

# SIMPLE IRA

## employee guide



A retirement savings plan designed specifically for employees of small businesses

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Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in a money market fund.

Investors should carefully consider the objectives, risks, charges and expenses of the American Funds and, if applicable, any other investments in your plan. This and other important information is contained in the funds' summary prospectuses and/or prospectuses, which are available from your plan's financial professional and on the Web. Please read the prospectuses carefully before investing. For current information and month-end results, visit [americanfunds.com](https://americanfunds.com).

# A plan for your future

Your employer wants to help you save for a financially secure retirement. That's why you're being given the opportunity to participate in the company's Savings Incentive Match Plan for Employees (SIMPLE) IRA.

SIMPLE IRAs offer a number of savings incentives. With a SIMPLE IRA, you make before-tax contributions to your account, reducing your taxable income. And you pay no taxes until you withdraw the money at retirement. Your employer may also contribute to your account, if you're eligible. So your savings could accumulate even faster over the years.

This brochure contains important information about your American Funds SIMPLE IRA plan, as well as the forms you'll need to complete to get started. For more details about the plan, ask your employer for a copy of the Summary Plan Description (SPD).

## Your contributions

You decide how much of your pay, up to IRS limits, you want to contribute (see the Disclosure Statement in the back of the brochure for current contribution limits). Your contributions will be deducted directly from your paycheck. You can make:

- **Before-tax contributions.** Because you're contributing money from your paycheck before income taxes are deducted, you reduce your annual taxable income in the year the contributions are made. Before-tax contributions allow your savings to accumulate tax-deferred. In other words, you don't pay taxes on what you save or on your assets as they grow until you take the money out at retirement.
- **Catch-up contributions.** If you're 50 or older, you can contribute an additional amount before taxes (see the Disclosure Statement in the back of the brochure for current contribution limits).

Any money you take out of your SIMPLE IRA is subject to ordinary income tax and, if you withdraw the money before you reach 59½, a 10% federal tax penalty may apply. If withdrawals are made during the first two years of participation in the plan and you're under 59½, a 25% tax penalty may apply.

## Your employer's contributions

Your employer may make *one* of two types of contributions to your account:

- **Matching.** Your employer may match any contributions you make, dollar for dollar, up to 3% of your pay.
- **Nonelective.** Your employer may contribute up to 2% of your total compensation (up to a maximum contribution of \$4,900 in 2010) to your SIMPLE IRA account — regardless of whether you make any contributions.

## Eligibility

If you expect to earn at least \$5,000 in the current calendar year AND you have earned at least \$5,000 during any two prior calendar years, you're eligible to participate in your company's SIMPLE IRA plan. Your employer may have less restrictive requirements. The Summary Plan Description (SPD) contains exact information on eligibility requirements and other provisions of your company's plan. You can ask your employer for a copy of the document.

## Vesting

The money that you and your employer contribute to the plan is vested immediately — in other words, it's yours to keep.

## Your investment options

When you set up your SIMPLE IRA account, you have the opportunity to invest in the American Funds, a family of mutual funds that has been helping people like you meet their savings goals for nearly 80 years.

You're in control: You select the American Funds you believe are most appropriate for your financial needs and goals. When choosing investments, it's a good idea to consult your financial adviser.

## Monitoring your account

You can monitor your investment results through the following:

- your quarterly statement
- the American Funds 24-hour automated phone service at 800/421-0180
- the American Funds website at [americanfunds.com](http://americanfunds.com)

## Getting started

It takes only \$10 to set up your account and \$10 a year to maintain it. To begin, follow these steps:

- **Review the information provided by your employer.**  
The plan's SPD explains eligibility requirements and other provisions of your company's SIMPLE IRA. The *Notification to Eligible Employees* specifies the contribution amount your employer will be making on your behalf. The prospectuses describe investment objectives, risks, expenses and past results for each fund offered. You should read these materials carefully before making any investment decisions.
- **Read the *SIMPLE IRA Custodial Agreement* and the *SIMPLE IRA Disclosure Statement*.** These documents provide you with important information about SIMPLE IRAs, including distributions, fees and taxes.
- **Complete the forms that accompany this brochure and return them to your employer.** On the *SIMPLE IRA Application*, you'll need to list the American Funds you want to invest in and what percentage of your contributions you'd like to invest in each (\$25 minimum per fund). Make a copy of the application for your files.

**Note: Your employer must not submit contributions until after your account has been established.**

On the Salary Deferral Agreement, indicate how much of your salary you want to save in your SIMPLE IRA. Please check with your employer to verify that the Salary Deferral Agreement form provided in this brochure is the one you should use.

When filling out the forms, please note that under the USA PATRIOT Act, the following information is required for all individuals who will be registered owners of the account: name, residence address, date of birth and Social Security number. This legislation, designed to help prevent the funding of terrorism and money laundering activities, requires mutual fund companies to verify your identity.

## Making changes to your account

Updating your account is easy. Simply visit the website at [americanfunds.com](http://americanfunds.com) or call American Funds toll-free at 800/421-0180.

Please be aware that frequent transfers of money between funds — known as excessive trading — are discouraged. In fact, if you exchange or reallocate \$5,000 or more from one of the American Funds (except a money market fund), you must wait 30 days before you can exchange back into that same fund. Exchanges from money market funds to other funds may be subject to applicable sales charges.

## Where to find the forms

■ SIMPLE IRA Application	page 5
■ Fund Information	page 10
■ Model Salary Deferral Agreement	page 11
■ Request for Transfer of Assets	page 12
■ Transfer Election Form	page 16
■ Custodial Agreement	page 18
■ Disclosure Statement	page 22

## Have questions?

To learn more about your SIMPLE IRA plan, please contact your employer or your financial adviser.

**To be filled out by employer**
**Check one**

- New plan** (must be accompanied by a copy of the employer's completed and signed *SIMPLE IRA Adoption Agreement*)  
 **Existing plan** (provide group account number for reference) \_\_\_\_\_

**To be filled out by employee**

# 1 Information about you

**Important:** This section must be completed, and the application must be signed in Section 8 before an account can be established. Please type or print clearly.

-   -      
 SSN of IRA owner

-   -      
 Date of birth of IRA owner (mm/dd/yyyy)

(  )  Ext. \_\_\_\_\_  
 Daytime phone

\_\_\_\_\_ MI \_\_\_\_\_ Last \_\_\_\_\_ Country of citizenship \_\_\_\_\_  
 First name

\_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_  
 Residence address (physical address of owner required — **no P.O. boxes**)

\_\_\_\_\_  
 E-mail address\*

\_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_  
 Mailing address (if different from residence address)

**\*Note:** Your privacy is important to us. We may use e-mail addresses for periodic account-related messages only. For information on our privacy policies, visit [americanfunds.com](http://americanfunds.com).

# 2 Information about your employer

\_\_\_\_\_ (  ) Ext. \_\_\_\_\_  
 Name of employer Phone

\_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_  
 Address of employer

# 3 Financial adviser

This section must be filled out completely by a financial adviser.

We authorize American Funds Service Company (AFS) to act as our agent for this account and agree to notify AFS of purchases made under a Statement of Intention or Rights of Accumulation.

\_\_\_\_\_ Adviser ID number \_\_\_\_\_ Branch number \_\_\_\_\_  
 Name of adviser (exactly as it appears on firm's registration)

\_\_\_\_\_ (  ) Ext. \_\_\_\_\_  
 Adviser's branch address Phone

\_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_  
 City

\_\_\_\_\_ **X** \_\_\_\_\_  
 Name of broker-dealer firm (as it appears on Selling Group Agreement) Dealer's authorized signature

## 4 Investment instructions

For fund names, numbers and minimums, see the Fund Information page. If you do not select a share class, this investment will be placed in Class A shares by default.

	Fund name	Fund number	Percentage <sup>†</sup> (whole percentages only)
<p><b>You must select ONE of the following share classes:</b></p> <p><input type="checkbox"/> Class A</p> <p><input type="checkbox"/> Class C*</p>	_____	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	_____ %
	_____	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	_____ %
	_____	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	_____ %
	_____	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	_____ %
	_____	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	_____ %
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	_____	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	_____ %
	_____	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	_____ %
	<b>Total</b>	<b>_____ %</b>	

Please check one of the boxes below.

- Deduct the \$10 setup fee from the new account.
- I have included an additional \$10 for the setup fee in the form of a separate check made payable to “**Capital Bank and Trust Company.**” (Currency will not be accepted.)

**Note 1:** Contributions should NOT be submitted by your employer until after your account has been established.

**Note 2:** To make changes to your fund selections and/or percentage allocations in the future, please notify your employer.

\*Certain Class C share funds have restrictions. See the Fund Information page for details.

†The percentage you elect must equal the minimum of \$25 per fund for payroll deduction plans.

## 5 Beneficiary designation

All stated percentages must be whole percentages (e.g., 33%, not 33.3%). If the percentages do not add up to 100%, each beneficiary's share will be based proportionately on the stated percentages. When a percentage is not indicated, the beneficiaries' shares will be divided equally. If you wish to customize your designation and you need more space, attach a separate page.

**I revoke all previous designations and direct that my American Funds account be distributed upon my death to the designated beneficiary(ies) below.**

**A. Automatic Beneficiary Designation Default:** If you want the beneficiary designation default of the Custodial Agreement as explained in this paragraph, then proceed to Section 6; otherwise, complete **B** below. According to the terms of your Agreement, your default beneficiary will be your spouse. In the event you have no spouse, your beneficiary(ies) will be your children equally. If any child does not survive you, the deceased child's share will go to his or her children (your grandchildren) or if none, the surviving children equally. If no children or grandchildren survive you, your beneficiary will be your estate.

**B. Alternate Beneficiary Designation:** Provide your beneficiary information below **only if you do not want the default designation offered in the Custodial Agreement** and as described in **A** above. Your spouse may need to sign below.

If any designated Primary Beneficiary(ies) dies before I do, that beneficiary's share will be divided proportionately among the surviving Primary Beneficiaries.

### Primary Beneficiary(ies):

First name (print)	MI	Last	
Relationship		<input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> - <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> - <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/>	_____ %
Date of birth (mm/dd/yyyy)			
First name (print)	MI	Last	
Relationship		<input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> - <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> - <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/>	_____ %
Date of birth (mm/dd/yyyy)			_____ %

### Contingent Beneficiary(ies): (Complete only if naming a Primary Beneficiary above.)

If no Primary Beneficiary survives me, pay my benefits to the following Contingent Beneficiary(ies). If any designated Contingent Beneficiary(ies) dies before I do, that beneficiary's share will be divided proportionately among the surviving Contingent Beneficiaries.

First name (print)	MI	Last	
Relationship		<input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> - <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> - <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/>	_____ %
Date of birth (mm/dd/yyyy)			
First name (print)	MI	Last	
Relationship		<input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> - <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> - <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/>	_____ %
Date of birth (mm/dd/yyyy)			_____ %

**Spousal Consent:** If you are married and designate a Primary Beneficiary other than your spouse, please consult your adviser about possible state-law and tax-law implications of this beneficiary designation, including the need for spousal consent.

I am the spouse of the account owner named in Section 1, and I expressly consent to the Primary Beneficiary(ies) designated above or attached.

Name of spouse (print)		<b>X</b>	
		Signature	

## 6 Automatic exchanges

For fund numbers, see the Fund Information page.

You can exchange from one fund to another within the same share class. See the Fund Information page or the fund prospectuses for any exchange restrictions.

From fund number	To fund number	Amount (\$50 min. per fund)	or	Annual percentage*
□ □ □	□ □ □	\$ _____	or	_____ %
□ □ □	□ □ □	\$ _____	or	_____ %
□ □ □	□ □ □	\$ _____	or	_____ %
□ □ □	□ □ □	\$ _____	or	_____ %
□ □ □	□ □ □	\$ _____	or	_____ %
□ □ □	□ □ □	\$ _____	or	_____ %
□ □ □	□ □ □	\$ _____	or	_____ %

\*For annual percentage exchanges, the dollar amount of the automatic exchange is recalculated based on the percentage designated, the frequency of the transactions and the account value on each exchange date. For example, if you request a 12% annual exchange, transacted monthly, 1% will be exchanged each month. Due to market fluctuation and the amount of any previous withdrawals, the actual exchange amount will vary with each transaction.

If no date is provided below, the option will be established the date received and the transactions will begin that month.

**A. Transactions should begin during the month of** \_\_\_\_\_

**B. Transactions should occur on the following date(s) of the month** \_\_\_\_\_, \_\_\_\_\_ (e.g., 8th, 19th, etc.)

**C. Frequency of automatic transactions:**

- Every month  
  Every other month  
  Every 3 months  
  Every 6 months  
  Every year

## 7 Website and telephone options

To set up electronic account access, visit [americanfunds.com/getstarted](http://americanfunds.com/getstarted) once you receive your account number in the mail.

Transactions you can perform online include:

- View current and past account balances as well as dividend and capital gain information.
- Access fund information, such as daily prices, year-to-date returns, fund objectives, expenses and reports.
- Manage your account information.
- Opt to go paperless and access fund reports and statements online. (Include your e-mail address in Section 1 if you are interested in this option.) **Note:** Some account types, such as 401(k)s, are not eligible for e-delivery. If you have trouble signing up for e-delivery, ask your financial adviser to help you determine whether your account type is eligible.

**Website and telephone exchange and redemption privileges will automatically be enabled on your account unless declined below.**

**Exchanges:** I do not want the option of performing exchanges online or via phone.

**Redemptions:** I do not want the option of performing redemptions online or via phone.



**8 Your signature**

I hereby establish an American Funds SIMPLE IRA, appoint Capital Bank and Trust Company<sup>SM</sup> (CB&T) as Custodian and acknowledge that I have received, read and agree to the *SIMPLE IRA Custodial Agreement*. I have also read the *SIMPLE IRA Disclosure Statement* at least seven (7) days before establishing this account and waive any right to revoke this account.



I have read and agree to the terms of the current prospectus(es) of the funds selected in the investment instructions section and consent to the \$10 setup fee and the annual custodial fee (currently \$10). I understand that any dividends and capital gains will be reinvested for all my fund selections.

I agree to the conditions of the telephone and website exchange/redemption authorization unless I checked the box(es) in Section 7 and agree to indemnify and hold harmless CB&T; any of its affiliates or mutual funds managed by such affiliates; and each of their respective directors, officers, employees and agents for any loss, expense or cost arising from such instructions once the telephone and website exchange and redemption privileges have been established.

I certify, under penalty of perjury, that my Social Security number in this application is correct. I authorize the registered representative assigned to my account to have access to my account and to act on my behalf with respect to my account. I designate the beneficiary(ies) specified in this application and certify that, if I am married and have not named my spouse as Primary Beneficiary, I have consulted my adviser about the need for spousal consent.

I understand that to comply with federal regulations, information provided on this application will be used to verify my identity. For example, my identity may be verified through the use of a database maintained by a third party. If CB&T is unable to verify my identity, I understand it may need to take action, possibly including closing my account and redeeming the shares at the current market price, and that such action may have tax consequences, including a tax penalty.

**X** \_\_\_\_\_ Date      /      /       
SIMPLE IRA owner's signature (mm/dd/yyyy)

Indiana Service Center		Virginia Service Center	
<p><b>Please mail this form to the appropriate service center.</b> <i>(If you live outside the U.S., mail the form to the Indiana Service Center.)</i></p>	 <p><b>American Funds Service Company</b> P.O. Box 6164 Indianapolis, IN 46206-6164</p> <p><b>Overnight mail address:</b> 12711 N. Meridian St. Carmel, IN 46032-9181</p>	 <p><b>American Funds Service Company</b> P.O. Box 2560 Norfolk, VA 23501-2560</p> <p><b>Overnight mail address:</b> 5300 Robin Hood Rd. Norfolk, VA 23513-2430</p>	

Contact your financial adviser to obtain a current prospectus for each fund you select. To learn more about the funds, please visit our website at [americanfunds.com](http://americanfunds.com). You may purchase, sell (redeem) or exchange shares 24 hours a day by calling American FundsLine® at 800/325-3590 or by visiting our website.

Requests received after 4 p.m. Eastern time will be transacted at the next business day's closing price. Your bank account should be debited or credited within three business days after the transaction day.

- Fund minimums:**
- **\$1,000 each for money market and state-specific tax-exempt bond funds**
  - **\$250 each for all other funds**
  - **or \$25 each for payroll deduction plans**

**Note: For automatic purchase plans, the fund minimums must be met within the first five months.**

Fund names	Fund numbers		
	Class A	Class B <sup>1</sup>	Class C <sup>2</sup>
<b>Growth funds</b>			
AMCAP Fund®	02	202	302
EuroPacific Growth Fund®	16	216	316
The Growth Fund of America®	05	205	305
The New Economy Fund®	14	214	314
New Perspective Fund®	07	207	307
New World Fund®	36	236	336
SMALLCAP World Fund®	35	235	335
<b>Growth-and-income funds</b>			
American Mutual Fund®	03	203	303
Capital World Growth and Income Fund <sup>SM</sup>	33	233	333
Fundamental Investors <sup>SM</sup>	10	210	310
International Growth and Income Fund <sup>SM</sup>	34	234	334
The Investment Company of America®	04	204	304
Washington Mutual Investors Fund <sup>SM</sup>	01	201	301
<b>Equity-income funds</b>			
Capital Income Builder®	12	212	312
The Income Fund of America®	06	206	306
<b>Balanced fund</b>			
American Balanced Fund®	11	211	311
<b>Bond funds</b>			
American High-Income Trust <sup>SM</sup>	21	221	321
The Bond Fund of America <sup>SM</sup>	08	208	308
Capital World Bond Fund®	31	231	331
Intermediate Bond Fund of America®	23	223	323 <sup>3</sup>
Short-Term Bond Fund of America <sup>SM</sup>	48	248	348 <sup>3</sup>
U.S. Government Securities Fund <sup>SM</sup>	22	222	322

Fund names	Fund numbers		
	Class A	Class B <sup>1</sup>	Class C <sup>2</sup>
<b>Tax-exempt bond funds<sup>5</sup></b>			
American Funds Short-Term Tax-Exempt Bond Fund <sup>SM</sup>	39	N/A	N/A
American High-Income Municipal Bond Fund®	40	240	340
Limited Term Tax-Exempt Bond Fund of America <sup>SM</sup>	43	243	343 <sup>3</sup>
The Tax-Exempt Bond Fund of America®	19	219	319
The Tax-Exempt Fund of California®	20	220	320
The Tax-Exempt Fund of Maryland®	24	224	324
The Tax-Exempt Fund of Virginia®	25	225	325
<b>Money market fund</b>			
American Funds Money Market Fund <sup>SM</sup>	59 <sup>4</sup>	259	359 <sup>3</sup>
<b>Target date funds</b>			
<b>Note: The American Funds target date funds are only available for tax-deferred retirement accounts.</b>			
American Funds Target Date Retirement Series®			
American Funds 2010 Target Date	61	N/A	N/A
American Funds 2015 Target Date	62	N/A	N/A
American Funds 2020 Target Date	63	N/A	N/A
American Funds 2025 Target Date	64	N/A	N/A
American Funds 2030 Target Date	65	N/A	N/A
American Funds 2035 Target Date	66	N/A	N/A
American Funds 2040 Target Date	67	N/A	N/A
American Funds 2045 Target Date	68	N/A	N/A
American Funds 2050 Target Date	69	N/A	N/A
American Funds 2055 Target Date	82	N/A	N/A

<sup>1</sup>Class B share funds are available only for exchanges from other Class B share funds. See the prospectus for details.

<sup>2</sup>For 457(b) plans and certain 403(b) plans, Class C shares are not available. See the prospectus for details.

<sup>3</sup>The noted Class C share funds are available only for exchanges from other Class C share funds. See the prospectus for details.

<sup>4</sup>For the money market fund, Class A shares may be exchanged into any other fund's Class C shares, except for the Intermediate Bond Fund of America, the Short-Term Bond Fund of America and the Limited Term Tax-Exempt Bond Fund of America. See the prospectus for details.

<sup>5</sup>Tax-exempt funds are only available for non-retirement accounts. See the prospectus for details.