RETIREMENT PLAN FACT SHEET

IRA Savings Comparison

STRATA TRUST COMPANY

TRADITIONAL AND ROTH IRAs

Two tax-advantaged ways to save, with different tax treatment

Traditional and Roth IRAS both offer tax-advantaged ways to save for retirement, but they differ in how contributions and withdrawals are taxed.

Feature	Traditional	Roth
Highlights	Contributions may be deductible: Income limits may reduce or eliminate the tax deduction available for contributions. Contributions may still be permitted even when they are not deductible.	Contributions are after-tax; Income limits may reduce or eliminate eligibility to make direct Roth IRA contributions.
Contribution limits	**For 2027: $7,500 + $1,100 catch-up contribution if age 50 or older.**	
Tax advantages	Earnings generally grow tax-deferred.	Earnings generally grow tax-free.
Eligibility	Individuals with eligible compensation; spousal IRA contributions may be permitted.	Individuals with eligible compensation, subject to modified adjusted gross income (MAGI) phaseouts; no income limit for conversions.
Distributions	Taxable amounts are generally subject to ordinary income tax; 10% additional tax may apply before age 59½ unless an exception applies.	Qualified withdrawals are tax-free after age 59½ and satisfaction of the five-year requirement. Regular contributions may be withdrawn at any time, tax- and penalty-free.
Early distribution penalty	A 10% early distribution penalty tax may be incurred if a withdrawal is made prior to 59½ unless: ✓ death or permanent disability ✓ first-time home purchase ($10,000 maximum) ✓ qualified higher-education expenses ✓ 72(t) periodic payments	
Required minimum distributions (RMD)	Generally begin at age 73; age 75 applies to individuals born in 1960 or later.	No lifetime RMDs for original Roth IRA owners.
Rollover options	You may generally roll over assets from other Traditional IRAs, 401(k), 403(b), governmental 457(b) plans, and SIMPLE IRAs (after a two-year holding period).	You may roll over designated Roth assets from 401(k), 403(b), or governmental 457(b) plans to a Roth IRA tax-free. Pre-tax assets from employer plans, Traditional IRAs, or SIMPLE IRAs (after a two-year holding period) may also be converted to a Roth IRA. Roth conversions are generally taxable in the year of conversion but are not subject to the 10% early withdrawal penalty.
Deadline to contribute	The tax filing deadline for the for tax year 2027 (not extended by a tax filing extension).	

Refer to STRATA's IRA Annual Limits chart for MAGI phase-out ranges and additional contribution details.

STRATA Trust Company ("STRATA") performs the duties of a directed (passive) custodian, and as such does not provide due diligence to third parties regarding prospective investments, platforms, sponsors, dealers or service providers. As a custodian, STRATA does not sponsor, endorse or sell any investment and is not affiliated with any investment sponsor, issuer or dealer. STRATA does not provide investment, legal or tax advice. Individuals should consult with their investment, legal or tax professionals for such services.

Form 475-11182026
©STRATA Trust Company

Investment Products: Not FDIC Insured ♦ No Bank Guarantee ♦ May Lose Value

RETIREMENT PLAN FACT SHEET

IRA Savings Comparison

STRATA TRUST COMPANY

SEP AND SIMPLE IRAs

Two business-focused options to help build retirement savings

SEP and SIMPLE IRAs offer tax-advantaged retirement savings for businesses and self-employed individuals.

Feature	SEP	SIMPLE
Highlights	A Simplified Employee Pension (SEP) is an employer-established retirement plan that allows employers to make deductible contributions to employees' Traditional IRAs.	A Savings Incentive Match Plan for Employees (SIMPLE) IRA allows employers and employees to contribute toward employees' retirement savings.
Contribution limits	Employer contributions: generally up to 25% of eligible compensation or **$75,000 for 2027**, whichever is less. Self-employed calculations differ.	Employee deferrals: **$17,500 for 2027**, or $19,100 in qualifying plans. Catch-up: generally $4,000 at age 50+ ($3,850 in certain plans), or $5,250 at ages 60–63. Employer contributions also apply.
Tax advantages	Employer contributions may be tax-deductible. Earnings generally grow tax-deferred; contributions are immediately vested.	Employee pre-tax contributions may reduce current taxable income. Employer contributions may be deductible; earnings generally grow tax-deferred. All contributions are immediately vested.
Plan contributors	Employer only	Employee and employer
Employer eligibility	Available to employers of any size, including self-employed individuals.	Generally available to employers with 100 or fewer employees that do not maintain another retirement plan.
Max employee eligibility	Generally age 21+, worked for the employer in 3 of the last 5 years, and received at least $800 in compensation for 2027. Employers may use less restrictive requirements.	Generally earned at least $5,000 in any 2 prior years and expects at least $5,000 in the current year. Employers may use less restrictive requirements.
Early distribution penalty	Early withdrawals may be subject to a 10% additional tax, increased to 25% for SIMPLE IRA distributions during the first two years of participation, unless an exception applies. ✓ death or permanent disability ✓ first-time home purchase ($10,000 maximum) ✓ qualified higher-education expenses ✓ 72(t) periodic payments	
Required minimum distributions (RMD)	Generally begin at age 73; age 75 applies to individuals born in 1960 or later.	
Rollover options	You may generally roll assets into a SEP IRA from Traditional IRAs and eligible employer plans, including 401(k), 403(b), and governmental 457(b) plans, subject to applicable rules.	During the first two years of SIMPLE IRA participation, tax-free rollovers generally must go to another SIMPLE IRA. After two years, rollovers to Traditional IRAs and eligible employer plans may be permitted.
Deadline to establish	Employer's tax-filing deadline, including extensions, for the contribution year.	October 1 of the year the plan takes effect, subject to exceptions.
Deadline for contributions	Employer's tax-filing deadline, including extensions.	Employee deferrals must be deposited within applicable deadlines. Employer contributions generally follow the employer's tax-filing deadline, including extensions.

STRATA Trust Company ("STRATA") performs the duties of a directed (passive) custodian, and as such does not provide due diligence to third parties regarding prospective investments, platforms, sponsors, dealers or service providers. As a custodian, STRATA does not sponsor, endorse or sell any investment and is not affiliated with any investment sponsor, issuer or dealer. STRATA does not provide investment, legal or tax advice. Individuals should consult with their investment, legal or tax professionals for such services.

Form 475-11182026
©STRATA Trust Company

Investment Products: Not FDIC Insured ♦ No Bank Guarantee ♦ May Lose Value