

## SIMPLE IRA Plus fact sheet

Plan sponsor version



# An expanded SIMPLE IRA retirement solution for you and your employees

Designed especially for companies with up to 100 employees, SIMPLE IRA Plus offers a 401(k)-style experience – at a lower cost than a full-service 401(k) plan.

## All the advantages of a SIMPLE IRA ...

### Cost efficiency for you and your employees

- Employer contributions are required but qualify as a tax-deductible business expense
- An affordable one-time \$25 setup fee and \$25 annual account maintenance fee per participant, which are usually deducted from the participant's account

### Quality investments to help employees build their retirement portfolio

- Choose from the full menu of American Funds® (except tax-exempt funds) that have helped investors pursue their long-term goals for more than 90 years, including the American Funds Target Date Retirement Series®

### Easy, flexible design so you can focus on your business, not plan management

- No complex IRS reports to complete

### Opportunity to save more than through a traditional IRA

- Save more than double what you could through a traditional IRA, while employees also benefit from required company contributions

## PLUS the benefits and features of a 401(k) at a price you can afford

### With SIMPLE IRA Plus, you'll have:

- Access to the same share classes available in 401(k) plans
- A qualified default investment alternative (QDIA) that can help improve outcomes when participants don't select their investments
- Custom plan investment menus
- Select online enrollment capabilities to facilitate plan setup and improve plan participation

### SECURE 2.0 Act benefits

SIMPLE IRA plans may be **more attractive** with the passage of the SECURE 2.0 Act. Among other benefits, the bill:

- Strengthened the existing tax credit for startup plans, to up to 100% for costs for certain smaller employers
- Created a new startup tax credit reimbursing small businesses for a portion of their employer contributions
- Allows potentially higher contribution limits for small businesses

Contact us or talk to your financial professional to learn more.

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

Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectuses and summary prospectuses, which can be obtained from a financial professional and should be read carefully before investing.

## A closer look at SIMPLE IRA Plus

<b>Deadline to establish</b>	<ul style="list-style-type: none"> <li>Between January 1 and October 1 of the current year, unless it's a plan for a new business that was established after October 1 of the plan setup year</li> </ul>
<b>Tax benefits</b>	<ul style="list-style-type: none"> <li>Pretax and Roth contribution options*</li> </ul>
<b>Mandatory employer contributions<sup>1</sup></b>	<ul style="list-style-type: none"> <li>Dollar-for-dollar match of employee contributions of up to <b>3%</b> of compensation<sup>2</sup> OR</li> <li>Nonelective contribution of <b>2%</b> of compensation</li> </ul>
<b>Optional additional employer contributions</b>	<ul style="list-style-type: none"> <li>Above mandatory contributions, employers can elect to make additional nonelective contributions to each eligible employee in a uniform manner, up to <b>10%</b> of compensation a year, not to exceed <b>\$5,300</b> in 2026.</li> </ul>
<b>Employee contributions (2026)</b>	<ul style="list-style-type: none"> <li><b>For plans with 25 or fewer employees</b>, maximum employee contributions are \$18,100 with additional catch-up contributions<sup>3</sup> "(ages 50-59 and 64+)" of up to \$3,850.</li> <li><b>For plans with 26 employees or more</b>, maximum employee contributions are \$17,000 with additional catch-up contributions<sup>3</sup> "(ages 50-59 and 64+)" of up to \$4,000. However, these plans can qualify for the higher employee contribution limit of \$18,100 with additional catch-up contributions of \$3,850 by opting to make higher mandatory employer matching contributions of 4% of compensation<sup>2</sup> or nonelective contributions of 3%.</li> <li><b>For employees age 60 to 63 only</b>, a higher catch-up contribution limit of \$5,250 replaces the "(ages 50-59 and 64+)" catch-up contribution limit.<sup>4</sup></li> </ul>
<b>Service model</b>	<ul style="list-style-type: none"> <li>Your financial professional will service the plan with access to plan-level reports and may provide general education and enrollment guidance to participants.</li> </ul>
<b>Investments</b>	<ul style="list-style-type: none"> <li>Customizable fund menus comprised of all American Funds (except tax-exempt funds), including the American Funds Target Date Retirement Series</li> <li>Retirement plan shares (Class R-3 and Class R-5E are available)</li> <li>A qualified default investment alternative is available</li> </ul>
<b>Ongoing maintenance</b>	<ul style="list-style-type: none"> <li>Annual notice to eligible employees (required)</li> </ul>
<b>Pricing</b>	<ul style="list-style-type: none"> <li>An affordable one-time \$25 setup fee and a \$25 annual account maintenance fee per participant, which are usually deducted from the participant's account</li> </ul>
<b>Vesting</b>	<ul style="list-style-type: none"> <li>Immediate</li> </ul>
<b>Plan nondiscrimination testing and reporting</b>	<ul style="list-style-type: none"> <li>Not required</li> </ul>

Footnote/Important information:

\*Only employee Roth deferrals are available at this time.

<sup>1</sup>Plans with 26 employees or more can opt to pay higher mandatory employer contributions to qualify for higher employee contribution limits; see Employee contributions section for more information.

<sup>2</sup>Matching contributions may be reduced to a minimum of 1% for two of every five calendar years.

<sup>3</sup>If allowed by the plan.

<sup>4</sup>This higher catch-up limit is only applicable to participants who reach age 60, 61, 62 or 63 in 2026.



### We're here to help

Contact your financial professional for more information and/or visit [capitalgroup.com](http://capitalgroup.com).

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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