Retirement plan solutions built for you and your employees

Everyday 401(k) by J.P. Morgan

J.P.Morgan
ASSET MANAGEMENT

A 401(k) with J.P. Morgan

How do 401(k) plans work?

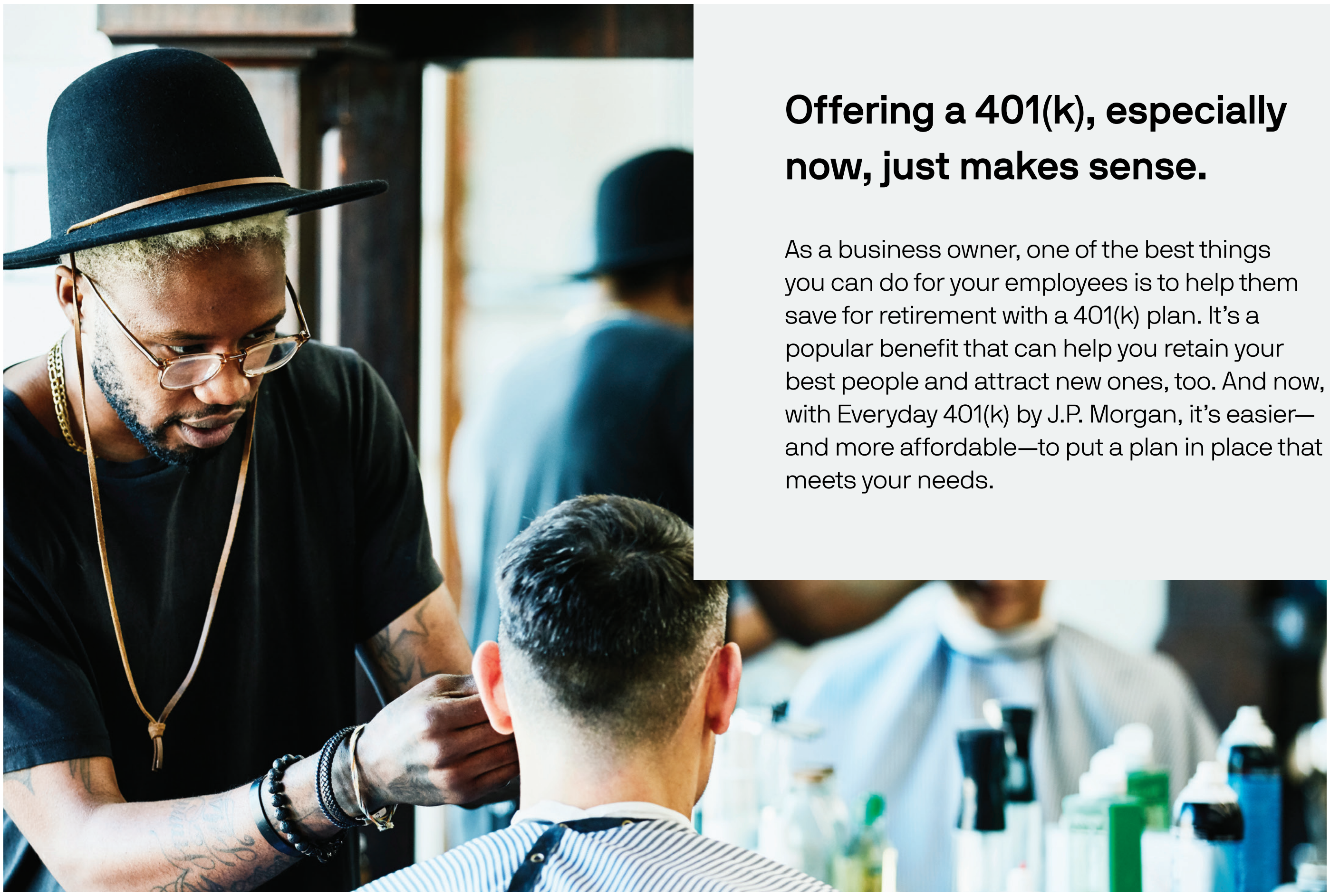
A 401(k) is an employer-sponsored retirement plan that allows employees to set aside a portion of their paychecks to save for retirement. By offering a 401(k) plan, you can enable your employees—and yourself—to start saving and investing for the future.

Plan participants can choose what percentage of their pay they would like to save, how they would like to invest those funds, and whether they would like to pay taxes on their contributions now (a Roth 401(k)) or later (a traditional 401(k)).

The plan will then automatically deduct the specified percentage of their salary from each paycheck and invest it so it can grow, tax-efficiently, year after year. And once plan participants reach a certain age, they can start withdrawing money to provide themselves with a new source of income in retirement.

What's the difference between a 401(k) and a Roth 401(k)?

The difference between a traditional 401(k) and a Roth 401(k) is when you pay taxes. With a traditional 401(k), your contributions are made with your pre-tax earnings, so you will pay taxes when you receive distributions from your plan. With a Roth 401(k), your contributions are made after you pay taxes on your earnings. All growth on your Roth 401(k) contributions will be income-tax-free. No taxes are due when you make a qualified withdrawal from your Roth 401(k). Both options are available with Everyday 401(k) by J.P. Morgan.



Offering a 401(k), especially now, just makes sense.

As a business owner, one of the best things you can do for your employees is to help them save for retirement with a 401(k) plan. It's a popular benefit that can help you retain your best people and attract new ones, too. And now, with Everyday 401(k) by J.P. Morgan, it's easier—and more affordable—to put a plan in place that meets your needs.

Here's what a 401(k) plan can do for you and your employees:

Attract and retain top talent

87% of employees identify retirement benefits as a key factor when deciding whether to stay with their current employer or consider a new opportunity.[1]

Take advantage of tax credits and low costs

Today, businesses can receive up to $5,000 per year in tax credits for the first three years after starting a 401(k) plan to help offset the startup and administrative costs, plus $500 per year for choosing automatic enrollment.[2]

Moreover, businesses with 50 or fewer employees may be eligible for additional tax credits up to $1,000 annually per qualified employee for the first five years of the plan to help offset employer contributions.[3]

Help your employees build a brighter future

83% of workers who participate in a defined contribution plan are confident about their retirement.[4]

Introducing

Everyday 401(k) by J.P. Morgan

Everyday 401(k) by J.P. Morgan can help you attract and retain top talent while building stronger retirement savings for you and your employees. After all, your people are your most important resource, and a retirement plan is a great opportunity for you to invest in their futures—and yours, too.

By choosing J.P. Morgan, you'll be working with one of the most trusted banking establishments in the world. Our legacy of financial leadership goes back to 1799, and more than 64 million households[5] have a relationship with JPMorgan Chase & Co.

Low costs

Simple solutions

Stronger retirement savings

Empowering you and your employees to start saving for a better retirement

Low costs

As a business owner, your time and expenses are always top of mind. That's why Everyday 401(k) plans include certain administrative services performed on your behalf, so you don't have the burden of doing them yourself.

Businesses can also receive up to $5,000 per year in tax credits for the first three years after starting a 401(k), to offset start-up and administrative costs, plus $500 for choosing automatic enrollment.[6] In addition, you may also receive up to $1,000 per eligible employee per year to offset the cost of employer contributions for the first five years of the plan.[7]

To complement these tax credits, Everyday 401(k) plans offer some of the lowest administrative fees in the industry. And employees have access to the lowest-cost versions of each investment fund available.

Everyday 401(k) plans start as low as $100 per month plus $6 per participant per month.[8]

Simple solutions

We make it easy to set up your Everyday 401(k) plan so you and your employees can start saving for retirement. To get started, you'll speak with an experienced 401(k) retirement plan specialist who will help you understand your options. Then, you'll set up your plan online with an assigned onboarding specialist who will help you customize your plan.

To help you administer your plan, J.P. Morgan has selected a 401(k) platform powered by Vestwell, the company that will serve as your co-fiduciary. An assigned Client Success Manager will help with many of the administrative tasks associated with offering a 401(k) plan.

In addition, J.P. Morgan has selected Mesirow Financial as the investment fiduciary to help you select, manage and monitor the investment lineup for your retirement plan. We also work with a host of payroll providers to integrate your 401(k) plan into your payroll and streamline your plan administration.

All Everyday 401(k) plan options come with an assigned client success manager who will guide your client experience. And because many recordkeeping and compliance administration services are included in the cost of your Everyday 401(k) plan, you will have more time to work on your business.

Stronger retirement savings

We share our best insights, expertise and tools with your employees to help them save for a more successful retirement.

Everyday 401(k) package options

	Bundled Recordkeeping Solutions			Third-Party Administrative (TPA) Solutions	
	Core Safe Harbor packaged solutions	**Choice** Non-Safe Harbor packaged solutions	**Plus** Customizable plan design solutions	**Flex** Work with a select network of TPAs to address complex plan design needs	**Access** Work with any TPA to address complex plan design and service needs
Plan admin fees	$100 mo.	$120 mo.	$155 mo.	$270 mo.	$145 mo. + TPA fees
Saver admin fees typically paid by the employee	$6 mo.	$6 mo.	$6 mo. (auto-enroll) $8 mo. (no auto-enroll)	$8 mo.	$8 mo.
Start-up fee for new 401(k) plans	$500	$500	$500	$750	Based on TPA
Conversion fee for existing plans	NA	NA	$750	$1,250	$500 + TPA fee
Safe Harbor mandatory employer contribution	✓	✗	Depends on plan design	Depends on plan design	Depends on plan design
Employer match or contribution	Required; Safe Harbor Enhanced Match	Discretionary/ Optional	Optional	Optional	Optional
Profit sharing	✗	- ProRata - Integrated - None	- New Comparability (3 groupings) - ProRata - Integrated - None	- New Comparability - ProRata - Integrated - None	- New Comparability - ProRata - Integrated - None
Auto-enrollment	Required	Required	Optional	Optional	Optional
Eligibility	1, 3, 6 or 12 months of service for full-time employees[9]	1, 3, 6 or 12 months of service for full-time employees[9]	Customizable	Customizable	Customizable
Vesting	100% immediately	6-year graded starting after year 2	6 options to choose from	Customizable	Customizable
Compliance ADP/ ACP testing	Automatically passes with Safe Harbor contributions	✓	✓	✓	✓
Top-heavy testing	Automatically passes with Safe Harbor contributions	✓	Depends on plan design	Depends on plan design	Depends on plan design
Fiduciary 3(38) services	✓	✓	✓	✓	✓
Fiduciary 3(16) admin services	✓	✓	✓	Based on TPA	Based on TPA
Trust services	✓	✓	✓	✓	✓
Assigned client success manager	✓	✓	✓	✓	✓
Other fees	Mutual fund investment management fees	Mutual fund investment management fees	Mutual fund investment management fees	Mutual fund investment management fees	Mutual fund investment management fees

Important terms and information

Benefit of a Safe Harbor plan

A Safe Harbor plan reduces the administrative burden for the business by allowing business owners to automatically pass certain annual year-end tests to ensure compliance with IRS regulations regarding specific contribution, vesting and participant notifications. This makes it easier for business owners and highly compensated employees to contribute the annual maximum allowable contribution amount in their own 401(k) accounts. However, business owners are required to make annual contributions on behalf of their employees in a Safe Harbor plan.

Employer match or contributions

Employer matching contributions are funds that a business owner deposits into an employee's retirement account to match a percentage of that employee's own contributions. Matching contributions are optional except for Safe Harbor plans, but even where they are not required, they're a popular way to attract and retain top talent and motivate employees to save more. Matching contributions can follow a vesting schedule designed to further encourage employee retention and reward long-term employees. And now, you may be able to take advantage of a $1,000 per eligible employee tax credit for the first five years of the plan.[10]

Profit sharing

Profit sharing allows business owners to make an additional contribution to an employee's account based on the company's profits. Like matching contributions, profit-sharing contributions are optional.

Auto-enrollment

Automatic enrollment makes it easy for your employees to start automatically saving. Employees are automatically enrolled in the plan unless they elect to opt out. When surveyed, 79% of participants were in favor of or neutral toward automatic enrollment, and 100% of participants who were automatically enrolled in their employers' plans were satisfied.[11] And by adding an automatic enrollment feature to a new or existing 401(k) plan, eligible businesses can earn an additional $500 tax credit.[12] The credit is available for each of the first three years the feature is effective. Starting in 2025, all new 401(k) plans will be required to include automatic enrollment.

Vesting

Vesting refers to the employees' ownership of any employer contributions to the 401(k) plan. Employees always own their own contributions. Each employee will vest—or own—a certain percentage of their employer contribution made on their behalf at some point during the early years of the employee's participation. An employee who is 100% vested owns 100% of the employer contributions made for them and the employer cannot forfeit them, or take them back for any reason once the employee becomes 100% vested.

Annual compliance testing

Providing a qualified retirement plan to employees is a generous benefit for any employer to offer. But the IRS wants to make sure these benefits are provided in a non-discriminatory manner. To enforce this, qualified retirement plans must pass a series of compliance tests each year to show that the benefits were provided fairly. We refer to this process as year-end testing. This service is included with the Vestwell 3(16) Fiduciary services and requires the plan sponsor's participation.

Annual census validation

The business is also required to review and approve employee information annually to facilitate compliance testing or validation of their Safe Harbor status.

3(38) investment fiduciary

A 3(38) investment fiduciary is responsible for selecting, managing, monitoring and benchmarking the investment lineup for a retirement plan. J.P. Morgan has selected Mesirow Financial to serve as your 3(38) investment fiduciary.

3(16) fiduciary

A 3(16) administrative fiduciary is responsible for managing the day-to-day administrative tasks for a 401(k) plan. This includes claims, loan and distribution approval, completing required annual compliance year-end testing, signing and filing the annual Form 5500 with the U.S. Department of Labor (which is then shared with the IRS), preparing and distributing notices, determining eligibility and providing statements to employees. Without a 3(16) Fiduciary, the business owner would be fully responsible for all aspects of these required administrative tasks. J.P. Morgan has selected Vestwell to serve as your 3(16) fiduciary for most plans. As a result, business owners will enjoy reduced administrative burden and risk along with a superior experience.

Everyday 401(k) Q & A

Q **As the owner of the business, may I participate in the 401(k) plan?**

A Yes. Business owners often participate in their own company's 401(k) plan.

Q **What resources are available for my employees?**

A Your employees will receive support from the moment they're enrolled in your 401(k) plan. They'll receive a welcome email and access to the "Saver Support Help Center," which contains materials about enrollment, getting started, choosing investments and more. They'll also receive 24/7 access to their accounts along with a breadth of resources to help them stay on track for retirement.

Q **As a business owner, am I required to match my employees' contributions?**

A It depends. If you select a Safe Harbor plan (such as Core), then employer contributions on behalf of the employees are required. If you select a Non-Safe Harbor plan, no employer contributions are required—but if you do make them, they are tax-deductible. You have the discretion to offer a match or make additional profit-sharing contributions. This amount can be changed from year to year without amending the plan.

Q **What if my business has an existing 401(k) plan?**

A Everyday 401(k) can be a great way to reduce plan expenses and lower the administrative burdens of your existing plan. You can convert an existing plan for just $750.

Q **I own more than one company, or there are multiple entities involved in my organization. Could they be included under one retirement plan?**

A Possibly, if the companies are deemed to be part of a Controlled Group. A 401(k) Controlled Group is a set of companies with shared ownership that would be eligible to pool their employee base into a single 401(k) plan.

Q **What is the minimum number of employees needed for an Everyday 401(k) plan?**

A Any business with a minimum of two W-2 employees may have an Everyday 401(k) plan.

Business owner responsibilities

The business owner or employer is also known as a "plan sponsor." The plan sponsor establishes the retirement plan for the benefit of their employees and has many responsibilities, including:

- Establishing the retirement plan document
- Choosing service providers
- Facilitating contributions and payroll deductions
- Managing strategic decisions and day-to-day affairs
- Reviewing the plan annually

Fiduciary responsibilities

A plan sponsor is also a fiduciary to the plan. Below, you'll learn more about these responsibilities. On the next page, you will see how J.P. Morgan and our partners will help you.

What is ERISA?

ERISA is the acronym for the Employee Retirement Income Security Act, a federal law enacted in 1974. ERISA regulates employer-sponsored retirement and welfare benefit plans. One of the primary purposes of the act is to impose specific duties on plan fiduciaries, including:

Duty of loyalty: Known as the "exclusive benefit rule," it states that a fiduciary must perform his or her duties solely in the interest of participants and beneficiaries for the exclusive purpose of:

- Providing benefits to participants and beneficiaries, and
- Defraying reasonable expenses of administering the plan

Duty to act prudently: Interpreted by the courts to be a "prudent expert" rule, it states that a fiduciary must act with the "care, skill, prudence, and diligence…that a prudent [person] acting in a like capacity and familiar with such matters would use…" [ERISA §404(a)(1)(B)]

- Fiduciaries may need to hire or consult with an expert if they do not have the expertise on their own
- Acting in good faith is not sufficient
- A prudent decision-making process can be more important than the outcome of a decision
- Decisions and meetings should be properly documented

Duty to diversify investments: A fiduciary should act to diversify investments to minimize the risk of large losses, unless, under the circumstances, it is clearly prudent not to do so.

- Diversification is measured with respect to the plan's entire assets, not at the level of the individual manager or investment option

Duty to follow plan provisions: To the extent not inconsistent with ERISA, fiduciaries must follow the terms of the governing documents for the retirement plan.

- The plan document provisions should be periodically reviewed and kept up-to-date
- Other plan-related documents (e.g., the investment policy statement) should also be considered when carrying out this duty
- Consistency across plan-related documents is important

How J.P. Morgan and our partners can help

J.P. Morgan understands how important it is that you have time to work on your business and not be overwhelmed with plan sponsor and fiduciary tasks. That is why we have partnered with Vestwell as your 3(16) plan administrative fiduciary. Vestwell will work with you to complete various administrative and fiduciary tasks. Your role as a plan sponsor is to be responsive to requests for information and provide accurate information.

J.P. Morgan also works with Mesirow Financial, which is your plan's 3(38) investment fiduciary. As the investment fiduciary, Mesirow is responsible for selecting, managing, monitoring and benchmarking the investment lineup for your 401(k) plan.

Both Vestwell's and Mesirow's services are included in your 401(k) plan.

Everyday 401(k) was built with you and your employees in mind. And we've made it easier than ever to start saving for a successful retirement. Just contact us and we can help you put your plan in place.

- Call 833-JPM-401K to speak with a Retirement Plan Specialist
- Visit chase.com/everyday401k

1 J.P. Morgan Small Business Plan Participant Research, 2021.

2 Under the Setting Every Community Up for Retirement Enhancement (SECURE) Act, signed into law in December 2019, a number of tax credits were enacted to encourage small businesses to begin offering retirement plans and including key features that would encourage employees to participate. One of those tax credits provides $500 per year for three years if the employer includes an auto-enrollment feature in the plan. This credit is only available for employers that have fewer than 100 employees with at least $5,000 in compensation in the previous year and the plan must cover at least one non-highly compensated employee. Another tax credit that was enacted in SECURE may be available to help you offset your first three years of plan startup costs in an amount equal to 50% of qualified startup costs paid or incurred, but limited to the greater of (1) $500; or (2) the lesser of (a) $250 for each non-highly compensated employee who is eligible to participate in the plan or (b) $5,000. In general, "qualified startup costs" are ordinary and necessary expenses of an eligible employer that are paid or incurred in connection with the establishment or administration of an eligible employer plan, or the retirement-related education of employees with respect to a plan if the plan has at least one participant who is not a highly compensated employee. Employers should be advised to consult their tax advisors concerning eligibility for the credit.

Secure 2.0, which was contained in Consolidated Appropriations Act, 2023, P.L. 117-328, enacted December 29, 2022, extended the $5,000 per year tax credit for the first three years to 100% of plan administrative expenses for businesses with 50 or fewer employees.

3 Under Internal Revenue Code Section 45E(f), businesses with 50 or fewer employees may qualify for tax credits for employer contributions for eligible employees (i.e., those who make $100,000 or less). In the first two years of the plan, the credit is 100% of the employer contribution capped at $1,000 per eligible employee; in year three of the plan, it is 75% of the employer contribution capped at $1,000 per eligible employee; in year four of the plan, it is 50% of the employer contribution capped at $1,000 per eligible employee; and in year five of the plan, it is 25% of the employer contribution capped at $1,000 per eligible employee. This credit is phased out for employers with 51–100 employees. Specifically, the amount of the credit will be reduced by an amount equal to 2% for each employee in excess of 50.

4 See footnote 1.

5 Investor Day 2023; data as of 2022.

6 See footnote 2. Also, the SECURE Act created a tax credit of $500 per year for three years if the employer includes an auto-enrollment feature in the plan. This credit is only available for employers that have fewer than 100 employees with at least $5,000 in compensation in the previous year, and the plan must cover at least one non-highly compensated employee.

7 See footnote 3.

8 This per-participant fee is paid by the participant in most 401(k) plans and not by the business. The business does, however, have the option to choose to pay this per participant fee on behalf of its employees.

9 Eligible employees must either be W-2 or have earned income and meet the appropriate age requirements.

10 See footnote 3.

11 See footnote 1.

12 See footnote 6.

PROD-0124-2402257-AM-EVERYDAY401K-STANDARD CHASE | **09SB211207180353**

AM-EVERYDAY401K-STANDARD CHASE

J.P.Morgan
ASSET MANAGEMENT