



Invesco Aim Small Business Plans

Business owner guide



Why Consider a Retirement Plan?

By rewarding employees with a retirement plan, you may reduce the amount you pay Uncle Sam in taxes.

As the cost-conscious owner of a small business, you may think a retirement plan is a luxury. Actually, it's a benefit for you and your employees you can't afford to pass up.

Funded in whole or in part by tax-deductible contributions, a small business retirement plan can help to:

- Reduce your business taxes.
- Build vital personal retirement savings.
- Provide an attractive benefit to recruit, reward and retain valuable employees.

Because businesses come in a variety of sizes and configurations, so do Invesco Aim's retirement plans. Invesco Aim offers retirement solutions for businesses of all sizes and has several low-cost, convenient retirement plans for partnerships, corporations, businesses with 100 or fewer employees and sole proprietorships. Plans include SEP, SIMPLE IRA, age-weighted, new comparability, safe harbor 401(k), super comparability 401(k), solo 401(k) and profit sharing.

The Invesco Aim team is ready to work with you and your financial advisor to evaluate your company's retirement plan needs. We'll consider key factors like cost, plan features, recordkeeping services, tax implications and investment choices. Once we've helped you find the right retirement plan for you and your employees, our specialists can walk you through every step of the process – from plan design to enrollment to daily administration.

Please keep in mind that any withdrawals made prior to 59½ may be subject to tax penalties – and that investment return and principal value of a mutual fund investment will vary, so you may have a gain or a loss when you sell shares.

For more information regarding any of the plans featured, contact your financial advisor.

The information in this guide is provided for a general understanding of the different types of plans and their features. Any tax information presented is based on federal income tax laws, which may differ from state and local income tax laws. All rules related to the establishment or maintenance of each plan type are not included in this summary. Additional rules may apply if an employer maintains multiple plans. Contact your investment advisor for more complete information on any plan and its application to your particular situation. This guide is not intended as tax advice.

SEP Plan

Choose how much to contribute – and when – depending on your cash flow.

Flexible retirement savings

The Simplified Employee Pension (SEP) plan is a low-cost retirement plan designed for small businesses and the self-employed. This plan enables you to make discretionary tax-deductible contributions for yourself and your eligible employees – with minimal administration.

Establishing a SEP requires setting up an IRA for each eligible employee. You make contributions directly to your employees' IRAs, and you have the flexibility to control the frequency and amount.

Plan features

- **Higher contribution limits.** You decide the percentage you wish to contribute each year: up to 25% of compensation or \$46,000,¹ whichever was less, in 2008. In 2009, the limit increased to \$49,000.¹
- **Cost flexibility.** There are no requirements on the frequency or amount of contributions, and you are only obligated to contribute for eligible employees.
- **Social Security integration.** Additional contributions are permitted for employers or employees who earn more than the taxable wage base. For 2008, the taxable wage base was \$102,000; it increased to \$106,800 for 2009.
- **Minimal administration.** You are not required to file IRS Form 5500 if the document is distributed to employees.
- **Vesting.** Employees are 100% vested immediately.
- **Employee benefit.** Reward your eligible employees.² You may restrict contributions to employees who are 21 or older, have worked for you during at least three of the preceding five years and earned at least \$500 in 2008 (\$550 in 2009).

¹ Indexed for inflation

² Nonresident aliens and collective bargaining employees may be excluded. You may designate less restrictive requirements based on age or service at your discretion.

Substantial tax savings

The hypothetical example on this page shows how a SEP plan could help you save \$49,000 and contribute to your employees' retirement accounts at a net annual savings of \$5,450.

Consider this: If your annual tax-deductible \$49,000 SEP contribution earned 8% over the next 25 years, it would grow to \$3,868,766. In the same 25 years, your annual net savings would total \$136,250. So the cost to you for not having a SEP plan: \$1,415,147.¹

Tax Benefits of a SEP Plan		
Owner/Employee	Compensation	Employer 25% SEP Contribution
<i>Owner</i>	\$245,000	\$49,000
Employee A	25,000	6,250
Employee B	20,000	5,000
Employee C	15,000	3,750
Employee D	12,000	3,000
Total employer contribution		\$67,000
Less corporate tax savings on total contribution at 35%		(23,450)
Cost to company		43,550
Owner's benefit – SEP contribution		49,000
Less cost to company		(43,550)
Owner's savings		\$5,450

1 Example assumes the difference between the tax-deferred SEP plan and a nontax-deferred account, taxed at a rate of 33%, adding back the net benefit to the company (\$3,868,766 - \$2,589,869 + \$136,250 = \$1,415,147). Changes in tax rates and tax treatment of investment earnings may affect the comparative results shown.

The hypothetical illustration and estimate of an 8% average annual total return are for illustrative purposes only and are not intended to represent the performance of any particular investment product or a real investor. Your actual return and tax bracket aren't likely to be consistent from year to year, and there is no guarantee that a specific rate of return will be achieved. Tax rates and brackets are subject to change. This illustration is based on tax laws and regulations in effect for 2009 and assumes no adjustments for inflation or salary increases. This illustration also assumes that if the total contribution had not been made, it would have been taxed as additional income. This information is not intended as tax advice. Investors should consult a tax advisor.

SIMPLE IRA

Shared retirement responsibilities

The Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) IRA may be the ideal choice for small business owners seeking a plan similar to a 401(k). Employers are required to contribute to the plan, but the contribution flexibility makes it appealing to many small business owners. Employers with 100 or fewer employees – who at any time in the preceding tax year received at least \$5,000 in pay from the employer – may sponsor a SIMPLE IRA. The employer may not maintain any other retirement plans.

Plan features

- **Two contribution choices for employers.** Under a SIMPLE IRA, you must make contributions to retirement savings in one of two ways:
 - **Match.** Dollar for dollar, you match up to 3% of each participating employee's salary. In two years of any five-year period, you can elect to reduce the dollar-for-dollar match to as low as 1% of salary.
 - **2% contribution.** You contribute 2% of each eligible employee's compensation (up to a maximum of \$4,600 per employee in 2008, or \$4,900 per employee in 2009) whether or not they elect to make deferrals.
- **Administrative simplicity.** A SIMPLE IRA is relatively easy to set up and operate. Unlike a 401(k), there are no required Form 5500 filings or discrimination tests (tests designed to limit contributions made on behalf of higher paid employees). You will be required to transmit deferral information with each payroll.
- **Vesting.** Employees are 100% vested immediately.
- **Employee benefit.** Reward your eligible employees.¹ Employees who have earned a minimum of \$5,000 from you during any two preceding years and are expected to earn at least \$5,000 in the current year must be eligible. At your discretion, you may include others.

Higher Contribution Limits of the SIMPLE IRA

Year	Traditional IRA Limit	SIMPLE IRA Limit		
		Deferral	Employer Match ²	Total
2008 (under 50)	\$5,000	\$10,500	\$10,500	\$21,000
2008 (50 and older)	6,000	13,000	13,000	26,000
2009 (under 50)	5,000	11,500	11,500	22,000
2009 (50 and older)	6,000	14,000	14,000	28,000

1 Nonresident aliens and employees subject to collective bargaining agreements may be excluded. You may designate less restrictive requirements at your discretion.

2 Based on compensation of \$350,000 if under 50 (\$433,333 if 50 or older) in 2008 and \$383,333 if under 50 (\$466,666 if 50 or older) in 2009. An employer is permitted – but not required – to match catch-up contributions.

Tax advantages

The hypothetical example below shows how a SIMPLE IRA could help you save \$23,000 a year and contribute to your employees' retirement accounts at a net annual savings of \$5,032.

In this hypothetical example, calculated at 8% annual earnings over 25 years, your yearly tax-deductible \$23,000 SIMPLE contribution would grow to \$1,815,952. In the same 25 years, your annual net savings would total \$125,800. Not having a SIMPLE IRA could cost you \$726,099.¹

Tax Benefits of a SIMPLE IRA – 3% Match				
Owner/Employee	Compensation	Deferral	Match	Total
Owner	\$384,000	\$11,500	\$11,500	\$23,000
Employee A	45,000	1,800	1,350	3,150
Employee B	35,000	1,400	1,050	2,450
Employee C	25,000	1,250	750	2,000
Employee D	20,000	850	600	1,450
Employee E	18,000	700	540	1,240
Employee F	18,000	0	0	0
Total employer contribution			\$15,790	
Less corporate tax savings on total contribution at 35%			(5,527)	
Cost to company			10,263	
Owner's tax savings on deferral at 33%			3,795	
Owner's match			11,500	
Owner's benefit – tax savings and match			15,295	
Less cost to company			(10,263)	
Owner's savings			\$5,032	

¹ Example assumes the difference between the tax-deferred SIMPLE IRA and a nontax-deferred account, taxed at a rate of 33%, adding back the net benefit to the company (\$1,815,952 - \$1,215,653 + \$125,800 = \$726,099). Changes in tax rates and tax treatment of investment earnings may affect the comparative results shown.

The hypothetical illustration and estimate of an 8% average annual total return are for illustrative purposes only and are not intended to represent the performance of any particular investment product or a real investor. Your actual return and tax bracket aren't likely to be consistent from year to year, and there is no guarantee that a specific rate of return will be achieved. This example assumes that the owner was in the 33% tax bracket. A 33% federal tax bracket is based on income of \$171,551 to \$372,950 for persons filing a single return or \$208,851 to \$372,950 for persons filing a joint return for tax year 2009. Tax rates and brackets are subject to change. This illustration is based on tax laws and regulations in effect for 2009 and assumes no adjustments for inflation or salary increases. This illustration also assumes that if the total contribution had not been made, it would have been taxed as additional income. This information is not intended as tax advice. Investors should consult a tax advisor.

Age-Weighted Plan

An age-weighted plan may benefit companies that have a disparity in employees' ages and salaries.

Savings advantages

Age-weighted plans generally benefit companies that maintain consistent profits and have a disparity in ages and salaries between "rank-and-file" and "key" employees (including owners). The employer's discretionary contributions are allocated among employees based on relative age and compensation. This results in older, more highly compensated employees receiving a greater portion of the contribution.

Due to the complexity of the contribution calculation and nondiscrimination testing, retirement plan administrative services are required.

Plan features

- **Higher contribution limits.** You decide the amount you wish to contribute each year, up to the lesser of 25% of total eligible compensation or \$46,000 for 2008.¹ For 2009, the limit increased to \$49,000.¹
- **Cost flexibility.** You may vary the amount you contribute annually.
- **Vesting.** Vesting schedules are permitted.
- **Loans.** Loans are available.
- **Optional 401(k) feature.** You may amend your plan to allow employees to defer a portion of their pretax pay: up to \$15,500 (\$20,500 if 50 or older) in 2008 and \$16,500 (\$22,000 if 50 or older) in 2009.
- **Employee benefit.** Your discretionary contributions are allocated among employees based on relative age and compensation. Employees who are 21 or older and have completed one year of service are eligible.

¹ Maximum considered compensation is \$230,000 in 2008 and \$245,000 in 2009, indexed for inflation.

Tax benefits

With an age-weighted plan, you can contribute generously to your own retirement savings while taking advantage of tax savings worth \$10,494 after factoring in the cost of fees and contributions for your employees, as illustrated in Example A below.

Keep in mind, however, that the allocation formula used in the age-weighted calculation may not be beneficial to every company – especially those whose owners are younger than other employees, as illustrated in Example B below. In this case, another plan may be more appropriate.

Age-Weighted Plan Comparison							
Example A				Example B			
Owner/ Employee	Age	Compensation	Contribution	Owner/ Employee	Age	Compensation	Contribution
Owner	55	\$230,000	\$49,000	Owner A	55	\$230,000	\$49,000
Employee A	40	75,000	4,700	Owner B	56	220,000	49,000
Employee B	35	45,000	1,875	Owner C	48	210,000	35,665
Employee C	30	40,000	1,109	Employee D	57	100,000	35,391
Employee D	25	30,000	553	Employee E	42	70,000	7,287
Employee E	25	30,000	553	Employee F	37	65,000	4,500
Total employer contributions			\$57,790	Total employer contributions			\$180,843
Tax deductible administration fees			1,450	Owner A's allocation of employer contributions			49,000 27%
Less tax savings on employer contributions and fees at 35%			(20,734)	Owner B's allocation of employer contributions			49,000 27%
Cost to company			38,506	Owner C's allocation of employer contributions			35,665 20%
Owner's allocation of employer contributions			49,000 85%	While owners A and B receive the full \$49,000 contribution, Owner C receives only \$35,665 – more than \$10,000 less than the other owners' contribution.			
Less cost to company			(38,506)				
Owner's savings			\$10,494				

Source: PAi

This hypothetical illustration is based on tax laws and regulations in effect for tax year 2009 and is not intended as tax advice. Tax rates and brackets are subject to change. Investors should consult a tax advisor. Changes in tax rates and tax treatment of investment earnings may affect the comparative results shown.

New Comparability Plan

With a new comparability plan, employer contributions are allocated between two groups of employees.

A new comparability plan is a profit sharing plan with an allocation formula that divides employees into two groups: preferred and nonpreferred. The preferred group – which can include owners, their family members and other key employees – receives the bulk of the contribution. The contribution is allocated within each group according to relative age and compensation.

Due to the complexity of the contribution calculation and nondiscrimination testing, retirement plan administrative services are required.

Plan features

- **Higher contribution limits.** You decide the amount you wish to contribute each year, up to the lesser of 25% of total eligible compensation or \$46,000 for 2008.¹ For 2009, the limit increased to \$49,000.¹
- **Cost flexibility.** You may vary the amount you contribute annually.
- **Vesting.** Vesting schedules are permitted.
- **Loans.** Loans are available.
- **Optional 401(k) feature.** You may amend your plan to allow employees to defer a portion of their pretax pay: up to \$15,500 (\$20,500 if 50 or older) in 2008 and \$16,500 (\$22,000 if 50 or older) in 2009.
- **Employee benefit.** Your discretionary contributions are allocated among preferred and nonpreferred employee groups. Employees who are 21 or older and have completed one year of service are eligible.

¹ Maximum considered compensation is \$230,000 in 2008 and \$245,000 in 2009, indexed for inflation.

Maximized benefits

Depending on your goals and your company's demographics, a new comparability plan may be more beneficial than an age-weighted plan. Consider the example on this page. In an age-weighted plan, Owner C would not have received as great a benefit because he is younger than Owners A and B and one of the rank-and-file employees. But with a new comparability plan, Owner C receives a higher contribution because the aggregate age of the preferred group – in this case, the owners – is greater than that of the nonpreferred group.

To determine which plan may be right for your company, ask your financial advisor for a customized illustration.

New Comparability Plan			
Owner/Employee	Age	Compensation	Contribution
<i>Owner A</i>	55	\$230,000	\$49,000
<i>Owner B</i>	56	220,000	46,870
<i>Owner C</i>	48	210,000	44,739
Employee D	57	100,000	8,682
Employee E	42	70,000	6,078
Employee F	37	65,000	5,643
Total employer contributions			\$161,012
Tax deductible administration fees			1,450
Less tax savings on employer contributions and fees at 35%			(56,862)
Cost to company			105,600
Owners' allocation of employer contributions			140,609 87%
Less cost to company			(105,600)
Owners' savings			\$35,009

Source: PAi

This hypothetical illustration is based on tax laws and regulations in effect for tax year 2009 and is not intended as tax advice. Tax rates and brackets are subject to change. Investors should consult a tax advisor. Changes in tax rates and tax treatment of investment earnings may affect the comparative results shown.

Safe Harbor 401(k)

Increased flexibility

Safe harbor 401(k)s allow business owners to sponsor 401(k) plans without passing nondiscrimination tests.¹ Though originally designed to encourage participation among rank-and-file employees, these tests often reduced – or eliminated – a small business owner's ability to contribute on his own behalf. By including a mandatory employer contribution, the safe harbor 401(k) allows small business owners to sponsor a plan in which all eligible employees may participate – including themselves.

Plan features

- **Maximized deferrals for the business owner.** Since the plan is not subject to 401(k) discrimination testing, you may make traditional or designated Roth² salary deferral contributions up to \$15,500 (\$20,500 if 50 or older) in 2008 and \$16,500 (\$22,000 if 50 or older) in 2009.
- **Employer contributions.** You may choose from the following fully vested employer contribution options:
 - **Match.** The basic formula provides a dollar-for-dollar match of employee contributions up to 3% of compensation and 50 cents on the dollar for the next 2% of compensation.³
 - **Nonelective.** A contribution of at least 3% of compensation for all eligible employees is required whether or not they elect to make deferrals.⁴
- **Loans.** Loans are available.
- **Employee benefit.** Employees who are 21 or older and have completed one year of service are eligible.

A closer look

With a safe harbor 401(k), employers can bypass the following antidiscrimination tests:

- **Actual deferral percentage (ADP).** Limits the extent to which deferrals from highly compensated employees (HCEs) may exceed those of rank-and-file – or non-highly compensated – employees (NHCEs). Failing this test may result in taxable refunds to highly paid employees.
- **Actual contribution percentage (ACP).** Limits the extent to which employee after-tax contributions and employer matching contributions of HCEs may exceed those of NHCEs. Failing this test may result in the employer being required to make additional contributions on behalf of the NHCEs.
- **Top-heavy.** Determines if more than 60% of the plan's assets belong to key employees – and, if so, requires the owner to make a 3% contribution to each eligible rank-and-file employee.

1 Employers adopting a safe harbor 401(k) plan must provide a 30-day notice to employees before the beginning of the plan year. Employer contributions are required and must be 100% vested immediately.

2 Designated Roth contributions allow investors to make after-tax salary deferral contributions that they can eventually withdraw tax free if certain conditions are met.

3 Any other formula used must meet the IRS requirements for safe harbor contributions.

4 Maximum considered compensation is \$230,000 in 2008 and \$245,000 in 2009, indexed for inflation.

Increased retirement savings for small business owners

Without a safe harbor 401(k), the owner's maximum contribution is limited by nondiscrimination testing.

In this case, the owner is only allowed to contribute \$8,600, or 3.74% of his salary. By adopting a safe harbor 401(k), the owner can maximize his contributions.

Comparison With and Without a Safe Harbor 401(k)								
Business Demographics			Without a Safe Harbor 401(k)		With a Safe Harbor 401(k)			
Owner/ Employee	Age	Compensation	Deferral Amount	Deferral Percentage	Deferral Amount	Deferral Percentage	Safe Harbor Match Contribution	Total
Owner	49	\$230,000	\$8,600	3.74%	\$16,500	7.17%	\$9,200	\$25,700
Employee A	41	75,000	3,750	5.00	3,750	5.00	3,000	6,750
Employee B	36	45,000	1,350	3.00	1,350	3.00	1,350	2,700
Employee C	31	40,000	800	2.00	800	2.00	800	1,600
Employee D	26	30,000	0	0.00	0	0.00	0	0
Employee E	26	30,000	0	0.00	0	0.00	0	0
			ADP of NHCEs – employees A through E	2.00%	Total employer contributions		\$14,350	
			ADP of HCEs – Owner	3.74%	Tax deductible administration fees		475	
			ADP test	Pass	Less tax savings on employer contributions and fees at 35%		(5,189)	
			Percentage of benefits going toward HCEs	59.00%	Cost to company		\$9,636	
			Top-heavy test	Pass	Owner's personal tax savings on deferral at 33%		5,445	
					Owner's allocation of employer contributions		9,200 64%	
					Owner's benefit		\$14,645	
					Less cost to company		(9,636)	
					Owner's savings		\$5,009	

Sources: Invesco Aim; PAI

This hypothetical illustration is based on tax laws and regulations in effect for tax year 2009 and is not intended as tax advice. This example assumes that the owner was in the 33% tax bracket. A 33% federal tax bracket is based on income of \$171,551 to \$372,950 for persons filing a single return or \$208,851 to \$372,950 for persons filing a joint return for tax year 2009. Tax rates and brackets are subject to change. Changes in tax rates and tax treatment of investment earnings may affect the comparative results shown. Investors should consult a tax advisor.

Super Comparability 401(k)

A super comparability 401(k) maximizes the owner's share of the company's contribution.

A super comparability 401(k) adds a new comparability feature to a safe harbor 401(k) – allowing employees to contribute to their own retirement savings while benefiting from the employer's profit sharing contribution.¹ The business owner makes a 3% nonelective contribution to all eligible employees, which satisfies both the safe harbor requirement and the new comparability allocation for the nonpreferred group.

Plan features

- **Maximized deferrals for the business owner.** You may make traditional or designated Roth salary deferral contributions – up to \$15,500 (\$20,500 if 50 or older) in 2008 and \$16,500 (\$22,000 if 50 or older) in 2009 – since the plan is not subject to 401(k) discrimination testing.
- **New comparability allocation formula.** This formula separates employees into two groups: preferred and nonpreferred. The preferred group, which includes the owner, receives the bulk of the profit sharing contribution.
- **Loans.** Loans are available.
- **Employee benefit.** Employees who are 21 or older and have completed one year of service are eligible.

¹ Employers adopting super comparability 401(k) plans must provide a 30-day notice to employees before the beginning of the plan year. Employer safe harbor contributions are required and must be 100% vested immediately.

Maximizing your deferral

Consistently profitable companies with disparity in ages and salaries between groups of employees, such as owners and rank-and-file employees, may benefit from a super comparability 401(k). As illustrated below, business owners may be able to maximize their salary deferral – and receive a substantial profit sharing contribution – without making large contributions to employees.

Super Comparability 401(k) Versus Safe Harbor 401(k)									
Business Demographics			Super Comparability 401(k) Formulas				Safe Harbor 401(k) Formulas		
Owner/ Employee	Age	Compensation	Deferral	New Comparability	Safe Harbor 3% Contribution	Total	Deferral	Safe Harbor 3% Contribution	Total
Owner	55	\$230,000	\$22,000	\$25,600	\$6,900	\$54,500	\$22,000	\$6,900	\$28,900
Employee A	40	75,000	3,750	1,283	2,250	7,283	3,750	2,250	6,000
Employee B	35	45,000	2,250	769	1,350	4,369	2,250	1,350	3,600
Employee C	30	40,000	2,000	684	1,200	3,884	2,000	1,200	3,200
Employee D	25	30,000	1,500	513	900	2,913	1,500	900	2,400
Employee E	25	30,000	1,500	513	900	2,913	1,500	900	2,400
Total employer contributions ¹				\$42,862			\$13,500		
Tax deductible administration fees				1,450			475		
Less tax savings on employer contributions and fees at 35%				(15,509)			(4,891)		
Cost to company				\$28,803			\$9,084		
Owner's personal tax savings on deferral at 33%				7,260			7,260		
Owner's allocation of employer contributions				32,500 76%			6,900 51%		
Owner's benefit				\$39,760 ²			\$14,160 ³		
Less cost to company				(28,803)			(9,084)		
Owner's savings				\$10,957			\$5,076		

Sources: Invesco Aim; PAI

¹ Total annual employer plan contributions are limited to 25% of compensation.

² The business owner will receive a total of \$54,500 including deferrals.

³ The business owner will receive a total of \$28,900 including deferrals.

This hypothetical illustration is based on tax laws and regulations in effect for 2009 and is not intended as tax advice. This chart assumes that the owner was in the 33% tax bracket. A 33% federal tax bracket is based on income of \$171,551 to \$372,950 for persons filing a single tax return and \$208,851 to \$372,950 for persons filing a joint return for tax year 2009. Tax rates and brackets are subject to change. Changes in tax rates and tax treatment of investment earnings may affect the comparative results shown. Investors should consult a tax advisor.

Solo 401(k)

An innovative savings tool

A solo 401(k) is an innovative profit sharing plan with a 401(k) feature designed for sole proprietorships and corporations with no employees other than the owner(s) and spouse(s). The plan does not require discrimination or top-heavy testing.

Plan features

- **Generous contribution limits.** You may be able to contribute to the plan each year in a combination of deferrals and profit sharing contributions.
 - In 2008, the maximum salary deferral contribution is \$15,500, or \$20,500 if you are 50 or older. In 2009, the limit is increased to \$16,500, or \$22,000 if 50 or older.
 - The profit sharing contribution cannot exceed 25% of your compensation.¹
 - Combined salary deferrals and profit sharing contributions cannot exceed the lesser of 100% of compensation or \$46,000 (\$51,000 if you are 50 or older) in 2008.¹ For 2009, the limit increased to \$49,000, or \$54,500 if you are 50 or older.¹
 - **Flexibility.** Contributions – both salary deferrals and profit sharing – are discretionary.
 - **Tax benefits.** Profit sharing contributions and traditional salary deferrals are tax deductible, and earnings accumulate on a tax-deferred basis. Keep in mind, however, that any withdrawals made prior to 59½ may be subject to tax penalties.
 - **Designated Roth contributions.** Many plan documents now allow solo 401(k) plan owners to invest their salary deferral contributions as an after-tax Roth contribution. This feature offers tax-free earnings growth for all investors – and tax-free distributions for those 59½ or older or who meet the specified criteria. Check your plan to see if this is available.
 - **Vesting.** You are 100% vested immediately.
 - **Loans.** Loans are available.
 - **Low fees.** Costs for a solo 401(k) may be less than a 401(k) for businesses with employees due to reduced administrative requirements.
-

Profit Sharing Plans

A flexible way to reward employees

Profit sharing plans have some features that are similar to SEP plans. They allow you to make discretionary annual contributions up to 25% of compensation or \$46,000,² whichever is less, in 2008. In 2009, the limit increased to \$49,000.²

Plan features

- **Flexible contribution limits.** The amount of the profit sharing contribution can change annually, and you do not have to make a contribution each year.
 - **Vesting.** Vesting schedules are permitted.
 - **Loans.** Loans are available.
-

Two profit sharing plan choices for business owners

You can choose to make contributions in one of two ways:

- **Standard formula.** The contribution is allocated based on each employee's relative compensation.
- **Integrated formula.** The contribution is allocated based on the Social Security taxable wage base.³ Employees earning more than this receive a greater portion of the contribution to compensate for the smaller percentage of Social Security benefits they accrue.

¹ Maximum considered compensation is \$230,000 in 2008 and \$245,000 in 2009, indexed for inflation.

² Indexed for inflation

³ Social Security taxable wage base is \$102,000 in 2008 and \$106,800 in 2009.

Finding the Right Plan

Finding the plan that best fits your company's needs is an important decision. A side-by-side comparison may be beneficial to you in this process. Take the table below for example. Although the three plans have different outcomes, the bottom line may not be your only consideration.

- The SEP example below is the most expensive, but it provides the most benefit to employees. This plan may be right for you if your goal is to reward and retain employees at the highest level.
- The age-weighted plan gives the older employees the largest contribution. This may meet your needs if your goal is to reward key or long-term employees.
- Finally, the new comparability example below provides the highest benefit to the owner at the lowest cost to the company.

Comparing a SEP, an Age-Weighted and a New Comparability Plan

Owner/ Employee	Age	Compensation	SEP	Age-Weighted	New Comparability
Owner A	57	\$200,000	\$49,000	\$49,000	\$49,000
Employee B	21	10,505	2,574	136	525
Employee C	23	15,670	3,839	240	784
Employee D	38	27,500	6,737	1,430	1,375
Employee E	57	97,000	23,765	23,765	4,850
Employee F	27	13,300	3,259	282	665
Employee G	38	22,400	5,488	1,165	1,120
Total employer contributions			\$94,662	\$76,018	58,319
Tax deductible administration fees			0	1,450	1,450
Less tax savings on employer contributions and fees at 35%			(33,132)	(27,114)	(20,919)
Cost to company			61,530	50,354	38,850
Owner's allocation of employer contributions			49,000	49,000	49,000
Less cost to company			(61,530)	(50,354)	(38,850)
Owner's savings (or loss)			(\$12,530)	(\$1,354)	\$10,150

Sources: Invesco Aim; PAi

The decision may not be an easy one, but the right tools can help make it an informed one. To receive a customized illustration for your company, contact your financial advisor, or call the Invesco Aim Retirement and Education Products division at 800 370 1519 (option 2) and ask for the Qualified Plans Proposal Request Form.

Plans at a Glance

Key Features	SEP	SIMPLE IRA	Age-Weighted	New Comp.	Safe Harbor 401(k)	Super Comp. 401(k)	Solo 401(k)	Profit Sharing
Cannot maintain any other plans		■						
Minimal paperwork and reporting	■	■						
Full-service recordkeeping recommended			■	■	■	■		■
Loans available			■	■	■	■	■	■
Contributions can vary with cash flow	■		■	■		■	■	
Pretax salary deferral contributions		■			■	■	■	
Who Can Establish								
The self-employed, ¹ partnerships, S corporations, C corporations and nonprofit groups	■	■	■	■	■	■	■	■
Governmental agencies	■	■	■	■			■	
Annual Employer Contributions								
Cannot exceed 25% of the total eligible compensation ²	■		■	■	■	■	■	■
Required match or profit sharing contribution		■			■	■		
Employee Pretax Deferrals								
2008 (under 50)		10,500	15,500 ³	15,500 ³	15,500	15,500	15,500	
2008 (50 and older)		13,000	20,500 ³	20,500 ³	20,500	20,500	20,500	
2009 (under 50)		11,500	16,500 ³	16,500 ³	16,500	16,500	16,500	
2009 (50 and older)		14,000	22,000 ³	22,000 ³	22,000	22,000	22,000	
Annual Fees								
Call Invesco Aim at 800 370 1519 for quote			■	■	■	■	■	■

1 If self-employed, compensation is earned income.

2 Maximum considered compensation is \$230,000 for 2008 and \$245,000 in 2009, indexed for inflation. Calculations of maximum total plan contributions and participant limits are complex and require knowledge of IRS regulations.

3 Deferrals optional

This information is not intended as tax advice. Investors should consult a tax advisor.

Talk to your financial advisor

Your sights are set on a financial summit – a college degree, new home or secure retirement. One of the best ways to help reach your goal is to partner with a strong team: a financial advisor who can provide sound guidance based on your individual needs and an investment company that can deliver a broad range of diversified strategies. Talk to your financial advisor about how an investment plan and Invesco Aim can help you pursue your financial goals.

Consider the investment objectives, risks, and charges and expenses carefully. For this and other information about AIM funds, obtain a prospectus from your financial advisor and read it carefully before investing.

Note: Not all products, materials or services available at all firms. Advisors, please contact your home office.

All data provided by Invesco Aim unless otherwise noted.

Invesco AimSM is a service mark of Invesco Aim Management Group, Inc. Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc., Invesco Aim Private Asset Management, Inc. and Invesco PowerShares Capital Management LLC are the investment advisors for the products and services represented by Invesco Aim; they each provide investment advisory services to individual and institutional clients and do not sell securities. Please refer to each fund's prospectus for information on the fund's subadvisors. Invesco Aim Distributors, Inc. is the U.S. distributor for the retail mutual funds, exchange-traded funds and institutional money market funds represented by Invesco Aim. All entities are indirect, wholly owned subsidiaries of Invesco Ltd.

Supplemental Information

As of Sept. 30, 2009, Invesco Aim's assets under management were approximately \$157 billion and Invesco Ltd.'s assets under management were approximately \$417 billion.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

Consider the investment objectives, risks, and charges and expenses carefully. For this and other information about AIM funds, obtain a prospectus from your financial adviser and read it carefully before investing.

Note: Not all products, materials or services available at all firms. Advisers, please contact your home office.

Invesco AimSM is a service mark of Invesco Aim Management Group, Inc. Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc., Invesco Aim Private Asset Management, Inc. and Invesco PowerShares Capital Management LLC are the investment advisers for the products and services represented by Invesco Aim; they each provide investment advisory services to individual and institutional clients and do not sell securities. Please refer to each fund's prospectus for information on the fund's subadvisers. Invesco Aim Distributors, Inc. is the U.S. distributor for the retail mutual funds, exchange-traded funds and institutional money market funds represented by Invesco Aim. All entities are indirect, wholly owned subsidiaries of Invesco Ltd.

It is anticipated that on or about the end of the fourth quarter of 2009, Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc., Invesco Aim Private Asset Management, Inc. and Invesco Global Asset Management (N.A.), Inc. will be merged into Invesco Institutional (N.A.), Inc., and the consolidated adviser firm will be renamed Invesco Advisers, Inc. Additional information will be posted at invescoaim.com on or about the end of the fourth quarter of 2009.

