



# Secure 2.0 Act

## Increases Tax Credits for Small Business Retirement Plans

New credits are available for eligible Pooled Employer Plan (PEP) participants.

Signed into law on Dec. 22, 2022, the SECURE 2.0 Act includes several changes that make it easier and more affordable for small business owners who want to offer a retirement plan benefit to help their employees save for the future. The legislation builds on the original Setting Every Community Up for Retirement Enhancement (SECURE) Act passed in 2019, and is designed to strengthen America's retirement system and the retirement readiness of its workforce.

One major change is that SECURE 2.0 has introduced enhanced tax credits toward retirement plan startup costs and contributions. That's why now may be a good time to consider offering a retirement plan for your employees. Doing so will not only make your benefits package more competitive, it will help your company stand out as an employer of choice so you can attract and retain top talent.

Here is an overview of the new tax credits: (Please consult your tax advisor directly to confirm whether these tax credits are available to you, if you have any limitations, and for more information on how your company can specifically maximize these benefits.)



# Increased Start-up Cost Tax Credit

The original SECURE Act provided tax credits for small employer plans; SECURE 2.0 significantly enhances the available tax credits—including some that could cover the operating and administrative costs for a small plan for up to three years.

Eligible employers can receive a tax credit for qualified start-up costs\* related to setting up a workplace retirement plan. Under SECURE 2.0, the tax credit is available to Pooled Employer Plans (PEPs) and Multiple Employer Plans (MEPs) for the first three years after an employer joins and maintains an eligible plan.

# Employer Contribution Credit

Employers may also receive tax credits for contributing to a retirement plan on their employees' behalf.

Additionally, employers with up to 100 employees receive an automatic enrollment credit of \$500.

The new tax credits may be an incentive for your organization to consider setting up a new retirement plan for your employees.

**Interested in learning more about our competitive retirement plan solutions for small businesses?**  
**Let's have a conversation.**

Employer Size	Start-up Cost Tax Credit**
1-50 employees	100% of eligible start-up costs
50-100 employees	50% of eligible start-up costs
100+ employees	No start-up cost tax credit

Source: National Association of Plan Advisors

*\*Qualified start-up costs include ordinary and necessary expenses paid by an eligible employer related to the setup or administration costs of an eligible retirement plan, or costs related to employee retirement plan education.*

*\*\*The maximum credit is lesser of \$5,000 or \$250 times the number of eligible non-highly compensated employees (NHCEs).*

Employer Size	Employer Contribution Tax Credit**
1-50 employees	Up to 100% employer contribution for first 2 years; 75% in third year; 50% in fourth year; 25% in fifth year
50-100 employees	Same as above, but phased out based on number of employees above 50
100+ employees	\$0

Source: National Association of Plan Advisors

*\*\*\*Available for the first five tax years the plan is maintained. Maximum tax credit per eligible employee is \$1,000. Credit is only available for contributions for employees whose annual compensation is \$100,000 or less.*

For more information about available SECURE 2.0 tax credits and the 401(k) Tech Collective Pooled Employer Plan (PEP), email us at [401k@washingtontechnology.org](mailto:401k@washingtontechnology.org).

*(Employers should consult their tax advisor to confirm if SECURE 2.0 tax credits are available to them.)*