Individual(k)™ Plan

The 401(k) for Owner-Only Businesses Client Guide

Trust must be earned

Amundi ASSET MANAGEMENT

A New Concept in Retirement Planning

401(k)? You never thought it could work for your small business. The Individual(k)™ Plan is a type of 401(k) designed specifically for owner-only businesses. With higher maximum contribution levels, loans, and the ability to consolidate your other retirement accounts, this plan is something completely different.

Discover the Individual(k)™ Plan

A 401(k) for Owner-Only Businesses

If you are in business for yourself and would like to put away more for your retirement, you have more options than ever before. 401(k) plans like the Individual(k)™ Plan are designed specifically for owner-only businesses. The Individual(k)™ Plan features more generous tax-deductible contributions than SEP, SIMPLE, profit sharing and money purchase plans. The Individual(k)™ Plan also provides for access to tax free retirement income through Roth contributions.[1]

Whether your business is incorporated or unincorporated, the Individual(k)™ Plan allows much larger contributions than other retirement plan options. The charts on the next page show just how much more the Individual(k)™ Plan lets you invest toward your retirement goals.

Who Should Consider the Individual(k)™ Plan?

Any business that employs only owners and their spouses – including C-corporations, S corporations, partnerships and sole proprietors – is a candidate. The Individual(k)™ Plan is not suitable for businesses with employees, or those that may be contemplating expansion in the near future.

Note: Certain employees are generally not considered for Individual(k)™ Plan eligibility purposes, including part-time employees who work less than 500 hours per year. Since the Individual(k) plan is designed exclusively for owner-only businesses, businesses with any common-law employees who work more than 500 hours per year are typically not appropriate candidates for an Individual(k) plan.

Individuals are encouraged to seek advice from their financial, legal, tax and other appropriate professionals before making any investment or financial decisions or purchasing any financial, securities or investment related product or service, including any product or service described in these materials. Amundi US does not provide investment advice or investment recommendations.

You may elect to have your salary deferral contributions be made on either a pre-tax or Roth basis.

Contact your Financial Professional for more information.

[1] To be eligible for a tax- and penalty-free qualified distribution from the Roth portion of your Individual(k)™ Plan, you must generally meet the five-year rule requirement (it has been at least five years since your initial Roth contribution) and one of the following conditions must be met: age 59½, disability, or death.

The Individual(k)™ Plan Offers Generous Contribution Limits

The following charts compare contribution limits for the most popular retirement plan options. As you can see, the Individual(k)™ Plan offers higher limits than other types of plans. Plus, contributions are flexible and can vary at your discretion from year to year.

2023 Maximum Contributions for Unincorporated Businesses

Self-Employment Income[1]		$10,000	$50,000	$100,000	$150,000
SEP-IRA		$2,000	$10,000	$20,000	$30,000
Profit Sharing		$2,000	$10,000	$20,000	$30,000
SIMPLE IRA	• Under age 50	$10,300	$17,000	$18,500	$20,000
	• Age 50+	$10,300	$20,500	$22,000	$23,500
Individual(k)™ Plan	• Under age 50	$10,000	$32,500	$42,500	$52,500
	• Age 50+	$10,000	$40,000	$50,000	$60,000

2023 Maximum Contributions for Incorporated Businesses

W-2 Income		$10,000	$50,000	$100,000	$150,000
SEP-IRA		$2,500	$12,500	$25,000	$37,500
Profit Sharing		$2,500	$12,500	$25,000	$37,500
SIMPLE IRA	• Under age 50	$10,300	$17,000	$18,500	$20,000
	• Age 50+	$10,300	$20,500	$22,000	$23,500
Individual(k)™ Plan	• Under age 50	$10,000	$35,000	$47,500	$60,000
	• Age 50+	$10,000	$42,500	$55,000	$67,500

[1] For purposes of this chart, self-employment income represents net business profit from self-employment adjusted, as appropriate, for applicable deductions related to self-employment tax. Clients may wish to contact a qualified tax professional for assistance in determining this amount.

Here's a sample of the types of business owners who should consider the Individual(k)™ Plan:

- Real estate brokers
- Independent board members
- Consultants
- Graphic artists
- Contract programmers
- Interior decorators
- Electricians
- Lawyers
- Chiropractors
- Accountants
- Landscapers
- Manufacturers reps

Enjoy All the Benefits that the Individual(k)™ Plan Offers

The Individual(k)™ Plan has many benefits beyond its generous contribution limits. Consider the following:

- **Valuable tax advantages.** A tax break for your business today–a tax break for you tomorrow. Employer contributions may be tax-deductible by your business and have the potential to grow on a tax-deferred basis until withdrawn. You can elect to have your salary deferral contributions be made on either a pre-tax or Roth basis.[1]
- **Complete contribution flexibility.** You decide each year whether to contribute and how much to contribute up to applicable limits.
- **Wide range of investment choices.** The Individual(k)™ Plan offers a selection of Pioneer funds so you can tailor your investment program to suit your retirement goals.
- **Hassle-free.** The Individual(k)™ Plan is easy and inexpensive to maintain. Unlike traditional 401(k) plans, there are no complicated discrimination tests or administrative requirements.
- **Loan availability.**[2] You can take loans from your Individual(k)™ Plan account – tax-free and penalty-free – under the same guidelines available to large corporate 401(k) plans.
- **Account consolidation.** The Individual(k)™ Plan can be used to consolidate retirement assets held in different plans to create one convenient account. The Individual(k)™ Plan is able to accept rollovers of Roth monies from other 401(k) plans.[3] (See page 4 for a more detailed discussion of rollover options.)[4]

***Note:** In general, the Individual(k) is for businesses without full-time employees. The plan may still be viable if employees are union workers, non-resident aliens, under age 21, or working fewer than 500 hours per year. Since the Individual(k) plan is designed exclusively for owner-only businesses, businesses with any common-law employees who work more than 500 hours per year are typically not appropriate candidates for an Individual(k) plan.

Individual(k)™ Plan Highlights — 2023 Plan Year	
Who May Establish	Any business that employs only owners and their spouses (includes corporations, partnerships or sole proprietors). The Individual(k)™ Plan is typically not suitable for businesses with any full-time, non-owner employees who work 500 or more hours per year.
Plan Establishment Deadline	Tax filing date, including extensions.
Maximum Contributions	Contributions are discretionary each year. The maximum is the sum of A, B and C below. However, A plus B cannot exceed the lesser of $66,000 or 100% of compensation. A. Employer contribution: Up to 25% of compensation (No more than $330,000 of compensation can be taken into account.)[4] B. Salary deferral contribution: Up to $22,500 C. Catch-up contribution for individuals age 50 or older: Up to $7,500 You have the added flexibility of electing to have your salary deferral and catch-up contributions be made on either a pre-tax or Roth basis.
Rollovers	Money can be rolled into Individual(k)™ Plan from qualifying employer retirement plan(s). Qualifying employer retirement plans include qualified plans (e.g., 401(k) plans or profit sharing plans), governmental 457(b) plans and 403(b) arrangements. Pre-tax IRAs, including Traditional, SEP and SIMPLE may also be rolled over. Individual(k)™ Plan can accept rollovers of Roth monies from other 401(k) plans. (See page 4 for a more detailed discussion of rollover options.)[3]
Vesting	100% immediate
Loans	Generally available up to 50% of account balance or $50,000, whichever is less. Repayment subject to IRS guidelines.[5]
Withdrawals	Available after age 59 ½ or upon death, disability or plan termination.[6]
Administrative Requirements	Annual IRS 5500-series filing generally required for years where aggregate plan assets exceed $250,000 or at plan termination. (Plan Sponsors will be provided with a signature-ready 5500-series.)

[1] Withdrawals of earnings attributable to Roth contributions or other taxable amounts may be subject to income tax and, if made prior to age 59½, may be subject to a 10% additional tax penalty.
[2] The amount available for loans is generally the lesser of $50,000 or one-half of the account balance as of the date the loan promissory note is generated. Please read the Loan Application terms and conditions for complete details. [3] You may wish to have your client contact the current custodian to determine if any fees or charges will apply to the rollover/transfer. [4] For 2022, no more than $305,000 of compensation could be taken into account with a maximum contribution amount of $61,000 ($67,500 if age 50 or older). For unincorporated businesses, compensation is the net earnings from self-employment taking into account both the deduction the self-employment tax and the deduction for the self-employed individual's own contribution. Because the deduction for the contribution and the net earnings depend on each other, seek tax advice to determine compensation. [5] Provided that the terms of the loan are satisfied. Failure to repay the loan according to the terms, may result in its being treated as a deemed distribution and if under age 59½, being subject to a 10% additional tax penalty. Be certain you understand the consequences of a loan before you initiate one. [6] Withdrawals may be taxable and, prior to age 59½, may be subject to a 10% federal tax penalty.

Commonly Asked Questions and Answers

Roll Other Retirement Plan Assets into an Individual(k)™ Plan

If you have money in a former employer's qualified retirement plan or in an IRA, you may use the Individual(k)™ Plan to consolidate your retirement savings. The Individual(k)™ Plan accepts rollovers from other retirement plans, including qualified plans (e.g., 401(k) plans or profit sharing plans), governmental 457(b) plans and 403(b) arrangements. IRAs, including Traditional, SEP and SIMPLE, may also be rolled over. You benefit from simplified record keeping in one convenient, easy to manage account.

Additional Rollover Information:

If you are retiring or moving on to another job, your retirement plan asset distribution options to consider generally include:

Choice 1: Take your retirement plan assets as a distribution.

Choice 2: Leave your retirement plan assets in your former employer's plan.

Choice 3: Transfer your retirement plan assets to your new employer's plan.

Choice 4: Roll your retirement plan assets over into an IRA (i.e., Traditional or Roth as applicable) or to another qualified plan – such as the Individual(k)™ Plan.

It is important to note that this is not intended to be an all-encompassing discussion of distribution options available to you. It is provided for educational purposes only. In addition to these choices, you may wish to discuss the following factors with your financial professional as you weigh your options:

- Investment Options
- Fees and Expenses
- Services
- Penalty-Free Withdrawals
- Protection from Creditors
- Required Minimum Distributions

The availability of each may vary from plan-to-plan.

If I start my business during the year, can I set up my plan immediately?

Yes. You can start contributing immediately.

Can I change to a Individual(k)™ Plan if I already sponsor a plan for my business?

Yes. The Individual(k)™ Plan can accept transfers or rollovers from your current plan, but the steps you need to take depend on the type of plan you own and whether you have funded it for the current tax year. Generally, profit sharing plans can be amended to a Individual(k)™ Plan, while money purchase plans and SIMPLE IRA plans must be terminated first. Business owners with a SEP plan may be able to establish a Individual(k)™ Plan for the current year, depending on the type of SEP you have adopted. Check with your investment professional or call us for more information.

If I own multiple businesses, is the Individual(k)™ Plan right for me?

Maybe. If you have ownership in more than one business and the businesses are considered to be under common control as defined by the IRS – then your businesses are viewed as a single entity for retirement plan purposes. This means that you must include all employees when setting up a plan. Remember, the Individual(k)™ Plan is designed for owner-only businesses. Consult your tax professional to determine if the Individual(k)™ Plan is appropriate for your situation.

Do I have to make contributions into the plan each year?

No. You have the flexibility to decide from year to year how much to contribute – up to the legal limits.

Can I contribute to a Individual(k)™ Plan for my sideline business if I participate in an employer-sponsored plan with another employer?

Yes. you can contribute to a Individual(k)™ Plan for your sideline business even if you participate in another employer-sponsored plan with another unrelated employer. However, if you make salary deferral contributions to another employer's plan, you must count those amounts along with any deferrals made to your Individual(k)™ Plan when determining the maximum deferrals that may be contributed for the year. This aggregation is not necessary for employer contributions, provided there is no common ownership.

Commonly Asked Questions and Answers

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Can the employer contribution vary by participant?

No. Each participant must receive the same percentage-of-pay contribution. If you give yourself a 25%-of-pay employer contribution, all participants must receive a 25%-of-pay contribution. This rule does not apply to salary deferral contributions. Each participant may choose how much to defer. You may elect to have your salary deferral contributions be made as either pre-tax, Roth, or a combination of the two. Contact your financial advisor for more information.

What's the difference between an employer contribution and a salary deferral contribution?[1]

If your business is incorporated, the employer contribution is based on your W-2 income and is contributed by the business. The maximum employer contribution is 25% of pay. It is not subject to federal income tax or Social Security (FICA) taxes at the time of contribution. The salary deferral contributions are withheld from your pay and, if pre-tax, contributions are excluded from federal income tax. Both Roth and pre-tax salary deferrals are subject to FICA. The maximum salary deferral amount for 2023 is 100% of pay up to $22,500 – or $30,000 if you are age 50 or older. Your business receives a tax deduction for both salary deferral and employer contributions. Note: Your annual contributions to Individual(k)™ Plan cannot exceed the lesser of $66,000 or 100% of pay ($73,500 if you are age 50 or older).

If your business is unincorporated, the employer and salary deferral contributions are based on your net earned income. Pre-tax contributions are not subject to federal income tax, but are subject to self-employment taxes (SECA). You receive a tax deduction for both salary deferral and employer contributions on your Form 1040.

When must contributions be made in order to take a deduction for a given year?

Employer contributions must be made by the business's tax filing deadline, plus extensions. Generally, salary deferrals should be deposited by the earliest date on which they can reasonably be segregated from the employer's general assets.

There are varying interpretations concerning how this general rule applies to salary deferral contributions for unincorporated business owners. Accordingly, unincorporated business owners are advised to seek guidance from a competent attorney or tax professional when determining the date by which salary deferral contributions should be made.

You Can Take Loans from Individual(k)™ Plan[2]

You can generally borrow up to 50% of your account balance for a maximum loan amount of $50,000. There are no taxes or penalties on the amount of the loan provided you pay it back in accordance with the repayment schedule.

[1] You may elect to have your salary deferral contributions made on a pre-tax or Roth basis.

[2] Please read the Individual(k)™ Plan Loan Application, including the Loan Application Terms and Conditions for complete information on loan eligibility, the applicable interest rate, and other important information. Participants who desire to borrow from their accounts should confer with the appropriate professionals before entering into a loan agreement.

Commonly Asked Questions and Answers

(continued)

What are my administrative responsibilities?

Since your plan covers only owners and their spouses employed by the business, your administrative requirements are minimal. In addition to remitting contributions to the plan, the IRS requires an annual the Form 5500-series filing. Generally, no filing is required until the plan year that plan assets exceed $250,000 or you terminate the plan. Plan Sponsors will be provided with a signature ready 5500-series filing if assets are above the filling threshold at calendar-year end or if you terminate your plan with the required request form.

What happens if my business grows and I hire employees?

The Individual(k)™ Plan is designed for business owners and their spouses employed by the business. If you currently have employees or anticipate adding employees soon, the Individual(k)™ Plan is not a suitable choice. Work with your financial professional to select a plan that meets your overall business requirements. Amundi US offers a broad array of retirement plans designed for businesses with employees.

Note: In general, the Individual(k) is for businesses without full-time employees. The plan may still be viable if employees are union workers, non-resident aliens, under age 21, or working fewer than 500 hours per year. Since the Individual(k) plan is designed exclusively for owner-only businesses, businesses with any common-law employees who work more than 500 hours per year are typically not appropriate candidates for an Individual(k) plan.

Getting Started

To enjoy the benefits of Individual(k)™ Plan, request the Amundi US Individual(k)™ Plan Establishment Set-Up Kit and follow the step-by-step instructions. You will see how quick and easy it is to start your plan today. If you need additional information call your financial professional, or contact the Individual(k) Service Team at (877) 221-0248.

Investing in mutual funds involves risks; for complete information on the specific risks associated with each fund, please see the appropriate fund's prospectus.

Individuals are encouraged to seek advice from their financial, legal, tax and other appropriate professionals before making any investment or financial decisions or purchasing any financial, securities or investment-related product or service, including any product or service described in these materials. Amundi US does not provide investment advice or investment recommendations.

Before investing, consider the product's investment objectives, risks, charges and expenses. Contact your financial professional or Amundi US for a prospectus or summary prospectus containing this information. Read it carefully.

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