



# RETIREMENT SOLUTIONS FOR YOUR EMPLOYEES

Nationwide's  
5-minute guide to  
Retirement Plans



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# Offer your employees a benefit that makes a big difference.

As a business owner, you take care of your employees through salary, medical care options and paid vacation time. So, why not offer a retirement plan that will help them now and in their retirement years?

A quality retirement program can be a way for you to reduce your company's current tax burden and invest money for your own retirement. It's also an excellent tool when it comes to attracting and retaining the valuable employees who make your business successful.

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# BENEFITS FOR YOU

Setting up a retirement plan can give your business tax benefits and help attract key prospects.

## Here's how:

Employer contributions to retirement plans (and often plan expenses) are generally tax deductible

Your business may be eligible for a tax credit for establishing a qualified retirement plan

Owners, including self-employed individuals, can usually invest more through a business retirement plan than through an IRA

This employee benefit can be highly valuable for recruiting and retaining quality employees

A retirement plan can help your employees attain a more financially sound future

# RETIREMENT PLAN OPTIONS

When choosing among different types of retirement plans, it's important that you don't select one that requires more administrative time and cost than you can afford. Nationwide offers a broad range of plans and services as well as people who are experienced at helping you customize a plan to fit the needs of you and your employees.

One of the first decisions you need to make is what you want your retirement plan to accomplish. To assist, your advisor may ask questions like these:

- How consistent is your month-to-month and year-to-year cash flow?
- Are tax-deductible contributions a priority?
- How many employees do you have?
- Are they predominantly young? In middle years? Nearing retirement age?
- Do you have difficulty attracting and retaining good employees?
- Do you want a plan that covers everyone, or just key workers?
- Are you willing to contribute to employees' accounts?
- Are your employees willing to contribute for themselves?
- Do you want to contribute for everybody, or only for participating employees?

# WHAT'S BEST FOR YOUR COMPANY?

There are two kinds of retirement plans to choose from — qualified and nonqualified. Both plans allow tax-deferred growth on investment earnings. However, the main difference between the two is whether or not the contributions are tax deductible to you when they're made.

## **QUALIFIED RETIREMENT PLANS:**

- Meet IRS requirements — eligible for favorable tax considerations
- May allow contributions from the employer as well as from employees
- Allow contributions, made by the employer on behalf of eligible employees, to be tax deductible to the business
- Include defined contribution plans, defined benefit plans and business IRAs

## **NONQUALIFIED RETIREMENT PLANS:**

- Don't meet the IRS or ERISA requirements for favorable tax treatment
- Offer more flexibility in funding, vesting, distribution and reporting options
- Are useful in adding to the retirement portfolios of highly compensated employees

# DEFINED CONTRIBUTION PLANS

Retirement benefits depend on the amount contributed and the investment return. Each eligible employee and/or the employer may make contributions to an account established for the participant. Typically, participants choose how to invest their contributions. Find out more information about three types of defined contribution plans below.

## 401(K) PLANS:

- Allow eligible employees to allocate part of their compensation directly to the plan
- Help participants reduce current income taxes
- Let investment earnings grow tax deferred, until withdrawal or distribution
- Allow company to match a portion of participants' contributions, if desired
- Offer a Roth feature, allowing participants to pay taxes on their investments at the time of contribution rather than withdrawal

## 401(A) PROFIT SHARING PLANS:

- Funded solely by the employer
- Offer great flexibility in terms of timing and amount of contributions
- Current or accumulated profits are not required in order to contribute

## ERISA 403(B) PLANS:

- Offered by nonprofit organizations such as universities, churches, hospitals and more
- Allow for larger contributions to be made to the plan
- Offer all the traditional benefits of a qualified retirement plan

# DEFINED BENEFIT PLANS

Often called a pension, this type of plan provides a predetermined amount of retirement income, based on a defined formula, to each eligible employee. Paid benefits may be based on Social Security benefits, and may or may not be adjusted for subsequent cost-of-living adjustments.

## **BENEFITS ARE GENERALLY PAID BASED ON THREE FACTORS:**

- Age
- Service
- Compensation

## **THESE PLANS TEND TO BE:**

- More expensive to administer than defined contribution plans
- More valued by longer-service workers
- More regulated compared to defined contribution plans
- More generous in rewarding long-term employees

# SOLUTIONS FOR SMALLER COMPANIES

For small businesses, there are two types of individual retirement accounts (IRAs) that offer retirement plan solutions — Simplified Employee Pension (SEP) IRA and Savings Incentive Match Plan for Employees (SIMPLE) IRA.

## **SEP IRA:**

This IRA is popular with self-employed individuals. In this plan, an employer contributes directly to an account for each plan participant.

## **SIMPLE IRA:**

Employers choose from one or two formulas to make contributions on behalf of their employees or participants may contribute to their own account.



# ARE YOU READY TO LEARN MORE?

There's no better time than the present for you to find out which retirement plan may be best for your company, your employees and you. Give your advisor a call today.

# EXPERIENCE YOU CAN COUNT ON

For more than 80 years, Nationwide® products and services have helped millions of people protect what matters most.

We focus on financial strength with a commitment to protecting what's most important to people. As a mutually owned company, we exist to serve our customers. And we cultivate long-term capital strength, so we can continue to honor every promise we make.

Nationwide is a Fortune 100 company<sup>1</sup> with more than 30,000 associates, making us one of the largest financial services companies in America. Through the years, we've worked hard to build things you can rely on:

- Diversified sources of earnings and cash flows
- A strong balance sheet
- A sound and disciplined investment policy; and
- A long history of maintaining a quality investment portfolio

Our retirement plan experience allows us to provide flexible investment choices, personalized service, plan design assistance and ongoing administration tailored to your needs.

- We service more than 2.3 million participants from more than 39,000 plans<sup>2</sup>
- We manage and administer over \$104 billion in retirement assets<sup>2</sup>

<sup>1</sup> Based on revenue, Fortune Magazine (June 2015)

<sup>2</sup> Nationwide, January 2016



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