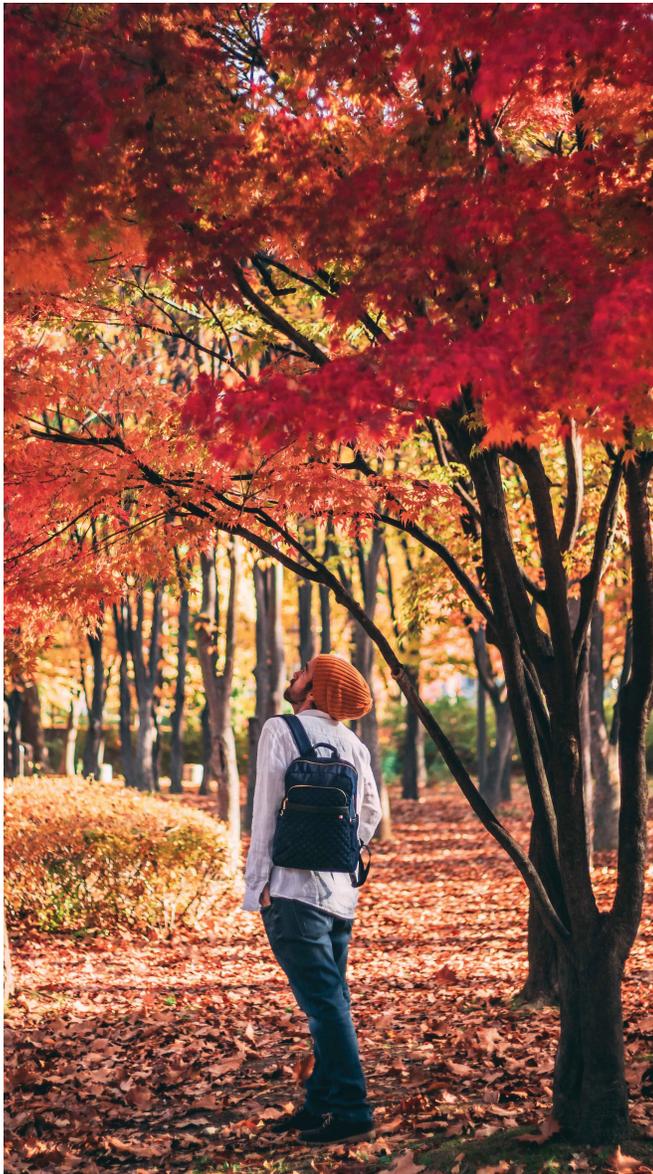


With the SECURE Act, You may now be able to afford a retirement plan

Having a company sponsored retirement plan is one of the best benefits a business can offer their employees. However, business owners often receive the most benefit by having a vehicle to shelter income while also receiving significant tax deductions for the business. The recent passing of the SECURE Act has made it that much more attractive for small businesses to setup a retirement plan.



Tax Credits for Establishing a New Plan

- Receive a tax credit equal to \$250 per eligible employee* for the first three years of the plan
Subject to a minimum credit of \$500 and a maximum of \$5,000
Eligible employee is any non-HCE (non-highly compensated employee) as defined by the IRS
- Automatic Enrollment Credit of up to \$500 per year for the first three years of the plan

In certain cases, the tax credit covers a significant portion of the costs to maintain a new plan for the first three years. Consider the following example:

Single Business Owner	
20 Eligible Employees (all non-HCEs)	
Annual Provider Fees (estimated)	
Third Party Administration	\$1,500
Recordkeeping	\$1,500
WPWealth	\$3,500
Gross Cost	\$6,500
Secure Tax Credit	(\$5,000)
Net Cost	\$1500

Our partner provider is waiving their plan document fee of \$950 for all new 401(k) Plans.

Extended Deadline to Implement a New Plan

An employer now has until the due date of the business tax return (with extensions) to establish a new profit sharing plan for the prior year.

This Means

A new plan may be **established after year-end** in order to fund a profit sharing contribution for the prior year. Consider the following example:

Profit Sharing Plan Tax Impact

Owner Marginal Tax Rate	35.00%
Medicare Tax Rate	2.90%

Tax Savings to Owner

	Owner
Total Deferral	\$57,000.00
Marginal Tax Rate	35.00%
Tax Reduction	<u>\$19,950.00</u>

Net Employee Profit Sharing Cost to Business

Estimated Profit Sharing Contribution	\$10,940.00
Tax Effect Cost %	62.10%
Net Cost to Business	<u>\$6,793.74</u>

Cost / Benefit

Tax Savings to Owner	\$19,950.00
Cost of Employee Contributions to Business	<u>(\$6,793.74)</u>
Overall Benefit to Owner	<u>\$13,156.26</u>



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