Retirement plan services

Payroll deduction IRA
program highlights

CAPITAL GROUP® | AMERICAN FUNDS®

Give your employees **an easy way to save** for retirement

For small-business owners seeking an easy way to help their employees save for retirement, a payroll deduction IRA program offers the following benefits:

No-cost retirement program to enhance your benefits package

Quality investments to help your employees build a diversified portfolio

Easy setup and maintenance so you can focus on your business

Convenient features to help your employees pursue retirement goals

No-cost retirement program to enhance your benefits package

Payroll deduction IRAs are an easy way for many business owners to offer a retirement program at their companies, or augment their existing one.

- No cost for you to set up and maintain, unless your payroll provider charges you for integration. Employees pay all account costs, including a $10 setup fee, $10 annual maintenance fee and fund expenses
- Funded directly from employee paychecks
- No employer contributions

Easy setup and maintenance so you can focus on your business

Your financial professional can help you establish a payroll deduction IRA program. Once it's set up, there's little required of you.

- Contributions automatically deducted from employee paychecks
- No IRS reports to complete
- Discontinue the program at any time without penalty
- No fiduciary liability because it's not a qualified employer-sponsored retirement plan

Quality investments to help your employees build a diversified portfolio

- The full menu of American Funds that has helped investors pursue their long-term goals for more than 90 years
- American Funds Target Date Retirement Series®
- American Funds Portfolio Series

Convenient features to help your employees pursue retirement goals

- The option to choose between a traditional or a Roth IRA
- No service length requirements
- Ability to determine how much and how often to invest
- Immediately vested contributions means the money is theirs to keep
- The convenience of automating contributions through payroll deduction
- Can serve as an additional retirement saving option when the maximum contribution to the company 401(k) plan has been made
- No rollover required after a job change, and account owners can continue to make contributions (since accounts are not part of a qualified employer plan)

Employees choose the IRA that's right for them

Your payroll deduction IRA program allows employees to invest in either a traditional or Roth IRA, assuming they meet income and age requirements. It is up to each employee to determine which type of IRA best suits his or her needs.

Payroll deduction for tax year 2025		
	Traditional IRA	**Roth IRA**
Contribution limits	Employees can contribute up to $7,000 per year, $8,000 for those age 50 and older.	Employees can contribute up to $7,000 per year, $8,000 for those age 50 and older (unless limited by tax-filing status and income requirements).
Age limit for contributions	Contributions may be made at any age.	Contributions may be made at any age.
Tax deductibility	Employees may qualify for a tax deduction on their contributions if their household income doesn't exceed certain limits.	Contributions are made with after-tax money and aren't tax-deductible.
Saver's credit	Employees may qualify for a tax credit of up to 50% of their annual contribution, up to a maximum credit of $1,000 ($2,000 if married filing jointly).	Employees may qualify for a tax credit of up to 50% of their annual contribution, up to a maximum credit of $1,000 ($2,000 if married filing jointly).
Tax-deferred/Tax-free growth	Earnings grow tax-deferred until withdrawn.	Earnings grow tax-deferred but may be tax-free when withdrawn if certain conditions are met (see below).
Withdrawals	Withdrawals are taxable and, if made before age 59½, are subject to a 10% federal tax penalty unless the employee qualifies for an exception; for example, if the withdrawal is for payments of qualified higher education expenses, or up to $5,000 in birth or adoption expenses. Refer to the IRS website for a full list of exceptions. Withdrawals made by beneficiaries are *not* subject to a 10% tax penalty.	Withdrawals of contributions can be made at any time without taxes or penalty. Withdrawals of earnings will be tax-free *and* penalty-free if it's been at least five years (counting the first year as part of the five) since the initial contribution to the account, and the employee meets *one* of the following criteria: • They're age 59½ or older • They're disabled • The withdrawal is for the purchase of a first home (up to $10,000 lifetime maximum) Withdrawals made by beneficiaries (after the five-year investment period) are *not* subject to taxes or a 10% federal tax penalty.
Required minimum distributions (RMDs)	Employees must begin taking RMDs no later than April 1 of the year following the year in which they reach age 73.	Employees are *not* required to take RMDs during their lifetime.

Although target date portfolios are managed for investors on a projected retirement date time frame, the allocation strategy does not guarantee that investors' retirement goals will be met.

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