

# SIMPLE IRA Plan

## FACT SHEET

The right plan for your business today.

SIMPLE IRA Plan Overview					
Tax Advantages	<ul style="list-style-type: none"><li>Employee deferrals are pretax and Employer contributions are tax deductible.</li><li>Employees pay no income taxes on contributions or earnings until they are received by the participant or his or her beneficiary.</li><li>Tax deferral maximizes the compounding value and increases the participant’s ultimate retirement income.</li><li>Flexible distributions are available through employee-controlled periodic payments from a SIMPLE IRA account.</li></ul>				
	<ul style="list-style-type: none"><li>Employees can elect to defer from 0 to 100% of their income, up to a maximum as listed below.</li></ul> <table><tr><td>Tax Year: 2024</td><td>\$16,000</td></tr></table> <ul style="list-style-type: none"><li>Additional catch-up contributions are available for individuals age 50 and older.</li></ul> <table><tr><td>Tax Year: 2024</td><td>\$3,500</td></tr></table> <ul style="list-style-type: none"><li>Salary reductions make deferrals convenient and easy.</li><li>Employee pretax deferrals reduce federal, state* and local* income taxes but are subject to Social Security (FICA) tax.</li><li>There is no discrimination or top-heavy testing.</li><li>There is no cost to establish a SIMPLE IRA.</li><li>Government reporting is easy on Form W-2.</li><li>All contributions are always 100% vested.</li><li>Employers can encourage employee deferrals by matching a portion of the employee’s deferral.</li></ul>		Tax Year: 2024	\$16,000	Tax Year: 2024
Tax Year: 2024	\$16,000				
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Basic plan Features	<ul style="list-style-type: none"><li>Employees covered under a collective bargaining agreement can generally be excluded.</li><li>Eligibility requirements can include up to two years of service.</li><li>Employer contributions are required (either a matching contribution of 100% up to 3% of compensation or a non-elective contribution of a minimum of 2% up to a maximum of 10% of compensation).</li><li>The matching contribution can be reduced in two of five years to either 100% up to 2% of compensation or 100% up to 1% of compensation. This reduction can apply to the first two years of the plan.</li><li>The company cannot have employed more than 100 Employees who earned \$5,000 in the prior calendar year.</li><li>Plan year must be calendar year.</li><li>The company cannot maintain any other retirement plan in the same year that the SIMPLE IRA Plan is maintained.</li><li>Employees can defer any or all distributions until they are subject to IRS minimum distribution rules at the IRS RMD age.</li><li>Younger and long-term Employees benefit the most because they have more contribution opportunities and a longer period of tax-deferred earnings.</li></ul>				
Advantages of a SIMPLE IRA over a 401(K)	<ul style="list-style-type: none"><li>No cost to establish</li><li>Easy government reporting on Form W-2</li><li>No discrimination testing with highly compensated Employees are guaranteed a maximum salary deferral and if age 50 or older an additional catch-up contribution</li></ul>				

\*Check with your tax advisor for your state and local income tax treatment.

Finally, a cost-effective retirement plan for small businesses!

- No cost to establish
  - No government forms to file
  - No annual reporting
  - No non-discrimination testing
  - Pretax salary deferrals up to \$19,500 (includes catch-up contribution)
- Mandatory employer match of dollar for dollar up to 3% of compensation or a non elective contribution of a minimum of 2% up to a maximum of 10% of compensation.
  - Tax-deferred account growth
  - Minimal employer involvement
  - Up to two-year waiting period

Name	Salary	Deferral	Match	Total
Owner*	\$100,000	\$19,500	\$3,000	\$22,500
Owner Spouse*	\$25,000	\$19,500	\$750	\$20,250
Eligible Employee #1	\$25,000	\$2,000	\$750	\$2,750
Eligible Employee #2	\$21,000	\$0	\$0	\$0
Eligible Employee #3	\$19,000	\$1,000	\$570	\$1,570
Eligible Employee #4	\$17,500	\$0	\$0	\$0
Eligible Employee #5	\$16,000	\$1,000	\$480	\$1,480
Eligible Employee #6	\$13,000	\$0	\$0	\$0
Eligible Employee #7	\$12,500	\$1,000	\$375	\$1,375
Eligible Employee #8	\$10,000	\$0	\$0	\$0
Eligible Employee #9	\$10,000	\$200	\$200	\$400
Eligible Employee #10	\$7,500	\$0	\$0	\$0

\* Assumes they are age 50 or older, so the \$3,500 catch up is available.

Employer <i>Mandatory</i> Matching Contribution Cost for Non-Owners	\$2,375
OR	
Employer <i>Mandatory</i> Non-elective Contribution Cost for Non-owners	(based on the 2% minimum) \$3030
Owner and Spouse Net Allocations (Salary deferral and Match)	\$42,750

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