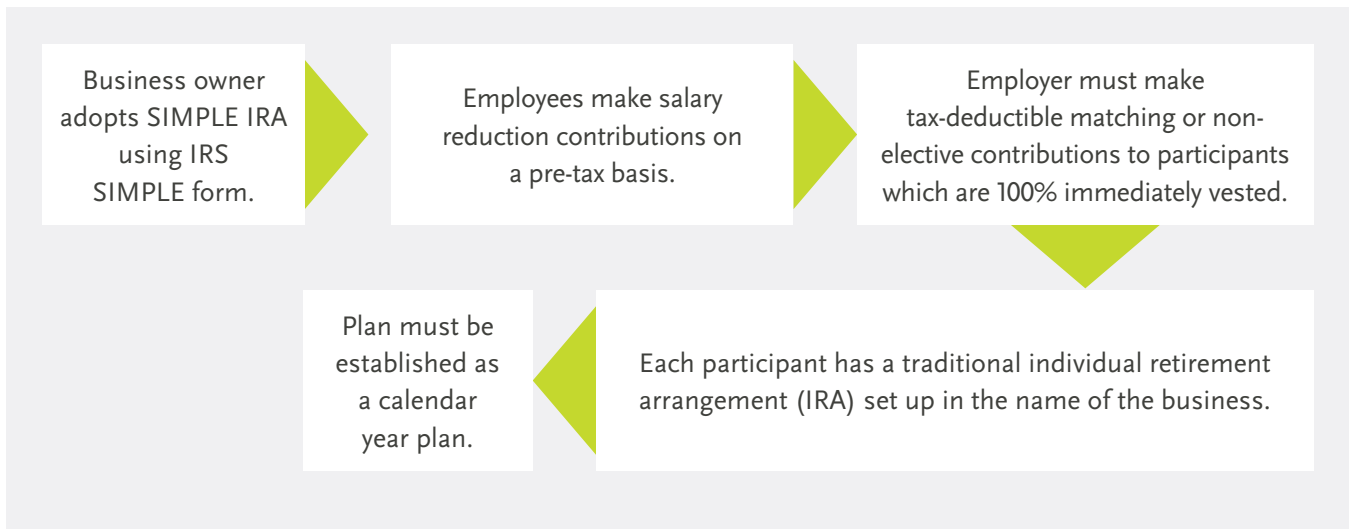




SIMPLE IRA

A SIMPLE (Savings Incentive Match Plan for Employees) IRA plan provides employers and employees with a simplified way to make deferrals and accumulate retirement income.



Advantages of this strategy:

- Your employees can choose to make deferrals rather than receiving these amounts as part of their regular pay.
- No third party administrator is required so there are no administration fees or IRS filing fees to pay.
- No annual filing is required with the IRS or Department of Labor.

National Life Group® is a trade name of National Life Insurance Company (NLIC), Montpelier, VT, Life Insurance Company of the Southwest (LSW), Addison, TX and their affiliates. Each company of National Life Group is solely responsible for its own financial condition and contractual obligations. Life Insurance Company of the Southwest is not an authorized insurer in New York and does not conduct insurance business in New York.

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

Guarantees are dependent upon the claims-paying ability of the issuing company.

If you are a business owner looking for a simple way to accumulate retirement savings for yourself and your employees...

A SIMPLE IRA may be the solution.

Here's how it works:

- A SIMPLE IRA can be established by any employer who has 100 or fewer employees who received \$5,000 or more in compensation in two prior years and are expected to earn \$5,000 in the current year.
 - The SIMPLE IRA is owned and controlled by the employee.
 - SIMPLE IRAs can be set up with banks, insurance companies, or other qualified financial institutions.
- The maximum contribution that any employee can defer is 100% of pay up to \$16,000 for 2024 for the current tax year. There is a \$3,500 catch-up amount for people age 50 or older.
- If the employee is a participant in any other type of salary deferral plan, the total aggregate elective deferrals cannot exceed \$23,000 in 2024 for the current tax year. There is a \$7,500 catch-up amount for people age 50 or older.
- The following three actions are required during each Annual Election Period as defined in IRS form 5304-SIMPLE. NLG will oversee and provide this notification annually to your Employees. If you make any plan changes, you will need to notify NLG 60 days prior to the Annual Election Period.
 - A formal written agreement must be executed by you to provide benefits to all eligible employees.
 - Each eligible employee must receive certain information about the SIMPLE.
 - The SIMPLE must be set up by and for each eligible employee.

There are two Safe Harbor options:

Employer can change the Safe Harbor election from year to year.

1. Employer can match the employee's salary reduction contribution on a dollar-for-dollar basis up to 3% of the employee's compensation in three out of the first five years the plan is in effect. The employer can choose a matching contribution less than 3%, but no less than 1%, in two out of the first five plan years. The match goes only to employees who defer, or
2. Employer can make a non-elective contribution of 2% of compensation on behalf of each eligible employee. The non-elective contribution goes to all employees who are eligible to participate, even if they do not make salary reduction contributions.

Additional Information:

- Life insurance is not allowed in a SIMPLE IRA.
- Rollovers from a SIMPLE IRA to a non-SIMPLE IRA can be made tax free only after two years of participation in the SIMPLE IRA plan.
- A 25% excise tax¹ is assessed if withdrawals are made within two years of beginning participation.
- All contributions are vested 100% to the employee and the IRA is owned by the employee.

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



Distributions taken prior to reaching age 59½ may be subject to an additional 25% federal excise tax if withdrawals are made within two years of beginning participation, or a 10% federal tax penalty thereafter until after age 59 1/2.

This information is not intended as tax or legal advice. Please consult with your Attorney or Accountant prior to acting upon any of the information contained in this correspondence. Limits shown are for the 2024 tax year.

Centralized Mailing Address: One National Life Drive, Montpelier, VT 05604 | 800-732-8939 | www.NationalLife.com