
A Simple Way to Save for Your Future

2026 SIMPLE IRA employee guide

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The path to retirement readiness

It's never too early or too late to start saving for retirement. The goal is to start and contribute as much as you can.

The good news is that your employer makes it easy through its employer-sponsored retirement plan. Here are some tips to help you get on the path to retirement readiness and get more out of life through the SIMPLE IRA Plan.



Tax savings

Your contributions are automatically taken from your salary, and potential earnings accumulate on a tax-deferred basis. Select from either traditional pre-tax, Roth after-tax or both.



Flexible

Contribution levels are not set in stone and can be adjusted by contacting your employer.



Extra money for retirement

Your employer will make contributions toward your retirement savings, which will be deposited into your account for you to invest.



100% immediate vesting

Contributions from both you and your employer are always 100% vested. And if you change employers, you won't forfeit any of your retirement savings.



Know your number

Many financial planners estimate you'll need between 70% and 80% of your current income to maintain your current standard of living in retirement. To better assess your needs, speak with your financial professional.

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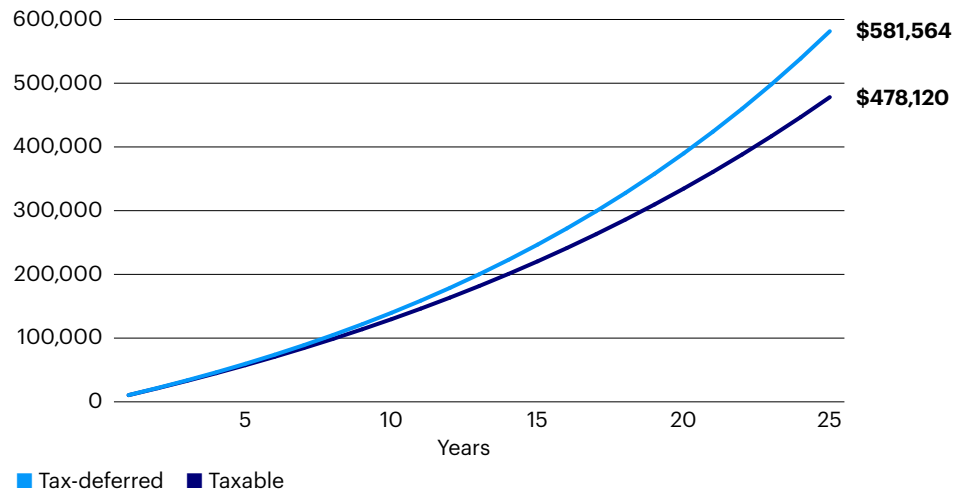
Take advantage of tax-deferred growth

Investing in a tax-deferred account could potentially mean \$103,444 more saved for retirement than if you invest in a taxable account.

You can potentially accumulate assets much faster in a SIMPLE IRA than in a taxable savings account. Contributions plus earnings — reinvested interest, dividends, and capital gains — compound tax-deferred until you withdraw them as retirement income. Please keep in mind that withdrawals made prior to age 59½ will be taxed as ordinary income and may be subject to additional tax penalties. Also, consider your current and anticipated investment horizon and income tax bracket before making an investment.

Deferring taxes on investment earnings may accelerate savings

Growth of \$10,000 invested annually at 6% for 25 years, tax-deferred vs. taxable at 22% (\$)



The hypothetical examples and estimates of a 6% average annual total return are for illustrative purposes only and are not intended to represent the performance of a particular investment product or a real investor. Your actual return and tax bracket aren't likely to be consistent from year to year, and there is no guarantee that a specific rate of return will be achieved. The example assumes that an individual in the 22% tax bracket made annual \$10,000 contributions and did not adjust for increases in the annual IRS contribution limits and assumes no withdrawals. This illustration does not reflect the performance of or fees and charges associated with any specific investment, nor does it take into account the effect of inflation. Tax rates and brackets are subject to change. The tax-deferred account will be taxed as ordinary income upon distribution, while the lower maximum tax rates on capital gains and qualified dividends would make the return on the taxable investment more favorable, thereby reducing the difference in performance between the two accounts shown. Investment returns fluctuate over time, and losses can occur. This hypothetical is based on current tax laws, which are subject to change. This information is not intended as tax advice. Investors should consult a tax advisor.

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What you should know as an employee

Important Annual Notice from Your Employer

Check with your employer the maximum contributions permitted and if Roth is allowed.

Each year—at least 60 days before January 1—your employer must provide eligible employees with:

Annual Summary Description: Explains the employer contribution method and how employee contributions work.

Salary Reduction Agreement: Allows you to start, stop, or change how much you contribute to the plan.

1. Nonresident aliens and employees subject to collective bargaining agreements may be excluded. Employers may designate less restrictive requirements at their discretion. Minors may not open an Invesco SIMPLE IRA. Your employer will provide you with a Summary Description that outlines eligibility requirements for your plan.
2. Employer can reduce match to 1% in no more than two out of every five years and there is no compensation cap for calculation purposes.
3. Under the 2% nonelective formula, compensation is capped at \$360,000 for 2026.
4. Please speak with your provider if there are any restrictions before moving your SIMPLE IRA assets.
5. Prior to taking a distribution, speak with your financial or tax professional to understand the potential impact. For IRA penalty exemptions, see <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-exceptions-to-tax-on-early-distributions>

Who is eligible?¹ You are eligible to participate in your employer's SIMPLE IRA plan if:

- You earned **at least \$5,000 in any two prior years**, and you are expected to earn **at least \$5,000 in the current year**.
- Once you meet these requirements, your employer must allow you to participate.

Employer contribution options Your employer is required to make contributions to the plan each year and will choose one of the following options:

- **Matching contributions:**² You are required to contribute in order to receive this contribution. Aim to contribute a minimum of 3% in order to get the full contribution.
- **Nonelective contribution:**³ Your employer will contribute 2% of eligible compensation to the plan whether you contribute or not.

All contributions made by your employer is automatically yours, even if you leave.

Your contributions You may contribute a portion of your pay through automatic payroll deductions. Contributions can be made as:

- **Pre-tax contributions** which lower your taxable income now to allow potentially higher earnings. Any earnings accumulated are taxed at withdrawal.
- **Roth contributions** are made with dollars that have already been fixed. Any earnings accumulated are not taxed if conditions are met. Not available for employer contributions.

Rollovers and transfers Tax-free rollovers or transfers can be made from a SIMPLE IRA to a regular IRA, qualified plan, 403(b), SEP IRA, and 457 after two years from the date of the first contribution to the SIMPLE IRA.⁴

Accessing your money⁵ Distributions from your account vary based on your age and whether contributions are pre-tax or Roth (if available)

- If you take a distribution before age 59½, it is generally subjected to income taxes. Additionally, if early-withdrawal occurs within your first two years of participation, the penalty is 25% and reduces to 10% after two years of participation.
- Distributions taken at age 59½ or later are penalty-free, though they are generally subject to ordinary income tax.
- Roth employee deferrals (only) can be taken any time. Earnings are available tax and penalty free at age 59½ and five years.
- Required Minimum Distributions (RMDs) must begin once you reach age 73 for pre-tax contributions. This rule does not apply to Roth contributions.

Important: Before taking a distribution, consider speaking with a financial or tax professional to understand the potential tax impact and whether penalties may apply.

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Save with traditional, Roth, or both

Plan features

Check with your employer the maximum contributions permitted and if Roth is allowed.

1. Contributions can begin, January 1 of catch-up age.
2. Beginning January 1, 2025, participants ages 60 – 63 may make a higher catch-up contribution. Contributions may begin January 1 of the year the participant turns 60 and must cease after December 31 of the year they turn 63.
3. Additional optional employer contribution up to 10% of compensation of each eligible employee not to exceed \$5,300. Check with your employer if this option is available.

All eligible participants may contribute to a traditional (pretax) SIMPLE IRA through payroll deductions. Pre-tax contributions are made before federal income taxes are withheld and, in most states, before state income taxes are withheld.

If your employer offers a Roth SIMPLE IRA feature, you may also choose to make after-tax contributions.

Contribution maximums for 2026

The maximum salary deferral a participant is permitted is the lesser or 100% of compensation. Salary deferrals can be deferred as traditional (pre-tax) and/or Roth (after-tax).

Contribution limits vary depending on the size of the employer and features selected. Refer to the table for additional information.

25 or fewer employees	Contributions maximums (\$)
Participant contribution maximum	18,100
Participant catch-up contribution at age 50 ¹	4,000
Participant catch-up contribution at 60 – 63 ^{1,2}	5,250
Employer contribution: match or non-elective	Mandatory
Additional employer contribution ³	Optional 5,300
26 or more employees	
Participant contribution maximum	17,000
Increased participant deferral contribution (permitted if match is 4% or non-elective 3%)	Conditional 18,100
Participant catch-up contribution at age 50 ¹	4,000
Participant catch-up contribution at 60 – 63 ^{1,2}	5,250
Employer contribution: match or non-elective	Mandatory
Additional employer contribution ³	Optional 5,300

Traditional: Contribute before taxes to help you save more

The key advantage of pretax contributions is that more of your money can work for you. For example, if your tax rate was 24% and your investments returned 10% a year, you would realize gains of only 7.6% after taxes. In contrast, a tax-deferred investment would return the full 10%, letting you put more money to work until you retire. Over time, this tax-deferred compounding can have a dramatic impact on your retirement savings.

Roth: Contribute with after-tax dollars to withdraw earnings tax-free

If this feature is permitted by your plan, it lets you (1) fund your retirement account with money that's already been taxed, and (2) withdraw these dollars and their investment earnings tax-free if you meet certain requirements. So, instead of getting a tax break now (as you would through pretax contributions to your traditional SIMPLE IRA account), you get it later, when you take the money out.

How do you decide whether to save pretax, after-tax, or both?

How you choose to save depends to a large extent on what your income tax bracket is likely to be in the future. Since there is no certainty, you might choose to balance your retirement savings by making some of your contributions pretax and some after-tax. You are subject to one overall maximum annual contribution limit, whether you contribute to a traditional or Roth SIMPLE IRA account or a combination.

As shown in the chart below, if all things are equal — particularly your federal income tax bracket now and your tax bracket when you take your withdrawals — you'll end up with the same amount of money in a traditional or Roth account. However, if your tax rate in retirement is higher than your tax rate when you contribute to your account, the Roth SIMPLE IRA may be more advantageous. If your tax rate is lower at retirement, the traditional SIMPLE IRA will likely be the better choice.

Comparing potential tax advantages: Traditional versus Roth

	Traditional (Pretax)	Roth (After-tax)
Current tax rate	32%	32%
Funds available for retirement savings	\$200/month	\$200/month
Funds saved after income taxes	\$200/month	\$136/month
Assumed average annual total return	6%	6%
Account value in 30 years	\$201,124	\$136,764
Same tax rate in retirement	32%	32%
Account value after income taxes	\$136,764	\$136,764
Higher tax rate in retirement	35%	35%
Account value after income taxes	\$130,731	\$136,764
Lower tax rate in retirement	24%	24%
Account value after income taxes	\$152,854	\$136,764

This chart assumes a fixed average annual rate of return of 6%, on a tax-deferred basis, with dividends and distributions reinvested. Withdrawals prior to age 59½ are subject to taxes and penalties. The hypothetical ending values may be subject to income tax when withdrawn. This hypothetical example is not intended to show the performance of any Invesco fund for any period of time, or fluctuation in principal value or investment returns. Periodic investment plans do not guarantee profit or protect against loss in declining markets.

Comparing features: Traditional versus Roth

	Traditional (Pretax)	Roth (After-tax)
Contributions subject to federal tax	No	Yes
Contributions subject to state tax	No (in most states)	Yes (if state taxes apply)
Taxation of distributions ¹	Ordinary income tax	Tax-free ²
Conversions permitted?	No	No
Required minimum distributions at age 73	Yes	No

1. Distributions prior to age 59½ may be subject to early withdrawal penalties and as high as 25% if held less than 2 years. Exceptions may apply.
2. The account must be held for five years and experienced a qualified event (attainment of age 59½, death or disability).

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Get started and invest in you

Comprehensive investments

Invesco is a global asset management firm with decades of experience serving the needs of retirement plan participants. We offer a range of investments across every major asset class, including US and international equity and fixed income portfolios.

Get started

Enroll by completing the [SIMPLE IRA Participant Application](#) and work with your financial professional to select an asset allocation that's appropriate for you.

Visit [invesco.com/us](https://www.invesco.com/us) to learn more.

Investor services and support

Once your account has been established, you may register for online account access at [invesco.com/us](https://www.invesco.com/us). Navigate to the Account Access & Forms tab, then click on Individual Investor and Retirement Plan Participant. At the login page, click on New User to begin the registration process. There you'll have resources to help you manage and maintain your account online. Please note, certain requests may require the approval of your employer.

Cost: Invesco assesses an annual actual maintenance fee of \$25 per account, automatically deducted from each participating employee's account.¹

If you prefer to speak with someone, Invesco Client Services is available to assist and support you with your account inquiries. We're available, Monday through Friday, from 7 a.m. to 6 p.m. CT. You can reach us at **800 959 4246**.

1. The fee is waived across all retirement account types if the total assets held by the shareholder in any retirement or non-retirement accounts held directly at Invesco, excluding 529 plans, is \$50,000 or greater on the date fees are assessed.

Notes



Before investing, investors should carefully read the prospectus and/or summary prospectus and carefully consider the investment objectives, risks, charges and expenses. For this and more complete information about the fund(s), investors should ask their financial professional for a prospectus/summary prospectus or visit [invesco.com/fundprospectus](https://www.invesco.com/fundprospectus).

All investing involves risk, including the risk of loss.

This does not constitute a recommendation of any investment strategy or product for a particular investor. Investors should consult a financial professional before making any investment decisions.

Asset allocation cannot eliminate the risk of fluctuating prices and uncertain returns and does not assure a profit or protect against loss.

Note: Not all products, materials or services available at all firms. Financial professionals, please contact your home office.

Invesco does not provide tax advice. The tax information contained herein is general and is not exhaustive by nature.

Federal and state tax laws are complex and constantly changing. You should always consult your own legal or tax professional for information concerning your individual situation.

All data provided by Invesco unless otherwise noted.