



Small Nonprofit Retirement Security Act

The Small Nonprofit Retirement Security Act (S. 2365/H.R. 4548)—led in the Senate by Sens. Lankford (R-OK) and Cortez Masto (D-NV), and in the House by Reps. Buchanan (R-FL), Panetta (D-CA), Moore (R-UT), and Schneider (D-IL)—incentivizes nonprofits to offer employer-sponsored retirement plans. It does this by allowing small nonprofit employers to access the same tax credits currently available only to small businesses with fewer than 100 employees.

- Currently, Sections 45E and 45T of the tax code allow small businesses that begin offering employer-sponsored retirement accounts to reduce their tax obligations by up to \$5,000 annually for three consecutive years, plus an additional \$500 if they offer an auto-enrollment feature.
- Because these tax credits can only be claimed against an organization's federal income tax obligation, nonprofit employers are largely left out. Nonprofits do pay significant payroll taxes—approximately \$75 billion each year.
- Despite being the nation's third largest employment sector, more than 90% of nonprofits employ fewer than 100 people.
- Nonprofit employees have chosen careers serving their communities and their neighbors. Congress should not continue to make it more expensive for these dedicated workers to receive retirement benefits compared to their for-profit counterparts.

Americans Across the Political Spectrum Support Tax Policies that Strengthen the Nonprofit Sector

- 77% of voters—including majorities of Democrats, Republicans, and Independents—support extending employer tax credits to nonprofit organizations.¹
- Research from Ernst & Young found that giving nonprofit employers equal access to these retirement tax credits would enable 25,000 additional nonprofit workers to gain access to a retirement plan each year, resulting in nearly \$60 million annually in employer contributions.²

Bottom Line

Employer tax credits for retirement planning currently leave many dedicated workers behind. Enacting this legislation is not only sound tax policy, but also an investment in the workforce that supports communities in every congressional district across the country.

Independent Sector urges you to cosponsor and support passage of this bill.

¹ New Poll: Voters Want Policymakers to Support Nonprofits in an Uncertain Time. Independent Sector.

<https://independentsector.org/resource/new-poll-voters-want-policymakers-to-support-nonprofits-in-an-uncertain-time/>

² Extending Select Tax Credits to 501(c)3 Organizations. Independent Sector. <https://independentsector.org/resource/extending-select-tax-credits-to-501c3-organizations/>