Basic Facts about your SIMPLE IRA

ELIGIBILITY

Employer

To be eligible to offer a SIMPLE IRA plan, your business must meet two requirements:

- You must have employed 100 or fewer employees who earned at least $5,000 of compensation from you in the previous calendar year, and
- During the current calendar year, you do not maintain any other retirement plan to which contributions are made or where benefits accrue.

Employee

Generally, all employees are eligible to participate. However, you may exclude employees who:

- Have not earned at least $5,000 during any two preceding calendar years
- Are expected to earn less than $5,000 in the current year
- Are nonresident aliens, certain union members, and new employees resulting from an acquisition or similar transaction (during a transition period only).

CONTRIBUTIONS

Employer and employee contributions may be made under a SIMPLE IRA plan. You must select which type of employer contribution to make prior to the 60-day election period from November 2 through December 31.

Employer

Matching

Under this option, only those employees who make their own salary reduction contributions will receive employer matching contributions to their SIMPLE IRAs. You may match up to 3% of each eligible employee's compensation. You may select a limit lower than 3% of compensation (between 1% and 3% of compensation), but only in two years out of any five-year period. The employer must ensure that the employer contribution amounts are correct based on their payroll records.

Nonelective

Under this option, the employer makes a contribution equal to 2% of compensation (based on maximum eligible compensation limits) for each eligible employee—whether or not the employee makes salary reduction contributions.

Changing your contribution method

You can change your contribution method once a year before the beginning of the year. You must notify your employees of the contribution method at least 60 days before the start of the year by completing the Participation Notice & Summary Description.

Employee

Choosing a contribution amount

Employees may defer 0% to 100% of their compensation, but no more than the annual dollar limit determined by the IRS each year. Further, employees that attain age 50 by the end of the year can contribute an additional amount known as a catch-up contribution. Note, employees are not required to contribute each year.

If you are a business with no more than 25 employees who received at least $5,000 in compensation from you in the previous calendar year, each participant may defer up to 110 percent of the 2024 elective deferral limits.

Changing a contribution election

Employees can generally change their contribution election during the 60-day election period from November 2 through December 31 or any other period specified on the Participation Notice & Summary Description form.

Terminating contributions

Employees can terminate a salary-reduction contribution election at any time. However, an employee cannot again enroll as a contributing employee until the first day of the year following the year of termination or any other date the employer specifies on the Participation Notice & Summary Description.

Transfers
A transfer is a direct movement of assets to a SIMPLE IRA from any other SIMPLE IRA or from a Traditional IRA to a SIMPLE IRA after two years has passed since the first contribution was made by your plan into your employee's SIMPLE IRA. Employees may perform an unlimited number of transfers. A transfer contribution may not be made from a Roth IRA.

Rollovers
A rollover is a distribution and subsequent tax-free movement of assets from any of your IRAs or employer-sponsored retirement plans to your SIMPLE IRA. You are permitted to roll over only one distribution from an IRA (Traditional, Roth or SIMPLE) in a 12-month period, regardless of the number of IRAs you own. A rollover contribution of Traditional IRA or employer-sponsored retirement plan assets may not be made to a SIMPLE IRA, until two years has passed since the first contribution is made by your plan into your employee's SIMPLE IRA. A rollover contribution of Roth IRA assets may not be made to a SIMPLE IRA.

Ownership
All contributions to employees' SIMPLE IRAs belong to the employees.

Taxes
The employer must withhold federal unemployment tax, social security, and Medicare from the employee contributions before they are submitted. However, SIMPLE IRA contributions are not taxable until an employee takes a distribution from their SIMPLE IRA. An employer may deduct employer contributions for a particular tax year if they are made for that tax year and are made by the due date (including extensions) of the employer's federal income tax return for that year.

Sending Contributions to Ascensus Trust
You must forward contribution and remittance information to Ascensus Trust via the Plan website. Ascensus Trust will email the website information to the administrator and plan contact(s) you assigned on the Plan Authorization Form.

INVESTMENTS

Choices
For a list of eligible investments please review the approved fund list.

Minimums
Varies by fund, please review the fund prospectus for specific details.

REPORTING REQUIREMENTS

The following reports and notices must be filed.

Employer
IRS Form W-2
Indicate on each contributing employee's W-2 that he or she is actively participating in the plan. Report the applicable amount of salary-reduction contributions on each employee's W-2 in box 12.

Participation Notice & Summary Description
Annually before the election period (November 2 through December 31), you must notify all eligible employees that they can start or change their SIMPLE IRA contributions. You must also identify whether the employer contributions in the coming year will be matching or nonelective and provide the applicable contribution percentage.

Ascensus Trust
Form 5498
Ascensus Trust files IRS Form 5498, *IRA Contribution Information,* annually with the IRS and sends a copy to each employee who has made a contribution in the previous year or has a required minimum distribution due during the year.

Basic Facts about your SIMPLE IRA

Form 1099-R
Ascensus Trust files Form 1099-R, *Distributions From IRAs,* annually with the IRS and sends a copy to each employee who has taken an IRA distribution in the previous year.

FEES

Employer
Please review Schedule B for the fees associated with your plan.

Employee
Please review the Financial Disclosure for fees associated with your plan.

ACCOUNT STATEMENTS

Employer
Your plan contribution statements are available by logging on to the Plan website.

Employee
Ascensus Trust will mail account statements to the employee's address on record unless they have opted into e-delivery. Employees may access a copy of their statement online at any time regardless of their e-delivery preference.

The December 31 Fair Market Value will be provided in the year-end account statement.

DISTRIBUTIONS

Employer
You have no involvement in making distributions to employees. Ascensus Trust will process distributions from the account as directed by the employee.

The rules for taking distributions from a SIMPLE IRA are similar to those for Traditional IRAs.

Employee
Cash Withdrawal
Distributions are normally taxed as ordinary income. If withdrawals are made before age 59½, a 10% early distribution federal tax penalty may apply. If an employee withdraws an amount from their SIMPLE IRA during the two-year period beginning with the date of their first contribution to your company's SIMPLE Plan, the amount may be subject to the additional federal tax penalty on early distributions of 25%.

Required Minimum Distribution (RMDs)
The deadline for taking RMDs is December 31 each year. You may delay taking your first RMD (and only your first RMD) until April 1 of the year after you turn 73.

Transfers
SIMPLE IRA assets may be transferred to another SIMPLE IRA at any time.

Rollovers
SIMPLE IRA assets can be rolled over to another SIMPLE IRA, Traditional IRA, Roth IRA (Roth conversion), SEP IRA, qualified plan, 403(b) plan or 457(b) plan regardless of whether they have terminated employment with your organization after two years has passed since the first contribution was made by your plan into your SIMPLE IRA.