

Retirement plan services

SIMPLE IRA program highlights



**CAPITAL
GROUP®**

**AMERICAN
FUNDS®**

Save more for retirement with a SIMPLE IRA

Only 60% of workers in small companies have access to retirement benefits.* As a result, many have fallen behind in the pursuit of their retirement goals.

If you don't offer a retirement plan because you're not sure you have enough employees, or worry that such a program would be expensive or difficult to manage, consider a Savings Incentive Match Plan for Employees (SIMPLE) IRA from Capital Group, home of American Funds. Designed especially for companies with 100 or fewer employees, a SIMPLE IRA provides many of the benefits associated with 401(k)s, but with less complexity and typically at a lower cost.

Among its features:

- **Cost efficiency** for you and your employees
- **Quality investments** to help employees build a diversified retirement portfolio
- **Opportunity to save more** than you could through a traditional or Roth IRA with pre-tax and optional Roth after-tax deferral contributions
- **Easy, flexible design** so you can focus on your business, not plan management

Cost efficiency for you and your employees

If potential costs have held you back from offering a retirement plan, then a SIMPLE IRA may be the solution you've been seeking. Our \$10 per-participant setup and \$10 annual account maintenance fees are among the lowest in the industry and are usually paid for by the participants themselves.

Employer contributions are required, but qualify as a tax-deductible business expense.

Quality investments to help your employees build a diversified retirement portfolio

You can choose from the same quality investment options that large companies make available in their employer-sponsored 401(k)s, including:

- A wide range of American Funds, designed to help investors pursue their long-term goals
- The American Funds Target Date Retirement Series®
- The American Funds Portfolio SeriesSM

Save more than you could with a traditional or Roth IRA

A SIMPLE IRA allows you and your employees to save more than is possible through a traditional or Roth IRA with pre-tax and optional Roth after-tax deferral contributions. And employees also benefit from required company contributions (refer to page 2 for more information).

Easy, flexible design so you can focus on your business

- Easy setup with the help of your plan's financial professional
- Submit contributions and access plan information online
- No complex IRS reports to complete
- Limit your fiduciary liability, because each employee controls their own account and makes their own investment decisions
- Get helpful reminders about important plan requirements

Are you using another provider?

Regardless of where you open your plan, ask for American Funds and our target date retirement series.

Although the 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. Investment professionals manage the portfolio, moving it from a more growth-oriented strategy to a more income-oriented focus as the target date gets closer. The target date is the year that corresponds roughly to the year in which an investor is assumed to retire and begin taking withdrawals. Investment professionals continue to manage each portfolio for approximately 30 years after it reaches its target date.

*As of March 2024. U.S. Bureau of Labor Statistics, National Compensation Survey.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

Once your SIMPLE IRA is set up, maximize the value of the plan

A SIMPLE IRA can benefit you, as a business owner, as well as your employees. By taking full advantage of the plan, you can more confidently:

- **Meet the needs of your employees**
A retirement plan can be a powerful incentive to help retain your most valued employees and attract top-quality hires. Our ICanRetire® program can help improve participant outcomes by encouraging employees to plan for the future and save.
- **Pursue a better retirement for yourself**
Through your SIMPLE IRA, you can invest more than double what you could through a traditional IRA, potentially getting you closer to achieving your retirement goals.

- **Take advantage of tax benefits**
Offering a plan can be a win-win for you and your employees. In addition to helping participants meet their retirement goals, the contributions you make as an employer qualify as a tax-deductible business expense. Plus, you may qualify for a federal tax credit on those contributions for the first five years of the plan, as well as other credits available for startup plans.



Scan this QR code to learn more about the tax credits available for startup plans.

SIMPLE IRAs – a closer look				
Deadline to establish	Between January 1 and October 1 ¹	Ongoing maintenance	Required annual notice to eligible employees	
Investment decisions	Made by employee	Annual nondiscrimination testing	Not required	
Vesting	Immediate	Contributions	Contributions may be made pretax or Roth after-tax if the plan permits.	
			Employers with 25 or fewer employees ²	Employers with 26-100 employees ²
Employee contributions (2025)	Maximum participant contribution limit		\$17,600	\$16,500
	Additional catch-up contributions limit for ages 50+		\$3,850	\$3,500
	Additional catch-up contributions limit only for ages 60-63 ⁴		\$5,250	
Mandatory employer contributions	A dollar-for-dollar match ⁵ of employee contributions up to		3% of compensation	3% of compensation
	OR A nonelective contribution ⁶ of		2% of compensation	2% of compensation
Optional additional employer contributions	Above mandatory contributions, employers can elect to make additional nonelective contributions to each eligible employee in a uniform manner, up to		10% of compensation, not to exceed \$5,100	

¹ May be established after October 1 for a new business formed after October 1 of the year in which the SIMPLE IRA plan is established.


² Employers who earned at least \$5,000 in the prior year.

³ This higher limit only applies if increased employer contributions are made (4% matching or 3% nonelective contribution).

⁴ The age 60-63 catch-up contribution limit replaces the 50+ catch-up contribution limit only for participants who reach age 60, 61, 62 or 63 in 2025.

⁵ Matching contributions may be reduced to a minimum of 1% for two of every five calendar years.

⁶ The percentage of mandatory employer nonelective contributions is applied on up to \$350,000 of compensation for 2025.

 For more information and assistance with SIMPLE IRAs, speak with your financial professional.

For more information about us, visit capitalgroup.com.

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