



## SEP & SIMPLE IRA vs. Colorado SecureSavings

### YOUR WORKPLACE RETIREMENT PLAN WORKING FOR YOU

Satisfying the Colorado State Mandate by offering your employees a retirement plan can help you retain and attract employees while giving you access to new tax credits and deductions.

Employers can face a penalty for non-compliance, such as failure to enroll eligible employees, of \$100 per employee per year, up to a maximum of \$5,000 annually.

### You Have Options

**Colorado SecureSavings** state plan is an option; however, it is not your only option. You can adopt an alternative retirement plan that better suits your and your employees' needs. Once you have a plan in place you can easily file for a state of Colorado plan exemption.

### Your Answer Could be Simple

When you adopt a SEP or SIMPLE IRA plan, you

- Make employer matching contributions which could be a great way to retain and recruit talent.
- Could fund the IRA with a flexible premium indexed annuity with a Guaranteed Lifetime Income Rider that is portable upon separation from employment.<sup>1</sup>
- May be eligible for a tax credit of up to \$5,000 per year for each of the first 3 years for the cost of starting the IRA plan, as well as a credit of up to \$1,000 per employee for contributions made on their behalf by the employer.
- Are not required to file annual financial reports with the IRS or Department of Labor.

Scan for SIMPLE and SEP IRA  
Plan Implementation Checklist  
or [click here](#).



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## COLORADO SECURESAVINGS vs. SEP & SIMPLE IRA

	Colorado SecureSavings (Roth IRA)	SIMPLE IRA Offering Life Insurance Company of the Southwest® fixed indexed annuities	SEP IRA Offering Life Insurance Company of the Southwest® fixed indexed annuities
<b>Employer Eligibility</b>	All Colorado employers who have been in business for at least 2 years, have 5 or more employees, and don't offer a qualified retirement plan	Less than 100 employees	Any employer, including self-employed individuals
<b>Employer Contribution</b>	Does not permit any employer matching or non-elective contributions	Employer choice between either: 3% matching contribution to participating employees; or 2% non-elective contribution to all employees <i>Business receives tax deduction for any employer contributions</i>	Cannot exceed the lesser of 25% of compensation or \$69,000 for 2024
<b>Employee Contribution Limits</b>	2024 Annual Limits: \$7,000; \$8,000 if age 50+  Employees are automatically enrolled at 5% gross pay with auto increases of 1% per year up to 8%.  Colorado SecureSavings is a Roth IRA plan. <i>Employees with incomes higher than Roth IRA income limits may not be eligible to contribute and need to opt out of Colorado SecureSavings or recharacterize to Traditional IRA.</i>	2024 Annual Limits: \$16,000; \$19,500 if age 50+  Employer matching contributions are dollar-for-dollar up to 3% of the employee's compensation; or  If the non-elective is chosen, contributions equivalent to 2% of compensation must be made to all participants, regardless of how much they contribute. The maximum compensation that can be taken into account is \$345,000 in 2024. This amount is indexed for inflation.	None  Only the employer makes contributions for the employees
<b>Vesting</b>	No vesting schedule: employees are 100% vested	No vesting schedule: employees are 100% vested	No vesting schedule: employees are 100% vested
<b>Administration Requirements</b>	Annual tax filing is required	Easy; no annual tax filing requirements with the IRS or Department of Labor	Easy; no annual tax filing requirements with the IRS or Department of Labor
<b>Administration Fees</b>	Employee pays an annual account fee of \$22.	None	None
<b>Discrimination Testing</b>	None	None	None
<b>Investment Fees</b>	Depending on which of the three investment options is chosen by the employee, an annual asset-based fee ranging from 0.225% to .32% is applied to the total value of assets held by the employee in the plan.	None on the base policy. Selection of riders may incur rider charges.	None on the base policy. Selection of riders may incur rider charges.
<b>Lifetime Income Options</b>	None	If using an annuity for the IRA, various annuitization options available. Guaranteed Lifetime Income Rider may be available as an option for an additional cost, depending on the product selected. <sup>1</sup>	If using an annuity for the IRA, various annuitization options available. Guaranteed Lifetime Income Rider may be available as an option for an additional cost, depending on the product selected. <sup>1</sup>

SIMPLE IRA contributions are recorded and reported by NLG via IRS Form 5498.

1. Annuities have withdrawal charges that are assessed during the early years of the contract if the annuity is surrendered. In addition, withdrawals prior to age 59 1/2 may be subject to a 10% Federal Tax Penalty. Indexed annuities do not directly participate in any stock or equity investments. Guarantees are dependent on the claims paying ability of the issuing company. This is not a solicitation of any specific annuity contract. The Guaranteed Lifetime Income Rider (GLIR), as represented in form series 7983, 7984, 7985, 7986, 8969, 8970, 20365, 20135, 20136, and/or 20380, is a rider that can be added to an annuity policy at issue and is available on fixed and fixed indexed annuities issued by Life Insurance Company of the Southwest. Electing this rider incurs an additional cost and rider charges continue to be deducted regardless of whether interest is credited. GLIR may be optional, and may not be available on all products or in all states. Guaranteed Withdrawal Payments reduce the policy's accumulated value, but you will continue to receive these payments during your lifetime even if your accumulation value declines to zero.