Profit Sharing Plan

A profit sharing retirement plan features employer contributions and tax-deferral on any investment earnings to help you make progress toward your retirement goals, as well as emergency access to your money through in-service loans and withdrawals.

Key Benefits

- Establishes a tax-deferred individual retirement account for you
- Provides funding of the plan exclusively by contributions from your employer
- Enables you, working with an advisor, to choose your investment allocations
- Allows you to participate in the plan in addition to other retirement plans you may have
- Permits emergency in-service distributions and loans against the account if elected by the employer

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 profit sharing plan in place to help you plan for your retirement.

How profit sharing plans work

A profit sharing plan is a defined contribution retirement plan funded exclusively through discretionary annual employer contributions based on the success of the business. Every participant has a separate account under the profit sharing plan. Most plans contain a vesting schedule (determined by the employer) often between three and six years, during which time an employee attains full ownership of the account. If you leave the company before you are fully vested, you forfeit a portion of the account's accumulated value. The contributions and earnings have the potential to grow tax-deferred until withdrawn within the variety of investments offered that you control. Emergency access to money is available through in-service distributions and loans of up to 50% of the vested account balance (up to $50,000). Profit sharing plans can also be combined with other plans to achieve potentially higher overall retirement savings.

Contributions

Your employer has the discretion to determine when and how much the company will pay into the plan. The maximum contribution is limited to 100% of the annual compensation paid to eligible employees or $52,000 in 2014 and $53,000 in 2015, whichever is less. The amount allocated to each individual account is usually based on the salary level of the employee.

Distributions

Withdrawals are permitted without penalty at age of 59½. or in the event of 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 profit sharing 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 retirement plan 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

The advisor can help you coordinate with the plan's administrator for emergency in-service distributions or loans from the plan.

Profit Sharing Retirement Plan	2014 and 2015
Eligible Employees	All employees over age 21 with one year of service
Contributions Allowed	Employer contributions only
Contribution Limit	Up to the lesser of 100% of compensation or $52,000 in 2014 and $53,000 in 2015[1]
Investment Selection	The employee, working with an advisor, controls the investment allocations
Vesting Terms	Defined by the employer; a "cliff" vesting schedule (generally 100% vested after three years) or a graded vesting schedule (generally 20% after two years, increasing 20% per year, and 100% vested after six years); 100% vested at retirement
Minimum Age to Take Distributions Without Penalty	59½
Plan Loans	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 profit sharing retirement plan. Carefully review the plan, its investment options and costs before investing.

[1] Only the first $260,000 in 2014 and $265,000 in 2015 of an employee's compensation can be considered when calculating contribution maximums.

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 establishing a profit sharing plan, making any investment decision or taking distributions from a retirement plan.

The products and/or services described in this fact sheet are offered to you by your financial organization, not directly by Pershing LLC.

ECFS-PER-PSP-12-14