

# Important Information about Your Fidelity SIMPLE IRA Plan

Keep this information for your records.

The Fidelity SIMPLE IRA offers various options and features to assist your company in administering your plan. Please review this document to learn more about the Fidelity Plan Manager site, and contribution processing.

For additional information on how to calculate plan contributions, including estimating employer contributions for your plan, see pages 2 and 3 of this document.

## Fidelity Plan Manager

The Fidelity Plan Manager site is available to any company adopting our SIMPLE IRA Plan. This site is designed to allow your company to manage your overall plan and provides:

- An overview of your plan details
- Tracking of year-to-date contributions
- The ability to perform certain maintenance tasks on your plan
- Access to process your company's SIMPLE IRA contributions via our Electronic Funding Service

To register or learn more about the Plan Manager site, go to <https://planmanager.fidelity.com>.

## Electronic Funding Service

This service is available to companies that will be processing their SIMPLE IRA contributions internally. The benefits of using the Electronic Funding Service include:

- **Convenience:** You can access the service any time, via the Plan Manager site, to provide contribution instructions quickly and accurately.
- **Contribution Tracking and Verification:** You will receive immediate verification of your completed transactions, which you can print and save for your records. You can also track year-to-date contribution information for your employees to help guard against making inadvertent overcontributions to your plan.

Additional details on how the service works:

- This service is available free of charge through Fidelity, but you should contact your bank to confirm whether it charges a fee to process direct debits. This service cannot be established or updated over the phone.
- When you establish this service, your Fidelity Funding Account will act as the conduit between your bank account and your employees' Fidelity SIMPLE IRA accounts. Your bank must be a member of the Automated Clearing House (ACH) network.
- The Funding Account is a non-interest-bearing account that is not eligible for securities transactions. For additional details regarding the Funding Account, please review the Funding Account Agreement included in the SIMPLE IRA Plan Establishment kit or visit [Fidelity.com/simple-ira](https://www.fidelity.com/simple-ira).

- Based on your instructions each payroll period, the service uses the ACH network to transfer your SIMPLE contributions to your Funding Account via a direct debit from your company's bank account. Upon deposit to the Funding Account, Fidelity will automatically allocate the contributions among your employees' Fidelity SIMPLE IRA accounts.
- You can schedule your contributions in advance, but **Fidelity must receive your instructions at least two business days before your intended deposit date.** For example, to meet an October 15 tax-filing deadline for prior-year employer contributions, your contributions must be submitted by October 13, or potentially even sooner to account for any weekends or holidays.
- For your protection, *SIMPLE IRA contribution instructions cannot be accepted over the phone.*
- As National Financial Services LLC (NFS) is the clearinghouse Fidelity uses to process electronic transfers, "National Financial Services LLC" will be the name appearing on your company's bank statement.

If your company will not be establishing the Electronic Funding Service to process your plan contributions internally, please see the Contribution Processing section for information on using an external payroll vendor.

## Contribution Processing

All SIMPLE IRA Plan contributions must be deposited electronically from your company's bank account. Your company has the choice of establishing the Electronic Funding Service, as discussed above, or using an external payroll service to manage and monitor the funding process on your behalf.

In order for your vendor to process your ACH transactions, you will need to provide them with the ACH instructions found in the Sample Contribution Table on the next page, and the following information:

- A separate ACH transaction will need to be sent for each employee contribution and each corresponding employer contribution—for each contribution year. For example, if your employee makes a salary reduction contribution to his or her SIMPLE IRA and your company matches that contribution, your payroll vendor will need to initiate two separate ACH transactions—one for the employee's contribution and another for your company's matching contribution.

## Calculating Your Plan Contributions

Once you adopt a Fidelity SIMPLE IRA, you'll need to keep track of the SIMPLE IRA contributions for each of your plan participants.

Whether your company will be using the Electronic Funding Service or a payroll vendor to fund your plan, sample calculations are provided below to show how the applicable Matching or Nonelective Employer Contribution would be determined based on three hypothetical employee contributions. You may want to set up a worksheet on your computer using spreadsheet software, based on the following guidelines:

- Employee's Name.** List the name of each employee who is eligible to participate in your SIMPLE IRA Plan. Remember to include yourself as a participant.
- Employee's SIMPLE IRA Account Number.** List each eligible employee's nine-digit SIMPLE IRA Account Number. (Once we receive your employees' SIMPLE IRA applications, Fidelity will send you these assigned numbers. You will need to use these numbers each time you forward a contribution to Fidelity.)
- Pretax Compensation.** List your employees' compensation for the payroll period—before any taxes are withheld.
- Employee's Contribution Percentage.** Indicate the percentage of each employee's pretax compensation he or she wants to defer to the SIMPLE IRA. (This amount must generally be expressed as a percentage of compensation.)
- Employee's Salary Reduction Contribution.** To calculate each employee's actual SIMPLE IRA contribution, multiply the employee's pretax compensation (column 3) by his or her contribution percentage (column 4). Employee contributions must be deposited as of the earliest date on which the contributions

can reasonably be segregated from your general account, but no later than the 30th day following the last day of the month in which the contributions are withheld from the employees' compensation.

**Please note:** You or your payroll vendor will need to keep a running total of each employee's contributions for the year (column 5a). When you use Fidelity Plan Manager, year-to-date contribution information is available for any of your employees online, so that you can ensure that an employee does not contribute more than the maximum allowable. The SECURE 2.0 Act has changed the amounts a participant may defer into their SIMPLE IRA plan. Please see [Fidelity.com/simple-ira](https://www.fidelity.com/simple-ira) for more information.

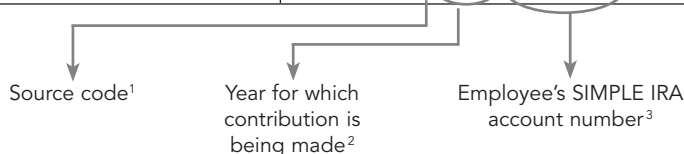
- Employer's Contribution.** For *Matching Contributions*, match each employee's contribution (column 5), up to 3% of compensation (employers with 25 or more employees may offer a 4% match). In any two out of five years, you can reduce your company match to 1% of compensation.

For *Nonelective Contributions*, multiply the employee's pretax compensation (column 3) by 2% (employers with 25 or more employees may offer a 3% contribution). The maximum you can contribute under this option is \$6,900 for 2024 and \$7,000 for 2025.

Employer matching contributions and nonelective contributions must be made by your company's tax-filing deadline, including extensions, for the taxable year for which the contributions are made. Due to the SECURE 2.0 Act, employers may also offer 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).

Hypothetical Examples								
1. Eligible Employee's Name	2. Employee's SIMPLE IRA Account Number	3. Pretax Compensation This Payroll Period	4. Employee's Contribution Percentage	5. Employee Contribution This Payroll Period	5a. Employee's Contributions Year to Date <sup>4</sup>	6. Employer's Contribution <sup>5</sup>		6a. Employer's Contributions Year to Date <sup>4</sup>
						Matching Contribution <small>Match column 5, up to 3% of compensation</small>	Nonelective Contribution <small>Multiply column 3 by 2%, maximum \$7,000 for 2025</small>	
Jane Anderson	101234567	\$2,250.00	3%	\$67.50	\$202.50	\$67.50	\$45.00	\$135.00
John James	101345678	\$2,120.83	0%	\$0.00	\$0.00	\$0.00	\$42.42	\$127.26
Richard Jones	101567890	\$6,250.00	5%	\$312.50	\$937.50	\$187.50	\$125.00	\$375.00

Sample Contribution Table			
1. Eligible Employee's Name	2. Transit/Routing Number for Fidelity's Bank (UMB Bank, N.A.)	3. Destination Information at UMB Bank, N.A.	4. Dollar Amount
Jane Anderson	101205681	395 12024 101234567	\$67.50
John James	n/a	n/a	n/a
Richard Jones	101205681	3951 2024 101567890	\$312.50



<sup>1</sup>It is critical to use a source code digit of "1" for employee salary reduction contributions and of "2" for employer contributions.

<sup>2</sup>It is also critical to indicate the year for which the contribution is being made and to update the year designations annually.

<sup>3</sup>Fidelity will send you confirmation of account numbers for each participant. You will need to provide these to your bank or payroll vendor.

<sup>4</sup>Assumes three payroll periods, for illustrative purposes. Column 6a uses the Nonelective Contribution method.

<sup>5</sup>You can switch between these two options subject to certain restrictions. See Article IV of the Fidelity SIMPLE IRA Plan Agreement for details.

## Contribution Worksheet—estimating employer contributions for your SIMPLE IRA Plan

To help you estimate what it may cost your company to offer the SIMPLE IRA, we've designed the following worksheet. After you complete it, you'll be able to estimate and compare the costs for the two employer contribution options. Note, too, that under the Employer Matching Contribution example, you can estimate the standard 3% match, as well as the 1% reduced match available in any two out of five years. Just keep in mind that your actual contributions may vary each year depending on several variables,

including the number of eligible employees, their compensation, the number of employees who elect to make salary reduction contributions, and the amount of their contributions. In addition, this worksheet does not reflect the effect of FICA, FUTA, RRTA, and state or local taxes on employee salary reduction contributions.

Note: For the actual limits that the company and participants may contribute, please see [Fidelity.com/simple-ira](https://www.fidelity.com/simple-ira) for more information.

Option 1: Employer Matching Contribution		
	Example	Your Company
1. Average annual pretax compensation of eligible employees you expect will contribute to the plan	\$40,000	_____
2. Average % salary you estimate participants will defer to the plan	5%	_____
3. Average annual participant contribution (multiply Line 1 by Line 2; not to exceed the applicable year's limit) <sup>6</sup>	\$2,000	_____
4. Total number of eligible employees you expect will contribute to the plan	10	_____
<b>3% Match</b>		
5a. Average annual employer matching contribution per eligible employee: 3% match (multiply Line 1 by 3%; not to exceed the applicable year's limit) <sup>7</sup>	\$1,200	_____
5b. Total estimated annual employer matching contribution with 3% match option (multiply Line 4 by Line 5a); or	\$12,000	_____
<b>1% Match</b>		
6a. Average annual employer matching contribution: 1% reduced match <sup>8</sup> (multiply Line 1 by 1%)	\$400	_____
6b. Total estimated annual employer matching contribution with reduced 1% match option (multiply Line 4 by Line 6a)	\$4,000	_____
Option 2: Employer Nonelective Contribution		
1. Average annual pretax compensation of your eligible employees	\$40,000	_____
2. Average annual employer contribution per eligible employee (multiply Line 1 by 2%; not to exceed \$6,900 for 2024 and \$7,000 for 2025) <sup>9</sup>	\$800	_____
3. Total number of eligible employees	10	_____
4. Total estimated annual employer contribution with 2% nonelective contribution option (multiply Line 2 by Line 3)	\$8,000	_____

Please note: You can switch between these two contribution options each year, provided certain notification requirements are met.

<sup>6</sup>For participants age 50 or older there are catch-up contributions offered. Please see Changes to Your SIMPLE IRA Plan Due to SECURE 2.0 and [Fidelity.com/simple-ira](https://www.fidelity.com/simple-ira) for more information.

<sup>7</sup>Maximum annual employer contribution limit per participating employee is 3% of an employee's compensation, up to the maximum the participant is allowed to defer. Please see Changes to Your SIMPLE IRA Plan Due to SECURE 2.0 and [Fidelity.com/simple-ira](https://www.fidelity.com/simple-ira) for more information. This worksheet assumes that the average percentage of salary deferred by employees is 3% or more.

<sup>8</sup>Available in any two out of five years.

<sup>9</sup>Maximum compensation on which employer nonelective contributions can be based is \$345,000 for 2024 and \$350,000 for 2025.

*On this form, "Fidelity" means Fidelity Brokerage Services LLC and its affiliates. Brokerage services are provided by Fidelity Brokerage Services LLC, Member NYSE, SIPC. 693229.14.0 (11/24)*