

SIMPLE IRA plans are an excellent option for small business employers who want a plan that they and their employees can contribute to with less complexity and lower costs than a 401(k). Available to employers with 100 or fewer employees, SIMPLE IRAs offer flexibility and ease of administration that make them an appealing option for many small businesses.

Under a SIMPLE plan, employers are required to contribute to the plan but can do so by making either matching or non-elective contributions. Employees can choose to make their own contributions to the plan via payroll deductions.

Advantages of a SIMPLE IRA



Choice: The employer chooses how much to contribute to employee accounts.



Simplicity: Easy to establish; IRS Form 5500 is generally not required if Form 5305-SEP and its instructions are distributed to employees.



Flexibility: Employers can choose to make contributions in one of two ways:

- **Matching contribution** — Employers match dollar-for-dollar of employees' salary deferrals up to 3% of each employee's compensation. In two years of any five-year period, the match can also be lowered to 1%.

- OR -

- **Non-elective contribution** — Employers contribute 2% of compensation for each eligible employee regardless of whether employees choose to make salary deferrals.



Eligibility: all employees earning \$5,000 for any past two years who are expected do so in the current year. No age limit permitted. May exclude union employees.

Employee deferrals: For 2024, employee may make salary deferrals up to the lesser of \$16,000 or 100% of income. For 2025 it increases to \$16,500. See IRS chart for catch-up amounts.

- **Other SIMPLE IRA Considerations:**

- Cannot be paired with other employer-sponsored retirement plans; it must be the employer's exclusive plan.
- The premature withdrawal penalty increases to 25% during the first two years of participation. This amount decreases to 10% thereafter.
- Employees are immediately 100% vested in all contributions.
- Annual 60-day notice that outlines the employer's contribution commitment for the coming year must be given to all eligible employees.

Securities and investment advisory services are offered through the firms: Osaic Wealth, Inc. and Osaic Institutions, Inc., broker-dealers, registered investment advisers, and members of FINRA and SIPC. Securities are offered through Osaic Services, Inc. and Ladenburg Thalmann & Co., broker-dealers and members of FINRA and SIPC. Advisory services are offered through Ladenburg Thalmann Asset Management, Inc., and Osaic Advisory Services, LLC., registered investment advisers. Advisory programs offered by Osaic Wealth, Inc. are sponsored by VISION2020 Wealth Management Corp., an affiliated registered investment adviser.