

SECURE Tax Credits

Launch401k may allow for tax credits. Learn more!



Small companies (up to 100 employees) starting a new plan are eligible for the following tax credits that could offset most or all costs for the first 3 years plus additional credits up to 5 years.

1	Startup Plan Credit	100% of plan costs for 3 years up to 50 employees; 50% for 3 years for 51- 100 employees. Max \$5,000/year.
2	Auto-Enroll Credit	\$500/year for 3 years, up to 100 employees. Starting when a business includes automatic enrollment in a new or existing retirement plan. If taken with the Startup Plan Credit, a max of \$5,500/year.
3	Employer Contribution Credit	\$1,000 per employee up to 5 years for employer contributions up to 50 employees. Graded credit phase out: credit paid 100% year 1, 100% year 2, 75% year 3, 50% year 4, 25% year 5. Does not cover employees making > \$100k. For employers with 51-100 employees credit decreases by 2% per person.

Each credit is available for the first 3 years following establishment of a new plan or including an auto enroll feature. Credits are only for fees paid by the company (not available for fees paid by the plan). If you claim a credit, you may not take a deduction for the same expense.

Military Spouse Credit

3-year tax credit for small employers (\$200 per NHCE military spouse plus \$300 of employer contributions).



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Tax Credit Examples

The credits below are limited to fees paid by the employer. Fees paid by the plan are not counted.

Startup plan with 40 participants; with automatic enrollment; no employer contributions.

Total Fees Paid by Employer	\$4,320	Notes
Startup Plan Cost Credit	\$4,320	Maximum of \$5,000 per year
Employer Contribution Credit	N/A	No employer contribution
Auto Enroll Credit (\$500/ year)	N/A	Plan cost deduction not at least \$5,000
Plan Cost Credit Year 1	\$4,320	
Cumulative 3-Year Credits	\$12,960	

Startup plan with 40 participants; \$1k employer contribution, 38 employees making less than \$100k+

Total Fees Paid by Employer	\$4,320	Notes
Startup Plan Credit	\$4,320	Maximum of \$5,000 per year
Employer Contribution Credit	\$38,000	\$1,000 x 38 employees making less than \$100k+
Auto Enroll Credit (\$500/ year)	N/A	Plan cost deduction not at least \$5,000
Plan Cost Credit Year 1	\$42,320	Plan cost credit + (100% of \$1,000 x 38 employees making < \$100k+)
Plan Cost Credit Year 2	\$42,320	Plan cost credit + (100% of \$1,000 x 38 employees making < \$100k+)
Plan Cost Credit Year 3	\$32,820	Plan cost credit + (75% of \$1,000 x 38 employees making < \$100k+)
Plan Cost Credit Year 4	\$19,000	50% of \$1,000 x 38 employees making < \$100k+
Plan Cost Credit Year 5	\$9,500	25% of \$1,000 x 38 employees making < \$100k+
Cumulative 5-Year Tax Credits	\$145,960	

Startup Advanced plan with 75 participants; \$1k employer contribution, 67 participants making less than \$100k+

Total Fees Paid by Employer	\$7,800	Notes
Startup Plan Credit	\$3,900	50% of plan costs up to a max of \$5,000 per year
Employer Contribution Credit	\$44,220	\$1,000 x 67 employees making less than \$100k + x 66%
Auto Enroll Credit (\$500/ year)	\$500	Plan cost deduction more than \$5,000
Plan Cost Credit Year 1	\$48,620	Auto Enroll Credit + 50% of plan cost credit + (66% of \$1,000 x 67 employees making less than \$100k+)
Plan Cost Credit Year 2	\$48,620	Auto Enroll Credit + 50% of plan cost credit + (66% of \$1,000 x 67 employees making less than \$100k+)
Plan Cost Credit Year 3	\$37,565	Auto Enroll Credit + 50% of plan cost credit + (75% of 66% of \$1,000 x 67 employees making less than \$100k+)
Plan Cost Credit Year 4	\$22,110	50% of 66% of \$1,000 x 67 employees making less than \$100k+
Plan Cost Credit Year 5	\$11,055	25% of 66% of \$1,000 x 67 employees making less than \$100k+
Cumulative 5-Year Tax Credits	\$167,970	