

3 reasons why starting a company-sponsored retirement plan is more affordable than ever

401(k) plans shouldn't break the bank, and new tax incentives from the latest government legislation mean you can start your company retirement plan essentially for free. Here's 3 key tax considerations small business owners should know.

1 TAX CREDITS COVER ADMINISTRATION COSTS

Tax credits (which reduce your taxes or can result in a tax refund) can now cover up to 100% of your retirement plan costs (increased from 50% in prior legislation). Small businesses with 50 or fewer employees are eligible to receive up to \$5,000 for the first three years of the plan, adding up to a maximum of \$15,000 in tax credits. Have less than 50 employees? The administrative costs to start your Vestwell plan could be 100% covered.

2 EXPANDED TAX CREDITS FOR EMPLOYER MATCH

If you plan to make direct contributions to your 401(k) plan for your employees, tax credits can now offset up to \$1,000 per participating, eligible employee. Small businesses with 50 or fewer employees are eligible for the full credit, with a maximum of \$50,000 in the first year. The credit is phased out for employers with 51-100 employees.

3 CONTINUED TAX CREDIT FOR AUTO-ENROLLMENT

Any small plan that implements automatic enrollment (i.e. employees automatically join your 401(k) plan when they become eligible) can qualify for a \$500 credit for three years. This applies to both existing and new plans and can be combined with the start-up tax credit for maximum savings.

* On top of the significant tax credits, the new legislation also helps ease retirement plan administration *and* allows employers to offer small incentives to further encourage employees to save for retirement. Reach out to sales@vestwell.com to learn more.