



MFS ADVISOR EDGE™

Plan for Success

A simple retirement strategy for small businesses



mfs.com

MFS® Retirement Strategies
SIMPLE IRA Employer Guide

ASSESS YOUR NEEDS

Your business, your retirement

Contribution and compensation limits on SIMPLE IRA plans have increased over the years, so you may want to consider taking advantage of this opportunity to invest for retirement and help your business.

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The success of your business is built on planning and hard work. You need to anticipate fluctuating demand for your products and services and match your resources to meet it. Planning like this is not easy. It takes foresight and discipline. Having a carefully considered business plan is a prerequisite for survival. It is critical to planning for retirement, too.

The SIMPLE IRA plan — the Savings Incentive Match Plan for Employees of Small Employers — was created with you in mind. It's usually a lower cost, low-maintenance workplace retirement plan with many features of the popular 401(k), but without all the paperwork. And it's easy to start and manage.

Simple rules

For you to offer the plan, you must

- have 100 or fewer eligible employees
- offer no other retirement plan currently. If you have an existing retirement plan, you can maintain it, but you cannot make any contributions once you start the SIMPLE IRA plan — you cannot offer both plans in the same year.

For employees to participate, you may require that they

- expect to earn at least \$5,000 in the calendar year in which the plan is offered
- have earned at least \$5,000 in any two preceding years

These employee eligibility guidelines are flexible. You may expand eligibility to allow all of your employees to participate, regardless of earnings. You may also elect to exclude union employees from plan participation if their retirement plan was the subject of good faith bargaining.

Simple to run

You do not need another headache. As a manageable alternative to a 401(k), the MFS® SIMPLE IRA plan lives up to its name. Forget your preconceived notions about retirement plans. This plan was designed with you in mind. Benefits include:

- one form to complete annually
- employee setup and management of his or her own accounts
- electronic contribution processing
- modest employer contributions, payable once a year

Good for your employees, good for your business

As a small-business owner, you face your share of daily pressures. An MFS SIMPLE IRA plan can help you meet two of your most important challenges — retaining key employees and planning for retirement.

Retaining key employees

Finding and keeping employees is something you worry about every day. Why not give your employees another solid reason to stay a part of your business for the long term? Providing a low-cost, low-maintenance retirement plan can bolster your retention efforts — and it has never been easier.

Planning for retirement

It's good for you, too. In a SIMPLE plan, you get a flexible, tax-advantaged tool to begin investing for your own retirement — because you are also a plan participant. Tax-deductible matching dollars, tax deferral of any earnings, and generous contribution limits all apply to you as well so you can put more away now. You also manage your own account, so you have the flexibility to revise your retirement investments to match your goals.

Catch-up contributions make the SIMPLE IRA even better

Participants age 50 and over are allowed an extra annual “catch-up” contribution.

CALENDAR YEAR	CONTRIBUTION LIMIT	CATCH-UP CONTRIBUTION*
2025	\$16,500	Age 50+: \$3,500 Ages 60-63: \$5,250
2026	\$17,000	Age 50+: \$4,000 Ages 60-63: \$5,250

Source: irs.gov

* Highly compensated employees (HCE) must make catch-up contributions as Roth contributions. Any employee who owns more than 5% of the business or makes more than \$160,000 annually is considered an HCE.

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Virtually eliminate data entry error and dramatically reduce contribution processing.

MFS® Contribution Direct allows plan administrators and financial professionals to manage and submit SIMPLE IRA plan contributions to MFS over a secure website. This cost-effective method will reduce the time and effort it takes to invest in your plan. Visit cd.mfs.com for more information, and for the Contribution Direct User Guide.

Two flexible ways to contribute

Employer contributions are a regular part of a SIMPLE IRA plan, but you are not locked into a specific funding formula. You may choose the contribution method that best suits your needs each year. You just need to give eligible employees more than 60 days' prior notice of the method you choose for that year.

2% flat contribution

With this method, you contribute 2% of compensation for all eligible employees, regardless of whether they contribute.

EXAMPLE

For an employee making \$30,000, you contribute \$600, regardless of whether the employee participates. Employees need to set up their own SIMPLE IRA to receive your contribution. The compensation limit for the 2% method is capped at \$360,000 for 2026 (subject to future adjustment for inflation). Compensation limits are subject to annual cost-of-living adjustments. That means if you choose the 2% method, then the maximum employer contribution for any individual employee is \$7,200 in 2026.

3% match

You match participating employees' contributions up to 3% of their annual compensation with a maximum annual contribution per employee equal to their contribution dollar limit for the year. With this method, you have the flexibility to decrease your contribution to as low as 1% for two out of every five years. And using the matching contribution formula, you make contributions only for employees who contribute.

EXAMPLE

Let's say an employee has annual compensation of \$30,000. The table below shows his or her contribution and your match for each of the first five years of the plan. Remember, you can change your contribution method annually, and whichever method you choose also applies to you as a plan participant.

	EMPLOYEE CONTRIBUTION	YOUR MATCH
year 1	2% = \$600	up to 3% = \$600
year 2	2% = \$600	up to 3% = \$600
year 3	2% = \$600	1% = \$300
year 4	3% = \$900	1% = \$300
year 5	3% = \$900	up to 3% = \$900

Keep in mind, all investments, including mutual funds, carry a certain amount of risk, including the possible loss of the principal amount invested.

SIMPLE advantages

as an employer

- tax-deductible contributions
- valuable recruiting tool
- flexible funding requirements
- broad eligibility criteria

as a participant

- pretax or Roth contributions
- tax deferral of any growth
- generous contribution limits
- wide selection of investments from the MFS Family of Funds®

While the advantages of a SIMPLE IRA are clear, you will need to be comfortable with making mandatory employer contributions each year. Please consult with your tax and legal advisors before making any decisions regarding a SIMPLE IRA plan.

Small business, big goals

Meeting deadlines. Making payrolls. Filling out government forms. A small business can come with big responsibilities for you, your family and your employees. With all the time you spend planning for next week, next month and next year, retirement can seem like it will never come.

But one of the critical things you share with employees is the need to set aside money for your retirement. A SIMPLE IRA plan gives you advantages such as pretax or Roth contributions and potential tax-deferred accumulation. These valuable benefits can make a big difference over the long term — if you take advantage of them.

Sources of retirement income

For retirees, Social Security benefits can provide a foundation, but most people need to supplement these benefits with other sources of income. Depending on your needs, a SIMPLE IRA plan can play an important role in providing an additional source of income.



SIMPLE IRA plans encourage your employees to share the responsibility for funding their own retirement plans.

Benefits for you

- Employer contributions may be made once per year or more frequently.
- All allowable contributions you make on behalf of employees are tax deductible.
- As an employee, you benefit from matching contributions.
- Your personal contributions can be made pretax, reducing your current income taxes, or as Roth, which could reduce your taxes in retirement.

Annual contribution limits may increase in future years, and the highest limit applies to individuals age 50 or older. See page 2 for details.

If your payroll grows to more than 100 employees who earn \$5,000 per year or more, you can continue to offer your SIMPLE IRA plan for two more years. If you exceed the 100-employee limit due to a company acquisition, please consult with your tax advisor.

The power of tax deferral

With a SIMPLE IRA, any potential earnings grow tax deferred until withdrawn, normally in retirement. Earnings can compound faster than they would in a comparable taxable investment because they are not being eroded each year by taxes. Compare a taxable investment with a tax-deferred investment. You will see that after 35 years, even if you were to take a lump-sum distribution and pay the taxes owed, you would still have more than you would have had in a comparable taxable investment.

ASSUMPTIONS

- hypothetical monthly investment: \$150
- number of years invested: 35
- total amount invested: \$63,000
- income tax rate: 22%
- annual growth rate: 6%, compounded monthly

TAXABLE INVESTMENT

\$159,408

TAX-DEFERRED INVESTMENT*

\$214,775

TAX-DEFERRED INVESTMENT AFTER LUMP-SUM WITHDRAWAL, NET OF TAXES (\$47,250)

\$167,525

*If an employee makes pre-tax contributions, they are tax-deferred: they won't pay any taxes on that money until it is withdrawn in retirement (see purple bar). If they make Roth contributions, there will be no tax benefit now, but they will generally not owe taxes on that money when it is withdrawn in retirement.

Hypothetical results are for illustrative purposes only and are not intended to represent the future performance of any MFS product. Rates of returns will vary over time, particularly for long-term investments. There is no guarantee the selected rate of return can be achieved. The performance of the investments will fluctuate with market conditions. If there are no earnings, the account will not grow. Taxable account illustrations and the lump-sum distribution assume a 22% tax rate.

Many reasons to get started

Encouraging your employees to invest for retirement is the right thing to do, and establishing a SIMPLE IRA plan is an easy way to do it. The SIMPLE IRA plan encourages your employees to share the responsibility for funding their own retirement plans. Each employee sets up his or her own SIMPLE IRA and chooses his or her own investments.

They take advantage of payroll deductions, potential tax-deferred growth, and employer contributions. And employees manage all of their account transactions — opening an account, selecting funds, choosing distributions — directly with MFS. Withdrawals are subject to plan provisions and, if made before you reach age 59½, may be subject to an additional 10% penalty (25% if within the first two years of beginning participation).



Greg needs to do something to keep his people happy

“My architectural firm is doing really well. I have lots of interns and freelancers working for me, but my core group is Miko, Andre, and Lynn. If I lose one of them, it’ll take me a year to catch up. A whole year. So I know I should set up some kind of retirement plan to keep everyone happy. I just don’t have the time to investigate all the options and costs.”

This is a hypothetical example only.

An MFS SIMPLE IRA plan makes sense

It's easy to join.

Employees open an MFS SIMPLE IRA and tell you how much they would like to contribute.

It's affordable.

Contributing just 1% to 2% can add up over time. The important thing is to get started.

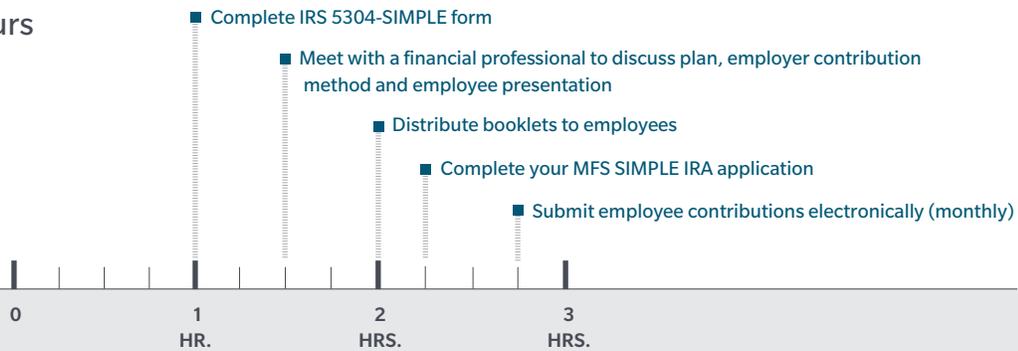
It's flexible.

Participants can change their contribution amounts.

It's portable.

SIMPLE IRA money can transfer into and out of a variety of retirement plans after a two-year holding period. So if employees change jobs, they can take their money with them. Additional fees and charges may apply to IRA transfers.

Less than three hours to set up your plan



How much it costs

This represents the cost to an employer if the 2% flat rate is selected. Selecting the 3% match would result in different costs that would depend on the amount contributed by each individual employee.

	GREG	MIKO	ANDRE	LYNN
Salary	\$90,000	\$50,000	\$30,000	\$30,000
Employer contribution ¹	\$1,800	\$1,000	\$600	\$600

¹ Total employer contribution of \$4,000 is a tax-deductible business expense.

The hypothetical example is for illustrative purposes only and is included here to show how one small-business owner's need could be addressed by a SIMPLE IRA plan.

How it works

Employees instruct you to deduct a certain amount of salary per pay period. You send it electronically to MFS, where it is invested directly in each participant's SIMPLE IRA.

Eligible employees may defer up to 100% of compensation up to their maximum contribution limit for the year. There is no obligation to contribute, and they may stop at any time. They may have to wait until reenrollment to resume contributions, however.

A plan that can work for you

For many employees, a workplace retirement plan is no longer considered an optional benefit. Providing this powerful benefit demonstrates the foresight and commitment you are required to have every day as a small-business owner. With MFS and the help of your financial professional, you can build a SIMPLE IRA plan that can work for you, your employees and your business.

Key MFS service features

- quarterly account statements
- automated phone access 24/7/365
- customer service representatives available any business day at 1-800-637-1255
- Internet account access at mfs.com through Individual Investor>Resources>Access My Accounts>MFS® Access

Next steps

- Complete IRS Form 5304-SIMPLE in the forms booklet and save it in your file. Please do not return this form to MFS.
- Set up your own MFS SIMPLE IRA.
- Request booklets for your employees by calling 1-800-637-1255.
- Work with your financial professional to set up enrollment meetings for your employees.
- Meet with employees and distribute the booklets.
- Gather all employee applications and return them to MFS.

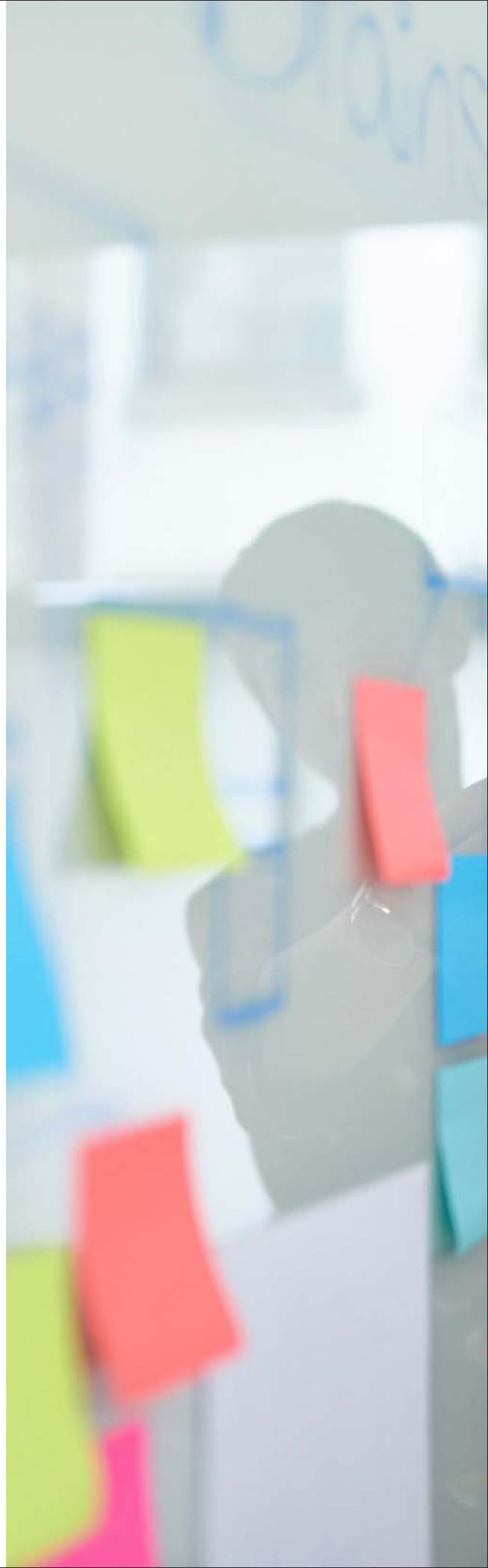
Remember, the MFS SIMPLE IRA plan runs on a calendar-year basis and must be opened between January 1 and October 1 of the calendar year in which you want to start the plan.

January 1 to December 31: plan year

January 1 to October 1: plan established for current year

November 2 to December 31: 60-day period for annual enrollment or change to existing elections

Enrollment: Employees must be given 60 days prior to the start of the plan year (January 1) in order to enroll or change an existing election. Newly eligible employees must be allowed to enroll as soon as they become eligible.







In 1924, MFS launched the first US open-end mutual fund, opening the door to the markets for millions of everyday investors. Today, as a full-service global investment manager serving financial professionals, intermediaries and institutional clients, MFS still serves a single purpose: to create long-term value for clients by allocating capital responsibly. That takes our powerful investment approach combining collective expertise, thoughtful risk management and long-term discipline. Supported by our culture of shared values and collaboration, our teams of diverse thinkers actively debate ideas and assess material risks to uncover what we believe are the best investment opportunities in the market.



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