



401(k) Plan

A 401(k) retirement plan features immediate tax savings on contributions, tax deferral on any investment earnings and optional contributions to the plan by your employer to help you make progress toward your retirement goals.

Key Benefits

- Provides you with a valuable, tax-deferred employee benefit for your retirement
- Allows you the flexibility to contribute toward your own retirement goals
- Accommodates optional contributions from your employer
- Enables you, working with an advisor, to choose your investment allocations
- Provides you with immediate vesting (ownership) of your own contributions

Saving and investing for a comfortable retirement may be one of the biggest financial challenges you will face. Fortunately, your employer is providing assistance and has a 401(k) plan in place to help you plan for your retirement.

A 401(k) is a retirement plan that allows you, as an eligible employee, to save and invest for your own retirement on a tax-deferred basis. You decide how much money you want deducted from your paycheck before taxes and contributed to the plan and your employer has the option of contributing as well. The contributions and earnings then have the potential to grow tax-deferred until withdrawn within the variety of investments offered that you control.

How 401(k)s work

Your employer, as the plan sponsor, has the responsibility of determining who will be eligible, how much and when you can contribute and how soon you will have complete vesting (ownership) of your plan. The employer also determines whether, how much and how the business will contribute to the plan, your investment options, how often you can reallocate your investment assets and if loans or hardship withdrawals will be allowed.

Vesting of your employer's contributions may follow a percentage increase for every year you work for the company for as many as six years until you own 100%.

Contributions

The maximum pre-tax amount you can contribute to your 401(k) plan is \$17,500 for 2014 and \$18,000 for 2015. Employee contributions, optional profit sharing and matching employer contributions cannot exceed the lesser of 100% of your compensation or \$52,000 in 2014 and \$53,000 in 2015. Contributions and earnings generally are not taxed by the federal government or by most state governments until they are distributed.

Distributions

Withdrawals are permitted without penalty at age 59½ or in the event of the death or disability of the participant. Availability of early withdrawals and taxation are generally outlined in the plan document. Required minimum distribution (RMD) rules do apply to 401(k) plans.

How an Advisor Can Help

Create a retirement strategy

The advisor working with your employer can help you map out a holistic retirement planning strategy, taking into consideration your retirement goals, timeframe and risk tolerance.

Determine your asset allocation

The advisor can help you determine appropriate allocations to the investment options made available by your employer.

Review and track performance

You will receive an easy-to-read brokerage account statement for your 401(k) account, making it easier for you and the advisor to track, evaluate and review the performance of your investments and make any course corrections necessary.

Facilitate plan loans

If your employer offers plan loans, the advisor can help you coordinate with the plan's administrator to arrange for loans from the plan.

401(k) Plans	2014 and 2015
Eligible Employees	All employees over age 21 with one year of service must be allowed to participate. Age and service requirements can be modified but cannot exceed certain requirements
Contributions Allowed	Employer contributions and employee salary deferral contributions
Maximum Employee Contribution	\$17,500 for 2014 and \$18,000 in 2015; if age 50 or older there is an additional maximum catch-up contribution limit of \$5,500 for 2014 and \$6,000 for 2015
Maximum Employer Contribution	Employee plus employer contributions cannot exceed the lesser of 100% of compensation or \$52,000 for 2014 and \$53,000 for 2015, excluding catch up ¹
Timing of Contributions	Employer—contributions must be made by federal tax filing date (with extensions) for prior year contribution Employee—generally, employers will deposit employee contributions as soon as administratively possible but no later than the 15th business day of the following month
Minimum Age to Take Distributions Without Penalty	59½
Mandatory Age Distributions Must Begin	April 1 of the year after participant reaches 70½
Plan Loans	If elected by the employer, loans are limited to the lesser of 50% of vested value or \$50,000 reduced by the highest outstanding loan balance over the year

Based on Internal Revenue Service Data, October 2014. This chart is intended to provide general information and is not intended as tax or legal advice. The rules governing contribution limits are complex, and you should consult with your plan administrator to understand the limitations, rules and regulations that apply to your plan.

Talk to an advisor to find out more

The advisor working with your employer can help you review your specific situation and retirement goals and answer questions about the features and benefits as well as any risks associated with your 401(k). Carefully review the plan, its investment options and costs before investing.

¹ The Internal Revenue Service caps compensation at \$260,000 for 2014 and \$265,000 for 2015, regardless of actual income or earnings.

Note: Investing involves risks, including the possible loss of principal. Investments are not FDIC insured and not insured by any federal government agency and may lose value. Different investments carry different types and degrees of risk and may not be suitable for all investors. You should familiarize yourself with those risks before investing. This summary is for general information purposes only.

Pershing LLC does not provide tax or legal advice. Individuals should seek professional advice before contributing to a 401(k), making any investment decision or taking distributions from a retirement plan.

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