

Employer reference guide for your SIMPLE IRA retirement plan

The following frequently asked questions can help you learn more about your business' SIMPLE IRA. They also can serve as a convenient resource throughout the year.

What is Edward Jones' annual notification requirement?

The Internal Revenue Service (IRS) requires Edward Jones to provide a Form 5304-SIMPLE with instructions to business owners who have Edward Jones self-directed SIMPLE IRAs. Edward Jones is also required to provide information to help with completing Article VI of the form.

How do I complete Form 5304-SIMPLE for the coming calendar year?

Review the instructions attached to the Form 5304-SIMPLE. If you have any questions about completing the form, please consult your tax or legal professional.

Do I need to provide Edward Jones with a copy of my completed Form 5304-SIMPLE?

As custodian of your SIMPLE IRA Plan, Edward Jones doesn't need a copy of your completed Form 5304-SIMPLE. Please retain a copy for your records.

What information must I provide?

A business owner generally must complete and sign the IRS Form 5304-SIMPLE and Article VI — Procedures for Withdrawals and provide it to all eligible employees by Oct. 1, so they can contribute for the current year.

What is a Salary Reduction Agreement?

A Salary Reduction Agreement is an arrangement between your business and your employees. Your employees can elect to withhold and deposit a portion of their paychecks into your business' SIMPLE IRA plan. This form also can be used to have employees elect not to contribute to the plan.

The amount contributed under the arrangement is called an elective (salary) deferral contribution. You must receive each eligible employee's election to participate in the plan, indicating the amount and/or percentage of compensation to be withheld from specific pay periods.

These elections must be made in writing. You may use your own Salary Reduction Agreement form or obtain this form from your Edward Jones financial advisor.

How can employees change or modify an existing Salary Reduction Agreement?

To change or modify an existing Salary Reduction Agreement, your employees must provide a new Salary Reduction Agreement form to your business. Don't forward your employees' Salary Reduction Agreement forms to Edward Jones.

What is the definition of an eligible employee?

An eligible employee must meet the plan's service and compensation eligibility and isn't excluded from participating, as indicated in the plan.

What is an employer matching contribution?

This matching contribution option requires that for every dollar each eligible employee defers into the plan, you must make the same contribution amount on behalf of the employee, up to 3% of the employee's compensation.

Example of an incorporated business owner and employees – 3% match

	Salary/W-2 wages	SIMPLE IRA deferral	3% match	Total contribution
Owner	\$80,000	\$17,000	\$2,400	\$19,400
Employee no. 1	\$30,000	\$2,000	\$900	\$2,900
Employee no. 2	\$15,000	\$0	\$0	\$0

Note: The owner made total matching contributions of \$3,300 – with most of that amount, \$2,400, going into the owner's account. Because Employee no. 2 didn't contribute, the owner didn't have to make a matching contribution. Contributions for sole proprietorships and partnerships are computed differently.

Subject to certain conditions, the limits for deferral and catch-up contributions may be increased to 110% of the normal limits. The conditions include, but are not limited to, how long the SIMPLE IRA plan has been operating and a requirement of a higher employer matching or nonelective contribution for employers with more than 25 employees.

What is an employer nonelective contribution?

The nonelective contribution option requires you to make a 2% contribution on behalf of each eligible employee for the calendar year. If you choose a nonelective contribution, each eligible employee must receive a contribution regardless of whether they make a salary deferral contribution.

You may make an optional nonelective contribution up to 10% of each eligible employee's compensation, not to exceed \$5,300. This optional nonelective contribution may be made even if you are matching a contribution. Note that all eligible employees must receive this optional nonelective contribution, not just those who may be receiving a matching contribution.

However, you may, but aren't required to, limit nonelective contributions to eligible employees who have at least \$5,000 (or some lower amount selected by the employer) of compensation for the current year. A maximum compensation amount of \$360,000 (which may be adjusted by the IRS for the cost of living the fall of each year).

Example of an incorporated business owner and employees – 2% nonelective

	Salary/W-2 wages	SIMPLE IRA deferral	2% nonelective	Total contribution
Owner	\$80,000	\$17,000	\$1,600	\$18,600
Employee no. 1	\$30,000	\$2,000	\$600	\$2,600
Employee no. 2	\$15,000	\$0	\$300	\$300

Note: The owner made total nonelective contributions of \$2,500 – with most of that amount, \$1,600, going into the owner’s account. Even though Employee no. 2 didn’t contribute, the owner still must make the nonelective contribution. Contributions for sole proprietorships and partnerships are computed differently.

Are Roth contributions allowed to be made to SIMPLE IRAs?

Yes, employees are allowed to make Roth salary deferral contributions into the plan and designate their matching and nonelective contributions as Roth contributions into the plan. This provision is optional, and you may choose whether to adopt them in your SIMPLE IRA plan document.

While Edward Jones does not currently support SIMPLE Roth contributions, we are committed to adding this option in the future.

What’s the deadline to deposit contributions to the SIMPLE IRA on behalf of employees?

You must make your nonelective or matching contributions no later than your business tax-filing deadline, including extensions. You must deposit the salary deferral amount, by which each employee agrees to reduce their pay, into the employee’s SIMPLE IRA as of the earliest date on which those contributions can be reasonably segregated from your general assets but no later than 30 days following the end of the month it was withheld from their pay.

Please note that the Department of Labor provides a safe harbor for depositing deferrals for small plans (fewer than 100 participants). If the deferrals are deposited to the plan within seven business days of receipt of withholding, they’ll be considered to be made in a timely manner and in compliance.

For example:

- The business must deposit all salary deferral contributions taken from employee pay in June 2026 into its SIMPLE IRA as of the earliest date on which contributions can be reasonably separated from your general assets but no later than July 31, 2026.
- If the business’ 2026 tax-filing deadline, including extensions, is Oct. 15, 2027, it must deposit all 2026 matching or nonelective contributions to all SIMPLE IRA participants by this date.

What are the annual reporting requirements?

Because your business has a SIMPLE IRA, it must report to the IRS the amount of each active employee’s salary reduction contributions on the employee’s W-2 form.

These contributions are subject to Social Security, Medicare, railroad retirement, federal unemployment and any applicable state taxes. Please consult your tax or legal professional with any questions about tax reporting requirements.

How will Edward Jones report to the IRS the contributions made to SIMPLE IRAs?

SIMPLE IRA contributions made between Jan. 1, 2026, and Dec. 31, 2026, are reported in Box 9 of IRS Form 5498, which will be received in May 2027. SIMPLE IRA contributions made for 2026 but deposited in calendar year 2027 will appear on the 2027 Form 5498, which will be received in May 2028. No distinction is made about the type of SIMPLE IRA contributions made to the account; salary deferral, employer matching and employer nonelective contributions are combined in the amount reported in Box 9. Your tax or legal professional can help you determine how contributions should be reported on your business' tax filing.

Can I terminate my SIMPLE IRA midyear?

The IRS generally requires a SIMPLE IRA to be run on a whole-calendar-year basis. Therefore, once started for a year, a SIMPLE IRA must continue for the entire calendar year. You can terminate your SIMPLE IRA, beginning with the next calendar year, after you have informed your employees there will be no SIMPLE IRA for the coming year. You must inform your employees within a reasonable time before the 60-day election period ending on Dec. 31.

A SIMPLE IRA can switch to a Safe Harbor 401(k) plan during the same calendar year. Your tax or legal professional and third-party administrator (TPA) can help you comply with the requirements to switch to a Safe Harbor 401(k) plan.

What are the salary deferral contribution limits?

The maximum contribution amount an employee may defer is limited to the lesser of 100% of earned income or:

Year	Amount
2025	\$16,500
2026	\$17,000*

If you have employees who are ages 50 and older by the end of the plan year, they may make catch-up employee deferral contributions of:

Year	Amount
2025	Ages 50–59: \$3,500 Ages 60–63: \$5,250 Ages 64 and older: \$3,500
2026	Ages 50–59: \$4,000* Ages 60–63: \$5,250* Ages 64 and older: \$4,000*

Use attained age as of Dec. 31 of contribution tax year.

Subject to certain conditions, the limits for deferral and catch-up contributions may be increased. The conditions include, but are not limited to, how long the SIMPLE IRA plan has been operating and a requirement of a higher employer matching or nonelective contribution for employers with more than 25 employees.

If you have employees who defer their salaries into multiple business-sponsored retirement plans [e.g., 401(k), 403(b), SIMPLE IRA] during the same calendar year, they are subject to a maximum aggregate deferral limit.

Edward Jones, its employees and financial advisors cannot provide tax or legal advice. You should consult your attorney or qualified tax advisor regarding your situation.

Edward Jones can help

We can help develop a strategy for your personal and business needs and help your employees. We'll be there to provide comprehensive education on retirement planning and investing — and to answer any questions or concerns you or your employees may have. We'll also let you know when it's an appropriate time to review your goals — and the goals of your employees.

It's important that your employees understand their retirement plan because, to us, the plan will be a success if every participant reaches their retirement goal.

If you have additional questions, please contact your Edward Jones financial advisor. And remember to ask for more details about our Employee Education Program.