

SIMPLE IRA PLAN CHECKLIST



This checklist is not a complete description of all plan requirements, and should not be used as a substitute for a complete plan review.

For Business Owner's Use

(DO NOT SEND THIS CHECKLIST TO THE IRS)

Every year it is 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. See www.irs.gov/retirement and click on "Types of Plans" for online versions of this checklist, Fix-It Guides and other resources for SIMPLE IRA and other plan types. For additional information (including examples) on how to find, fix and avoid each mistake, click on "(More)" on the online version of this checklist.

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

Laws related to retirement plans change quite 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 cannot 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 cannot 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 2 prior years and who is 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 the employee's salary deferral contributions made to the SIMPLE IRA plan.

[\(More\)](#)

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

The required employer contribution must be either 2% of an employee's compensation or up to a 3% matching contribution.

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.

[\(More\)](#)

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

A SIMPLE IRA plan cannot require employment on a particular day, such as the last day of the year, in order to receive matching or nonelective contributions.

[\(More\)](#)

8. 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 plan 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](tel:8778295500)