

Planning For Your Future

401(k) Plans: Not Just For Big Businesses Anymore

(NAPSA)—This year celebrates the 25th anniversary of the 401(k) plan, now the most widespread retirement savings plan in the U.S., with more active participants than all other private pension plans.

What many Americans may not know, however, is that you don't have to be a big company to set up a 401(k) plan.

In 2006, Congress passed the Pension Protection Act to make it easier for employers to automatically enroll workers, increase their contributions and invest them to meet retirement needs.

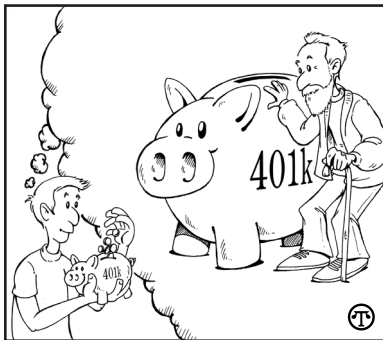
While some businesses may feel they need more than 100 employees to start a 401(k) plan, that's not necessarily true. Setting up a 401(k) plan can be simple and inexpensive for companies of any size, with big potential benefits for small businesses and their employees. If you work at a business that doesn't offer a 401(k), you may want to ask your employer to consider setting one up.

Companies can set up a 401(k) plan for less than \$10 per employee per month and get a tax credit of up to \$500 per year for each of the first three years they implement the plan.

There's no minimum number of employees—in fact, many self-employed individuals set up “owner only” 401(k) plans for themselves.

Although many employers offer to match employee contributions, a match is not required—employees still get the tax benefits.

This is important information for the 63 percent of small businesses that still don't offer employee retirement benefits.



Americans can save big with a 401(k) plan and grow their retirement savings. All businesses—even small ones—can reap tax and other benefits.

If you think your business is too small to offer a 401(k) plan, think again. Even a small business can reap the tax benefits and help employees save money.

“Why shouldn't small businesses have the same benefits as big businesses?” said Tony Tortorella, vice president of sales for the Human Resource Services division of Paychex. “We make it easy for small businesses to participate, so hundreds of thousands of employees across the U.S. are growing their retirement money in 401(k) plans.”

According to Paychex—a leading payroll and human resource services provider that sells more 401(k) plans than any supplier in the nation, according to PLANSPONSOR magazine—here are a few of the advantages 401(k) plans offer small-business owners:

- **Employee incentives:** Attract employees and motivate them to stay with the organization. Key employees can be rewarded

through profit-sharing plans.

- **Flexibility:** Seasonal businesses can choose options that don't require them to pay into the plan all year long.

- **Growth:** A 401(k) plan can grow right along with your business, with features that can be modified to meet your ongoing employee benefits needs.

- **Tax breaks:** All employer and employee contributions to the plan are tax deductible.

- **Reasonable cost:** The 401(k) is not an expensive benefit. Almost any small business can afford it.

- **No headaches:** Small-business owners can enroll one or more employees in a 401(k) plan with little effort.

Benefits for employees:

- **Contribute comfortably:** It allows participants to decide how much to contribute to their accounts on a before-tax basis.

- **Plans can include any employee:** A 401(k) plan can benefit employees at all levels of the organization.

- **Many investment choices:** The money contributed may grow through investments in stocks, mutual funds, money market funds, savings accounts and other investment vehicles.

- **Tax breaks:** Contributions and earnings generally are not taxed by the federal government or by most state governments until they are distributed.

- **Take it with you:** A 401(k) plan may allow participants to take their benefits with them when they leave the company. Visit www.paychex.com or call (800) 322-7292 for more information.