

## **SIMPLE – IRA**

# **Salary Deferral Plan for Small Businesses**

- Available for small businesses with less than 100 employees  
(Sole Proprietor, Partnerships and Corporations)
- Defer 100% salary up to [maximum annual limit \(pdf\)](#)
- Can exclude employees hired with less than 2 prior years and those making less than \$5,000
- Company can elect to:
  - Make 3% company matching contribution  
only for eligible employees who defer up to 3%  
(i.e. 1% deferral = 1% match)
  - or make 2% contribution to each eligible employee regardless of deferrals
- Only Calendar year plans
- Can not have any other retirement plan during the year a Simple IRA was used
- No hassle or costs of 401(k)type plan administration – it's Simple

### **SIMPLE – IRA is great for:**

- Sole proprietor with no employees or few participants
- Partnership where only one partner participates
- Small family businesses – hire spouse & kids & deduct 100% of W-2 up to Maximum
- Corporations with high turnover & low participation
- Businesses whose 401(k) plan didn't work due to low participation & high administrative costs

Also Available for

Non-profit organizations & government entities – alternative to 403(b) & 457 plans