



UNLOCK TAX SAVINGS & ATTRACT TOP TALENT WITH A FRANKCRUM 401(K) PLAN

THE TIME TO ACT IS NOW: LEVERAGE SECURE 2.0 BENEFITS BEFORE THEY EXPIRE

As a small business owner, you're constantly balancing competing priorities—growing your business, managing costs, and attracting & retaining quality employees. What if we told you there's a way to address all three while potentially **saving thousands in taxes?**

Thanks to the SECURE 2.0 Act, there has never been a better time to establish a 401(k) retirement plan for your business. FrankCrum makes it simple and affordable with our comprehensive 401(k) solution provided by Slavic 401K.

The SECURE 2.0 Act introduces unprecedented tax credit incentives designed specifically for small businesses like yours with 100 employees or fewer*.

1. **Startup Tax Credits: Up to \$5,000 per year for 3 years based on your start-up fees charged by FrankCrum**

This tax credit will more than cover the plan's startup costs for current and new employees. The credit is available in full at \$250 per eligible employee to companies with 50 employees or less and gradually phases down for businesses with 51-100 employees.

2. **Auto-Enrollment Tax Credit: Additional \$500 per year for 3 years (potential \$1,500 total)** Research shows auto-enrollment increases 401(k) participation rates from 70% to over 90% and helps employees start saving immediately with no waiting period. This tax credit rewards employers for implementing auto-enrollment.

This credit is available for both new plans established after 2020 and existing plans that do not currently have auto-enrollment but are amended to include auto-enrollment.

3. **Employer Contribution Credits: Up to \$1000 per employee per year** (potential \$175,000 over 5 years) Although employer contributions are not required, they do represent the best way to maximize available credits. Employer contributions are tax-deductible expenses that reduce the company's taxable income while building employee loyalty.

The SECURE 2.0 Act adds yet another layer of benefit. Small employers with 50 employees or fewer will receive a credit of up to \$1,000 per employee for employer contributions made to a retirement savings plan. The credit is applied at 100% in the first two years and gradually phased down in years 3-5. The credit is lowered by 2% for businesses with 51-100 employees. (Credit applies to employees earning \$100,000 or less annually. Highly compensated employees are not included).

THE COST OF INACTION

State Mandates: Penalties range from \$100-\$750 per employee per year

California, Oregon, Illinois, Connecticut, and others now require businesses to offer retirement plans with additional states expected to follow the trend. By establishing a 401(k) plan now, you not only gain tax advantages but also ensure compliance with current and future state mandates.

REAL SAVINGS EXAMPLE

Let's see an example of SECURE 2.0 in action. Imagine a company with 20 employees and an average annual salary of \$50,000. Here's what they could expect:

POTENTIAL TAX BENEFITS: \$70K

| Plan Adoption Years | Startup Credit | Auto Enrollment Credit | Employer Contribution Credit | Total Credit Potential |
|---------------------|-----------------|------------------------|------------------------------|------------------------|
| Year 1 | 20*\$250 = \$5K | \$500 | 100%*20*\$1K = \$20K | \$25.5K |
| Year 2 | N/A | \$500 | 100%*20*\$1K = \$20K | \$20.5K |
| Year 3 | N/A | \$500 | 75%*20*\$1K = \$15K | \$15.5K |
| Year 4 | N/A | N/A | 50%*20*\$1K = \$10K | \$10K |
| Year 5 | N/A | N/A | 25%*20*\$1K = \$5K | \$5K |

WHY FRANKCRUM'S 401(K)

SOLUTION STANDS APART

As your PEO partner, FrankCrum offers a Multiple-Employer 401(k) plan specifically designed for small businesses. We will handle employee enrollment and payroll deductions for you. Employer contributions are not mandatory.

As the plan sponsor/administrator, we also take responsibility for the following tasks on your behalf.

- ✓ Enrollment processing, deferral changes, loan repayments
- ✓ Calculation of employer matching contributions, if applicable
- ✓ Remitting the contributions and census data for processing
- ✓ Signing off on distributions and loans
- ✓ Providing ERISA bond coverage and annual audit of the plan by an independent firm
- ✓ Oversight of regulatory requirements and filings associated with the plan, like form 5500 and non-discrimination plan testing
- ✓ Oversight of mandated member-level communications about legislative updates impacting their plan

TAKE THE NEXT STEP

The SECURE 2.0 Act has created a unique window of opportunity for small businesses to establish retirement benefits with unprecedented financial incentives. By partnering with FrankCrum, you can:

- ✓ Implement a quality retirement plan with minimal administrative burden
- ✓ Maximize available tax credits and receive expert assistance on form completion from Slavic 401K
- ✓ Attract and retain valued employees with competitive benefits included
- ✓ Ensure compliance with existing and future state mandates

Contact your FrankCrum representative today to schedule a personalized consultation and discover how our 401(k) solution can benefit your business.

*For small businesses that have not had a 401(k) in the three years prior to establishing the new plan. Eligible Employees include Non-Highly Compensated Employees (annual salary less than \$100k) and Part-Time employees with 500 hours worked over the last 3 consecutive years.

This information is provided for general informational purposes only and should not be construed as tax or legal advice. Please consult with your tax advisor regarding your specific situation and eligibility for tax credits and deductions.