Clear and reset form

CAPITAL GROUP® | AMERICAN FUNDS®

SIMPLE IRA
Notification to Eligible Employees

1 General information

☐☐–☐☐–☐☐☐☐
Date (mm/dd/yyyy)

Name of company

Employer contact

2 Notice of eligibility

You are eligible to make:

Select one.

☐ Pre-tax salary deferral contributions.

☐ Pre-tax and/or Roth salary deferral contributions.

Review this notice and the Summary Description before deciding to start, continue or change your salary deferral election.

3 Employer contribution

Select one:

A. ☐ A matching contribution equal to 100% of your elective deferrals, up to a limit of 3% of your compensation for the calendar year.

B. ☐ A matching contribution equal to 100% of your elective deferrals, up to a limit of _____% (less than 3%, but no less than 1%) of your compensation for the calendar year. In any two out of five years, matching contributions can be reduced to no less than 1% of compensation.

C. ☐ A nonelective contribution equal to 2% of your compensation* for the calendar year.

Optional:

☐ An **additional** nonelective contribution of _____% of your compensation* for the calendar year.

Note: This additional contribution cannot exceed the lesser of 10% of your compensation* or $5,100 in 2025.

*The maximum amount of your compensation used to calculate nonelective contributions is limited to $350,000 for 2025, as indexed for inflation.

4 Elective deferral limits

Information for the plan sponsor

Select the limits that apply to the plan:

- Plans with **no more** than 25 employees (who received compensation of at least $5,000 in the preceding year): Higher limits apply unless you offered another retirement plan in the 3-year period before offering the SIMPLE IRA plan.
- Plans with **more** than 25 employees (who received compensation of at least $5,000 in the preceding year): Regular limits apply.[1]

The elective deferral limits (including catch-up contributions[2] for employees who will attain age 50 or older before the end of the calendar year) that apply to this plan are:

☐ Higher limits

OR

☐ Regular limits

2025[3] SIMPLE IRA elective deferral limits

	Deferral limit	Ages 50–59 catch-up limit[2]	Ages 60–63 catch-up limit[2]	Ages 64+ catch-up limit[2]
Higher limits	$17,600	$3,850	$5,250	$3,850
Regular limits	$16,500	$3,500	$5,250	$3,500

[1] An employer with 25 or fewer employees (who received compensation of at least $5,000 in the preceding year) that grows to more than 25 employees in a subsequent year will have a 2-year grace period in which the employer will continue to be treated as having 25 or fewer employees. If this applies to your plan, select "Higher limits" during the 2-year grace period.

[2] The applicable catch-up limit is based on the age the participant will attain by the end of the calendar year.

[3] For later years, the limits may be increased for cost-of-living adjustments.

5 Administrative procedures

If you decide to start or change your salary deferral election, you must complete and return the form by:

☐☐–☐☐–☐☐☐☐

Date (mm/dd/yyyy)

(within 60 days of the date this notice is provided)

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Summary Description for the SIMPLE IRA Plan

I. Plan Information

Name of company

Address

EIN

Employer contact

II. Eligibility Requirements

You are eligible to participate in this Savings Incentive Match Plan for Employees ("SIMPLE") IRA Plan (the "Plan") if

- you received at least $5,000 (or a lesser amount if noted here $ _____) in compensation as defined under the terms of the Plan ("Compensation") from your employer during any two (or lesser number if noted here _____) prior years and
- you are reasonably expected to receive at least $5,000 (or a lesser amount if noted here $ _____) in Compensation during the current year.

You are not eligible to participate in this SIMPLE Plan if you fall into one of the categories listed below unless the box next to the description has been checked.

A. ☐ **Collectively Bargained Employees**

Employees who are part of a collective bargaining unit may be excluded from participation in this Plan if retirement benefits have been the subject of good faith bargaining between the collective bargaining unit and the employer.

B. ☐ **Nonresident Aliens**

Employees who are nonresident aliens who receive no taxable income from sources within the United States.

III. Contributions

Contributions made to your SIMPLE Individual Retirement Account ("SIMPLE IRA") can be Employee pre-tax deferrals (and/or Roth deferrals, if permitted) and your employer's Matching Contributions or Nonelective Contributions, as described below. No other contributions may be made to your SIMPLE IRA. All contributions made to the Plan, and the earnings, are fully vested and nonforfeitable.

A. Employee Deferrals

Pre-Tax Deferrals

Once you are eligible, you may direct your employer to contribute a portion of your Compensation on a pre-tax basis to your SIMPLE IRA by completing a Salary Deferral Election.

Roth Deferrals

Once you are eligible, your employer may elect to permit you to direct a portion of your Compensation on a Roth basis to your SIMPLE IRA by completing a Salary Deferral Election.

Higher Deferral Limits

Higher deferral limits (110% of the limits that would otherwise apply) apply to employers with no more than 25 employees who earned at least $5,000 in the prior year. The higher limits also apply to employers with more than 25 employees who earned at least $5,000 in the prior year, but only if the employer elects to provide a 4% matching or 3% nonelective contribution.

B. Employer Contributions

Your employer must also make contributions to each eligible Employee's SIMPLE IRA. Your employer will notify you each year of the type and amount of contribution.

Matching Contributions

If your employer chooses to provide Matching Contributions, your employer will match your deferrals on a dollar-for-dollar basis up to 3% (but not less than 1%) of your Compensation for any year. Your employer may contribute less than a 3% match (but not less than 1%) in no more than two out of every five years.

Example

Here is an example of a valid election to provide a reduced match in no more than two out of every previous five years. Please note that in every grouping of five years, the 3% match was provided to Employees at least three times.

Year 1	3% of Compensation
Year 2	1% of Compensation
Year 3	2% of Compensation
Year 4	3% of Compensation
Year 5	3% of Compensation
Year 6	3% of Compensation
Year 7	1% of Compensation

Nonelective Contributions

In lieu of Matching Contributions, your employer may elect to contribute 2% of Compensation to your SIMPLE IRA, whether you elect to make contributions or not.

Additional Nonelective Contributions

Your employer may make additional nonelective contributions of up to 10% of Compensation, not to exceed $5,100 in 2025 (indexed for inflation).

IV. Employee Elections

The enrollment period for each Plan Year runs from November 2 through December 31. During this time, once you are eligible, you will have the opportunity to make an election to participate in the Plan or, in subsequent years, to change your deferral election. You may elect to stop participating in the Plan at any time during the year. Your Plan may require you to wait until the beginning of the following year to restart contributions once you stop. Check with the employer contact listed in Section I of this summary for the Plan rules.

V. Withdrawals, Rollovers and Transfers From the Plan

Contributions made on your behalf to a SIMPLE IRA may be withdrawn, rolled over into another IRA or transferred to another IRA as provided below. To initiate a withdrawal, rollover or transfer, call **(800) 421-4225** to request the appropriate form.

A. Withdrawals

You may withdraw the Employee and employer contributions made to your SIMPLE IRA, including the earnings thereon, at any time. However, if you take a distribution prior to the time that you attain age 59½, you may be subject to a penalty of either 25% or 10%, depending on how long you have been a participant in the Plan. There are certain exceptions to the 25% and 10% early withdrawal penalties.

Pre-Tax Deferrals and Employer Contributions
Withdrawals are taxed as ordinary income.

Roth Deferrals
Withdrawals of contributions are not taxed, but any associated earnings may be taxable if the withdrawal is not qualified. A withdrawal is qualified if the distribution occurs more than 5 years after you establish your first Roth IRA, and **1)** you have reached age 59½; **2)** the distribution is due to your disability or death; or **3)** the money is used for certain expenses to purchase a first-time home.

For more information on withdrawals, you may obtain IRS Publication 590-B by calling (800) TAX-FORM or by accessing the IRS website at **www.irs.gov**.

B. Rollovers

You may roll over your SIMPLE IRA held with Capital Bank and Trust Company (CB&T) to another SIMPLE IRA with another custodian at any time. You may roll over pre-tax contributions and associated earnings to a traditional IRA and Roth contributions and associated earnings to a Roth IRA only after the two-year period beginning from the time you first participated in this Plan.

C. Transfers

CB&T is the designated financial institution of your employer's SIMPLE IRA Plan. You may transfer your contributions (both your salary deferrals and your employer's contributions) to another trustee or custodian without cost or penalty by notifying CB&T when you initially establish your SIMPLE IRA account, or at any other time, by using the CB&T SIMPLE Transfer Election form. CB&T will process this request without cost or penalty, provided you meet certain transfer requirements.

Prior to the transfer, the contributions (both your salary deferrals and your employer's contribution) that you want to transfer may only be invested in A or F-2 shares of American Funds U.S. Government Money Market Fund so that the transfer may occur without cost or penalty to you. If you elect not to invest in A or F-2 shares of American Funds U.S. Government Money Market Fund but in another American Funds mutual fund or share class for which a sales charge or a contingent deferred sales charge is applicable, you may also transfer these contributions, but the transfer cannot be made without cost or penalty, since the sales charge will not be refunded.

To initiate such a transfer, contact the new trustee or custodian to obtain the appropriate forms. CB&T will complete a "custodian to custodian," or similar transfer, of all or a portion of your SIMPLE IRA account balance upon receipt of the recipient institution's acceptance of the SIMPLE IRA account. If your contribution was invested in a mutual fund class of shares subject to a sales charge or a contingent deferred sales charge, then the sales charges will not be refunded.

VI. Limitations of Description

This Summary Description is intended to provide general information about the Plan. However, the details of the form and features of the Plan are provided in the Plan document. Any discrepancies between this Summary Description and the Plan Document shall be determined in favor of the Plan Document. You may obtain a copy of the Plan Document from your employer, who may charge you a reasonable fee for copying the Plan Document.

VII. Custodian Information

Name: Capital Bank and Trust Company

Address: 6455 Irvine Center Drive
Irvine, CA 92618-4518

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SIMPLE IRA
Salary Deferral Election
For employer/employee use only

To establish a pre-tax and/or Roth SIMPLE IRA, attach a completed application. Your employer will forward the completed application to American Funds Service Company® on your behalf.

1 General information

Name of employee

Name of company

2 Payroll election

Note: For contribution limits, refer to the *Notification to Eligible Employees*.

Select one.

A. ☐ **New election for NEW participants** — I am participating in the plan for the first time (the application is attached). I elect to have the following amount withheld from my compensation and contributed to the SIMPLE IRA plan.

Effective date _____ (mm/dd/yyyy)

Pre-tax deferrals — available for all plans. ☐ _____% **OR** ☐ $ _____

Roth deferrals — if permitted. Review Section 2 of the *Notification to Eligible Employees* to determine if this option is available for your plan.

☐ _____% **OR** ☐ $ _____

B. ☐ **Change deferrals** — I am currently participating in the SIMPLE IRA plan and wish to change my election.

Effective date _____ (mm/dd/yyyy)

Pre-tax deferrals — available for all plans. ☐ _____% **OR** ☐ $ _____

Roth deferrals — if permitted. Review Section 2 of the *Notification to Eligible Employees* to determine if this option is available for your plan.

☐ _____% **OR** ☐ $ _____

Note: If this is the first time you are electing Roth deferrals, you must establish a Roth SIMPLE IRA. Attach a completed application.

C. ☐ **Maintain deferrals** — I am participating in the SIMPLE IRA plan and wish to maintain my current deferral election.

D. ☐ **Suspend deferrals** — I wish to stop deferring to the SIMPLE IRA plan as of the effective date specified below.

Effective date _____ (mm/dd/yyyy)

Deferral type ☐ Pre-tax deferrals **AND/OR** ☐ Roth deferrals

E. ☐ I do not wish to make any salary deferrals at this time.

3 Signature

If electing salary deferrals, I authorize my employer to withhold the amount/percentage specified in Section 2 from each paycheck as of the effective date provided, which will reduce my compensation under this election (my elective deferral contributions). I understand **1)** pre-tax salary deferral contributions are not subject to federal (and state, if applicable) income tax until distributed from the plan; and **2)** Roth salary deferral contributions will be made to a Roth IRA and are subject to federal (and state, if applicable) income tax at the time withheld from my paycheck. I also understand that my elective deferral contributions are subject to gain or loss in accordance with my selected investments. I may revoke or update this election at any time as permitted by my employer. If I revoke this election, I acknowledge that, contingent upon the terms of the SIMPLE IRA plan, I may be prohibited from submitting another salary deferral election until the enrollment period immediately preceding the next plan year. The revocation or update will be effective as soon as administratively possible by my employer after they have received the notice.

X _____ / / _____

Signature of employee — Date (mm/dd/yyyy)

Return this completed form to your employer.
Do not send this form to American Funds Service Company
or Capital Bank and Trust Company.

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