

A **SIMPLE IRA** is an easy and low-cost way to set up a retirement program for your small business.

What is a SIMPLE IRA?

A Savings Incentive Match Plan for Employees (SIMPLE) IRA is a salary deferral retirement plan that allows both the employer and employees to contribute to employee retirement accounts.

Who is a SIMPLE IRA best suited for?

Employers with 100 or fewer employees who do not already maintain or contribute to another employer-sponsored retirement plan in the same year.

Which of my employees can participate?

Any employee who received at least \$5,000 in compensation from your company during any two prior years (need not be consecutive) and who you reasonably expect will receive at least \$5,000 in the current year.

Note: Each eligible employee can decide whether or not to participate and how much they want to contribute, up to the allowable maximum.



What are the key benefits of a SIMPLE IRA?



Employers enjoy tax deductible contributions for their business, pretax contributions for employees, and tax-deferred growth potential on contributions.



Employees are not required to make contributions and are always 100% vested in their SIMPLE IRA money.



There are no setup or account maintenance fees and no special IRS tax filing requirements for employers. Commission, service, and exception fees may apply.



Employers can choose to contribute to employees who also contribute for themselves. The employer can also match pretax deferral contributions to their own account.

Visit schwab.com/SIMPLE-IRA to get started.

What do I need to know about contributions?

- Employees may contribute up to \$15,000 for the 2023 tax year (\$19,000 if age 50 and up). If an employee makes salary deferrals in another company's 401(k) plan during the year, the total amount of deferrals for all plans cannot exceed \$22,500 for the 2023 tax year (\$30,000 if age 50 and up).
- Employer contributions (match or nonelective) must be made prior to the employer's tax filing deadline, including extensions. Employee salary deferrals must be contributed as soon as possible after withholding from the employee's pay.
- Employers must make contributions to employee accounts in one of two ways:
 - Employers must match employees' contributions dollar for dollar up to 3% of each employee's compensation (which can be reduced to 1% in any two out of five years), OR
 - Employers must make contributions for **all** eligible employees, including those who do not make contributions, in a nonelective amount of 2% of each employee's compensation.

What about distributions?

- Distributions from a SIMPLE IRA are taxed at the time of withdrawal and are subject to a 10% early withdrawal penalty if you are under age 59½, but exceptions may apply. This IRS penalty is increased to 25% if you have not had your SIMPLE IRA account for at least two years.
- Required Minimum Distributions (RMDs) start at age 73.

Still wondering if a SIMPLE IRA is right for you?

You may want to contact your accountant or tax advisor to learn more about what makes sense for your business and circumstances.

Ready to establish a SIMPLE IRA plan?

Visit [schwab.com/SIMPLE-IRA](https://www.schwab.com/SIMPLE-IRA) for the necessary forms, along with detailed instructions for employers and participants/employees.

Investors should carefully consider information contained in the prospectuses, including investment objectives, risks, charges, and expenses. You can request a prospectus by calling Schwab at 1-800-435-4000. Please read the prospectus carefully before investing. Investment value will fluctuate, and shares, when redeemed, may be worth more or less than their original cost.

This information is not intended to be a substitute for specific individualized tax or legal advice, and you should consult with a qualified legal or tax advisor for further assistance.

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