

SIMPLE IRA PLAN CHECKLIST



This checklist isn't a complete description of all plan requirements, and shouldn't be used as a substitute for a complete plan review.

For Business Owner's Use

(DO NOT SEND THIS WORKSHEET TO THE IRS)

Every year it's important that you review the requirements for operating your Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) IRA plan. Use this checklist to help you keep your plan in compliance with many of the important rules. For additional information (including examples) on how to find, fix and avoid each mistake, click on "(More)." See www.irs.gov/retirement and click on "Types of Retirement Plans" for Fix-It Guides and other resources for SIMPLE IRA and other plan types.

1. Has your SIMPLE IRA plan been amended for current law? Yes ☐ No ☐

Laws related to retirement plans change frequently. You must update the plan language and its operation to the current law.

[\(More\)](#)

2. Do you have 100 or fewer employees who earned at least \$5,000 in compensation for the prior year? Yes ☐ No ☐

Businesses with more than 100 employees (including full-time, part-time and seasonal employees) with individual earnings of at least \$5,000 yearly can't establish a SIMPLE IRA plan.

[\(More\)](#)

3. Does your business only sponsor this SIMPLE IRA plan? Yes ☐ No ☐

A business with a SIMPLE IRA plan generally can't sponsor any other retirement plan, such as a 401(k) plan.

[\(More\)](#)

4. Are all eligible employees allowed to participate in the SIMPLE IRA plan? Yes ☐ No ☐

An employee who had compensation of at least \$5,000 in any two prior years and who's expected to earn at least \$5,000 in the current year is eligible to participate in a SIMPLE IRA plan.

[\(More\)](#)

5. Are you determining each eligible employee's compensation using the definition in your SIMPLE IRA plan document? Yes ☐ No ☐

Generally, compensation means the sum of wages, tips and other compensation subject to federal income tax withholding and elective salary deferral contributions the participant made to the SIMPLE IRA plan.

[\(More\)](#)

6. Are the correct employer contributions being made to each participant's SIMPLE IRA? Yes ☐ No ☐

The required employer contribution is either 2% of the employee's compensation or a 3% matching contribution.

[\(More\)](#)

7. Are employee elective deferrals being deposited timely? Yes ☐ No ☐

You must deposit employees' deferrals in the IRA as soon as possible, but no later than 30 days following the month in which the employee would have otherwise received the money.

[\(More\)](#)

8. Are contributions being made to terminated participants who were eligible during the plan year? Yes ☐ No ☐

A SIMPLE IRA plan can't require employment on a particular day, such as the last day of the year, to receive employer contributions.

[\(More\)](#)

9. Have all SIMPLE IRA plan notification requirements been satisfied? Yes ☐ No ☐

Requirements include providing employees with the opportunity to make a salary deferral election, informing employees of the ability to select a financial institution for their SIMPLE IRAs, providing employees with a summary description and notifying employees of the employer's decision whether to make matching or nonelective contributions.

[\(More\)](#)

If you answered "No" to any of the above questions, you may have a mistake in the operation of your SIMPLE IRA plan. This list is only a guide to a more compliant plan, so answering "Yes" to each question may not mean your plan is 100% compliant. Many mistakes can be corrected easily, without penalty and without notifying the IRS.

■ **contact your tax advisor**

■ **www.irs.gov/retirement**

■ **call the IRS at (877) 829-5500**