

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*
Employee contributions for 2024	<ul style="list-style-type: none"> Up to \$17,500 for employers with 25 or fewer employees¹ or \$16,000 for employers with 26+ employees unless higher employer contributions are made² Up to \$3,500 additional catch-up contributions (for those age 50 and older)¹
Employer contributions	<p>Mandatory; either:</p> <ul style="list-style-type: none"> A dollar-for-dollar match of up to 3% of compensation^{2,3}; or A non-elective contribution of 2% of compensation for all eligible employees² <p>Optional: A non-elective contribution may be made to each eligible employee, in addition to mandatory contributions, in a uniform percentage up to 10% of compensation but not to exceed \$5,000</p>
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 (QDIA) 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.

¹The IRS has not announced the higher deferral and catch-up contribution limits for SIMPLE IRAs for 2024. The statute is unclear as to whether the 2024 limits are rounded down to the nearest \$500 increment. We are showing the limits as if the rounding rules apply. If the rounding rules do not apply, the limits would be higher.

²The 2024 employee contribution limits for employers with 26-100 employees who earned at least \$5,000 in the prior year is \$16,000 if the employer makes matching contributions of 3% of compensation or a non-elective contribution of 2%. A higher employee contribution limit of \$17,500 may be available if the employer elects to increase matching contributions to 4% or non-elective contributions to 3%.

³Matching contributions may be reduced to a minimum of 1% for no more than two of every five calendar years.



We're here to help

Contact your financial professional for more information and/or visit capitalgroup.com.

This content, developed by Capital Group, home of American Funds, should not be used as a primary basis for investment decisions and is not intended to serve as impartial investment or fiduciary advice.

All Capital Group trademarks mentioned are owned by The Capital Group Companies, Inc., an affiliated company or fund. All other company and product names mentioned are the property of their respective companies.

On or around July 1, 2024, American Funds Distributors, Inc. will be renamed Capital Client Group, Inc.