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good time to change that.

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*By Brit Morse, Inc. (TNS)*

If your small business doesn't offer a [retirement account](#) to your employees, now may be a good time to change that.

More small businesses across the country are taking advantage of new tax credits to [offer 401\(k\) programs](#), according to a report from the *Wall Street Journal*. The new tax credits are widely available now thanks to the [Setting Every Community Up for](#)

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according to the [IRS](#). The limits are adjusted every year based on cost of living increases. Stubbendeck says the decision is more affordable for his business now that providers of 401(k)s make plans that cover all administrative costs with one flat fee. Additionally, new provisions to the Secure Act added a \$1,500 credit for setting up a plan that has automatic enrollment, meaning every employee automatically contributes to a retirement account unless they choose to opt out.

To qualify for the tax credit, a business must have at least one employee who made less than \$135,000 in 2022, known as a “non-highly compensated” employee, and who is not the business owner. The size of the credit is based on the number of non-highly compensated employees and is capped at \$5,000 a year. Ulrich notes that business owners could receive a total of \$15,000 in tax credits by year three, with the potential to earn \$16,500 over three years with automatic enrollment.

Previously, employers with fewer than 100 employees were eligible for a three-year, tax credit of up to 50% of administrative costs, with an annual limit of \$5,000. The new law increased this credit to 100% of costs for new plans sponsored by employers with up to 50 employees. There is also a new credit for employer matching contributions, up to \$1,000 per eligible employee (those making less than \$100,000), or \$5,000 in total contributions, per year for five years.

The changes can result in a win-win for both employers and employees, as they make it easier for both parties to grow their retirement contributions. “With 401(k) matching, my organization is able to save money on taxes as well as reward our employees for the first time,” says Stubbendeck.

California, Oregon, Illinois, Colorado, and other states require businesses to either start their own retirement plan or enroll their employees in the state automated program called auto-IRAs. States such as New York, Maine, and Oregon are set to implement similar programs sometime this year. For these plans, 2023 IRA

contributions are capped at \$6,500, and \$7,500 for those over age 50. This means

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