

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 \$500 start-up cost tax credit.
- **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 28% bracket)		\$5,600

- **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: \$54,000 or 25% of each employee's compensation for 2017 (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 and over, has been employed by you for at least three of the past five years, and has annual earnings of at least \$600 (for the 2017 tax year).

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

A broad range of investment options

You can choose from a variety of Putnam mutual funds covering a wide array of investment styles.

If you want to invest based on:	You may consider:
Target retirement year	Putnam RetirementReady® Funds
Risk level	Putnam DynamicAsset Allocation Funds
Targeted return	Putnam Absolute Return Funds

You can also build your own portfolio by choosing a combination of individual funds managed in different styles:

Growth funds invest in stocks of companies with strong growth potential. 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.

Consider these risks before investing: Our allocation of assets among permitted asset categories may hurt performance. The prices of stocks and bonds in the funds' portfolio may fall or fail to rise over extended periods of time for a variety of reasons, including both general financial market conditions and factors related to a specific issuer or industry. Our active trading strategy may lose money or not earn a return sufficient to cover associated trading and other costs. Our use of leverage obtained through derivatives increases these risks by increasing investment exposure. 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). Interest-rate risk is greater for longer-term bonds, and credit risk is greater for below-investment-grade bonds. Unlike bonds, funds that invest in bonds have ongoing fees and expenses. 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. International investing involves certain risks, such as currency fluctuations, economic instability, and political developments. Additional risks may be associated with emerging-market securities, including illiquidity and volatility. Our use of derivatives may increase these risks by increasing investment exposure (which may be considered leverage) or, in the case of many over-the-counter instruments, because of the potential inability to terminate or sell derivatives positions and the potential failure of the other party to the instrument to meet its obligations. The funds may not achieve their goal, and they are not intended to be a complete investment program. The funds' effort to produce lower-volatility returns may not be successful and may make it more difficult at times for the funds to achieve their targeted return. In addition, under certain market conditions, the funds may accept greater volatility than would typically be the case, in order to seek their targeted return. **For the 500 Fund and 700 Fund, these risks also apply:** REITs involve the risks of real estate investing, including declining property values. Commodities involve the risks of changes in market, political, regulatory, and natural conditions. Additional risks are listed in the funds' prospectus. You can lose money by investing in the funds. The funds are not intended to outperform stocks and bonds during strong market rallies.

For the portion invested in Putnam Retirement Ready Funds' allocation to Putnam Government Money Market Fund, these risks apply: *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. 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. Mortgage-backed securities are subject to prepayment risk and the risk that they may increase in value less when interest rates decline and decline in value more when interest rates rise.

Each RetirementReady Fund has a different target date indicating when the fund's investors expect to retire or begin withdrawing assets for another savings goal. The dates range from 2020 to 2060 in five-year intervals, with the exception of Putnam Retirement Income Fund Lifestyle I, which is designed for investors at or near retirement. The funds are generally weighted more heavily toward more aggressive, higher-risk investments when the target date of the fund is far off, and more conservative, lower-risk investments when the target date of the fund is near. This means that both the risk of your investment and your potential return are reduced as the target date of the particular fund approaches, although there can be no assurance that any one fund will have less risk or more reward than any other fund. The principal value of the funds is not guaranteed at any time, including the target date.

This material is for informational and educational purposes only. It is not a recommendation of any specific investment product, strategy, or decision, and is not intended to suggest taking or refraining from any course of action. It is not intended to address the needs, circumstances, and objectives of any specific investor. Putnam, which earns fees when clients select its products and services, is not offering impartial advice in a fiduciary capacity in providing this sales and marketing material. This information is not meant as tax or legal advice. Investors should consult a professional advisor before making investment and financial decisions and for more information on tax rules and other laws, which are complex and subject to change.

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.

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.

Award-winning service and support

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

For the fifth consecutive year, Putnam is the sole winner of the 2016 DALBAR Total Client Experience award for providing quality, accuracy, and client security. In addition, 2016 also marks the 27th consecutive year in which Putnam has received a DALBAR service quality award.