

SECURE Act 2.0: Key Business Check-In Questions

Are you ready to move from a SIMPLE IRA?

As of this year, a plan can convert to a Safe Harbor 401(k) plan.

Are you looking for a way to build up Roth savings?

Employer contributions can now be made as Roth contributions, which the employer may also be able to take as a business deduction.

Have you taken advantage of employer contribution credits?

A business can make non-elective contributions to a plan after the end of the year, up to when they file their business tax return.

Are you familiar with the Attribution Rule Changes?

SECURE 2.0 changed some business ownership attribution rules. Business owners may be able to separate some plans formerly required to be a control group.

Did you have a great year as a company, and want to increase company contributions?

How is 2023 going for your business? If your business is doing well this year, you can make contributions to your plan up until the date you file your 2023 tax return in 2024.

Are you a sole proprietor looking to set up a plan for last year?

If you are a sole proprietor, you can start a plan in 2024 for 2023 and defer salary, even after the year has ended. First plan year only.

Have you looked into other savings options?

Student Loan Repayment, Student Loan Matching, Emergency Savings, HSA, or 529's should all be taken into consideration.



Get a custom estimate with the [Vestwell Tax Credit Calculator.](#)

Tax Credit Scenarios

Total Employees	5	10	20	30	65
Owners/HCE	2	3	4	5	5
Eligible and earn < \$100,000	2	6	10	10	30
Eligible and earn \$100,000-149,000	0	1	1	3	10
Not Eligible	0	1	1	3	10
Auto Enroll?	Yes +\$500	Yes +\$500	Yes +\$500	Yes +\$500	Yes +\$500
Admin: \$250 per eligible NHCE	$250 \times 2 = \$500$	$250 \times 7 = \$1,750$	$250 \times 11 = \$2,750$	$250 \times 13 = \$3,250$	$250 \times 40 =$ capped at \$5,000
Contributions: up to \$1,000 per EE	Up to \$2,000	Up to \$6,000	Up to \$10,000	Up to \$10,000	Up to \$21,000
Total Credits	Admin: \$1000 Contribution Up to \$2,000	Admin: \$2,250 Contribution Up to \$6,000	Admin: \$3,250 Contribution Up to \$10,000	Admin: \$3,750 Contribution Up to \$10,000	Admin: \$500 PLUS ½ to \$10,000 Contribution Up to \$21,000

Retirement Plan Picker



Plan Type	Admin Costs	Who is Eligible	Complexity	Credits	Deferral Max	Employer Max	Maximums	Vesting	Roth?	Who is it right for?	Caveats
State Savings IRA	\$0 to sponsor, some fees to participant	Everyone	Low	N/A	\$7,000; \$8,000 if 50+	N/A	\$7,000; \$8000 if 50+	N/A Employee money only	Yes, usually as default	Companies that need to comply with state requirements, or want an easy plan they are not responsible for.	Low deferral limits, no agency in fund choices, no employer contributions.
Starter 401(k) Plan	Some costs, but expected to be low	Everyone with limited exceptions	Low	Administration 3 years	\$6,000; \$7,000 if 50+	N/A	\$6,000; \$7,000 if 50+	N/A Employee money only	Expected to be available	Companies that want an easy plan with no testing but want a private provider and investment options.	Low deferral limits, ERISA plan without a lot of the usual benefits of high contribution availability.
Simplified Employee Pension (SEP)	Some cost to set up, low going forward	All making over \$750	Low	Administration 3 years; contributions up to 5 years	NONE (no employee deferrals allowed)	25% of pay up to \$69,000	The lesser of: 25% of pay or \$69,000	No vesting, even though all money is from Employer	Yes (new feature 2023)	Companies with a small HCE / owner workforce; companies who want to contribute but not have to set up payroll deferrals.	Employer money only. Flat schedule - everyone gets the same % of contribution. No vesting on the funds and they can be withdrawn at any time.
Simple IRA	Some costs to set up, low going forward	All making over \$5,000	Low-Medium	Administration 3 years; contributions up to 5 years	\$16,000; \$19,500 if 50+	2% non elective (max \$6,900) 3% match (max \$10,350)	\$22,900-\$26,350; \$26,400-\$29,850 if 50+	No Vesting	Yes on employee and employer (new for 2023)	Companies that want a plan that allows a match or uniform contribution but do not want plan testing. These plans are nearly a (k) plan minus plan compliance.	Employer money is mandatory and does not have vesting. Contributions can be reduced to 1% under certain circumstances. The plan cannot be started or maintained over 100 employees > \$5,000 salary.
Solo or Traditional 401(k) Plan	Some costs to set up, moderate costs to maintain relative to the above plans	A lot of options: Exclusions are allowed based on plan coverage. Legal definition is age 21 and 1,000 working hours in a year, long-term part time is > 500 hours a year	Medium to High - depending on plan design	Administration 3 years; contributions up to 5 years	\$23,000; \$30,500 if 50+	25% of pay, minus employee deferrals, for a total max \$69,000	\$69,000; \$76,500 if 50+	Vesting allowed on Employer Sources: up to 3 years cliff, or 6 years graded	Yes on employee and employer (new for 2023)	Companies that want the maximum contribution limits, vesting, and the ability to skew company contributions (cross testing, etc.) to owners or key employees.	The most complex plan here, it does require significant compliance testing and administration. On the other hand, this is the plan type with the most ability to exclude groups, target benefits, quickly grow a balance, and apply vesting conditions.