Federal Tax Credits Can Help Pay for Your New Retirement Plan

RPCSI

Thanks to SECURE 2.0, starting a retirement plan may cost **far less than you think**.

Providing a retirement plan is one of the best ways to attract and retain employees while helping them prepare for retirement. To encourage more small businesses to offer retirement plans, Congress expanded tax credits through the SECURE 2.0 Act. Many employers can receive **thousands of dollars in federal tax credits** in the initial years of their new retirement plan.

1. Startup Cost Tax Credit

Helps cover the cost of establishing and administering your new retirement plan. Eligible employers may receive a tax credit of up to **100% of qualified startup costs** (subject to IRS limits) for each of the first **three years**. Examples of eligible expenses include:

- Plan setup
- Plan document preparation
- Retirement Plan Consulting (RPC) services
- Recordkeeping fees
- Employee education

The annual limit is $500 or, if greater, $250 multiplied by the number of plan. Eligible non-highly compensated employees (NHCEs), up to $5,000.
Note: *To qualify for this credit, a plan must have at least one participant who is a NHCE.*

2. Employer Contribution Tax Credit

Receive additional tax credits for making employer contributions to your employees' retirement accounts.

Employers may also qualify for a tax credit for contributions made to eligible employees' retirement accounts. For employers with 50 or fewer employees, the credit can be up to **$1,000 per eligible employee per year**, with the applicable credit percentage decreasing over the first five plan years.

Year 1	Year 2	Year 3	Year 4	Year 5
100%	100%	75%	50%	25%

3. Automatic Enrollment Tax Credit

If your new retirement plan includes automatic enrollment, you may qualify for an additional:

$500 Tax Credit
per year for the first **three years**.

Automatic enrollment helps increase employee participation while providing an additional federal tax incentive.

Tax Credit	Potential Benefit
Startup Cost Credit	Up to **$5,000/year** (3 years)
Employer Contribution Credit	Up to **$1,000 per eligible employee**
Automatic Enrollment Credit	**$500/year** (3 years)

Who May Qualify?

Generally, employers who:

- Have **100 or fewer employees**
- The business must not have sponsored a similar plan for substantially the same employees in the preceding three years.
- Meet certain IRS eligibility requirements, these credits are claimed using IRS form 8881

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Let RPCSI Help You Maximize These Savings

Our retirement plan specialists can help you:

- ✓ Determine your eligibility for available federal tax credits
- ✓ Estimate your potential tax savings
- ✓ Design a retirement plan that meets your business goals
- ✓ Handle the ongoing administration and compliance of your plan

Start Saving Today

Contact RPCSI to receive a complimentary retirement plan consultation and personalized tax credit estimate.

Retirement Plan Concepts & Services, Inc. (RPCSI)
Helping Businesses Build Better Retirement Plans.

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