

T. Rowe Price  
Mail Code 17350  
4515 Painters Mill Road  
Owings Mills, MD 21117-4903

## **Step 2—Establish participant accounts.**

- Announce the SEP-IRA plan by providing a copy of the completed [Form 5305-SEP](#) to each eligible employee.
- Provide a copy of the following to each employee:
  - [SEP-IRA Employee Guidebook](#)
  - [T. Rowe Price Traditional and Roth IRA Disclosure Statement and Custodial Agreement](#)
  - [Participant Account form](#)
- Obtain a Participant Account form from each eligible employee, including yourself. Set up a new account for each employee, including yourself, via PSW. Be sure to retain the form(s) for your records.

## **Step 3—Contribute to the plan.**

Use PSW to submit plan contributions electronically via the Automated Clearing House.

**Note:** You can choose from our more than 100 professionally managed mutual funds. Visit T. Rowe Price's website ([troweprice.com/sepira](http://troweprice.com/sepira)) for current information, including, but not limited to, mutual fund prospectuses and reports.

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*Any tax-related discussion contained in this material, including any attachments, is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding any tax penalties or (ii) promoting, marketing, or recommending to any other party any transaction or matter addressed herein. Please consult your independent legal counsel and/or tax professional regarding any legal or tax issues raised in this material.*

*A retirement account should be considered a long-term investment. Retirement accounts generally have expenses and account fees, which may impact the value of the account. Early withdrawals are subject to taxes and possible penalties. For more detailed information about taxes, consult a tax attorney or accountant for advice.*

# CALL NOW WITH ANY QUESTIONS.

If you have any questions about the SEP-IRA forms, please call a T. Rowe Price client services representative toll-free at **1-800-638-3804**. You may also want to consult your tax professional regarding your particular situation.

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For answers to frequently asked questions, visit [troweprice.com/sepira](https://troweprice.com/sepira).

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