SEP
Retirement

Simplified Employee Pension

What is a SEP?

A SEP or "Simplified Employee Pension" is a retirement plan that allows employers to make direct, tax-deductible contributions to employee SEP-Individual Retirement Accounts (IRAs).

Small-business owners and their employees want the opportunity to enjoy a comfortable retirement. They need a flexible, low-cost and easy-to-manage program that allows them to build a nest egg.

A SEP Plan is a smart way to invest for your retirement. The plan can be maintained independently of any other IRA accounts that you may have.

Why establish a SEP?

We all need to supplement Social Security benefits with personal retirement savings to help provide the level of income that we will need in retirement. This is especially true as life expectancies increase and individuals experience more frequent job changes (with fewer employer pensions). In addition, there are major advantages to establishing a SEP.

Did you know that...

The average American, age 65, will spend 20 years in retirement—a long period of time during which living expenses will continue and likely increase with inflation.

Experts say we need 70–85 percent of our pre-retirement income to cover expenses.

For most Americans, full Social Security benefits are not payable until age 67.

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How do I benefit as an employer?

Tax Deductibility. Your SEP contributions are tax deductible.

Easy Setup. You simply complete one easy form.

Flexibility. You decide whether to make contributions each year.

No ERISA Reporting. You have no ERISA reporting requirements.

Benefits Enhancement. A SEP can help attract and retain talented employees. And, as a participant, you also enjoy the same benefits as an employee.

How do I benefit as an employee?

Employer Contributions. The employer makes all contributions to your SEP.

Deferred Taxes. You pay no taxes on SEP contributions until you withdraw them.

Tax Deferral. Your earnings grow tax-deferred until you withdraw them.

Simplicity. Once established, your SEP operates like an IRA.

Immediate Vesting. All contributions are immediately 100 percent vested.

What is the maximum contribution?

Each year the employer will determine the percentage of compensation, if any, that it will contribute to the SEP. The SEP contribution percentage applies to each participant's compensation. The maximum excludable SEP contribution in 2015 is limited to the lesser of $53,000 (indexed for inflation), or 25 percent of the participant's annual compensation.[1]

[1] For the 2015 plan year, only the first $265,000 of a participant's compensation is taken into account.

How is the Foresters Financial SEP different?

By establishing a SEP with Foresters Financial, you will be working with a company that has built its reputation by providing financial services with a personal touch, managing assets effectively and offering a wide variety of quality products.

Unlike other SEPs that limit your investment choices to bank or insurance company products, your Foresters Financial SEP offers you a choice of mutual funds with a wide range of investment objectives and risk levels—from conservative to aggressive.* In addition, you have the flexibility to change from one fund to another when you want to change your investment strategy. There is no tax consequence or early withdrawal penalty for this exchange, and you don't have to wait for one trustee to transfer your money to another trustee.**

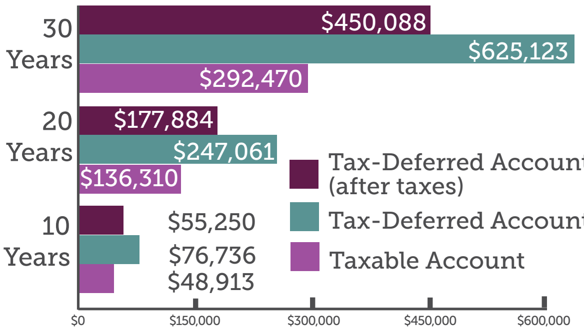
Who is eligible?

Any employee 21 years of age or older who has worked for the same employer for at least three of the past five years will participate, provided that the employee has received at least $550[2] in annual compensation from the employer. The employer may choose less restrictive participation requirements.

[2] Subject to inflation adjustments in future years.

What is the impact of pretax contributions and tax-deferred growth?

The chart below compares hypothetical end-of-year values for a pretax investment of $5,000 annually made into a tax-deferred account with a nondeductible investment of $5,000 annually made into a taxable investment account. In each case, the investment is made in equal monthly installments.



Assumptions:

- Annual contributions of $5,000, in equal monthly installments.
- Hypothetical 8 percent investment return, compounded monthly with reinvestment of dividends and capital gains.
- 28 percent assumed tax rate.
- The value of the tax-deferred account after a lump sum withdrawal taxed at 28 percent, is $55,250 if taken after 10 years, $177,884 if taken after 20 years, and $450,088 if taken after 30 years.***

Hypothetical results are for illustrative purposes only and are not intended to represent the past or future performance of any specific securities. Investment return and principal will fluctuate so that shares, when redeemed, may be worth more or less than their original value. Withdrawals before age 59 1/2 may be subject to ordinary income tax and a 10 percent penalty.

Lower maximum tax rates on capital gains and dividends would make the return of the taxable investment more favorable; thereby reducing the difference in performance between the accounts.

Changes in tax rates and tax treatment of investment earnings may impact the comparative results. You should consider your personal investment horizon and income tax bracket, both current and anticipated, when making investment decisions as these may further impact the results of the comparison.

* Mutual funds are not insured by the Federal Deposit Insurance Corporation (FDIC) or any other entity, are not guaranteed by any bank and are subject to investment risks, including possible loss of principal.

** If your needs and investment goals change, you may exchange the assets from one First Investors fund into your choice of many other First Investors funds without a sales charge. Shares of a particular Class may be exchanged only for shares of the same Class of another fund. Please refer to the prospectus for more details.

*** Your actual tax rate on the withdrawal of gains from a tax-deferred account could be more or less than 28 percent, depending upon the applicable tax rates that are then in effect, and whether you make your withdrawal in a lump sum or over time. Your effective tax rate on gains from a taxable account could also be more or less than 28 percent, depending upon your adjusted gross income and the nature of the gains. Currently, qualifying dividend income and long-term gains from a taxable account are taxed at an individual's capital gains rate, which is 15 percent or lower. Capital gains taxation is not available for gains taken from a tax-deferred account. The differences between the tax-deferred and taxable returns shown in the example would therefore be smaller if (a) your effective federal tax rate on the gains from a taxable account were lower than 28 percent or (b) your federal tax rate on a withdrawal from a tax-deferred account were greater than 28 percent.

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What are my investment options?

Foresters Financial Services, Inc. offers SEP participants a full line of professionally managed mutual funds. You may allocate your contributions among our stock, bond and money market funds based on your personal goals and risk profile.

This information is general in nature and should not be construed as tax advice. Please consult a tax or legal adviser as to how this information affects your particular circumstances.

For more information about any mutual fund from Foresters Financial when planning your SEP IRA program, you may obtain a free prospectus or summary prospectus by contacting your Representative, writing to the address below, calling 800 423 4026 or visiting our website at forestersfinancial.com. You should consider the investment objectives, risks, charges and expenses of the funds carefully before investing. The prospectus and summary prospectus contain this and other information about the funds, and should be read carefully before you invest or send money. An investment in these funds is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency.

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