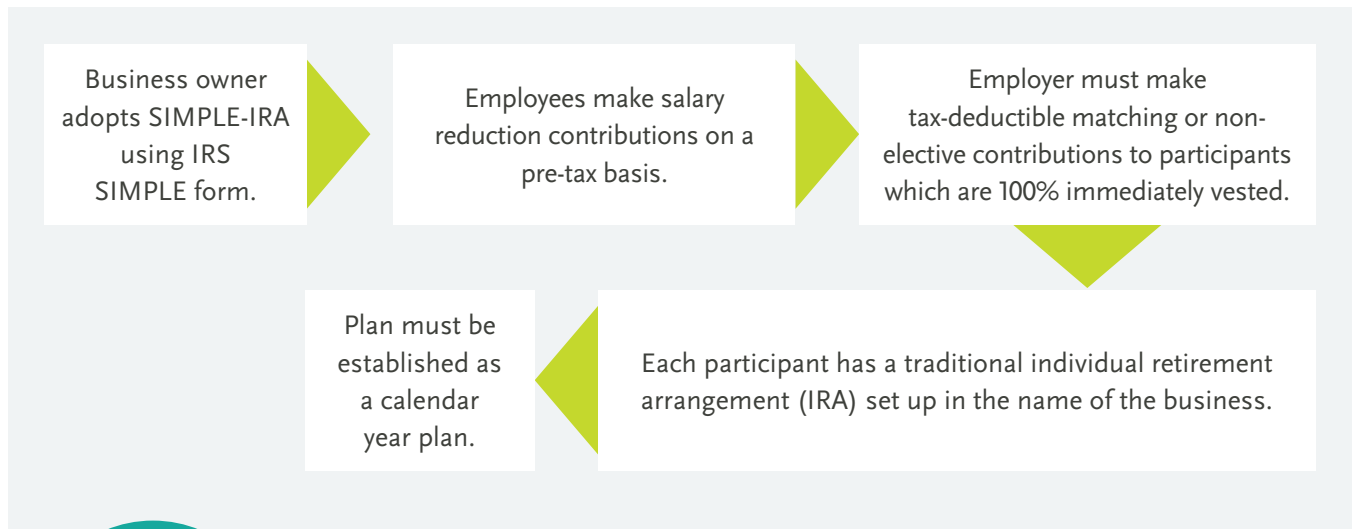




Simple IRA

A SIMPLE-IRA provides employers and employees with a simplified way to make deferrals and accumulate retirement income.



Advantages of this strategy:

- Your employees can choose to make deferrals rather than receiving these amounts as part of their regular pay.
- No third party administrator is required so there are no administration fees or IRS filing fees to pay.
- No annual filing is required with the IRS or Department of Labor.

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No bank or credit union guarantee | Not a deposit | Not FDIC/NCUA insured | May lose value | Not insured by any federal or state government agency

Guarantees are dependent upon the claims-paying ability of the issuing company.

If you are a business owner looking for a simple way to accumulate retirement savings for yourself and your employees...

A SIMPLE-IRA may be the solution.

Here's how it works:

- A SIMPLE-IRA can be established by any employer who has 100 or fewer employees who received \$5,000 or more in compensation in two prior years and are expected to earn \$5,000 in the current year.
- The maximum contribution that any employee can defer is 100% of pay up to \$13,500 for the current tax year. There is a \$3,000 catch-up amount for people age 50 or older.
- If the employee is a participant in any other type of salary deferral plan, the total aggregate elective deferrals cannot exceed \$19,500 for the current tax year. There is a \$6,500 catch-up amount for people age 50 or older.

There are two Safe Harbor options:

1. Employer can match the employee's salary reduction contribution on a dollar-for-dollar basis up to 3% of the employee's compensation in three out of the first five years the plan is in effect. The employer can choose a matching contribution less than 3%, but no less than 1%, in two out of the first five plan years. The match goes only to employees who defer, or
2. The employer can make a non-elective contribution of 2% of compensation on behalf of each eligible employee. The non-elective contribution goes to all employees who are eligible to participate, even if they do not make salary reduction contributions.
 - The employer can change the Safe Harbor election from year to year.
 - Life insurance is not allowed in a SIMPLE-IRA.
 - Rollovers from a SIMPLE-IRA to a non-SIMPLE-IRA can be made tax free only after two years of participation in the SIMPLE-IRA plan.
 - A 25% excise tax¹ is assessed if withdrawals are made within two years of beginning participation.
 - Upon separation from service, participant re-titles IRA into their own name.

¹ Distributions taken prior to reaching age 59½ may be subject to an additional 10% federal income tax penalty.

This information is not intended as tax or legal advice. Please consult with your Attorney or Accountant prior to acting upon any of the information contained in this correspondence. Limits shown are for the 2020 tax year.