



# Leverage the SECURE Act to Bring Value to Clients

## Employers can earn tax credits by setting up a retirement plan

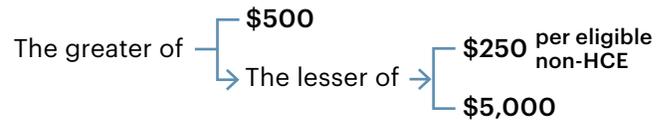
The SECURE Act provides a significant opportunity to enhance your consultations with clients, whose businesses have major incentives to establish a retirement plan:

- Increased tax credits for plans started in 2020, subject to eligibility
- A benefit that can help recruit and retain top talent
- Safe harbor provision
- Lower tax liability

### Clients will have questions. Be prepared to discuss the details:

- **Up to \$5,000 in tax credit** each year for three years
- **A \$500 annual credit** for businesses that establish a retirement plan with automatic enrollment
- Changes impacting safe harbor plans

### Increase in maximum annual tax credit for pension plan start-up cost



# of Eligible Non-owner, Non-HCEs*	Maximum Allowable Tax Credit
1-2	\$500
3-19	\$250 per eligible NHCE
20-99	\$5,000

\*HCE is highly compensated employee

Learn how simple Paychex makes it to set up a retirement plan.

Contact your local representative or call 855-588-4775

# FAQ

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## Tips to Help Financial Advisors Leverage Rules of the SECURE Act



### Which businesses are eligible for potential tax credits?

Employers with fewer than 100 employees who received at least \$5,000 in compensation the preceding year are eligible for a tax credit if they start a retirement plan.

### What is the tax credit to start a retirement plan?

The minimum is \$500 and the maximum is \$5,000 per year for three years, depending on the size of the employer. However, if expenses such as start-up costs and administration costs are used as deductions then they aren't eligible for the tax credit.

### Is there additional credit available?

A new \$500 tax credit is available for small employers (100 or fewer employees who received at least \$5,000 in compensation the previous year) when they include eligible automatic enrollment features in the plan startup. This is good for three years.

### When do your clients need to set up a plan by to get the credit?

Businesses will have until their tax-filing deadline, rather than the last day of the tax year (Dec. 31), to establish a profit-sharing plan and get the credit, which means they can reduce their taxes for the previous filing year.

### What other benefits are available when clients establish a plan?

It is easier for clients to transition their plan to safe harbor plan and enjoy the benefit of an automatic pass on non-discrimination testing. There are certain provisions they must meet.

### What are the different plans available to choose from?

Your clients will have choices based on their needs, including multiple employer plans (MEP) or pooled employer plans (PEP).

Under a PEP, two or more unrelated employers can join a plan and must have a pooled plan provider (PPP), whereas in a MEP the participating employers must have a common interest or function. This doesn't go into effect until 2021.

More guidance is needed from the federal government on the rules and compliance regulations, and Paychex will track this and provide details when available.

### For more information, read the following articles on Paychex WORX:

*5 Ways Financial Advisors Can Leverage Rules of the SECURE Act*

[paychex.me/secure-fa](https://paychex.me/secure-fa)

*SECURE Act Provides Employer and Employee Benefits for Retirement Savings*

[paychex.me/secure-act](https://paychex.me/secure-act)