



MFS[®] SIMPLE IRA PLAN





This guide provides easy, step-by-step instructions on how to establish an MFS SIMPLE IRA Plan and submit ongoing contributions to MFS via the Internet. Electronic contribution processing makes plan administration easier because it eliminates paperwork, reduces the opportunity for errors from manual input, and helps us process your contributions quickly.

Please follow these instructions to set up your plan:

1. Complete IRS Form 5304-SIMPLE, found at the back of this booklet, and retain it in your files. **Please do not return the completed form to MFS.**
2. Complete the MFS SIMPLE IRA Application, available from your financial professional, mfs.com, or by calling MFS at 1-800-637-1255, to set up your own account. Your financial professional can help you determine the share class that may best fit your plan's needs.
3. Have each eligible employee complete an application and return it to you.
4. Complete the MFS Contribution Direct Enrollment/Change Form found on pages 5 – 6.
5. Return the completed employee applications and your MFS Contribution Direct Enrollment/Change Form to:

MFS Service Center, Inc.
P.O. Box 219341
Kansas City, MO 64121-9341

Or by fax: 1-877-654-3204

Within 10 days of receiving your information, MFS will email your MFS Contribution Direct operator ID and password.

6. Refer to the MFS Contribution Direct User guide on pages 7 – 13 for instructions on submitting contributions.
7. To establish additional employee accounts, submit the completed MFS SIMPLE IRA applications.

This booklet is for MFS SIMPLE IRA Plans only.

NOT FDIC INSURED • MAY LOSE VALUE • NO BANK GUARANTEE

MFS® CONTRIBUTION DIRECT

Enrollment/Change Form



OVERVIEW

MFS Contribution Direct allows plan administrators and financial professionals to manage and submit investment plan contributions to MFS over a secure Internet site. Contribution Direct eliminates the need for mailing investment instructions and checks if funding your investments via Automated Clearing House (ACH). This process greatly reduces the amount of time it takes to build allocation spreadsheets and avoids delays in receiving the actual investment. However, if you believe that submitting a check is best for your plan, you may submit a check with the screen print from the Submit Roster Confirmation screen in Contribution Direct with all investment allocation submissions.

Please visit cd.mfs.com for more information and step-by-step instructions on using the system.

SYSTEM REQUIREMENTS

MFS Contribution Direct requires 256 byte Secure Socket Layer (SSL) encryption.

HOW TO ENROLL IN MFS CONTRIBUTION DIRECT

1. Ensure that your system meets the above requirement.
2. Complete the attached MFS Contribution Direct Enrollment Form and any new account, participant, or plan applications and send them to MFS.
3. After MFS receives the enrollment form, you will be sent an Operator ID and password via email within 10 days. This information will allow you to access your plan and begin the internet submission process.

MFS CONTRIBUTION DIRECT

Enrollment/Change Form



Select one option

I'd like to establish my Plan or Group on MFS Contribution Direct.

(Complete all sections below)

I'd like to make changes to an existing MFS Contribution Direct Plan or Group.

(Complete all applicable sections below)

1. Plan or Group information

PLAN NAME

Please enroll my new retirement plan or group in MFS Contribution Direct. I have attached account applications for all new participating accounts and/or employees.

Or

Please enroll/update my existing retirement plan or group in MFS Contribution Direct. Please provide the information below. The account number for one existing participant will be used to locate and verify the Plan.

PLAN ID NUMBER

ACCOUNT NUMBER FOR ONE EXISTING PARTICIPANT

PLAN MAILING ADDRESS

CITY

STATE

ZIP CODE

2. Plan Administrator

Complete this section to designate a Plan Administrator for a new plan, change the Plan Administrator on an existing plan, or update the contact information for the current Plan Administrator.

Only one Plan Administrator can be designated per plan. If this form is being used to make changes to your existing Plan Administrator, the previous designation will be replaced and a new User ID will be issued.

PLAN ADMINISTRATOR'S FIRST NAME

MI

LAST NAME

PLAN ADMINISTRATOR'S EMAIL ADDRESS
(MFS CONTRIBUTION DIRECT OPERATOR ID AND PASSWORD WILL BE SENT TO THIS EMAIL ADDRESS.)

PHONE NUMBER

ALTERNATE EMAIL ADDRESS
(MFS CONTRIBUTION DIRECT OPERATOR ID AND PASSWORD WILL BE SENT TO THIS EMAIL ADDRESS.)

If you currently administer another plan that uses MFS Contribution Direct and want to use the same ID, please complete the information below.

PLAN ID NUMBER

OPERATOR ID

3. Type of funding (Choose one.)

Bank draft (Please allow 10 days for establishment.)

A voided check or preprinted deposit slip is required. Please include it with this form and complete the bank account information below. The information will be compared to ensure accuracy.

NAME ON CHECKING/SAVINGS ACCOUNT **(REQUIRED)**

BANK NAME **(REQUIRED)**

BANK ACCOUNT NUMBER **(REQUIRED)**

BANK ROUTING NUMBER **(REQUIRED)**

Automatic draft plan provisions

The Employer agrees that the rights of the bank named above with respect to checks drawn on and debit entries initiated to the employer's account are the same as if they were checks drawn on the bank and signed by the employer. The employer agrees that the bank shall be fully protected and without any liability whatsoever in honoring or refusing to honor such check and in accepting or refusing to accept any such debit entry, whether with or without cause and whether intentionally or inadvertently. The privilege of making deposits under this service may be revoked by MFS Service Center, Inc. or MFS Fund Distributors, Inc., without prior notice, if any check is not paid upon presentation or any debit entry not accepted. MFS Service Center, Inc. shall be under no obligation to notify the employer as to the nonpayment of any check or the non-acceptance of any debit entry. This service may be discontinued at any time by the employer by telephone or by writing to MFS Service Center, Inc.

Check (Please allow 10 days for establishment.)

All checks must be made payable to MFS Service Center and mailed to the addresses below. Please attach the screen print from the Submit Roster Confirmation screen in Contribution Direct with all investment allocation submissions.

4. Authorization

As the authorized signer of the above mentioned Plan and bank account, I authorize any changes made to the Plan Administrator information in Section 2 and/or made to the bank account information in Section 3, and I also authorize all bank drafts initiated by the use of the MFS Contribution Direct website.

AUTHORIZED SIGNER'S SIGNATURE **(REQUIRED)**

DATE (MM/DD/YYYY)

PRINT NAME

Visit cd.mfs.com for more information and instructions for using the MFS Contribution Direct system.

Fax this form to 1-877-654-3204 and you will receive an Operator ID and password via email within 10 business days, or mail to:

Regular Mail

MFS Service Center, Inc.
P.O. Box 219341
Kansas City, MO 64121-9341

Overnight Mail

MFS Service Center, Inc.
801 Pennsylvania Ave, Suite 219341
Kansas City, MO 64105-1307



User Guide

MFS Contribution Direct may help simplify how you manage your retirement plans by allowing you to make contributions securely via the Web. This user guide shows you how to navigate the MFS Contribution Direct website, set up and edit shareholder allocations and submit investment allocations to MFS®.

System benefits

With MFS Contribution Direct, you can streamline your contribution process by setting up rosters once and then using them for each pay period.

Flexibility

MFS Contribution Direct eliminates the need for mailing investment instructions and checks. MFS Contribution Direct uses Automated Clearing House (ACH) so that MFS can deduct the payment directly from your bank account. You can submit allocations using either a whole dollar or percentage amount.

Access

MFS Contribution Direct allows you to manage your contribution plans online — seamlessly and efficiently. You can view participant summaries, see daily transactions, and print reports and confirmations.

Enroll your retirement plan in MFS Contribution Direct

Follow these guidelines to enroll your retirement plan in MFS Contribution Direct:

1. Complete the MFS Contribution Direct Enrollment/Change Form.
2. For new Plans, instruct all eligible employees to complete the MFS application located in the Employee Resource Guide that fits your specific plan.
3. Fax or mail the forms to MFS (see contact information on Page 6).

When MFS receives the enrollment form, an email containing the MFS Contribution Direct operator ID and password is sent to the plan contact within the next 10 days.

Maintaining a plan

To update your plan contact name, email address, or bank account information, complete the MFS Contribution Direct Enrollment/Change Form and submit it to MFS.

Important note: Changes to your bank account information must be made at least 10 days prior to your next roster contribution.

Resetting your password

If you forget your password, or if you have entered an invalid password three times, you will be prompted to reset your password on the initial sign-in screen. Click on the “reset password” link to initiate the process.

You will be required to answer your predetermined security questions and verify the email address that MFS has on record for you in order to gain access to your plan information.

Note: If your password has been changed more than once in 7 days, you will need to contact MFS.

Remember these guidelines when choosing your password:

- A new password must be eight characters long and contain at least one number, one letter, and one special character.
- Your last seven passwords cannot be reused.
- Your operator ID and password cannot be the same.

The following pages provide you with step-by-step instructions on how to sign on and navigate through Contribution Direct. Please contact MFS if you need assistance.

Accessing MFS Contribution Direct via the web

Logging in to MFS Contribution Direct

1. Enter the Contribution Direct link cd.mfs.com into your Web browser address bar. Click Login from the middle of the page to be brought to Contribution Direct.
2. Enter your operator ID and password **1** and click [Login] **2**.

Login

To login, please enter your **Operator ID** and **Password** and click **Login**.

1 Operator ID:
2 Password:

Terms and Conditions

3. Once you have read the terms and conditions, click the acceptance sentence **3** and click [I Accept] **3a**.

TERMS & CONDITIONS

NOTE: ACCESSING OR REQUESTING ACCOUNT INFORMATION THROUGH THIS SITE CONSTITUTES AND SHALL BE DEEMED TO BE AN ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS.

The accuracy, completeness and timeliness of all plan sponsor information provided is the sole responsibility of the plan sponsor company that provides the information. No party that provides a connection between this web site and a plan sponsor or its transfer agency system can verify or ensure the receipt of any information transmitted to or from a plan sponsor or its transfer agent, or the acceptance by, or completion of any transaction with, a plan sponsor.

NO TRANSACTION SHALL BE DEEMED ACCEPTED UNTIL YOU RECEIVE A WRITTEN CONFIRMATION FROM THE FUND COMPANY. THE PROSPECTUS OF THE SELECTED FUND CONTAINS REQUIREMENTS, RESTRICTIONS AND APPLICABLE FEES

I have read, understand and accept the terms and conditions described above.

3 **3a**

Plan Selection

If you have more than one plan, select the appropriate plan from the Plan Selection page.

If you have just one plan, you will be brought directly to the Plan Details page.

4. Select the desired plan by searching by plan name or plan ID **4** or clicking on the name link **5** and click [Search] **6**.

Plan Selection

To review purchase amount changes, click **Audit**.

Plan Search

To locate a specific plan, you may search by Plan Name or Plan ID. The entire name or ID can be entered, or the first few characters can be entered and all matching results will be returned.

Search Plans By:
 Name ID

6

Plans

Plan Name 5	Plan ID
BBA	00
BBP	00

Note: Please use the navigation buttons located in Contribution Direct to move between screens. Please do not use the “Back” button when working in Contribution Direct.

Important note: Participants adding an account to their portfolios, either through exchange or by any other means, are required to notify the plan administrator of any change in payment allocations. MFS does not systematically update the allocations on MFS Contribution Direct. This is the responsibility of the plan administrator. MFS will not be responsible for any adjustments resulting from a failure to update allocations.

Plan Details

The Plan Details page contains the Plan Information, including but not limited to:

- plan ID
 - plan name
 - company name and address
 - bank name, address, and masked account number
 - list of shareholders and their masked Social Security numbers
1. To access a shareholder's allocation, select the name link **7**.
 2. If the plan has more than six participants, the name or SSN of the participant can be used to search for the name link.
 3. To see the breakdown of Employee and Employer contributions, select the Contributions link **8**. This will navigate you to the "Shareholder Total Contributions."

Shareholder Allocation

4. To change allocations for the shareholder, enter the new dollar or percentage amount. Allocations must equal 100%. **9** Click [Next].
5. To print a copy of the new allocations, click [Print Preview] **10**. Otherwise, click [Return to Plan Details] to select another shareholder.
6. To add a fund for the shareholder, click the "Add Fund" button at the bottom of the page **11**. Refer to the detailed steps beginning on page 10 for adding new funds.

Plan Details
Expand All Collapse All

To review purchase amount changes, click **Audit**.

Plan Information

Plan ID: 00
Plan Name: BBA
Number of Shareholders: 2

Company Information

Bank Information

Bank Name: STATE STREET BANK AND TRUS
Bank Address: 225 FRANKLIN ST
225 FRANKLIN ST BOSTON MA, 02111
Bank Account Number: *****9999
Name(s) on Account: BBA
ABA Routing Number: 00
Bank Account Type: C

To update the banking information associated with this plan, click **Update Bank**.
To delete the banking information associated with this plan, click **Delete Bank**.

Shareholders

To access the Shareholder Allocation page for a specific shareholder, select the name link.

Name	SSN	Contributions	Remove From Plan...
L____, Mary	*****0000	Contributions	Remove From Plan...
L____, Glen	*****0000	Contributions	Remove From Plan...

To access all rosters for this plan, click **Access Rosters**.

Shareholder Allocation
Print Preview **10**

Plan Name: BBA
Plan ID: 00
SSN: *****0000
Shareholder: L____, Mary

To change allocations for the shareholder enter the amounts and click **Next**.
To advance to the appropriate money type, select the link below or use the scroll bar.

[Employer Reduction](#) [Salary Reduction](#)

Employer Reduction [top](#)

Allocations by: Percentage Dollar

Existing Fund	Fund/Account Number	Amount Allocated
MFS GLOBAL EQUITY FUND 4 (A)	0000004/00000000000	50.000%
MFS MUNICIPAL INCOME FUND 2 (A)	0000002/00000000000	50.000%
Total:		100.000%

Salary Reduction [top](#)

Allocations by: Percentage Dollar

Existing Fund	Fund/Account Number	Amount Allocated
MFS GLOBAL EQUITY FUND 4 (A)	0000004/00000000000	50.000%
MFS MUNICIPAL INCOME FUND 2 (A)	0000002/00000000000	50.000%
Total:		100.000%

11 [Add Fund](#) [Next](#) [Back](#)

Adding Funds

1. To add a fund to the roster, click [Add Fund] on the Shareholder Allocation Page.
2. Check the applicable fund(s) from the listing on the Add Allocation Fund page and click [Next] **12**.

MFS Contribution Direct [contact us](#) | [help](#)

Add Allocation Fund

Plan Name: BBA
Plan ID: 00
SSN: ****0000
Shareholder: L____, Mary

Fund Name

- 0000001 MFS U.S. GOVT CASH RESERVE FD 1 (A)
- 0000002 MFS MUNICIPAL INCOME FUND 2 (A)
- 0000004 MFS GLOBAL EQUITY FUND 4 (A)
- 0000007 MFS GROWTH FUND 7 (A)
- 0000009 MFS GLOBAL GROWTH FUND 9 (A)
- 0000010 MFS U.S. GOVERNMENT MONEY MARKET FUND 10 (A)
- 0000011 MFS BOND FUND 11 (A)
- 0000012 MASSACHUSETTS INVESTORS TRUST 12 (A)
- 0000014 MFS RESEARCH FUND 14 (A)
- 0000018 MFS HIGH INCOME FUND 18 (A)

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3. The Model Accounts screen displays. Click the drop down menu **13** to select an account to model (copy) from.
4. Elect the appropriate fund/account to use to model (copy) the new account
5. Once the model account is selected for all new funds, click [Next] **14**.

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Model Accounts

Plan Name: BBA
Plan ID: 00
SSN: ****0000
Shareholder: L____, Mary

To setup a new account please select the account **13** that you would like to model from by using the drop-down list next to your new fund.

Fund

- MFS BOND FUND 11 (A) **Model Account**
Please select an account
0000018/ 0000000000
0000087/ 0000000000
0000097/ 0000000000
- MFS RESEARCH FUND 14 (A)

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Shareholder Allocation

- Once the new account(s) are established, the Shareholder Allocation page displays. Indicate the appropriate percentage or dollar amount allocation **15** for each fund(s). The total must equal 100%.
- Once the allocation amounts are input, click [Next] **16**.

MFS Contribution Direct [contact us](#) | [help](#) [Logoff](#) [Plan Selection](#) [Roster Selection](#)

Shareholder Allocation [Print Preview](#)

Plan Name: BBA
 Plan ID: 00
 SSN: ****0000
 Shareholder: L____, Mary

To change allocations for the shareholder enter the amounts and click **Next**.

To advance to the appropriate money type, select the link below or use the scroll bar.

[Employer Reduction](#) [Salary Reduction](#) [top](#)

Employer Reduction [top](#)

Allocations by: Percentage Dollar

Existing Fund	Fund/Account Number	15 Amount Allocated
MFS GLOBAL EQUITY FUND 4 (A)	0000004/0000000000	50.000%
MFS MUNICIPAL INCOME FUND 2 (A)	0000002/0000000000	50.000%
Total:		100.000%

Salary Reduction [top](#)

Allocations by: Percentage Dollar

Existing Fund	Fund/Account Number	Amount Allocated
MFS GLOBAL EQUITY FUND 4 (A)	0000004/0000000000	50.000%
MFS MUNICIPAL INCOME FUND 2 (A)	0000002/0000000000	50.000%
Total:		100.000%

16 [Add Fund](#) [Next](#) [Back](#)

- On the Shareholder Allocation Verification page, review and confirm the entered allocations. Click [Confirm] **17**.
- Once the allocations are confirmed, the user has the option to either print preview or return to the Plan Details screen.

MFS Contribution Direct [contact us](#) | [help](#)

Shareholder Allocation Verification

Plan Name: BBA
 Plan ID: 00
 SSN: ****0000
 Shareholder: L____, Mary

You have chosen to modify the allocation amounts for the accounts listed below.

Employer Reduction

Fund	Fund/Account Number	Model Fund/Account Number	Amount Allocated
MFS HIGH INCOME FUND 18 (A)	0000018/0000000000		20.000 %
MFS INTERNATIONAL VALUE FUND 87 (A)	0000087/0000000000		20.000 %
MFS NEW DISCOVERY FUND 97 (A)	0000097/0000000000		20.000 %
MFS BOND FUND 11 (A)	0000011/NEW ACCOUNT	0000018/0000000000	20.000 %
MFS RESEARCH FUND 14 (A)	0000014/NEW ACCOUNT	0000018/0000000000	20.000 %
Total:			100.000 %

17 [Confirm](#) [Back](#) [Cancel](#)

Roster Selection

1. After verifying that all shareholder allocations are correct, click [Access Rosters] from the bottom of the Plan Details page (see page 9).
2. To establish a new roster, click [New Roster] **18**.
3. To model (copy) from an existing roster, locate the roster from the list and click [Access Roster] **19**.

Roster Selection

Plan Name: BBA
Plan ID: 00

To review purchase amount changes, click **Audit**.
To establish a new roster containing all shareholders within the plan, click **New Roster**.
To model from an existing roster, locate the roster below and click **Access Roster**.

Roster Search

To locate a specific rosters, you may search by roster status and the roster status date, or a specific period of time.

By Status:
 All
 Expired Rejected
 Held Released
 Processed Work-In-Progress

Plan ID: 000000000
Confirm Number: _____

Payment Amount: _____
Payment Type:
 All
 Check ACH
 Wire N/A

Operator ID: _____
By Status Date:
 mm/dd/yyyy to mm/dd/yyyy
 or
 All

2 results found...

Status	Confirm Number	Status Date	Total Amount	SSN Count	Payment Type	Operator ID	Last Operator ID	Release Operator ID
Work-In-Progress	7768-7165-04910	10/10/2012	\$0.00	1	ACH	CT23479	CT23479	N/A

Roster Details

Options on this page include:

- Remove shareholders by selecting the shareholders **20** and clicking [Remove Shareholders] **21**.
- View or modify a shareholder's allocations by clicking on a shareholder name **22**. Changes will be saved on the Shareholder Allocation page.
- Make a one-time amount change for a shareholder by entering the new amount **23**.
- Create a new roster that models the most recent one by clicking [Model Roster] **24**.
- Save the current roster to complete later by clicking [Save Roster] **25**.
- To print a copy, click [Print Preview] **26**.
- To start over, click [Return to Roster Selection] **27**.

Roster Details

To make a copy of this roster, click **Model Roster**.
To review purchase amount changes, click **Audit**.

Plan Name: BBA
Plan ID: 00
Status: Work-In-Progress

Established Date: 05/31/2016 10:37:33 AM
Trade Date: _____ (only applies to future-dated rosters)
Contribution Year: 2016 2015
 ACH Wire Check

Shareholder Information

To remove shareholders from the roster, select the checkboxes next to the shareholders and click **Remove Shareholders**.
To access the Shareholder Allocation page, click the shareholder **Name** link.
To submit a one-time amount change for a shareholder, enter the amount for the appropriate money type.
Please note: If you have made any changes to this roster, click on the "Save Roster" button prior to sorting information.

Name	SSN	Contribution Year	ER	EE	SR	TOTAL
<input type="checkbox"/> L____, Mary	***** 0000	Mixed	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
<input type="checkbox"/> L____, Glen	***** 0000	2016	\$ 250.00	\$ 0.00	\$ 0.00	\$ 250.00
TOTAL:			\$ 250.00	\$ 0.00	\$ 0.00	\$ 250.00


Submitting a Roster

- On the Roster Details page, click [Submit Roster] **28**.

Last saved: 05/31/2016 10:44 AM

Submit Roster Verification

- On the Submit Roster Verification page, click [Confirm] **29**.



MFS Contribution Direct
[contact us](#) | [help](#)

Submit Roster Verification

Plan Name: BBA
Plan ID: 00

You have chosen to submit the following roster.


Status	Status Date	Trade Date	Contribution Year	Total Amount	SSN Count	Payment Type	Operator ID
Work-In-Progress	05/31/2016	05/31/2016	2016	\$250.00	2	ACH	CT24469

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Signing Off

To sign off, click [Logoff] **30** in the upper right corner of your screen.

If you have any questions, please contact MFS at 1-800-637-5104.



MFS Contribution Direct
[contact us](#) | [help](#)

Submit Roster Confirmation

Plan Name: BBA
Plan ID: 00

The following roster was submitted successfully.

Status	Status Date	Trade Date	Contribution Year	Total Amount	SSN Count	Payment Type	Operator ID	Last Operator ID	Confirmation Number
Released	05/31/2016	05/31/2016	2016	\$250.00	2	ACH	CT24469	CT24469	0521-9033-73511

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Frequently asked questions about SIMPLE IRA plans

1. What kind of employer can offer a SIMPLE IRA plan?

To offer a SIMPLE IRA plan, an employer must have 100 or fewer employees who earned \$5,000 or more in the preceding calendar year. Eligible employers include tax-exempt and governmental entities as well as corporations. The establishing employer must not have contributed to or maintained a qualified plan during the same calendar year the SIMPLE IRA plan is offered.

2. How is employee eligibility determined?

To participate in a SIMPLE IRA plan, an employee must

- earn at least \$5,000 during any two prior calendar years.
- expect to do so again in the current calendar year.

Employers have the right to make eligibility less restrictive, and may exclude certain union employees, (see IRS instructions for Form 5304-SIMPLE).

3. What are the fees for an MFS SIMPLE IRA Plan?

There is an annual fee of \$25 per participant unless their portfolio balance exceeds \$50,000 on the day the fee is assessed. Participants may elect to pay the fee directly to MFS or have MFS take the fee from their accounts. The employer also has the option of paying this annual fee.

4. What contribution options do employers have? Are employers required to make contributions to their employees' accounts?

Each employer is required to make a contribution to each eligible and/or participating employee based on the employer's choice of one of the following methods. The employer can choose which method to use each year.

Matching Contribution

- Employer contributions are made only for those employees participating in the plan. If an employee does not defer any salary into the plan, the employer makes no contribution for that employee.
- The employer matches the employee's contribution dollar-for-dollar up to a limit of 3% of the employee's compensation.
- The employer is eligible to reduce the matching contribution percentage to 2% or 1% for a maximum of two out of any five calendar years.

Nonelective Contribution

The employer makes a 2% contribution, based on an employee's compensation (not to exceed \$345,000 for 2024), to each eligible employee, whether the employee participates or not. The \$345,000 compensation limit is indexed for inflation.

Example: An employee makes \$50,000 per year. The employee defers no salary to the SIMPLE IRA account. The employer is required to contribute \$1,000 on the employee's behalf.

5. Can an employer offer a SIMPLE IRA plan and a qualified plan (e.g., 401(k)) at the same time?

An employer cannot make contributions to a SIMPLE IRA plan if at any time during the calendar year contributions were made to (or benefits were accrued under) a qualified plan maintained by the employer. However, a qualified plan that covers only union employees who are excluded from the SIMPLE IRA plan may be disregarded.

6. What is the IRS Form 5304-SIMPLE, and what am I supposed to do with it?

Form 5304-SIMPLE serves as the plan document for a SIMPLE IRA plan. Upon completion, you should not send this form to MFS. Instead, please file it for your own future reference in case employees ask about issues such as eligibility requirements and contribution methods. Also, you must provide copies of pages 1 and 2 of your Form 5304-SIMPLE to employees each year at the start of the 60-day notification period.

7. When can employees enroll in a SIMPLE IRA plan?

Employers must inform their employees of their opportunity to participate in the SIMPLE IRA plan prior to the 60-day notification period, in accordance with IRS requirements. During the 60-day notification period, employers must explain the plan's requirements to their employees. Please see the general instructions to Form 5304-SIMPLE for more information.

8. What is the deadline for establishing a SIMPLE IRA plan?

The SIMPLE IRA plan is based on the calendar year. To establish a plan for the current calendar year, you must sign the IRS Form 5304-SIMPLE by October 1 of that year.

9. When can employers change contribution methods?

Employers may change contribution methods annually. To change the contribution method or the matching percentage for a calendar year, the employer must notify employees of the change in a reasonable amount of time prior to the annual 60-day notification election period.

10. When must employers submit contributions to MFS?

Employers must submit employee contributions to MFS as soon as possible but no later than 30 days after the end of the month in which the contributions are taken from the employees' pay. However, employer contributions can be submitted periodically or in a single lump sum for the calendar year, as long as they are made before the employer's tax filing deadline.

11. How are employee salary deferrals to a SIMPLE IRA account treated for tax purposes?

The amount of an employee's salary deferral is not included as taxable income for federal income tax purposes.

12. Are loans available in a SIMPLE IRA plan?

No, loans are not available in a SIMPLE IRA plan.

13. Are there penalties for taking a distribution from a SIMPLE IRA plan?

Unless a distribution qualifies for an exemption from penalties, a distribution from a SIMPLE IRA account within the first two years of participation is subject to a 25% IRS penalty in addition to ordinary income taxes on the distribution. After two years of participation, the applicable penalty is 10%. Exemptions from the 10% or 25% penalty include distributions made after attainment of age 59½ or due to death or disability. Consult your tax advisor for a complete list of exemptions.

14. Who keeps track of the two-year participation period?

Employees are responsible for tracking their own two-year participation periods. They should be certain to keep accurate records reflecting when contributions were first made to any SIMPLE IRA account.

15. Can employees roll over into a SIMPLE IRA Plan proceeds distributed from a Traditional IRA or an employer sponsored retirement plan?

Employees that have completed the initial two-year participation period within their SIMPLE IRA Plan may roll over proceeds distributed from an employer-sponsored qualified retirement plan or a Traditional IRA to a SIMPLE IRA Plan.

**Savings Incentive Match Plan
for Employees of Small Employers (SIMPLE)—Not
for Use With a Designated Financial Institution**

_____ establishes the following SIMPLE

Name of Employer _____

IRA plan under section 408(p) of the Internal Revenue Code and pursuant to the instructions contained in this form.

Article I—Employee Eligibility Requirements *(complete applicable box(es) and blanks—see instructions)*

- 1 General Eligibility Requirements.** The Employer agrees to permit salary reduction contributions to be made in each calendar year to the SIMPLE IRA established by each employee who meets the following requirements (select either 1a or 1b):
- a** **Full Eligibility.** All employees are eligible.
- b** **Limited Eligibility.** Eligibility is limited to employees who are described in both (i) and (ii) below:
- (i) Current compensation.** Employees who are reasonably expected to receive at least \$ _____ in compensation (not to exceed \$5,000) for the calendar year.
- (ii) Prior compensation.** Employees who have received at least \$ _____ in compensation (not to exceed \$5,000) during any _____ calendar year(s) (insert 0, 1, or 2) preceding the calendar year.
- 2 Excludable Employees.**
- The Employer elects to exclude employees covered under a collective bargaining agreement for which retirement benefits were the subject of good faith bargaining. **Note:** *This box is deemed checked if the Employer maintains a qualified plan covering only such employees.*

Article II—Salary Reduction Agreements *(complete the box and blank, if applicable—see instructions)*

- 1 Salary Reduction Election.** An eligible employee may make an election to have his or her compensation for each pay period reduced. The total amount of the reduction in the employee's compensation for a calendar year cannot exceed the applicable amount for that year.
- 2 Timing of Salary Reduction Elections**
- a** For a calendar year, an eligible employee may make or modify a salary reduction election during the 60-day period immediately preceding January 1 of that year. However, for the year in which the employee becomes eligible to make salary reduction contributions, the period during which the employee may make or modify the election is a 60-day period that includes either the date the employee becomes eligible or the day before.
- b** In addition to the election periods in 2a, eligible employees may make salary reduction elections or modify prior elections _____, _____. If the Employer chooses this option, insert a period or periods (for example, semi-annually, quarterly, monthly, or daily) that will apply uniformly to all eligible employees.
- c** No salary reduction election may apply to compensation that an employee received, or had a right to immediately receive, before execution of the salary reduction election.
- d** An employee may terminate a salary reduction election at any time during the calendar year. If this box is checked, an employee who terminates a salary reduction election not in accordance with 2b may not resume salary reduction contributions during the calendar year.

Article III—Contributions *(complete the blank, if applicable—see instructions)*

- 1 Salary Reduction Contributions.** The amount by which the employee agrees to reduce his or her compensation will be contributed by the Employer to the employee's SIMPLE IRA.
- 2a Matching Contributions**
- (i)** For each calendar year, the Employer will contribute a matching contribution to each eligible employee's SIMPLE IRA equal to the employee's salary reduction contributions up to a limit of 3% of the employee's compensation for the calendar year.
- (ii)** The Employer may reduce the 3% limit for the calendar year in (i) only if:
- (1)** The limit is not reduced below 1%; **(2)** The limit is not reduced for more than 2 calendar years during the 5-year period ending with the calendar year the reduction is effective; and **(3)** Each employee is notified of the reduced limit within a reasonable period of time before the employees' 60-day election period for the calendar year (described in Article II, item 2a).
- b Nonelective Contributions**
- (i)** For any calendar year, instead of making matching contributions, the Employer may make nonelective contributions equal to 2% of compensation for the calendar year to the SIMPLE IRA of each eligible employee who has at least \$ _____, (not more than \$5,000) in compensation for the calendar year. No more than \$250,000* in compensation can be taken into account in determining the nonelective contribution for each eligible employee.
- (ii)** For any calendar year, the Employer may make 2% nonelective contributions instead of matching contributions only if:
- (1)** Each eligible employee is notified that a 2% nonelective contribution will be made instead of a matching contribution; and
- (2)** This notification is provided within a reasonable period of time before the employees' 60-day election period for the calendar year (described in Article II, item 2a).
- 3 Time and Manner of Contributions**
- a** The Employer will make the salary reduction contributions (described in 1 above) for each eligible employee to the SIMPLE IRA established at the financial institution selected by that employee no later than 30 days after the end of the month in which the money is withheld from the employee's pay. See instructions.
- b** The Employer will make the matching or nonelective contributions (described in 2a and 2b above) for each eligible employee to the SIMPLE IRA established at the financial institution selected by that employee no later than the due date for filing the Employer's tax return, including extensions, for the taxable year that includes the last day of the calendar year for which the contributions are made.

* This is the amount for 2012. For later years, the limit may be increased for cost-of-living adjustments. The IRS announces the increase, if any, in a news release, in the Internal Revenue Bulletin, and on the IRS's internet website at IRS.gov.

Article IV—Other Requirements and Provisions

- 1 **Contributions in General.** The Employer will make no contributions to the SIMPLE IRAs other than salary reduction contributions (described in Article III, item 1) and matching or nonelective contributions (described in Article III, items 2a and 2b).
- 2 **Vesting Requirements.** All contributions made under this SIMPLE IRA plan are fully vested and nonforfeitable.
- 3 **No Withdrawal Restrictions.** The Employer may not require the employee to retain any portion of the contributions in his or her SIMPLE IRA or otherwise impose any withdrawal restrictions.
- 4 **Selection of IRA Trustee.** The Employer must permit each eligible employee to select the financial institution that will serve as the trustee, custodian, or issuer of the SIMPLE IRA to which the Employer will make all contributions on behalf of that employee.
- 5 **Amendments To This SIMPLE IRA Plan.** This SIMPLE IRA plan may not be amended except to modify the entries inserted in the blanks or boxes provided in Articles I, II, III, VI, and VII.
- 6 **Effects Of Withdrawals and Rollovers**
 - a An amount withdrawn from the SIMPLE IRA is generally includible in gross income. However, a SIMPLE IRA balance may be rolled over or transferred on a tax-free basis to another IRA designed solely to hold funds under a SIMPLE IRA plan. In addition, an individual may roll over or transfer his or her SIMPLE IRA balance to any IRA or eligible retirement plan after a 2-year period has expired since the individual first participated in any SIMPLE IRA plan of the Employer. Any rollover or transfer must comply with the requirements under section 408.
 - b If an individual withdraws an amount from a SIMPLE IRA during the 2-year period beginning when the individual first participated in any SIMPLE IRA plan of the Employer and the amount is subject to the additional tax on early distributions under section 72(t), this additional tax is increased from 10% to 25%.

Article V—Definitions

- 1 **Compensation**
 - a **General Definition of Compensation.** Compensation means the sum of the wages, tips, and other compensation from the Employer subject to federal income tax withholding (as described in section 6051(a)(3)), the amounts paid for domestic service in a private home, local college club, or local chapter of a college fraternity or sorority, and the employee’s salary reduction contributions made under this plan, and, if applicable, elective deferrals under a section 401(k) plan, a SARSEP, or a section 403(b) annuity contract and compensation deferred under a section 457 plan required to be reported by the Employer on Form W-2 (as described in section 6051(a)(8)).
 - b **Compensation for Self-Employed Individuals.** For self-employed individuals, compensation means the net earnings from self-employment determined under section 1402(a), without regard to section 1402(c)(6), prior to subtracting any contributions made pursuant to this plan on behalf of the individual.
- 2 **Employee.** Employee means a common-law employee of the Employer. The term employee also includes a self-employed individual and a leased employee described in section 414(n) but does not include a nonresident alien who received no earned income from the Employer that constitutes income from sources within the United States.
- 3 **Eligible Employee.** An eligible employee means an employee who satisfies the conditions in Article I, item 1 and is not excluded under Article I, item 2.
- 4 **SIMPLE IRA.** A SIMPLE IRA is an individual retirement account described in section 408(a), or an individual retirement annuity described in section 408(b), to which the only contributions that can be made are contributions under a SIMPLE IRA plan and rollovers or transfers from another SIMPLE IRA.

Article VI—Procedures for Withdrawals *(The Employer will provide each employee with the procedures for withdrawals of contributions received by the financial institution selected by that employee, and that financial institution’s name and address (by attaching that information or inserting it in the space below) unless: (1) that financial institution’s procedures are unavailable, or (2) that financial institution provides the procedures directly to the employee. See Employee Notification in the instructions.)*

See Attached

Article VII—Effective Date

This SIMPLE IRA plan is effective _____ . See instructions.

* * * * *

Name of Employer

By: Signature Date

Address of Employer

Name and title

Model Notification to Eligible Employees

I. Opportunity to Participate in the SIMPLE IRA Plan

You are eligible to make salary reduction contributions to the _____ SIMPLE IRA plan. This notice and the attached summary description provide you with information that you should consider before you decide whether to start, continue, or change your salary reduction agreement.

II. Employer Contribution Election

For the _____ calendar year, the Employer elects to contribute to your SIMPLE IRA (*employer must select either (1), (2), or (3)*):

- (1) A matching contribution equal to your salary reduction contributions up to a limit of 3% of your compensation for the year;
- (2) A matching contribution equal to your salary reduction contributions up to a limit of _____ % (*employer must insert a number from 1 to 3 and is subject to certain restrictions*) of your compensation for the year; or
- (3) A nonelective contribution equal to 2% of your compensation for the year (limited to compensation of \$250,000*) if you are an employee who *makes at least \$ _____ (employer must insert an amount that is \$5,000 or less) in compensation for the year.*

III. Administrative Procedures

To start or change your salary reduction contributions, you must complete the salary reduction agreement and return it to _____ (employer should designate a place or individual by _____ (*employer should insert a date that is not less than 60 days after notice is given*)).

IV. Employee Selection of Financial Institution

You must select the financial institution that will serve as the trustee, custodian, or issuer of your SIMPLE IRA and notify your Employer of your selection.

Model Salary Reduction Agreement

I. Salary Reduction Election

Subject to the requirements of the SIMPLE IRA plan of _____ (*name of employer*) I authorize _____ % or \$ _____ (which equals _____ % of my current rate of pay) to be withheld from my pay for each pay period and contributed to my SIMPLE IRA as a salary reduction contribution.

II. Maximum Salary Reduction

I understand that the total amount of my salary reduction contributions in any calendar year cannot exceed the applicable amount for that year. See instructions.

III. Date Salary Reduction Begins

I understand that my salary reduction contributions will start as soon as permitted under the SIMPLE IRA plan and as soon as administratively feasible or, if later, _____. (*Fill in the date you want the salary reduction contributions to begin. The date must be after you sign this agreement.*)

IV. Employee Selection of Financial Institution

I select the following financial institution to serve as the trustee, custodian, or issuer of my SIMPLE IRA.

Name of financial institution

Address of financial institution

SIMPLE IRA account name and number

I understand that I must establish a SIMPLE IRA to receive any contributions made on my behalf under this SIMPLE IRA plan. If the information regarding my SIMPLE IRA is incomplete when I first submit my salary reduction agreement, I realize that it must be completed by the date contributions must be made under the SIMPLE IRA plan. If I fail to update my agreement to provide this information by that date, I understand that my Employer may select a financial institution for my SIMPLE IRA.

V. Duration of Election

This salary reduction agreement replaces any earlier agreement and will remain in effect as long as I remain an eligible employee under the SIMPLE IRA plan or until I provide my Employer with a request to end my salary reduction contributions or provide a new salary reduction agreement as permitted under this SIMPLE IRA plan.

Signature of employee _____ Date _____

* This is the amount for 2012. For later years, the limit may be increased for cost-of-living adjustments. The IRS announces the increase, if any, in a news release, in the Internal Revenue Bulletin, and on the IRS website at **IRS.gov**.

MFS SIMPLE PLAN
P.O. Box 219341
Kansas City, MO 64121-9341



Article VI
5304-SIMPLE

Procedures for Withdrawal
Instructions for Employees

Withdrawals

Withdrawals from your SIMPLE IRA may be made at any time. If you would like to make a withdrawal, contact MFS Service Center, Inc. (MFSC) at 1-800-637-1255 to request the appropriate form. The withdrawal will be made as soon as MFSC receives the properly completed form.

Transfers

You may request that all or part of your SIMPLE IRA balance be transferred without federal income tax implications to a SIMPLE IRA at another financial institution (or to a regular IRA or eligible retirement plan after the two-year period described in Article IV of IRS Form 5304-SIMPLE). To request a transfer, the appropriate form may be obtained by calling 1-800-637-1255.

Note: Refer to the prospectus(es) for the fund(s) in which you have invested for any applicable sales charge. MFS is not the designated financial institution of your employer's SIMPLE plan. As a result, costs and penalties (including sales charges) may be imposed on accounts that are transferred to another trustee or custodian.

Name and address of trustee

MFS® Heritage Trust CompanySM

c/o MFS Service Center, Inc.

P.O. Box 219341

Kansas City, MO 64121-9341

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Form 5304-SIMPLE is a model Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) plan document that an employer may use to establish a SIMPLE IRA plan described in section 408(p), under which each eligible employee is permitted to select the financial institution for his or her SIMPLE IRA.

These instructions are designed to assist in the establishment and administration of the SIMPLE IRA plan. They are not intended to supersede any provision in the SIMPLE IRA plan.

Do not file Form 5304-SIMPLE with the IRS. Instead, keep it with your records.

For more information, see Pub. 560, Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans), and Pub. 590, Individual Retirement Arrangements (IRAs).

Note. If you used the March 2002, August 2005, or September 2008 version of Form 5304-SIMPLE to establish a model Savings Incentive Match Plan, you are not required to use this version of the form.

Which Employers May Establish and Maintain a SIMPLE IRA Plan?

To establish and maintain a SIMPLE IRA plan, you must meet both of the following requirements:

1. Last calendar year, you had no more than 100 employees (including self-employed individuals) who earned \$5,000 or more in compensation from you during the year. If you have a SIMPLE IRA plan but later exceed this 100-employee limit, you will be treated as meeting the limit for the 2 years following the calendar year in which you last satisfied the limit.
2. You do not maintain during any part of the calendar year another qualified plan with respect to which contributions are made, or benefits are accrued, for service in the calendar year. For this purpose, a qualified plan (defined in section 219(g)(5)) includes a qualified pension plan, a profit-sharing plan, a stock bonus plan, a qualified annuity plan, a tax-sheltered annuity plan, and a simplified employee pension (SEP) plan. A qualified plan that only covers employees covered under a collective bargaining agreement for which retirement benefits were the subject of good faith bargaining is disregarded if these employees are excluded from

participating in the SIMPLE IRA plan. If the failure to continue to satisfy the 100-employee limit or the one-plan rule described in 1 and 2 above is due to an acquisition or similar transaction involving your business, special rules apply. Consult your tax advisor to find out if you can still maintain the plan after the transaction.

Certain related employers (trades or businesses under common control) must be treated as a single employer for purposes of the SIMPLE IRA requirements. These are: (1) a controlled group of corporations under section 414(b); (2) a partnership or sole proprietorship under common control under section 414(c); or (3) an affiliated service group under section 414(m). In addition, if you have leased employees required to be treated as your own employees under the rules of section 414(n), then you must count all such leased employees for the requirements listed above.

What Is a SIMPLE IRA Plan?

A SIMPLE IRA plan is a written arrangement that provides you and your employees with an easy way to make contributions to provide retirement income for your employees. Under a SIMPLE IRA plan, employees may choose whether to make salary reduction contributions to the SIMPLE IRA plan rather than receiving these amounts as part of their regular compensation. In addition, you will contribute matching or nonelective contributions on behalf of eligible employees (see *Employee Eligibility Requirements* below and *Contributions* later). All contributions under this plan will be deposited into a SIMPLE individual retirement account or annuity established for each eligible employee with the financial institution selected by him or her.

When To Use Form 5304-SIMPLE

A SIMPLE IRA plan may be established by using this Model Form or any other document that satisfies the statutory requirements.

Do not use Form 5304-SIMPLE if:

1. You want to require that all SIMPLE IRA plan contributions initially go to a financial institution designated by you. That is, you do not want to permit each of your eligible employees to choose a financial institution that will initially receive contributions. Instead, use Form 5305-SIMPLE, Savings Incentive Match Plan for Employees of Small Employers (SIMPLE)—for Use With a Designated Financial Institution;

2. You want employees who are nonresident aliens receiving no earned income from you that is income from sources within the United States to be eligible under this plan; or

3. You want to establish a SIMPLE 401(k) plan.

Completing Form 5304-SIMPLE

Pages 1 and 2 of Form 5304-SIMPLE contain the operative provisions of your SIMPLE IRA plan. This SIMPLE IRA plan is considered adopted when you have completed all applicable boxes and blanks and it has been executed by you.

The SIMPLE IRA plan is a legal document with important tax consequences for you and your employees. You may want to consult with your attorney or tax advisor before adopting this plan.

Employee Eligibility Requirements (Article I)

Each year for which this SIMPLE IRA plan is effective, you must permit salary reduction contributions to be made by all of your employees who are reasonably expected to receive at least \$5,000 in compensation from you during the year, and who received at least \$5,000 in compensation from you in any 2 preceding years. However, you can expand the group of employees who are eligible to participate in the SIMPLE IRA plan by completing the options provided in Article I, items 1a and 1b. To choose full eligibility, check the box in Article I, item 1a. Alternatively, to choose limited eligibility, check the box in Article I, item 1b, and then insert "\$5,000" or a lower compensation amount (including zero) and "2" or a lower number of years of service in the blanks in (i) and (ii) of Article I, item 1b.

In addition, you can exclude from participation those employees covered under a collective bargaining agreement for which retirement benefits were the subject of good faith bargaining. You may do this by checking the box in Article I, item 2. Under certain circumstances, these employees must be excluded. See *Which Employers May Establish and Maintain a SIMPLE IRA Plan?* above.

Salary Reduction Agreements (Article II)

As indicated in Article II, item 1, a salary reduction agreement permits an eligible employee to make a salary reduction election to have his or her compensation for each pay period reduced by a percentage (expressed as a percentage or dollar amount). The total amount of

the reduction in the employee's compensation cannot exceed the applicable amount for any calendar year. The applicable amount is \$11,500 for 2012. After 2012, the \$11,500 amount may be increased for cost-of-living adjustments. In the case of an eligible employee who is 50 or older by the end of the calendar year, the above limitation is increased by \$2,500 for 2012. After 2012, the \$2,500 amount may be increased for cost-of-living adjustments.

Timing of Salary Reduction Elections

For any calendar year, an eligible employee may make or modify a salary reduction election during the 60-day period immediately preceding January 1 of that year. However, for the year in which the employee becomes eligible to make salary reduction contributions, the period during which the employee may make or modify the election is a 60-day period that includes either the date the employee becomes eligible or the day before.

You can extend the 60-day election periods to provide additional opportunities for eligible employees to make or modify salary reduction elections using the blank in Article II, item 2b. For example, you can provide that eligible employees may make new salary reduction elections or modify prior elections for any calendar quarter during the 30 days before that quarter.

You may use the *Model Salary Reduction Agreement* on page 3 to enable eligible employees to make or modify salary reduction elections.

Employees must be permitted to terminate their salary reduction elections at any time. They may resume salary reduction contributions for the year if permitted under Article II, item 2b. However, by checking the box in Article II, item 2d, you may prohibit an employee who terminates a salary reduction election outside the normal election cycle from resuming salary reduction contributions during the remainder of the calendar year.

Contributions (Article III)

Only contributions described below may be made to this SIMPLE IRA plan. No additional contributions may be made.

Salary Reduction Contributions

As indicated in Article III, item 1, salary reduction contributions consist of the amount by which the employee agrees to reduce his or her compensation. You must contribute the salary reduction contributions to the financial institution selected by each eligible employee.

Matching Contributions

In general, you must contribute a matching contribution to each eligible employee's SIMPLE IRA equal to the employee's salary reduction contributions. This matching contribution cannot exceed 3% of the employee's compensation. See *Definition of Compensation*, below.

You may reduce this 3% limit to a lower percentage, but not lower than 1%. You cannot lower the 3% limit for more than 2 calendar years out of the 5-year period ending with the calendar year the reduction is effective.

Note. If any year in the 5-year period described above is a year before you first established any SIMPLE IRA plan, you will be treated as making a 3% matching contribution for that year for purposes of determining when you may reduce the employer matching contribution.

To elect this option, you must notify the employees of the reduced limit within a reasonable period of time before the applicable 60-day election periods for the year. See *Timing of Salary Reduction Elections* above.

Nonelective Contributions

Instead of making a matching contribution, you may, for any year, make a nonelective contribution equal to 2% of compensation for each eligible employee who has at least \$5,000 in compensation for the year. Nonelective contributions may not be based on more than \$250,000* of compensation.

To elect to make nonelective contributions, you must notify employees within a reasonable period of time before the applicable 60-day election periods for such year. See *Timing of Salary Reduction Elections* above.

Note. Insert "\$5,000" in Article III, item 2b(i) to impose the \$5,000 compensation requirement. You may expand the group of employees who are eligible for nonelective contributions by inserting a compensation amount lower than \$5,000.

Effective Date (Article VII)

Insert in Article VII the date you want the provisions of the SIMPLE IRA plan to become effective. You must insert January 1 of the applicable year unless this is the first year for which you are adopting any SIMPLE IRA plan. If this is the first year for which you are adopting a SIMPLE IRA plan, you may insert any date between January 1 and October 1, inclusive of the applicable year.

Additional Information

Timing of Salary Reduction Contributions

The employer must make the salary reduction contributions to the financial institution selected by each eligible employee for his or her SIMPLE IRA no later than the 30th day of the month following the month in which the amounts would otherwise have been payable to the employee in cash.

The Department of Labor has indicated that most SIMPLE IRA plans are also subject to Title I of the Employee Retirement Income Security Act of 1974 (ERISA). Under Department of Labor regulations at 29 CFR 2510.3-102, salary reduction contributions must be made to each participant's SIMPLE IRA as of the earliest date on which those contributions can reasonably be segregated from the employer's general assets, but in no event later than the 30-day deadline described previously.

Definition of Compensation

"Compensation" means the amount described in section 6051(a)(3) (wages, tips, and other compensation from the employer subject to federal income tax withholding under section 3401(a)), and amounts paid for domestic service in a private home, local college club, or local chapter of a college fraternity or sorority. Usually, this is the amount shown in box 1 of Form W-2, Wage and Tax Statement. For further information, see Pub. 15, (Circular E), Employer's Tax Guide. Compensation also includes the salary reduction contributions made under this plan, and, if applicable, compensation deferred under a section 457 plan. In determining an employee's compensation for prior years, the employee's elective deferrals under a section 401(k) plan, a SARSEP, or a section 403(b) annuity contract are also included in the employee's compensation.

For self-employed individuals, compensation means the net earnings from self-employment determined under section 1402(a), without regard to section 1402(c)(6), prior to subtracting any contributions made pursuant to this SIMPLE IRA plan on behalf of the individual.

Employee Notification

You must notify each eligible employee prior to the employee's 60-day election period described above that he or she can make or change salary reduction elections and select the financial institution that will serve as the trustee, custodian, or

*This is the amount for 2012. For later years, the limit may be increased for cost-of-living adjustments. The IRS announces the increase, if any, in a news release, in the Internal Revenue Bulletin, and on the IRS's website at IRS.gov.

issuer of the employee’s SIMPLE IRA. In this notification, you must indicate whether you will provide:

1. A matching contribution equal to your employees’ salary reduction contributions up to a limit of 3% of their compensation;
2. A matching contribution equal to your employees’ salary reduction contributions subject to a percentage limit that is between 1 and 3% of their compensation; or
3. A nonelective contribution equal to 2% of your employees’ compensation.

You can use the *Model Notification to Eligible Employees* earlier to satisfy these employee notification requirements for this SIMPLE IRA plan. A *Summary Description* must also be provided to eligible employees at this time. This summary description requirement may be satisfied by providing a completed copy of pages 1 and 2 of Form 5304-SIMPLE (including the information described in *Article VI—Procedures for Withdrawals*).

If you fail to provide the employee notification (including the summary description) described above, you will be liable for a penalty of \$50 per day until the notification is provided. If you can show that the failure was due to reasonable cause, the penalty will not be imposed.

If the financial institution’s name, address, or withdrawal procedures are not available at the time the employee must be given the summary description, you must provide the summary description without this information. In that case, you will have reasonable cause for not including this information in the summary description, but only if you ensure that it is provided to the employee as soon as administratively feasible.

Reporting Requirements

You are not required to file any annual information returns for your SIMPLE IRA plan, such as Form 5500, Annual Return/Report of Employee Benefit Plan, or Form 5500-EZ, Annual Return of One-Participant (Owners and Their Spouses) Retirement Plan. However, you must report to the IRS which eligible employees are active participants in the SIMPLE IRA plan and the amount of your employees’ salary reduction contributions to the SIMPLE IRA plan on Form W-2. These contributions are subject to social security, Medicare, railroad retirement, and federal unemployment tax.

Deducting Contributions

Contributions to this SIMPLE IRA plan are deductible in your tax year containing the end of the calendar year for which the contributions are made.

Contributions will be treated as made for a particular tax year if they are made for that year and are made by the due date (including extensions) of your income tax return for that year.

Summary Description

Each year the SIMPLE IRA plan is in effect, the financial institution for the SIMPLE IRA of each eligible employee must provide the employer the information described in section 408(l)(2)(B). This requirement may be satisfied by providing the employer a current copy of Form 5304-SIMPLE (including instructions) together with the financial institution’s procedures for withdrawals from SIMPLE IRAs established at that financial institution, including the financial institution’s name and address. The summary description must be received by the employer in sufficient time to comply with the *Employee Notification* requirements earlier.

There is a penalty of \$50 per day imposed on the financial institution for each failure to provide the summary description described above. However, if the failure was due to reasonable cause, the penalty will not be imposed.

Paperwork Reduction Act Notice. You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** 3 hr., 38 min.
- Learning about the law or the form** 2 hr., 26 min.
- Preparing the form** 47 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:M:S, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send this form to this address. Instead, keep it with your records.



Contacting MFS®

Call us with questions about your MFS SIMPLE IRA Plan.
1-800-637-1255

Send your contributions, applications, and other correspondence by mail.

Regular Mail

MFS Service Center, Inc.
P.O. Box 219341
Kansas City, MO 64121-9341

Overnight Mail

MFS Service Center, Inc.
801 Pennsylvania Ave, Suite 219341
Kansas City, MO 64105-1307

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