Asure | POWERED BY **Human Interest**

SECURE Act 2.0 may make retirement plans more affordable to offer.

THE OPPORTUNITY

Expanded federal tax credits may help **eligible small businesses** offset startup costs, employer contributions, and automatic enrollment when launching a qualified retirement plan.

For many employers with fewer than 100 employees, these credits can meaningfully reduce—and in some cases substantially cover—the cost of sponsoring a plan in its first three to five years.

DESIGNED FOR Employers with fewer than 100 employees considering a new 401(k) plan.

TAX CREDIT OPPORTUNITIES

THREE PRIMARY CREDITS · ONE WORKED EXAMPLE

01 / STARTUP CREDIT

up to **$5,000** / year

Plan start-up credit

Eligible employers may receive a credit for plan start-up and administration costs for the first three years. Employers with 50 or fewer employees may qualify for up to 100%; those with 51–100 employees may qualify for 50%, subject to applicable rules.

02 / CONTRIBUTION CREDIT

up to **$1,000** / employee

Employer contribution credit

Eligible employers may receive a credit based on employer contributions for workers earning under $100,000. The credit phases down over years one through five and may be reduced for employers with 51–100 employees.

03 / AUTO-ENROLL CREDIT

up to **$500** / year

Auto-enrollment credit

Eligible employers may receive an additional credit for adopting automatic enrollment for the first three years—stackable with the other available credits above.

WORKED EXAMPLE · 30-EMPLOYEE SMB

$101,000

TOTAL FEDERAL TAX CREDITS OVER **FIVE YEARS**

A 30-employee small business starting a new plan may be able to offset startup costs while also rewarding employees through employer contributions.

PLAN PROFILE

New 401(k) for **30 employees**, **25 earning under $100k**. Administration costs **$4,000/yr**; discretionary employer contribution of **$1,000 per employee**; auto-enrollment elected.

Start-up & admin credit $4,000 × 3 years · 100%	$12,000
Employer contribution credit Years 1–5, phasing 100% → 25%	$87,500
Auto-enrollment credit $500 × 3 years	$1,500
TOTAL CREDITS · YEARS 1–5	**$101,000**

ILLUSTRATIVE EXAMPLE ONLY Actual credits depend on eligibility, plan design, employee count, compensation, and participation. Figures are estimates and not a guarantee of any specific credit amount.

WHAT CHANGED UNDER SECURE ACT 2.0

FOUR PROVISIONS IN EFFECT NOW

i. **Automatic enrollment**

New plans established after **Dec. 29, 2022** generally must automatically enroll eligible employees beginning with the **2025 plan year**, subject to exceptions.

ii. **Roth catch-up for high earners**

Catch-up contributions for participants with **FICA compensation above the applicable threshold** must be made on a Roth (post-tax) basis.

iii. **Long-term part-time eligibility**

Eligibility expands for certain long-term part-time employees with at least **500 hours over two consecutive years**.

iv. **Higher catch-up limits for ages 60–63**

Participants **ages 60–63** may be eligible for a higher catch-up contribution limit, subject to annual IRS limits and plan provisions.

NEXT STEP

Schedule a retirement plan review.

See what SECURE Act 2.0 may mean for your business—including projected credits, plan design options, payroll integration considerations, and implementation timing.

Discuss SECURE Act 2.0 with Asure ›

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