

# TAX INCENTIVES FOR SMALL BUSINESS RETIREMENT PLANS



## IS YOUR BUSINESS ELIGIBLE?

---

The IRS defines an eligible employer as:

- An employer with 100 or fewer employees earning at least \$5,000 in compensation in the preceding year.
- An employer with at least one employee who is not a highly compensated employee (HCE).
- An employer whose employees did not receive contributions or accrue benefits in another retirement plan sponsored by the same employer, a member of a controlled group that includes the employer, or a predecessor of either for the three tax years before the first year of eligibility.

We can help you get started. Contact CAPTRUST by calling **800.216.0645** or by visiting our website at **captrust.com**



Offering a retirement plan benefit can help your small business stay competitive. Companies with qualified retirement plans attract and keep the best employees, while supporting employee wellness and retirement readiness.

And there's never been a better time to get started. Recent legislation expanded tax incentives to help small businesses establish retirement plans.

Small businesses that meet certain criteria can take advantage of the following tax credits.

### STARTUP CREDIT

---

Employers establishing a new *startup* retirement plan that meet certain eligibility requirements can receive \$250 per non-HCE. This includes a minimum credit of \$500 and a maximum credit of \$5,000 per year for the first three years of the plan. The credit can be applied to 50 percent of the costs related to plan administration or participant education for companies with between 51 and 100 employees, and 100 percent of the costs for companies with between one and 50 employees.

### AUTOMATIC ENROLLMENT CREDIT

---

Employers who add an automatic enrollment feature to their plan will receive a tax credit of \$500 per year for up to three years. The credit is available to all new and existing small business plans that add automatic enrollment.

### EMPLOYER CONTRIBUTION CREDIT

---

An employer contribution credit is available for qualifying plan sponsors. The plan must have fewer than 100 employees and the plan sponsor must make a contribution for employees earning less than \$100,000. The credit starts at the lesser of employer contribution or \$1,000 per employee with a phase out from 100 percent of the credit in year one to 25 percent in year five. Businesses with 51 and 100 employees will receive a discounted credit.

*Employers should consult with their tax advisor or certified public accountant (CPA) to review eligibility and application of these tax credits. The IRS may alter or enhance the qualifications.*