Putnam SEP IRA

A SEP IRA is a flexible, convenient, and affordable way for business owners to contribute to their own and to their employees' retirement savings.

What is a SEP IRA?

A Simplified Employee Pension Plan, commonly known as a SEP IRA, is a retirement plan specifically designed for self-employed people and small business owners. When establishing a SEP IRA plan for your business, you and any eligible employees establish your own separate SEP IRAs; employer contributions are then made into each eligible employee's SEP IRA account.

Unique advantages

- **Tax-deferred compounding.** All of the money contributed to your SEP IRA — as well as any dividends and/or capital gains on those holdings — grow tax deferred, which can build account values potentially over time.
- **Tax-deductible contributions.** You may take a federal income tax deduction equal to the amount of your employer contributions, up to a maximum of 25% of compensation paid during the year to employees (20% of net earnings after expenses if you're self-employed). Plans meeting certain requirements may qualify for a start-up cost tax credit. Under the SECURE Act, this credit has been increased to as much as $5000, for three years, to offset the ordinary and necessary administrative costs of starting a SEP.
- **A win-win for you and your employees.** A SEP IRA allows you to prepare for your financial future while helping your employees prepare for theirs. In addition, sponsoring a SEP IRA can provide you with a significant tax deduction. In the following hypothetical example, the employer funds both its own retirement account as well as its employees' accounts while being able to deduct contributions from its current income.

Easy, cost-effective administration

- **Costs are low and maintenance is easy.** SEP IRAs do not require annual IRS filings. And the only administrative expense normally associated with a Putnam SEP IRA is a $25 annual maintenance fee, which is paid by each participant.*

Tax savings for employers

	Salary	Contribution: 10% of salary
Employer	$100,000	$10,000
Employee #1	40,000	4,000
Employee #2	30,000	3,000
Employee #3	30,000	3,000
Total contributed		20,000
Tax savings (based on a 24% bracket)		**$4,800**

- **Fiduciary liability is minimal.** All employees generally receive the same contribution rate, and investing decisions are the participant's responsibility. As a result, the employer avoids the level of fiduciary responsibility that many other types of retirement plans require.

Flexible contributions with high limits

- **Contribution limits are relatively high.** Compared with other types of plans, maximum annual contribution limits to SEP IRAs are high: $61,000 or 25% of each employee's compensation for 2022 (20% of compensation if you are self-employed), whichever is less.
- **Contributions are discretionary.** As the plan sponsor, you decide every year what amount to contribute. You can vary the contribution percentage from year to year, or you can skip contributions altogether. All employees generally receive the same contribution rate.
- **Eligibility.** SEP IRAs must generally include any employee who is age 21 or over, has been employed by you for at least three of the past five years, and has annual earnings of at least $650 (for the 2022 tax year).

For more information or to set up a SEP IRA, please call Putnam Retirement Plan Services at 1-800-662-0019.

* Annual fee waived if account balance is over $50,000.

A broad range of investment options

You can choose from a variety of Putnam mutual funds that invest across multiple asset classes:

Growth funds invest in stocks of companies with strong Growth funds invest in stocks of companies believed to have above-average growth potential.

Blend funds can invest in both growth and value stocks seeking companies believed to be worth more than their current stock prices indicate.

Value funds look for stock that have been overlooked by other investors and that may be selling for less than their true worth.

Income funds invest in bonds and other securities with the goal of providing a steady stream of income over time.

Global sector funds invest worldwide in stocks of companies from a single economic sector.

Asset allocation funds invest in a mix of stocks, bonds, and capital preservation instruments, and provide global diversification.

Putnam Target Date Funds invest in a mix of stocks, bonds, and capital preservation instruments, and allocations automatically adjust over time as shareholders advance toward their retirement.

Award-winning service and support

You'll receive top-quality service and support from a team of dedicated Putnam representatives.

For the 11th consecutive year, Putnam was the sole winner of the DALBAR Total Client Experience Award for providing quality, accuracy, and client security. In addition, 2021 marked the 32nd consecutive year in which Putnam received a DALBAR service quality award.

Consider these risks before investing: If the quantitative models or data that are used in managing an underlying fund prove to be incorrect or incomplete, investment decisions made in reliance on the models or data may not produce the desired results and the fund may realize losses. Our allocation of assets among permitted asset categories may hurt performance. The value of investments in the underlying funds' portfolios may fall or fail to rise over extended periods of time for a variety of reasons, including general economic, political, or financial market conditions; investor sentiment and market perceptions; government actions; geopolitical events or changes; and factors related to a specific issuer, asset class, geography, industry, or sector. These and other factors may lead to increased volatility and reduced liquidity in the underlying funds' portfolio holdings. Growth stocks may be more susceptible to earnings disappointments, and value stocks may fail to rebound. Investments in small and/or midsize companies increase the risk of greater price fluctuations. Bond investments are subject to interest-rate risk (the risk of bond prices falling if interest rates rise) and credit risk (the risk of an issuer defaulting on interest or principal payments). Default risk is generally higher for non-qualified mortgages. Interest-rate risk is generally greater for longer-term bonds, and credit risk is generally greater for below-investment grade bonds. Lower-rated bonds may offer higher yields in return for more risk. Funds that invest in government securities are not guaranteed. Mortgage-backed securities are subject to prepayment risk, which means that they may increase in value less than other bonds when interest rates decline and decline in value more than other bonds when interest rates rise. The underlying funds may have to invest the proceeds from prepaid investments, including mortgage and asset backed investments, in other investments with less attractive terms and yields. International investing involves currency, economic, and political risks. Emerging-market securities carry illiquidity and volatility risks. Active trading strategies may lose money or not earn a return sufficient to cover trading and other costs. REITs are subject to the risk of economic downturns that have an adverse impact on real estate markets. Commodity-linked notes are subject to the same risks as commodities, such as weather, disease, political, tax, and other regulatory developments, and other factors affecting the value of commodities. Risks associated with derivatives include increased investment exposure (which may be considered leverage) and, in the case of over-the-counter instruments, the potential inability to terminate or sell derivatives positions and the potential failure of the other party to the instrument to meet its obligations. Efforts to produce lower volatility returns may not be successful and may make it more difficult at times for the funds to achieve their targeted returns. In addition, under certain market conditions, the funds may accept greater volatility than would typically be the case, in order to seek their targeted returns. There is no guarantee that the funds will provide adequate income at and through an investor's retirement. You can lose money by investing in the funds.

For the portion invested in Putnam RetirementReady Funds' allocation to Putnam Government Money Market Fund, these risks apply: *You can lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time. The values of money market investments usually rise and fall in response to changes in interest rates. Interest-rate risk is generally lowest for investments with short maturities (a significant part of the fund's investments). Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's credit quality or value. The value of investments in the fund's portfolio may fall or fail to rise over extended periods of time for a variety of reasons, including general economic, political, or financial market conditions; investor sentiment and market perceptions; government actions; geopolitical events or changes; and factors related to a specific issuer, geography, industry, or sector. These and other factors may lead to increased volatility and reduced liquidity in the fund's portfolio holdings.*

Certain securities in which the fund may invest, including securities issued by certain U.S. government agencies and U.S. government-sponsored enterprises, are not guaranteed by the U.S. government or supported by the full faith and credit of the United States. The value of investments in the fund's portfolio may fall or fail to rise over extended periods of time for a variety of reasons, including general economic, political or financial market conditions; investor sentiment and market perceptions; government actions; geopolitical events or changes; and factors related to a specific issuer, geography, industry, or sector. These and other factors may lead to increased volatility and reduced liquidity in the fund's portfolio holdings. Government agencies and U.S. government-sponsored enterprises, are not guaranteed by the U.S. government or supported by the full faith and credit of the United States. Mortgage-backed investments carry the risk that they may increase in value less when interest rates decline and decline in value more when interest rates rise. We may have to invest the proceeds from prepaid investments, including mortgage- and asset-backed investments, in other investments with less attractive terms and yields. Our investment techniques, analyses, and judgments may not produce the outcome we intend. The investments we select for the fund may not perform as well as other securities that we do not select for the fund. We, or the fund's other service providers, may experience disruptions or operating errors that could have a negative effect on the fund.

For informational purposes only. Not an investment recommendation.

Investors should carefully consider the investment objectives, risks, charges, and expenses of a fund before investing. For a prospectus, or a summary prospectus if available, containing this and other information about any fund, please call your plan's toll-free number. Read the prospectus carefully before making any investment decisions.