

**New Research Finds That No Single Reason Will Lead More Small Businesses to Offer Retirement Plans Other Than More Profits**

- Many business owners found not to have experience working with an external organization for administering benefits and lack an understanding about policies, tax credits and regulations regarding plans –

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(Washington, D.C.) – A new research report published today from the Employee Benefit Research Institute (EBRI), Center for Retirement Research at Boston College and Greenwald Research found that other than more profits, no single reason will lead more small businesses to offer retirement plans. Also, many small businesses were found to not have experience working with an outside organization for payroll or administering other benefits, which can lower the ability or comfort in looking into what needs to be done to offer a retirement plan.

The research report, “Small Business Retirement Survey: Policy Knowledge and Reasons for Offering or Not Offering a Retirement Plan” is the result of a survey of small businesses in order to give a more current understanding of attitudes, concerns and knowledge about retirement plans.

Key findings in the research report include:

- Forty-seven percent of the small business owners who were offering a plan and 22% of those not offering a plan said they were aware of states launching programs requiring employers without a retirement plan to automatically enroll their employees in an IRA. Among the small business owners offering a plan, only 21% said they would stop offering their plan if this policy was adopted in their state, while 68% said they would continue to offer their plan.
- Among the small business owners not offering a plan, almost three-quarters (72%) said they were not aware of tax credits up to \$5,000 being available to cover the costs of starting a retirement plan. However, 78% said the tax credits would make it at least somewhat more attractive to offer a plan.
- Over 9 in 10 of the small businesses offering a plan say that the reason that they offer a plan is the positive effect on employee attitude and performance. In addition, 90% say that a competitive advantage for the business in employee recruitment and retention is a reason for offering a plan. In fact, 30% say the positive effect of offering a plan is the most important reason, while another 25% say the competitive advantage is the most important reason.
- Of the small businesses not offering a plan, reasons regarding the costs of administering a plan and the profitability of the business were those most likely to be considered reasons for not offering a plan. The business is too new or too small at 26% is the reason most cited as the most important for not offering a plan. Numerous reasons across many factors were just below too new or too small as being most important, showing that no one reason will clearly be the most effective in increasing offer rates.

“The most important factor leading small businesses to consider offering a plan was an increase in the business’s profits. There were other reasons that were cited less, such as government mandates, lower administrative requirements, tax credits, and demand from employees. So, there isn’t a specific reason or type of reason that stands out as leading more small businesses to consider offering a plan,” explained Craig Copeland, director, Wealth Benefits Research, EBRI.

The 2023 Small Business Retirement Survey was produced in collaboration with the Center for Retirement Research at Boston College and Greenwald Research. The survey was conducted between February and April 2023 and surveyed 703 small businesses (100 or fewer workers) with 323 offering a plan and 380 not offering a plan. The questions focused on why businesses do or do not offer a retirement plan.

“Without some direct interaction with small business owners, it will be hard to greatly increase the percentage of small businesses offering retirement plans, particularly among those that are the smallest. The rules and options for offering retirement plans are not well understood, and many of the business owners are experts in something other than benefits and do not have the revenues to have a benefits specialist on staff. Thus, increasing offer rates among small businesses is going to require creative methods to reach them with the necessary information and infrastructure for the administration of retirement plans,” said Copeland.

To view a summary of the research report, “Small Business Retirement Survey: Policy Knowledge and Reasons for Offering or Not Offering a Retirement Plan,” visit <https://www.ebri.org/publications/research-publications/issue-briefs/content/small-business-retirement-survey--policy-knowledge-and-reasons-for-offering-or-not-offering-a-retirement-plan>.

The Employee Benefit Research Institute is a non-profit, independent and unbiased research organization that provides the most authoritative and objective information about critical issues relating to employee benefit programs in the United States. For more information, visit [www.ebri.org](http://www.ebri.org).

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**(MEDIA NOTE: To receive the complete research report, email [dresner@ebri.org](mailto:dresner@ebri.org)).**