

# Why offer a 401(k)?

Solutions for four 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 have a retirement plan at a lower cost than larger businesses with multiple employees. 401(k) plans also offer enhanced contribution options for owners and highly compensated employees.



# 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 nonhighly compensated employees.\*

#### ***(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 nonhighly compensated employees.\*

### **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>**



# 86%

**of workers say having access to a 401(k) retirement plan is a "must-have" benefit.<sup>3</sup>**

<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> "Schwab 401(k) Survey Shows Sharp Increase in Confidence and Demand for Financial Advice." Schwab Retirement Plan Services, Inc. 2021. <https://www.aboutschwab.com/schwab-401k-participant-survey-2021>.

\* Credits outlined are not applicable to Individual(k) plans.

Ascensus recommends consulting with your accountant to discuss eligible tax credits available to your business.

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

 800-345-6363

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