Single K℠

Employer Fact Sheet

The OppenheimerFunds Single K℠ Plan is a retirement savings alternative for owner-only employers. Historically, 401(k)s weren't an option for these business owners because salary deferrals were considered employer contributions that applied toward the employer's maximum deductible contribution. In short, nothing was gained by adopting a 401(k) plan instead of a Profit-sharing plan. Pension reform legislation **now** allows many small business owners to save a significantly greater portion of their income than was previously possible via SIMPLEs and SEPs.

Plan Features

Target Market

- Designed for corporations, partnerships, sole proprietorships and nonprofit entities that employ: 1) Owners and spouses, owner's parents, children and grandchildren, and 2) Owners with excludable part-time or seasonal employees
- Incorporated or unincorporated businesses
- Not designed for employers with full-time, rank-and-file employees such as assistants, clerical workers and lower paid individuals

Plan Set-up Deadline

- End of the plan year, usually December 31

Eligibility Requirements

- Age 21 and one year of service (1,000 hours) (Employer may set less restrictive requirements)
- 1/1 and 7/1 entry dates

Vesting

- Immediately, 100% vesting in contributions

Employer Contributions

- The maximum tax-deductible profit-sharing contribution is 25% of total compensation made to participants in the plan[1]
- Traditional (pretax) 401(k) only

Salary Deferrals

- The lesser of 100% of employee's compensation, or $15,500 in 2007
- Traditional (pretax) 401(k) and Roth (after-tax) 401(k) features are available

Catch-up Contributions

- Individuals age 50 or older may contribute an additional $5,000 in salary deferrals beyond the $15,500 deferral limit
- Traditional (pretax) 401(k) and Roth (after-tax) 401(k) features are available

Overall Limits[2]

- Cannot exceed the lesser of 100% of income up to $45,000 or $50,000 if age 50 or older (2007)
- Salary deferral contributions are counted towards the $45,000 limit. Catch-up contributions do not count towards the $45,000 limit

Rollovers

- Rollovers and transfers are permitted from Traditional IRAs, SEP IRAs, SIMPLE IRAs (after two years), Qualified Plans, Traditional 403(b) and 457 Plans into a Traditional Single K Plan
- Conversions from a Traditional 401(k) or 403(b) to a Roth Single K plan are not permitted
- Rollovers from a Roth Single K Plan to a Roth 401(k) or Roth 403(b), or Roth IRA are permitted
- Rollovers from a Roth Single K Plan to a Traditional IRA are not permitted
- Rollovers from a Roth IRA to a Roth Single K Plan are not permitted
- Check a provider's plan for any restrictions before moving your plan

Loans

- Available

Hardship Withdrawals

- Available

Withdrawals

- Limited to certain events such as retirement, disability and death

Government Reporting

- IRS Form 1099R
- The administrator must file IRS Form 5500 if there are non-owner employees in the plan or assets reach $250,000 or more

Fees

- $15 annual maintenance charge[3]
- $40 loan set-up fee

Investment Choices

- Full selection of OppenheimerFunds' professionally managed taxable mutual funds
- OppenheimerFunds Portfolio Builder℠ Asset Management Program—Available for Single K clients with $25,000 or more in assets. Portfolio Builder offers access to Oppenheimer funds spanning many asset classes and investment styles; plus automatic rebalancing options. To find out if Portfolio Builder makes sense for you, talk to your financial advisor today (Roth 401(k) feature is not available with Portfolio Builder.)

Internet Access and Toll-free Participant Number

- Perform exchanges at **www.oppenheimerfunds.com**[4]
- Call **1.800.835.7305** for account balances and to perform transactions. PhoneLink, our automated fund information system, is available anytime at **1.800.533.3310**

Trustee

- OFI Trust Company

Documents

- IRS-approved plan document

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Technical Support 1.800.835.7305

Frequently Asked Questions

Can a business owner with employees establish a Single K Plan?

The Single K Plan is generally for businesses that employ only the owner and his or her immediate family members or employ the owner and other part-time employees that may be excluded from plan participation.

The following types of employees may be generally excluded from plan participation:

- Employees under 21 years of age
- Employees who work less than 1,000 hours
- Employees who belong to a union
- Employees who are nonresident aliens

Can a business that is incorporated have a Single K Plan?

A Single K Plan can be established by both incorporated and unincorporated businesses including sole proprietorships, partnerships and corporations. Employers of incorporated businesses must draw a salary or wage (i.e., W-2 income) to be eligible for a Single K Plan.

What if a business owner already has a business retirement plan?

A business owner may be eligible to convert his or her existing retirement plan into a Single K Plan. Also, a business owner may be able to terminate an existing retirement plan and roll those assets into a Single K Plan. Keep in mind that some plans you terminate do require you to wait 12 months before establishing a new plan.

What if a business owner plans to expand his/her business to include rank-and-file employees in the future?

A business owner can establish a Single K Plan for his or her business today, but before you add rank-and-file employees to your plan, you must amend the Single K Plan and adopt a new plan. (There may be additional administrative costs associated with a new plan.)

What is the deadline for establishing and funding a Single K Plan?

The deadline for establishing a Single K Plan is the last day of the plan year. Generally, the deadline for funding a Single K Plan is the business' tax return due date, including extensions. Deferrals in a Single K may be deposited up until the tax-filing deadline including extensions for unincorporated business owners. Deferrals for W-2 employees must be made on a payroll basis and deposited no later than the 15th day of the month following the month in which the deferrals are withheld.

Please contact your financial advisor for more information on the OppenheimerFunds Single K℠ Plan.

1. When calculating the amount that an employer can contribute for himself or herself as a self-employed person under a qualified plan, he or she must deduct from his or her earned income all contributions made for the year for all plans he or she may have. This has the effect of reducing the percentage limit for the employer's own deductible contributions to the plan to 20% of net profits. This is calculated after the self-employment tax deduction is taken but before the contribution is made on his or her own behalf.
2. Maximum contribution is the lesser of 100% of compensation or $45,000, but is limited to an overall maximum of 25% of all participant covered compensation under the plan.
3. Participants with account balances less than $50,000 pay a $15 annual maintenance fee. Participants with account balances with $50,000 or more pay a $10 annual maintenance fee.
4. Limited to account inquiry access for Portfolio Builder plans.

This material is provided for general and educational purposes only, and is not intended to provide legal, tax or investment advice, or for use to avoid penalties that may be imposed under U.S. federal tax laws. Contact your attorney or other advisor regarding your specific legal, investment or tax situation.

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