



Dean S Reynolds, OD
Mario Andreatta, OD
Lisa M Edwards, OD, FAAO
Tracy Ho, OD

4025 Jackie Road SE: Rio Rancho, New Mexico 87124
505.892.8411 cov@swcp.com

Retirement Benefits

Statement

City of Vision Eye Care provides a retirement plan for all eligible employees. The employer offers its retirement plan through the City of Vision Eye Care Defined Contribution Plan and provides investment options through designated fund sponsors.

Eligibility

Any regular employee who works at least 30 hours per week for 24 months is eligible for participation in the City of Vision Eye Care Defined Contribution Plan.

Retirement Plan

A Savings Incentive Match Plan for Employees Individual Retirement Account, commonly known by the abbreviation "SIMPLE IRA", is a type of tax-deferred employer-provided retirement plan in the United States that allows employees to set aside money and invest it to grow for retirement. Specifically, it is a type of Individual Retirement Account (IRA) that is set up as an employer-provided plan. The SIMPLE IRA can be funded with pretax salary reduction, but those contributions are still subject to Social Security, Medicare, and Federal Unemployment Tax Act taxes.

- An employee may defer up to \$12,500 in 2016 and 2017. Employees age 50 or over can make a catch-up contribution of up to \$3,000 in 2016 and 2017. The salary reduction contributions under a SIMPLE IRA plan are "elective deferrals" that count toward the overall annual limit on elective deferrals an employee may make to this and other plans permitting elective deferrals.
- The employer will match the contributions of employees' dollar for dollar up to 3% of the employee's compensation
- Employees are not required to make regular IRA contributions to their SIMPLE IRA account.
- A SIMPLE IRA cannot be rolled over to a Traditional IRA without a waiting period (two years from the date the employee first participated in the plan).
- If a participant under the age of 59.5 wishes to take a distribution and it has been less than two years since their first contribution into the plan, they could be penalized up to 25% (10% if more than two years) by the Internal Revenue Service. This two-year rule applies to all distributions, including rollovers from the SIMPLE IRA. Any amount withdrawn and not rolled over, regardless of age, is also subject to ordinary income tax for the year in which the distribution is made.
- An eligible employee can change his/her fund sponsor once a year during the open enrollment period.

Resource

Specific information regarding designated fund sponsors may be found by contacting the appropriate fund sponsor. For more information on SIMPLE IRAs, visit <https://www.irs.gov/retirement-plans/simple-ira-plan-fqs-contributions>

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