

SIMPLE IRA Plan

FACT SHEET

The right plan for your business today.

SIMPLE IRA Plan Overview				
Tax Advantages	<ul style="list-style-type: none"> Employee deferrals are pretax and Employer contributions are tax deductible. Employees pay no income taxes on contributions or earnings until they are received by the participant or his or her beneficiary. Tax deferral maximizes the compounding value and increases the participant's ultimate retirement income. Flexible distributions are available through employee-controlled periodic payments from a SIMPLE IRA account. 			
	<ul style="list-style-type: none"> Employees can elect to defer from 0 to 100% of their income, up to a maximum as listed below. 			
SIMPLE IRA Features	Tax Year	IRS Maximum Contribution	Age 50+ Catch-up Contribution	Age 60-63 Catch-up Contribution
	2025	\$16,500	\$3,500	\$5,250
SIMPLE IRA Features	<ul style="list-style-type: none"> Salary reductions make deferrals convenient and easy. Employee pretax deferrals reduce federal, state¹ and local¹ income taxes but are subject to Social Security (FICA) tax. There is no discrimination or top-heavy testing. There is no cost to establish a SIMPLE IRA. Government reporting is easy on Form W-2. All contributions are always 100% vested. Employers can encourage employee deferrals by matching a portion of the employee's deferral. 			
	<ul style="list-style-type: none"> Employees covered under a collective bargaining agreement can generally be excluded. Eligibility requirements can include up to two years of service. 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% of compensation).² 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. The company cannot have employed more than 100 Employees who earned \$5,000 in the prior calendar year. Plan year must be calendar year. The company cannot maintain any other retirement plan in the same year that the SIMPLE IRA Plan is maintained. Employees can defer any or all distributions until they are subject to IRS minimum distribution rules at the IRS RMD age. Younger and long-term Employees benefit the most because they have more contribution opportunities and a longer period of tax-deferred earnings. 			
Basic plan Features	<ul style="list-style-type: none"> Employees covered under a collective bargaining agreement can generally be excluded. Eligibility requirements can include up to two years of service. 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% of compensation).² 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. The company cannot have employed more than 100 Employees who earned \$5,000 in the prior calendar year. Plan year must be calendar year. The company cannot maintain any other retirement plan in the same year that the SIMPLE IRA Plan is maintained. Employees can defer any or all distributions until they are subject to IRS minimum distribution rules at the IRS RMD age. Younger and long-term Employees benefit the most because they have more contribution opportunities and a longer period of tax-deferred earnings. 			
Advantages of a SIMPLE IRA over a 401(K)	<ul style="list-style-type: none"> No cost to establish Easy government reporting on Form W-2 No discrimination testing with highly compensated Employees are guaranteed a maximum salary deferral and if age 50 or older an additional catch-up contribution 			

¹ Check with your tax advisor for your state and local income tax treatment.

² Employers have the option to make an additional nonelective contribution up to a maximum of 10% of the employee's compensation or \$5,000 per year whichever is less. This contribution is in addition to the employer standard contribution (match or nonelective).

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 \$20,000 (includes Age 50+ catch-up contribution)³
- Mandatory employer match of dollar for dollar up to 3% of compensation or a non elective contribution of a minimum of 2% of compensation.⁴
 - Tax-deferred account growth
 - Minimal employer involvement
 - Up to two-year waiting period

Name	Salary	Deferral	Match	Total
Owner, Age 61	\$100,000	\$21,750	\$3,000	\$24,750
Owner Spouse, Age 50	\$25,000	\$20,000	\$750	\$20,750
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

Employer Mandatory Matching Contribution Cost for Non-Owners	\$2,375
OR	
Employer Mandatory Non-elective Contribution Cost for Non-owners	(based on the 2% minimum) \$3030
Owner and Spouse Net Allocations (Salary deferral and Match)	\$45,500

³ SIMPLE IRA catch-up limits will increase to \$5,000 or 150% of the regular catch-up limit (whichever is greater) for participants aged 60-63. This limit will be \$5,250 for 2025.

⁴ Employers have the option to make an additional nonelective contribution up to a maximum of 10% of the employee's compensation or \$5,000 per year whichever is less. This contribution is in addition to the employer standard contribution (match or nonelective).

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