



Secure 2.0 Tax Credit Information & Estimated Tax Credit Calculator

The SECURE 2.0 Act has introduced various tax credits and provisions to make it more appealing and financially viable for small businesses to offer retirement plans. These changes aim to enhance the retirement savings landscape for American workers, particularly those employed by smaller enterprises. Here's a more detailed look into these provisions:

Employer Contribution Tax Credit:

- The SECURE 2.0 Act introduces a new tax credit for employer contributions to employee retirement accounts, covering a decreasing percentage of the contributions over the plan's first five years.
- For the first two years, 100% of the employer's contributions are eligible for the credit. This percentage then reduces to 75% in the third year, 50% in the fourth year, and 25% in the fifth year.
- The credit is available to businesses with up to 100 employees, though the amount of the credit decreases by 2% for each employee over 50. The maximum credit available is \$1,000 per employee per year.

Expanded Credit for Retirement Administrative Costs:

- This provision significantly increases the startup cost tax credits available to small businesses (with up to 50 employees) to cover 100% of the eligible startup costs for new retirement plans, a substantial rise from the previous 50%.
- Eligible start-up costs include ordinary and necessary costs to set up and administer the new plan. This can include document fees, advisor fees and any other expense necessary to establish and run the plan.
- The credit is applied to the greater of \$500 or \$250 per non-highly compensated employee (NHCE), with a cap at \$5,000 annually. Over three years, this could total up to \$15,000. Additionally, plans that include automatic enrollment can receive an extra \$500 per year for three years, potentially increasing the total credit to \$16,500 over the same period.
- For businesses employing between 51 and 100 people, the original credit provisions from the first SECURE Act remain in place, offering a 50% credit on administrative costs, capped at \$5,000 annually for three years.

These financial incentives are structured to ease the burden on small businesses contemplating the establishment of retirement savings plans for their employees. By lowering the initial financial hurdles, the SECURE 2.0 Act seeks to broaden the retirement plan landscape, benefiting more workers across the country.

Businesses interested in taking advantage of these new provisions should consult with their TPA, CPA and/or Retirement Plan Advisor to navigate the specifics of these credits effectively and ensure compliance with all relevant regulations and requirements.



Secure 2.0 Estimated Tax Credit Calculator

Use The Calculator Form To Estimate Your Potential Tax Credit
Businesses With Up to 50 Employees

1. Total Number Of Employees In The Preceding Year:

- Those earning at least \$5000 in a year.

2. Total Number Of Highly Compensated Employees (HCE's):

- HCE's are anyone who owned more than 5% of the employer business at any time during the year or preceding year.
- Received compensation from the business of more than \$135,000 in the preceding year.
- In the top 20% of employees when ranked by compensation.

3. Total Number Of Employees Earning More Than \$100k In The Prior Year:

4. Auto Enrollment Credit:

- Assumes YES and the Max amount is \$500.

5. Estimated Startup Credit Amount:

- Businesses with up to 50 employees qualify for 100% of the Startup credit, capped at \$5000.

6. Estimate Employer Contribution Tax Credit:

- Assumes \$1000 Max Per Eligible Non-HCE Employee.

Estimated Tax Credits

Year 1	Year 2	Year 3	Year 4	Year 5