



Retirement Savings Landscape and SECURE 2.0

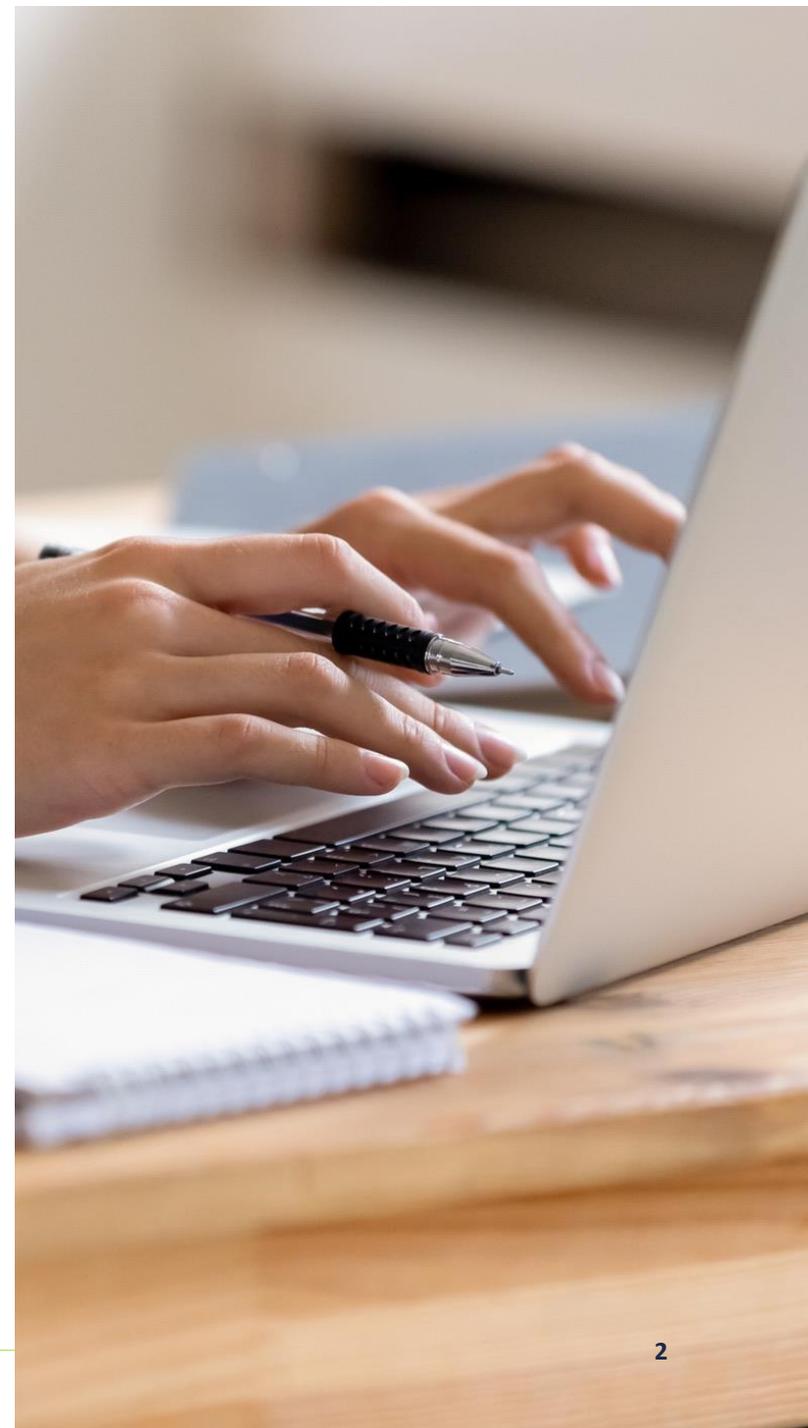
NAPEO First Friday



Agenda

Significant provisions of SECURE Act 2.0

- **Legislation History**
- **Retirement Savings Enhancement Changes**
- **Tax Incentives**
- **The Secure 2.0 Opportunity**



Retirement Crisis in America

57 million workers have no retirement plan offered through their job.

- Lack of access to a workplace plan among low and middle-income workers
- Plans are a cost & administrative burden for the SMB
- Social Security benefits projected to be compromised 2037



SECURE Act 2019

Setting Every Community Up for Retirement Enhancement Act

- SMB access to pooled retirement plans
- Difficult delivery and maintenance logistics

SECURE 2.0 2022

- Challenging administrative requirements
- Significant tax credit incentives

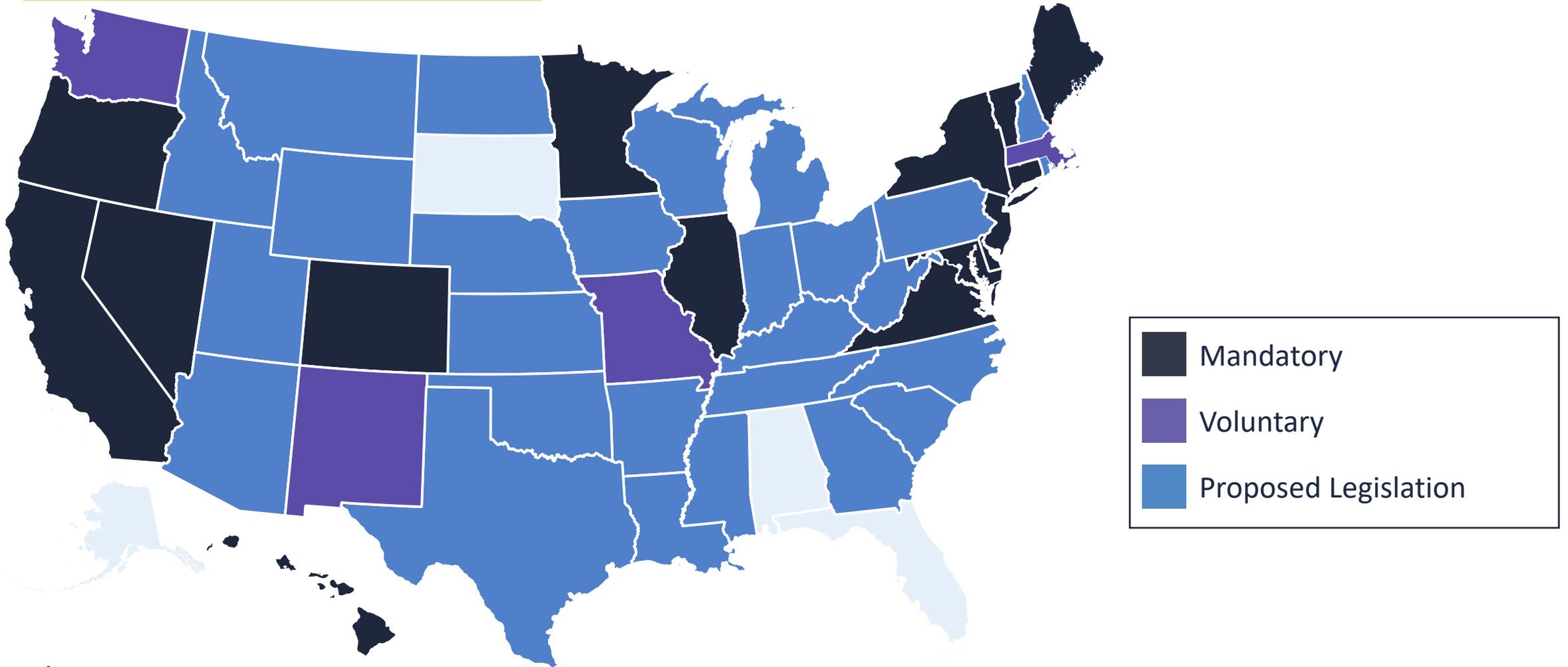


State-Run Retirement Savings Programs

- **Requires businesses of a certain size to offer a traditional or Roth IRA to employees who would not otherwise have access to an employer sponsored program.**
- **Auto-enroll IRAs with employee opt-out**
- **Some states like California have an auto-increase feature that bumps up an employee's savings rate each year**



Whether mandatory, voluntary or proposed, nearly all states have moved in this direction.



SECURE 2.0



The SECURE 2.0 Opportunity

- **The complex requirements can only be effectively met through the PEO service model.**
- **The tax credit incentives are compelling; such that the first three years of a new plan are essentially tax-payer funded.**
- **Existing PEO client companies with no plan can now enter the MEP/PEP also at tax-payer expense**
- **The structure of the legislation creates an important retention mechanism**



SECURE 2.0

- The SECURE Act was officially enacted on January 1, 2020.
- The SECURE 2.0 Act was signed into law on December 29, 2022.
- Secure Act 2.0 applies to companies with 50 or fewer employees and no prior plan.

Secure 2.0 Tax Credits:

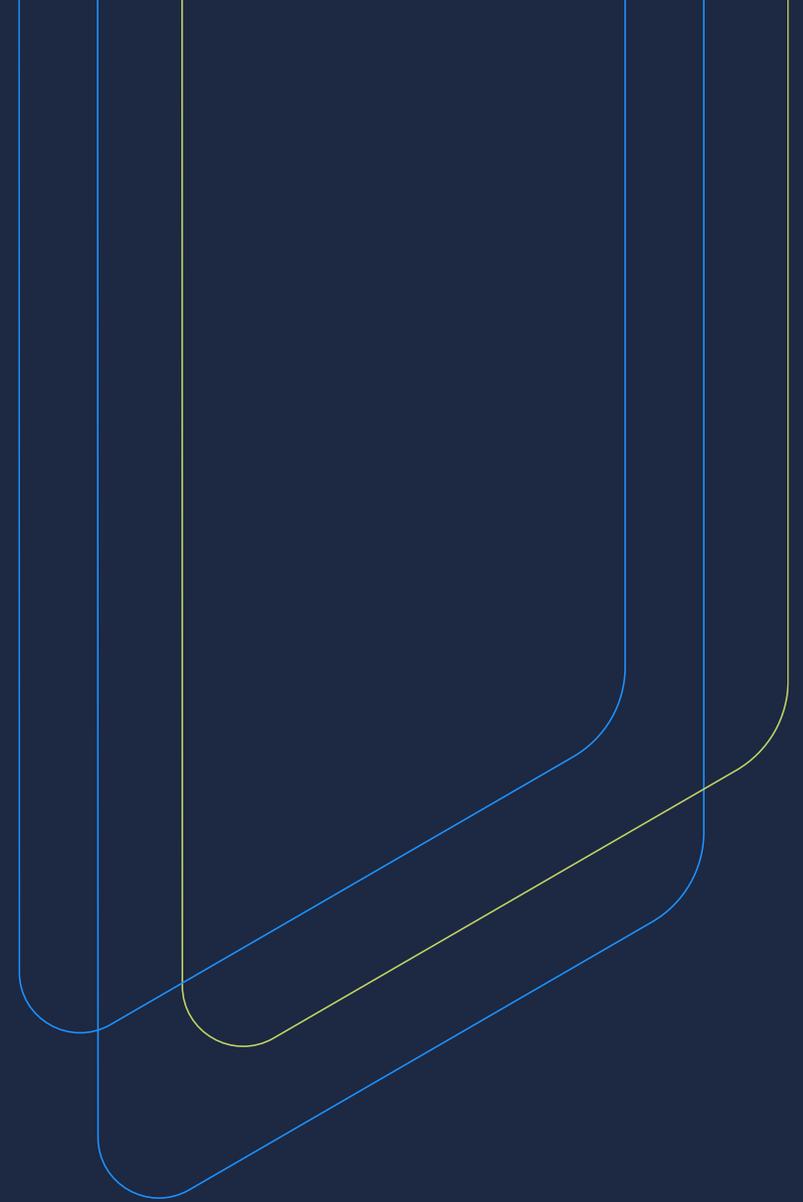
\$500 Auto enrollment

\$750 \$250 Per eligible employee for 3 years

\$1,000 Per participating employee for match

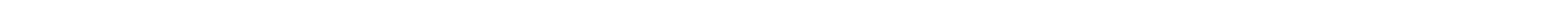


Secure 2.0 Application Example



SECURE 2.0 Tax Credit Incentives

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Example

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3 HC

(High Compensated)



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Slavic and PEO split employee credit: **\$2,125** PEO | **\$2,125** Slavic401k

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SECURE 2.0 Tax Credit Incentives

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Year 1: 10 Client companies adopt PEO 401(k) plan:

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Year 1: 10 Client companies adopt PEO 401(k) plan:	\$21,250
Year 2: 10 Client companies adopt PEO 401(k) plan:	\$21,250
	\$42,500



SECURE 2.0 Tax Credit Incentives

Example

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Year 2: 10 Client companies adopt PEO 401(k) plan:	\$21,250
Year 3: 10 Client companies adopt PEO 401(k) plan:	\$21,250
	\$63,750



SECURE 2.0 Tax Credits – Economic Impact

	10	100	1,000	5,000	10,000	25,000
Adopters – Base and New	10	100	1,000	5,000	10,000	25,000
Eligible Secure 2.0 Adopters (60%)	6	60	600	3,000	6,000	15,000
WSEs	200	2,000	20,000	100,000	200,000	500,000
Eligible Participants	170	1,700	17,000	85,000	170,000	425,000
Eligible Secure 2.0 Participants (90%)	150	1,500	15,000	75,000	150,000	375,000
Secure Tax Credits						
Year 1: (\$19,750 per Secure 2.0 Adopter)	118,500	1,185,000	11,850,000	59,250,000	118,500,000	296,250,000
Year 2: (\$19,750 per Secure 2.0 Adopter)	118,500	1,185,000	11,850,000	59,250,000	118,500,000	296,250,000
Year 3: (\$16,000 per Secure 2.0 Adopter)	96,000	960,000	9,600,000	48,000,000	96,000,000	240,000,000
Year 4: (\$7,500 per Secure 2.0 Adopter)	45,000	450,000	4,500,000	22,500,000	45,000,000	112,500,000
Year 5: (\$3,750 per Secure 2.0 Adopter)	22,500	225,000	2,250,000	11,250,000	22,500,000	56,250,000
Total Tax Credits Available to Harvest at Volume	400,500	4,005,000	40,500,000	200,250,000	405,000,000	1,001,250,000
PEO	38,250	382,500	3,825,000	19,125,000	38,250,000	95,625,000
Slavic	38,250	382,500	3,825,000	19,125,000	38,250,000	95,625,000
Adopters	324,000	3,240,000	32,400,000	162,000,000	324,000,000	810,000,000



SECURE 2.0 Resources

Information, including our newsletters and webinar presentations, can be found on our website: [Slavic401k.com](https://slavic401k.com)

Support Center > Insights & Guides > Category: Compliance



https://slavic401k.com/resources_category/compliance



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- SECURE 2.0 Provisions and Compliance
- SECURE 2.0 Tax Incentives for Businesses
- Economic Insights on the PEO Industry
- Becoming a Customer-Centric Company



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President and CEO
NAPEO



Pat Cleary
Out-Going President and CEO
NAPEO



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Thank you!

