

*You've established  
a successful business...*

## *Now it's time to plan for an even more successful retirement*

*Owning your own business, or working as an individual contractor, has its benefits. By being your own boss, you have the power to make your own decisions on how your business will operate and function.*

*But have you considered how you will fund your retirement? As estimated shortfalls in Social Security become more apparent, preparing for financial needs during retirement years is becoming more and more important. Since 2001, owner-only businesses can realize the benefits of a popular retirement savings vehicle, the Individual 401(k) plan, which offers:*

- Higher contribution limits than SEP and SIMPLE IRAs
- Higher deductibility level than IRAs
- Limited administration required
- Low cost
- Portability to/from other plans
- Investment flexibility
- Availability of Roth deferrals

## **WHO QUALIFIES FOR AN INDIVIDUAL 401(K) PLAN?**

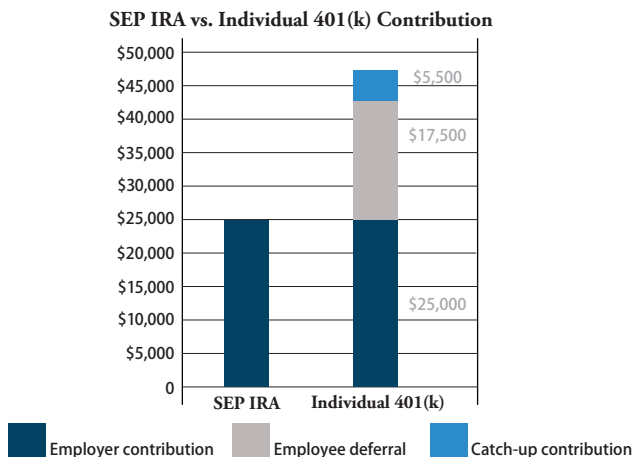
The Individual 401(k) plan is available to any owner-only business or an owner and his or her spouse. Corporations, partnerships, sole proprietors, and non-profit entities can utilize the Individual 401(k); however, this plan is not designed for businesses with employees.

## **HOW MUCH CAN BE CONTRIBUTED ANNUALLY?**

There are two types of contributions, and the owner can make both of them, as the owner is considered both the “employer” and an “employee.”

“Employees” can defer up to \$17,500 (for 2013, as indexed) of their compensation on a pre-tax basis each year, as long as that amount does not exceed 100% of their compensation. In addition, the “employer” can contribute and deduct a maximum of 25% of his or her compensation. The total combined employee salary deferral and employer profit sharing contribution limit is the lesser of 100% of compensation or \$51,000 (2013, as indexed) per person, per year.

For participants age 50 or older, the Individual 401(k) plan offers them the opportunity to make additional “catch up” contributions of \$5,500 (2013, as indexed) in pre-tax salary deferrals. This catch-up contribution is in addition to the overall contribution limit of \$51,000 (2013, as indexed).



*The above illustrates maximum contribution levels for a SEP IRA and Individual 401(k) assuming \$100,000 in compensation.*

## **WHAT IS COMPENSATION?**

- Sole Proprietorship — Net profits from Form 1040, Schedule C and Schedule SE.
- Partnership — Net profits from Form 1065, Schedule K-1 and Schedule SE.
- Incorporated Business — Owner's Social Security wages listed on their W-2 form.

Individuals should consult with their tax advisor for assistance in calculating their specific annual contribution amount.

## **ARE ROLLOVERS INTO THE INDIVIDUAL 401(K) ALLOWED?**

Those individuals who have already participated in a retirement plan may be able to transfer or roll over those funds into their new Individual 401(k) plan. Rollovers and transfers are allowed from deductible IRA, SEP and SIMPLE IRA (after two years from first contribution), profit sharing, money purchase, defined benefit, 401(k), 403(b), and governmental 457 plans.

## **ACCESS TO FUNDS**

Sometimes individuals may find it necessary to use the funds in their retirement plan prior to retirement. Participants may take a loan or “in-service” withdrawal from their Individual 401(k) if specified in the 401(k) plan document. Otherwise, withdrawals are limited to certain triggering events, such as retirement, attainment of a certain age, disability, or death of the participant. Premature distributions are subject to a 10% penalty, and all non-Roth distributions will be taxed as ordinary income.

## **WHAT ARE OTHER BENEFITS OF THE INDIVIDUAL 401(K)?**

In addition to perks such as the large annual deductible contribution limit and catch-up provision, the Individual 401(k) offers other attractive benefits. The plan's administrative costs are relatively low compared to some other retirement plans, which makes it more affordable for owner-only businesses to prepare for retirement. Also, the Individual 401(k) allows each participant the versatility and freedom to choose from a broad range of investment vehicles. With the assistance of a Stifel Nicolaus Financial Advisor, an Individual 401(k) can be tailored to meet the specific needs and objectives of each plan participant.

*For more information regarding Individual 401(k) plans, contact your Stifel Nicolaus Financial Advisor today.*

## ABOUT STIFEL NICOLAUS

STIFEL NICOLAUS IS A FULL-SERVICE INVESTMENT FIRM WITH A DISTINGUISHED HISTORY OF PROVIDING SECURITIES BROKERAGE, INVESTMENT BANKING, TRADING, INVESTMENT ADVISORY, AND RELATED FINANCIAL SERVICES TO INDIVIDUAL INVESTORS, INSTITUTIONS, CORPORATIONS, AND MUNICIPALITIES. ESTABLISHED IN 1890 AND HEADQUARTERED IN ST. LOUIS, MISSOURI, STIFEL NICOLAUS IS ONE OF THE NATION'S LEADING FIRMS.

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### THE INDIVIDUAL 401(K) PLAN

*A Retirement Plan for  
Owner-Only Businesses*

STIFEL, NICOLAUS & COMPANY, INCORPORATED

*Investment Services Since 1890*

ONE FINANCIAL PLAZA | 501 NORTH BROADWAY  
ST. LOUIS, MISSOURI 63102 | (314) 342-2000  
MEMBER SIPC AND NYSE | WWW.STIFEL.COM

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