



# SEP & SIMPLE IRA vs. CalSavers

YOUR WORKPLACE RETIREMENT PLAN WORKING FOR YOU

Satisfying the California State Mandate by offering your employees a retirement plan can help you retain and attract employees while giving you access to new tax credits and deductions.

### California State Workplace Benefits Deadline is Fast Approaching

Employers with 1-4 employees in the state of California must provide a workplace retirement plan by December 31, 2025 or be subject to financial penalties.

### You Have Options

CalSavers state plan is an option; however, it is not your only option. If you have already selected the state plan, you may adopt an **alternative workplace arrangement plan** that better suits your needs, and then file for state plan exemption.

Products issued by:

**Life Insurance Company of the Southwest®**

### Your Answer could be simple

When you adopt a SEP or SIMPLE IRA plan, you

- Make employer matching contributions which could be a great way to retain and recruit talent.
- Could fund the IRA with a flexible premium indexed annuity with a Guaranteed Lifetime Income Rider that is portable upon separation from employment.<sup>1</sup>
- May be eligible for a tax credit of up to \$5,000 per year for each of the first 3 years for the cost of starting the IRA plan, as well as a credit of up to \$1,000 per employee for contributions made on their behalf by the employer.
- Are not required to file annual financial reports with the IRS or Department of Labor.

Scan for SIMPLE and SEP IRA Plan Implementation Checklist or [click here](#).



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No bank or credit union guarantee | Not a deposit | Not FDIC/NCUA insured | May lose value | Not insured by any federal or state government agency

	<b>CalSavers (Roth IRA)</b>	<b>SIMPLE IRA</b> Offering Life Insurance Company of the Southwest® fixed indexed annuities	<b>SEP IRA</b> Offering Life Insurance Company of the Southwest® fixed indexed annuities
<b>Employer Eligibility</b>	1-4 employees by December 31, 2025 deadline currently eligible to register with CalSavers	Less than 100 employees	Any employer, including self-employed individuals
<b>Employer Contribution</b>	Does not permit any employer matching or non-elective contributions	Employer choice between either: <ul style="list-style-type: none"> <li>• 3% matching contribution to participating employees; or</li> <li>• 2% non-elective contribution to all employees</li> </ul> <i>Business receives tax deduction for any employer contributions</i>	Cannot exceed the lesser of 25% of compensation or \$69,000 for 2024
<b>Employee Contribution Limits</b>	2024 Annual Limits: \$7,000; \$8,000 if Age 50+  Employees are automatically enrolled at 5% gross pay. CalSavers is a Roth IRA plan.  <i>Employees with incomes higher than Roth IRA income limits may not be eligible to contribute and need to opt out of CalSavers or recharacterize to Traditional IRA.</i>	2024 Annual Limits: \$16,000; \$19,500 if Age 50+  Employer matching contributions are dollar-for-dollar up to 3% of the employee's compensation; or  If the non-elective is chosen, contributions equivalent to 2% of compensation must be made to all participants, regardless of how much they contribute. The maximum compensation that can be taken into account is \$345,000 in 2024. This amount is indexed for inflation.	None  Only the employer makes contributions for the employees.
<b>Vesting</b>	No vesting schedule: employees are 100% vested	No vesting schedule: employees are 100% vested	No vesting schedule: employees are 100% vested
<b>Administration Requirements</b>	Annual tax filing is required	Easy; no annual tax filing requirements with the IRS nor Department of Labor	Easy; no annual tax filing requirements with the IRS nor Department of Labor
<b>Administration Fees</b>	Employees pay program administration fees through annual asset-based fee of 0.80%	None	None
<b>Discrimination Testing</b>	None	None	None
<b>Investment Fees</b>	Investment Option Fees; may vary based on selection	None on the base policy. Selection of riders may incur rider charges.	None on the base policy. Selection of riders may incur rider charges.
<b>Lifetime Income Options</b>	None	If using an annuity for the IRA, various annuitization options available. Guaranteed Lifetime Income Rider may be available as an option for an additional cost, depending on the product selected. <sup>1</sup>	If using an annuity for the IRA, various annuitization options available. Guaranteed Lifetime Income Rider may be available as an option for an additional cost, depending on the product selected. <sup>1</sup>

SIMPLE IRA contributions are recorded and reported by NLG via IRS Form 5498.

1. Annuities have withdrawal charges that are assessed during the early years of the contract if the annuity is surrendered. In addition, withdrawals prior to age 59 1/2 may be subject to a 10% Federal Tax Penalty. Indexed annuities do not directly participate in any stock or equity investments. Guarantees are dependent on the claims paying ability of the issuing company. This is not a solicitation of any specific annuity contract. The Guaranteed Lifetime Income Rider (GLIR), as represented in form series 7983, 7984, 7985, 7986, 8969, 8970, 20365, 20135, 20136, and/or 20380, is a rider that can be added to an annuity policy at issue and is available on fixed and fixed indexed annuities issued by Life Insurance Company of the Southwest. Electing this rider incurs an additional cost and rider charges continue to be deducted regardless of whether interest is credited. GLIR may be optional, and may not be available on all products or in all states. Guaranteed Withdrawal Payments reduce the policy's accumulated value, but you will continue to receive these payments during your lifetime even if your accumulation value declines to zero.