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# Steps in switching your SIMPLE IRA to a 401(k) Plan


**You may find that a SIMPLE IRA no longer meets your current goals or needs.**

You can move from a SIMPLE IRA to a 401(k) Plan, which could provide you with greater savings opportunities. There is a key rule you must abide by: You cannot have another retirement plan active in the same calendar year you have a SIMPLE IRA active.

**How do you make the change?**

Simply put, you must terminate the SIMPLE IRA effective with the last day of the year, and then have the new 401(k) plan effective as of the first day of the next year. There are steps that must be taken, and deadlines that you must meet, but with the right partners, the process can be an easy one.


**What notices must be provided to your employees?**

Keep in mind that the SIMPLE IRA and the 401(k) plans are Employee Benefits, and subject to certain notice requirements. Employees must be informed of the termination of the SIMPLE IRA and of the impending start of the 401(k).

## The Path from a SIMPLE IRA to a 401(k) Plan

Before you definitively decide to move from a SIMPLE IRA to a 401(k) Plan, work with your service providers to determine which plan design best meets your goals. Only once you have done that, and deemed this move is the right one for you, the timeline is fairly straightforward.

- ⇒ Inform your employees, and the custodian of the assets, by November 1 of the intent to terminate the SIMPLE IRA on December 31.
- ⇒ Ideally you would like to have the new 401(k) plan documents in place by November 1 as well, so that you can inform your employees of the enhanced benefit they will receive.
- ⇒ The latest date you can provide notice to your employees of the new plan is December 1.
- ⇒ Work with your investment advisor to have the 401(k) Plan accounts opened, and ready to accept contributions as of January 1.
- ⇒ Continue withholding SIMPLE contributions through the last payroll of the year.
- ⇒ Any contributions accrued under the SIMPLE (Employee Deferrals or Employer Contributions) can still be deposited in the following year, without violating the 'No Other Plan" rule.
- ⇒ As of the first payroll in the new year, contributions are made to the new 401(k) plan.

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