

SECURE Act 2.0 & your small businesses



SECURE Act 2.0 may make it more affordable for SMBs to provide retirement plans. Signed into law in December 2022, it adds 90+ provisions.

Here are some important ones:

- 1 Additional tax credits may help businesses offset the cost of offering a retirement plan.
- 2 Auto-enroll is required for new plans started after 12/29/22, beginning with the 2025 plan year.
- 3 Small financial incentives may be offered to employees to sign up for retirement plans.

Expanded SECURE 2.0 Act small business tax incentives

The original SECURE Act created significant tax benefits for small businesses. SECURE 2.0 only expands on these incentives.

- **Doubles tax credits for new plans:**
Businesses with 50 or fewer employees [may be eligible for a tax credit](#) to cover 100% of plan start-up costs, capped annually at \$5,000 for three years. Businesses with 51-100 employees may be eligible for a tax credit to cover 50% of plan start-up costs, capped annually at \$5,000 for three years.
- **Adds new credits for employer contributions:**
Businesses with 50 or fewer employees may receive a new tax credit based on a percentage of employer contributions, up to \$1,000/employee for those making less than \$100,000. Employers with 51-100 employees qualify for a phase-in credit.
- **Expands eligibility for the start-up tax credit:**
Start-up tax credits are extended to employers based on the year they join existing multiple employer plans (rather than only if they join a new plan).
- **Maintains tax credit for using auto-enrollment:**
The tax credit of \$500 per year for the first three years of electing auto-enrollment is still available.

Example: SMB with 30 employees sponsors a new plan

ASSUMPTIONS

- Plan administration costs are \$4,000/year in 2023, 2024, and 2025
- SMB makes discretionary \$1,000 non-elective contribution to employees in 2023–2027.
- 25 employees make <\$100k/year
- Plan uses auto-enrollment

TAX CREDITS

- 100% of plan set-up and administrative costs in 2023–2025: \$4,000/year x 3 years = \$12,000
- Employer contribution credit: \$25,000 (2023), \$25,000 (2024), \$18,750 (2025), \$12,500 (2026), \$6,250 (2027)
- Auto-enroll credit in 2023–2025: \$500/year x 3 years = \$1,500

Total: \$101,000 in tax credits to SMB between 2023–2027

Start an affordable, accessible retirement plan.
SECURE Act 2.0 may help increase your tax savings.

[Get Started](#)

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