

## Retirement plan services

SIMPLE IRA program highlights



**CAPITAL  
GROUP**® | **AMERICAN  
FUNDS**®

# Save more for retirement with a SIMPLE IRA

Only 53% of workers in small companies have access to retirement benefits.\* As a result, many have fallen behind in the pursuit of their retirement goals.

If you don't offer a retirement plan because you're not sure you have enough employees, or worry that such a program would be expensive or difficult to manage, consider a Savings Incentive Match Plan for Employees (SIMPLE) IRA from Capital Group, home of American Funds. Designed especially for companies with 100 or fewer employees, a SIMPLE IRA provides many of the benefits associated with 401(k)s, but without the high cost or complexity.

Among its features:

- **Cost efficiency** for you and your employees
- **Quality investments** to help employees build a diversified retirement portfolio
- **Easy, flexible design** so you can focus on your business, not plan management
- **Opportunity to save more** than you could through a traditional IRA

### Cost efficiency for you and your employees

If potential costs have held you back from offering a retirement plan, then a SIMPLE IRA may be the solution you've been seeking. Our \$10 per-participant setup and \$10 annual account maintenance fees are among the lowest in the industry and are usually paid for by the participants themselves.

Employer contributions are required, but qualify as a tax-deductible business expense.

### Quality investments to help your employees build a diversified retirement portfolio

You can choose from the same quality investment options that large companies make available in their employer-sponsored 401(k)s, including:

- The full menu of American Funds that have helped investors pursue their long-term goals for more than 90 years
- The American Funds Target Date Retirement Series®
- The American Funds Portfolio Series<sup>SM</sup>

### Easy, flexible design so you can focus on your business

- Easy setup with the help of your plan's financial professional
- Submit contributions and access plan information online
- No complex IRS reports to complete
- Limit your fiduciary liability, because each employee controls their own account and makes their own investment decisions
- Get helpful reminders about important plan requirements
- Choose between two types of employer contributions and switch between those two options up to once a year if needed (see page 2 for more information)

### Are you using another provider?

Regardless of where you open your plan, ask for American Funds and our target date retirement series.

\*As of March, 2020. "67 percent of private industry workers had access to retirement plans in 2020," U.S. Bureau of Labor Statistics. March 1, 2021.

**Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.**

## Save more than you could with a traditional IRA

A SIMPLE IRA allows you and your employees to save more than is possible through a traditional IRA. And employees also benefit from required company contributions.

## Once your SIMPLE IRA is set up, maximize the value of the plan

Your SIMPLE IRA is as valuable to you as a business owner as it is to your employees. By taking full advantage of the plan, you can more confidently:

- **Meet the needs of your employees**

A retirement plan can be a powerful incentive to help retain your most valued employees and attract top-quality hires. To make it easier to start saving, employees can elect to enroll in an age-appropriate target date fund without having to make an investment selection.

- **Benefit from a tax deduction**

When you and your employees maximize your participation in the plan, everybody wins. In addition to helping those who participate get closer to their retirement goals, the contributions you make as an employer qualify as a tax-deductible business expense.

- **Pursue a better retirement for yourself**

Through your SIMPLE IRA, you can invest more than double what you could through a traditional IRA, potentially getting you closer to achieving your retirement goals.

## SIMPLE IRAs – a closer look

<b>Deadline to establish</b>	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 SIMPLE IRA plan setup year
<b>Contributions</b>	Pretax contributions by employees plus a mandatory employer contribution of either: <ul style="list-style-type: none"><li>• Dollar-for-dollar match of up to 3% of compensation*</li></ul> <b>or</b> <ul style="list-style-type: none"><li>• Across-the-board 2% of compensation for all eligible employees†</li></ul>
<b>Contribution limits</b>	Annual maximum participant contribution limit: <span style="float: right;">\$14,000</span> Additional catch-up contribution: <span style="float: right;">\$3,000</span> (for those age 50 and older) Total contributions: <span style="float: right;">\$28,000/\$34,000</span> Maximum participant and employer contributions combined (\$34,000 with age-based catch-up contributions)‡
<b>Investment decisions</b>	Made by employee
<b>Vesting</b>	Immediate
<b>Ongoing maintenance</b>	Annual notice to eligible employees (required)
<b>Annual nondiscrimination testing</b>	Not required

\*Matching contribution may be reduced to a minimum of 1% for two of every five calendar years.

†Compensation on which the employer calculates the 2% contribution is limited to \$305,000 for 2022.

‡Maximum based on employer matching contributions of 3%, for participants earning at least \$466,667 annually (\$566,667 when the maximum catch-up amount is included).



For more information and assistance with SIMPLE IRAs, speak with your financial professional.

For more information about us, visit [capitalgroup.com](https://capitalgroup.com).

**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.**

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