

SIMPLE IRA Employer Guide

Planning for 2027 • Prepared September 30, 2026

Compliments of Lenny G. Letcher, EA, RFC • www.lennyletcher.com

A practical benefit—with a clear employer commitment

A SIMPLE IRA helps employees and eligible business owners save for retirement through payroll deductions and employer contributions. It generally requires less administration than a traditional 401(k), but the employer must fund the promised contributions, cover eligible employees, and meet notice and deposit requirements.

First, confirm that your business qualifies

Generally, your business must have had no more than 100 employees earning at least \$5,000 in the preceding year. Tell us about related companies, acquisitions, and current or prior retirement plans; these can affect eligibility.

Employees generally qualify with \$5,000 of compensation in any two prior years and an expectation of \$5,000 in the current year. You may choose easier requirements. Part-time status alone does not exclude an otherwise eligible employee.

Choose how your company will contribute

Common arrangement	Who receives employer money?	How to budget
Dollar-for-dollar match, up to 3% of compensation	Employees who save receive a match, up to the plan's ceiling.	Budget up to 3% of participating employees' eligible compensation; actual cost depends on their savings.
2% nonelective contribution	Every eligible employee receives the employer contribution, even if the employee saves nothing.	Budget 2% of eligible compensation for all eligible employees, subject to the annual compensation cap.

These are the common formulas. Enhanced-limit plans can require a 4% match or 3% nonelective contribution. Other permitted variations have conditions and notice requirements. We will confirm the formula before it is adopted.

An example using \$200,000 of eligible payroll

If every eligible employee contributes at least 3%, a standard 3% match would cost \$6,000 for the year. A 2% nonelective contribution would cost \$4,000, assuming no compensation caps apply. Matching costs may be lower when employees contribute less or do not contribute. These figures exclude service and investment fees.

Understand the total cost and tax benefit

Employer contributions are generally deductible, subject to applicable rules. Eligible businesses may qualify for credits for startup costs and employer contributions. Credits and deductions must be coordinated; the same expense cannot produce both benefits where the law prohibits it. We will estimate the net cost after reviewing eligibility.

Ask about setup, administration, account, and investment fees before committing. All contributions belong to employees immediately, including employer contributions; there is no vesting schedule to recover them if an employee leaves.

From a good idea to a working benefit

Your planning calendar for a January 2027 start

When	What happens
By October 21, 2026	Reply to Eryn if interested. This is our planning target—not an IRS deadline and not a commitment to adopt a plan.
Before the election period	Confirm eligibility, contribution costs, provider, plan terms, and effective date. Complete the required documents and provide employee notices and the plan summary before the applicable election period begins.
November 2–December 31, 2026	This is the usual annual election window for the following year. Confirm the period applicable to your new plan and newly eligible employees. An early paperwork target must preserve required election rights.
Beginning in 2027	Start payroll deductions under completed elections, fund employer contributions, and reconcile deposits with payroll and account records.

How Unified Services helps

Our team will coordinate plan paperwork, help with employee enrollment, and manage payroll deductions and contribution remittances under your service arrangement. Employee deductions and employer contributions will appear on payroll invoices and be collected and remitted through our payroll process. We will also assist with annual notices and administrative updates while we service the plan.

You approve the plan and employer contribution, sign documents, supply accurate employee information, and make funding available. Tell us promptly about hires, departures, ownership changes, and other retirement plans. Using a service provider does not remove the employer's responsibility for its plan.

Keep these operating rules in view

- Deposit employee deductions promptly. For plans subject to Department of Labor rules, amounts must be deposited as soon as reasonably segregable; a seven-business-day safe harbor is available to qualifying small plans. The IRS outer deadline is not permission to delay deposits.
- Employer contributions generally must be made by the business's tax-return due date, including extensions. Our payroll-cycle funding process helps spread the cost; reconcile the required annual contribution.
- Review eligibility, employee notices, elections, contribution limits, and plan documents each year. SIMPLE IRAs generally do not require an annual Form 5500.
- Use the published 2027 limits for 2027 payroll. Enhanced limits, catch-ups, and optional Roth features depend on the rules and plan terms; do not automatically carry forward 2026 figures.

Start with a conversation

Contact Eryn Eccles, VP of Operations, to explore whether a SIMPLE IRA fits your company. We will review costs and next steps before you authorize employee outreach.

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Sources: IRS SIMPLE IRA plan and FAQs; IRS Publication 560; IRS small-employer retirement-plan tax-credit guidance; U.S. Department of Labor, SIMPLE IRA Plans for Small Businesses. [IRS.gov/retirement-plans](https://www.irs.gov/retirement-plans) • [dol.gov/agencies/ebsa](https://www.dol.gov/agencies/ebsa). Federal rules reviewed September 30, 2026. This guide supplements required plan documents and does not replace advice based on your business's circumstances.