Retirement Planning



SEP-IRA PLANS



You can reduce your current income tax bill and provide yourself and your employees valuable retirement benefits with a Simplified Employee Pension (SEP), a simple retirement plan for businesses and self-employed individuals.

Advantages for the employer

- Contributions are a tax-deductible business expense
- No fees for plan administration
- No employer fiduciary liability for investment decisions
- Annual contributions are optional
- Easy to establish and maintain
- Helps business owners attract and retain quality employees

Advantages for your employees

- Earnings grow tax deferred employees do not pay taxes until they make a withdrawal
- Retirement benefits are immediately 100 percent vested
- Employer contributions to the SEP are not included in the employee's income for income tax and Social Security tax purposes
- Assets in the account are paid to the beneficiary if the employee dies

Plan Establishment

SEPs may be established by any employer, including sole proprietorships, partnerships, corporations, non-profit organizations, or government entities. To establish a SEP plan, IRS form 5305-SEP or an individually designed plan agreement must be completed and each eligible employee must have an IRA to accept the contribution. The deadline for establishing a SEP plan is the employer's tax filing due date, including extensions.

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Your representative can explain how Mutual of Omaha's wide range of investment options can help you get the most from your SEP plan.

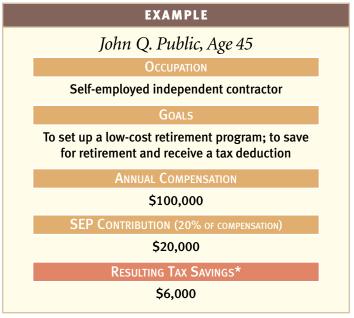
Employee participation in a SEP

You may exclude employees from participating in a SEP plan if they:

- Have not worked for the business during 3 of the last 5 years
- Earn less than \$550 (2011 indexed amount)
- Are not age 21
- Are covered by a collective bargaining agreement
- Are non-resident aliens

Contribution Limits/Allocations

Employers may contribute 25 percent of the employee's compensation up to \$49,000 (2011 indexed amount) to each employee's SEP-IRA. Self-employed individuals will generally be limited to a maximum contribution of 20 percent of net self-employment income. Consult a tax advisor regarding individual circumstances.



^{*} Assumes a 30 percent marginal income tax rate

Mutual of Omaha Plaza Omaha, Nebraska 68175 mutualofomaha.com

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Withdrawals

Employees can take withdrawals from their SEP-IRA at any time, which are subject to ordinary income taxes. Internal Revenue Service (IRS) penalties may apply if you take withdrawals before age $59^{1}/_{2}$ or if you don't begin required minimum distributions at age $70^{1}/_{2}$.

Age 59¹/₂ penalty exceptions

The IRS does provide exceptions to the 10 percent penalty tax, including:

- Rollovers to another IRA within 60 days of receipt
- Distributions upon death or permanent disability
- Substantially equal periodic payments over the IRA owner's life expectancy
- Up to \$10,000 for a first-time home purchase
- Higher education expenses for the IRA owner or certain family members
- Medical expenses that exceed 7.5 percent of the IRA owner's adjusted gross income

Now, more than ever, it is important to begin planning for your retirement.