



## CHANGES TO YOUR SIMPLE IRA PLAN DUE TO SECURE ACT 2.0

With the passage of the SECURE Act 2.0 in 2022, there have been changes to your SIMPLE IRA Plan that may significantly affect how you administer your plan. These changes are not yet reflected in the plan document, adoption agreement, or any other participant-related materials, but they are in effect or will be on the date indicated below.

### **The two changes explained below are:**

1. Changes to contribution limits and categories
2. Changes to catch-up contributions

*Note: There are other changes that will affect your SIMPLE IRA Plan; please see the "Important Information Affecting the Fidelity SIMPLE IRA" document enclosed with the application.*

### **1. Changes to Contribution Limits and Categories (in effect 2024)**

#### **Contribution Rules Prior to 2024**

- Employers are required to choose between a mandatory matching contribution of up to 3% of compensation, or a nonelective contribution of 2% of compensation for all eligible employees.
- Employees were eligible to defer salary up to the allowable limit (\$15,500 for 2023) and those age 50 or older were eligible for a catch-up amount (\$3,500 for 2023).

#### **Contribution Rules Beginning in 2024**

- Employers must choose between a mandatory matching contribution of up to 3% of compensation, or a nonelective contribution of 2% of compensation for all eligible employees. However, employers with 26–100 employees may provide the higher deferral limits (described below) to employees only if they offer a 4% matching or 3% nonelective contribution.
- Employers may make an additional nonelective contribution to each employee of the plan in a uniform manner, provided that the contribution may not exceed the lesser of up to 10% of compensation or \$5,000 (indexed).
- Employees may defer up to \$16,000 for 2024 (\$19,500 if age 50 or older); however, the annual deferral limit and the age 50 catch-up contribution amount for employees will increase by 10% of the 2024 limit for employers with no more than 25 employees. Employers with 26–100 employees may provide the higher deferral limits to employees only if they offer a 4% matching or 3% nonelective contribution.

## 2. Changes to Catch-up Contributions

### Catch-up Contributions Prior to 2025

Prior to 2025, annual employee deferrals to SIMPLE IRAs had a limit (\$16,000 for 2024) but individuals aged 50 or older are allowed to make an additional “catch-up” contribution (\$3,500 for 2024) if eligible.

### Catch-up Contributions Beginning in 2025

Because of the SECURE Act 2.0, there is an increase in the catch-up contribution limits for participants who have reached ages 60, 61, 62, or 63, but not later years. The new catch-up contribution limit increases to the greater of \$5,000 or 150% of the regular age 50 catch-up contribution limit for SIMPLE IRA plans in 2025. Cost-of-living adjustments will begin in 2026.

We hope this information is helpful to the administration of your plan. Please see your tax advisor if you have any questions or concerns.

### Contribution limits for years 2025 and 2026

Contribution Limits	2025	2026
SIMPLE employee deferral	\$16,500	\$17,000
SIMPLE employee age 50–59 and 64+ catch-up	\$3,500	\$4,000
SIMPLE employee age 60–63 catch-up	\$5,250	\$5,250
SIMPLE employee deferral (additional 10%)	\$17,600	\$18,100
SIMPLE employee age 50–59 and 64+ catch-up (additional 10%)	\$3,850	\$3,850
SIMPLE additional nonelective contribution	the lesser of up to 10% of compensation or \$5,100	the lesser of up to 10% of compensation or \$5,300