

# Why offer a 401(k)?

Solutions for 4 business challenges.

From attracting and retaining talented employees to lowering your tax bill, a 401(k) plan may help solve some of the most universal business challenges.

## **CHALLENGE: Attracting and retaining talented employees.**

**SOLUTION:** Productivity can increase with financial wellness, which can also positively impact a company's financials. Employees who feel like their company is invested in them are more likely to be engaged at work and are more loyal to the company, reducing employee turnover.<sup>2</sup>

## **CHALLENGE: Balancing retirement savings and company growth in owner-only businesses.**

**SOLUTION:** An Individual(k)<sup>™</sup> allows owner-only businesses to setup a cost-effective plan, including many advantages of larger 401(k) plans without the administrative responsibilities, discrimination tests, and associated costs. Individual(k) plans also offer enhanced contribution options for owners compared to Individual Retirement Account options.



# 38%

of employees are not confident they'll reach their retirement goals.<sup>1</sup>



## **CHALLENGE: Identifying tax savings and saving for retirement, all while running a business.**

**SOLUTION:** Take advantage of business tax credits and reduce tax liability by offering a 401(k).

### **Business tax credits for small employers:**

- **Employers with no more than 50 employees in the preceding year:** Companies establishing a plan for the first time may receive a three year tax credit to offset up to 100% of the startup costs. The credit can range from \$500 to \$5,000 depending upon the number of eligible non-highly compensated employees.<sup>3</sup>
- **Employers with 51-100 employees in the preceding year:** Companies establishing a plan for the first time may receive a three year tax credit to offset up to 50% of the startup costs. The credit can range from \$500 to \$5,000 depending upon the number of eligible non-highly compensated employees.<sup>3</sup>

### **Reduced tax liability**

Tax liability is reduced for business owners and employees when they contribute to their 401(k) plans. Plan matches are tax deductible for employers and tax deferred for employees.

## **CHALLENGE: Finding a retirement plan that meets the savings needs of each employee.**

**SOLUTION:** A 401(k) plan offers customizable options that fit the needs of employees at all levels. Talk to a retirement specialist or your financial advisor to learn more about contribution limits, vesting schedules, distribution options, and payroll integration.



# 80%


of employees say their employer plays an important role in getting them to save for retirement.<sup>1</sup>



# 88%

of workers say having access to a 401(k) retirement plan is a "must-have" benefit.<sup>4</sup>

**Contact us to discuss how we can best support your organization.**

 800-345-6363

 [ascensus.com](https://ascensus.com)

<sup>1</sup> "2022 Workplace Benefits Report." Bank of America. Accessed March 21, 2023. <https://business.bofa.com/en-us/content/workplace-benefits/workplace-benefits-report-overview.html>.

<sup>2</sup> "What Is Employee Engagement and How Do You Improve It?" Gallup, Inc. Accessed March 21, 2023. <https://www.gallup.com/workplace/285674/improve-employee-engagement-workplace.aspx>.

<sup>3</sup> Credits outlined are not applicable to Individual(k) plans. Ascensus recommends consulting with your accountant to discuss eligible tax credits available to your business.

<sup>4</sup> 2023 401(k) Participant Study. Charles Schwab. [https://content.schwab.com/web/retail/public/about-schwab/schwab\\_2023\\_401k\\_participant\\_survey\\_findings.pdf](https://content.schwab.com/web/retail/public/about-schwab/schwab_2023_401k_participant_survey_findings.pdf).