



# BBSI's 401(k) Retirement Services

2024

## **In a nationwide survey,**

employees rank an employer-sponsored retirement program as among their most valued benefits. As a BBSI client, you have access to a top-tier 401(k) retirement program for your employees.

With the flexibility to design a plan tailored for your company and employees' needs, hassle-free administration, and access to investment options typically only available to large employers, our multiple employer retirement plan makes it easy to offer your employees a full-service retirement program.



**Our program is the perfect option for business owners looking to provide competitive employee benefits at an affordable price and meet the requirements of state mandated retirement programs (where applicable).**

## What's the Difference?

## BBSI 401(k) Retirement Plan

vs.

## State Mandated Retirement Plan

### What are the benefits of BBSI's 401(k) Plan?

- ◆ BBSI partners with Milliman, Inc. and Morgan Stanley to offer a full service retirement program.
- ◆ Employees can make Traditional (pre-tax) and/or Roth contributions.
- ◆ The IRS annual limits are higher for 401(k) plans and aren't subject to household income limitations.
- ◆ There is flexibility in the plan design to meet the needs of your company, including age, service or hours requirements, as well as options to make employer contributions.
- ◆ BBSI handles all the day-to-day administration of the plan, such as employee deduction set-ups, employer contribution calculations and submitting funds into participants' accounts. BBSI also handles all the regulatory requirements of a 401(k) plan.
- ◆ Participants have access to the plan's financial advisors at Morgan Stanley for assistance in making investment elections and financial planning.
- ◆ Participants have access to an interactive website provided by Milliman, with financial planning tools, educational resources, and live and recorded webinars.

We are a qualified Employer Sponsored Retirement Plan.

If you are on BBSI's Retirement 401(k) Plan, you are exempt from State Mandated Retirement Plans.

Here is where BBSI's Retirement team can help your business.

If you do not offer a qualified employer sponsored retirement plan, you must enroll your employees in a State Mandated Plan.

### Is the State Mandated Plan ideal for my Business?

Every company is different. State Mandated Plans are another retirement savings plan offering to consider when other retirement plan offerings are not the ideal fit for your business.

### What can BBSI do for me if I elect to enroll into a State Mandated Plan?

As an established payroll provider, BBSI's retirement team will assist you with the payroll deduction submission into the State Plan every Friday afternoon for any paychecks for the week. We do this in partnership with Vestwell, or other State-approved retirement plan providers.

**BBSI** helps clients correctly set up employees with State-approved retirement providers, such as Vestwell and Ascensus. By not having to manage the timely submissions on your own after every payroll, BBSI gives you time back to focus on what really matters most to you and your business.

#### Payroll integration with:

- ◆ Vestwell - CO, OR, CT, MD, VA, ME (DE and NJ coming soon)
- ◆ Ascensus - CA and IL



## Why join our plan?

### Exempts your company from State Mandated Retirement Plans

**Full service bundled program** – Turnkey with administration fully managed by BBSI and our leading partners; Milliman, Morgan Stanley, and Charles Schwab.

**Best-in-class investment options** – Low fees and ongoing investment performance monitoring, with both pretax 401(k) and Roth 401(k) employee payroll deductions offered on the plan.

**Flexible plan options** – Retirement plan customization to fit your needs, including auto-enrollment, employer contributions, safe harbor and profit-sharing plan options.

**Participant success** – Ongoing financial education to promote healthy financial outcomes, plus monthly webinars with website and materials in English and Spanish.

**IRS Tax Credits** – For employer sponsored qualified plans, Secure Act 2.0 of 2022 provides eligible small employers with tax credits for plan start up costs and auto enrollment features. The credits for start up costs and auto enrollment are available for three years, and employer contribution credits for up to five years.

# IRS Tax Credits for Small Employer Retirement Plans

## ◆ Startup Cost Credits:

- Small employers with 1-50 employees may be eligible for an increased small employer pension plan credit of 100% of qualified startup costs, subject to limitation.
- Small employers with 51-100 employees may be eligible for pension plan credits of 50% of qualified startup costs, subject to limitation.
- The credit is \$500 or \$250 for each employee that is eligible to participate in the plan (not highly compensated) not to exceed \$5,000.

## ◆ Auto Enrollment Credits:

- Small employers with no more than 100 employees during the tax year may be eligible for a tax credit of \$500 for the first three years they include an eligible automatic contribution arrangement in a qualified employer plan.

## ◆ Employer Contribution Credits:

- This credit is available for five years for employers with 100 or less employees who make employer contributions up to \$1,000 per non-highly compensated employee (earning less than \$100,000).

**The SECURE Act 2.0 of 2022 provides eligible small employers with possible tax credits. These credits can reimburse small employers for the first three years of their plan startup costs and employer matching contributions for up to five years on a sliding scale (100% - years 1 & 2, 75% - year 3, 50% - year 4, 25% - year 5).**

Example of Tax Credits for 401(k) Plans – Startup, auto enrollment, and employer contributions assuming 20 employees, non-highly compensated, making under \$100,000.

	Startup Credit	Auto Enrollment Credit	Employer Contribution Credit	Total
<b>1<sup>st</sup> YEAR</b>	20 EE's x \$250=\$5,000	\$500	20 EE's x \$1,000= \$20,000	\$25,500
<b>2<sup>nd</sup> YEAR</b>	20 EE's x \$250=\$5,000	\$500	20 EE's x \$1,000= \$20,000	\$25,500
<b>3<sup>rd</sup> YEAR</b>	20 EE's x \$250=\$5,000	\$500	20 EE's x \$1,000= \$15,000	\$20,500
<b>4<sup>th</sup> YEAR</b>	\$0	\$0	20 EE's x \$1,000= \$10,000	\$10,000
<b>5<sup>rd</sup> YEAR</b>	\$0	\$0	20 EE's x \$1,000= \$5,000	\$5,000
<b>Total</b>	<b>\$15,000</b>	<b>\$1,500</b>	<b>\$70,000</b>	<b>\$86,500</b>

**\*\*Refer to IRS.gov/Form8881 for additional information regarding available credits and eligibility.**

# Customizable Plan Design Options/Features:

## ✦ Eligibility

Minimum Age Requirements: None, or 18 years to 21 years

## ✦ Service Requirements

3 months to 12 months, or 1 year with 1,000 hours

## ✦ Entry Dates

Immediate, First of Month, First of Quarter, or Semi Annually

## ✦ Auto Enrollment

Secure Act 2.0, requires employer sponsored plans (established after 1/1/2023) to have an auto-enrollment option in place by 1/1/2025

## ✦ Safe Harbor Options

- Basic safe harbor
- Enhanced safe harbor
- QACA safe harbor match
- Non elective safe harbor (not a match)

## ✦ Profit Sharing Options

- Non Integrated Pro-rata plan (same to all eligible):  
The employer contributes the same amount to each employee, either as a fixed amount or percentage of profits.
- Age-weighted plan  
Employers can choose to give a larger percentage of a contribution to employees who are older. This provides older employees with more funds as they approach retirement.
- New comparability plan  
An employer may set different rates for how they contribute to groups or each individual employee.

## ✦ Vesting

Employees are always 100% vested in their own contributions, rollover contributions, and most employer safe harbor contributions. You have several vesting options available to choose from for employer contributions.

## Partners associated with the Plan:

- BBSI – Plan Sponsor
- Milliman – Recordkeeper, Third Party Administrator
- Morgan Stanley – Plan Advisor, Co-Fiduciaries
- Charles Schwab – Trust, Holds the Assets, Issues Distributions and 1099R





**Fortunately, you don't have to navigate retirement plans alone. BBSI is here to help you through the full-service administration with our 401(k) Plan offering. Participation in the BBSI 401(k) Plan will exempt your company from all state mandated retirement programs.**



Contact your local BBSI representative or email [bbsi401k@bbsi.com](mailto:bbsi401k@bbsi.com) to see which plan is the best fit for your people, and for your business.



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