

# Federal Startup Plan Tax Credits

Most small businesses do not offer a retirement plan and Americans are behind on saving. Congress enhanced tax credits in 2023 to incentivize small businesses to offer a retirement plan, enroll their employees and help close the retirement coverage gap in America.

There are three credits available to eligible startup Plans with less than 100 employees in 2023.

## 1ST CREDIT: PLAN EXPENSE TAX CREDIT

- \$250 per eligible employee up to \$5,000.
- This credit may be used to offset any billable plan expenses.
- Applies for the first three plan years.

## 2ND CREDIT: AUTOMATIC ENROLLMENT CREDIT

- Startup plans that automatically enroll their employees will receive an additional \$500.
- Applies for the first three plan years.

## 3RD CREDIT: EMPLOYER CONTRIBUTION CREDIT

- Employers who make a company match or contribution will receive up to \$1,000 per eligible employee. This credit is tiered for the first five plan years.