

SIMPLE IRA Plus fact sheet

Plan sponsor version



**CAPITAL
GROUP®**

**AMERICAN
FUNDS®**



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

Deadline to establish	<ul style="list-style-type: none"> 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
Tax benefits	<ul style="list-style-type: none"> Pretax and Roth contribution options*
Mandatory employer contributions¹	<ul style="list-style-type: none"> Dollar-for-dollar match of employee contributions of up to 3% of compensation² OR Nonelective contribution of 2% of compensation
Optional additional employer contributions	<ul style="list-style-type: none"> Above mandatory contributions, employers can elect to make additional nonelective contributions to each eligible employee in a uniform manner, up to 10% of compensation a year, not to exceed \$5,100 in 2025.
Employee contributions (2025)	<ul style="list-style-type: none"> For plans with 25 or fewer employees, maximum employee contributions are \$17,600 with additional catch-up contributions³ (age 50+) of up to \$3,850. For plans with 26 employees or more, maximum employee contributions are \$16,500 with additional catch-up contributions³ (age 50+) of up to \$3,500. However, these plans can qualify for the higher employee contribution limits (\$17,600/\$3,850) by opting to make higher mandatory employer matching contributions of 4% of compensation² or nonelective contributions of 3%. For employees age 60 to 63 only, a higher catch-up contribution limit of \$5,250 replaces the 50+ catch-up contribution limit.⁴
Service model	<ul style="list-style-type: none"> Your financial professional will service the plan with access to plan-level reports and may provide general education and enrollment guidance to participants
Investments	<ul style="list-style-type: none"> Customizable fund menus comprised of all American Funds (except tax-exempt funds), including the American Funds Target Date Retirement Series Retirement plan shares (Class R-3 and Class R-5E are available) A qualified default investment alternative is available
Ongoing maintenance	<ul style="list-style-type: none"> Annual notice to eligible employees (required)
Pricing	<ul style="list-style-type: none"> 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
Vesting	<ul style="list-style-type: none"> Immediate
Plan nondiscrimination testing and reporting	<ul style="list-style-type: none"> Not required

*Only employee Roth deferrals are available at this time.

¹Plans 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.

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

³If allowed by the plan.

⁴This higher catch-up limit is effective January 1, 2025, and is applicable only for participants who reach age 60, 61, 62 or 63 in 2025.



We're here to help

Contact your financial professional for more information and/or visit 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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