

The Retirement Crisis in America – How the SECURE Act Is Helping Employees and Employers



Gene Marks

CPA, Columnist, and
Host



**Rep. Randy
Feenstra**

Representative,
Iowa



**Rep. Ashley
Hinson**

Representative,
Iowa

Announcer:

Welcome to THRIVE, a Paychex Business Podcast, where you'll hear timely insights to help you navigate marketplace dynamics and propel your business forward. Here's your host, Gene Marks.

Gene Marks:

Retirement, it's something we all look forward to, but so many throughout our country aren't prepared for it. It's a crisis, and it's top of the mind for politicians, including Congressman Randy Feenstra and Congresswoman Ashley Hinson, both of the state of Iowa. And that's why we're talking to them today.

First, you'll hear from Congressman Randy Feenstra about the SECURE Act 1.0, which is designed to make it easier for employers to offer retirement plans, and the proposed SECURE Act 2.0.

After that, we're going to talk with Congresswoman Hinson, who is also sponsoring the SECURE Act 2.0, and who is talking about the Main Street Tax Certainty Act, which would make tax relief for small businesses permanent. So, stay tuned because we've got a great episode for you.

Hey everybody, and thanks for joining us. Again, I am here with Congressman Randy Feenstra of Iowa. Congressman, thank you first of all. Thank you so much for joining me.

Rep. Randy Feenstra:

Hey Gene, great to be on with you today. I really appreciate all that you do and look forward to our discussion.

Gene Marks:

Yeah, well, it is a good discussion. Let me frame what this discussion is. Right before we started recording, we were having a whole conversation about Okoboji, which is just where I was yesterday speaking to the Community Bankers of Iowa. Beautiful area for any of you guys watching or listening and you want to take a great vacation with your family. Okoboji, Iowa's wonderful.

This conversation's about the SECURE Act, at least the second version of the SECURE Act, which you're one of the sponsors of for the House bill. It really did amaze me, Congressman, and I'm speaking to this group of bankers, there were, I don't know, 100, 140 or so in the room, the lack of awareness of this. These are the very people that are dealing with farmers in Iowa and small businesses and people that could really take advantage of the first version of the SECURE Act, let alone what's coming next. I just feel like we need to be doing more to get awareness out.

So, let's start at the beginning with the first version of the SECURE Act. I don't know the answer to this, which is why I'm asking you, is were you involved much in SECURE Act 1.0 that passed back in 2019?

Rep. Randy Feenstra:

Yeah, so I looked at it. I was not in Congress at the time, but looked at it. There needed to be upgrades and things like that. That's why I was so excited the SECURE 2.0 Act came out and then to be a part of it and help create some of the things that are in it to make it better.

Gene Marks:

That's true, and we're going to dig into some of those details just to get your thoughts on them. But, what attracted you so much? What was it about the 2019 SECURE Act which, again, we can discuss some of the features of it. But what was it about it that said to you, "Hey, this is so great. I really want to be part of the next iteration of it"?

Rep. Randy Feenstra:

Yeah. Well, the bottom line is this, is that twofold. A, we have so many people, so many employees, working day-to-day that forget about their retirement. The SECURE 1.0 Act was saying, "Hey everyone, small town, small business employers, we have an opportunity to partnership with your employees to make sure that they're saving for retirement. And, that's what the SECURE 1.0 started...it started going down that path. SECURE 2.0 then put the bones or put the flesh on the bone on how to do it. So ,it's a collaborative effort with employers, small companies looking to help their employees, and then the employees, incentivizing them to make sure they can invest into their retirement.

Gene Marks:

Yeah, I agree. It's funny, when the first version of the SECURE Act came out, it was at the end of 2019, and it was going to be a big deal. But then COVID hit in March and it overshadowed that news.

So, for those of you watching or listening to this podcast and you're running a small business, just be aware that the SECURE Act, first of all, offers tax credits for you to help reimburse you for setting up, this is SECURE Act from 2019, for setting up a 401(k) plan, particularly if you have less than 100 employees.

We have a retirement crisis in this country. Not enough small businesses are setting up 401(k) plans, right Congressman? It seems to be a big issue.

Rep. Randy Feenstra:

That is correct. What the tax credit does, it offers up to \$1,000 based on the number employees that you have. It helps you pay for the cost of doing the paperwork, of getting your employees onto a 401(k) or a 403(b) program. So it helps them.

And then also, on the backside, it helps the employee not only to save, but there's also for a lower-income employee, that they can also get a simple tax credit to help them. There's so many other nuances, but it's a win-win to help that small employer that maybe has 20 or 15, 20, 30, whatever employees to get involved and to do something great for their employees.

Gene Marks:

What's funny about that, not only with the original SECURE Act reimbursing for the cost of setting up a 401(k), it reduces the costs as well. It has something called an option for pooled employer plans as well. Where now if you're a small business, there are some onerous costs potentially of a 401(k) to get maybe an audit. There's filing costs with the Department of Labor. But now because of these PEPs, these pooled employer plans, that are now allowed by the SECURE Act, you can pool all of your plans with a bunch of different employers that aren't even related to you. Then that way, you can reduce your costs.

Rep. Randy Feenstra:

That's exactly right. I mean the 403(b) program does that, that you have multiple employers that can pool together and offer the employees a wonderful retirement program. If you think of yourself as an employee, that's one of the first things that people ask for, "Hey, A, I want healthcare. And by the way, B, do you have a retirement plan?" Here, if you're a small business, it gives a great opportunity for them to be on that same level playing field as the bigger corporate employers.

Gene Marks:

You had hit the nail on the head. Obviously, this year for small businesses, there's a lot of challenges. There's challenges every year. But we have inflation and supply chain. It's big headaches. But labor is top challenge, finding people. It just blows my mind how many employers, they don't have a 401(k) plan, and then they'll try to recruit employees to their companies. Any employee, this is the kind of stuff they want.

Rep. Randy Feenstra:

Yeah. Well, I tell you what, the great thing about this also ... You're a small employer and you're trying to attract somebody out of college. With this plan, the SECURE 2.0 will do is say, hey, if that employee has loans, college tuition loans, that employee can pay off those loans, and the employer through this program, can match putting that extra match into a 401(k). So instead of having an employee-employer match, it's using the employee's tuition payment as a match for the 401(k) for the employer. It's a win. So somebody coming out of college saying, "Hey, you're going to contribute to my retirement plan. This is a great thing."

Gene Marks:

Yeah. It really is a great thing. In this next version, this 2.0, because what you were just talking about is in the bill that you're sponsoring, which is not law yet, but I'm going to ask you for your thoughts on when this is going to happen. Let me ask you about a few of the other features of what's coming that we can expect. There's one feature in there about raising the minimum distribution age to 75 years old. Can you speak a little bit about that?

Rep. Randy Feenstra:

Yeah. So right now, the minimum distribution age is 72. So, people have to start taking out at 72. That's a pretty big deal when people are still working, and we're finding now people are working at an older age. They don't want to have disbursements. So now that goes up to 75.

The other big thing is the catch-up part of it. Right now, there's a catch-up. If you're 62 and you want to put more money in, you think, "Hey, I don't have enough money in my 401(k)." Right now, it's at \$5,000, but when the bill passes, it'll go up to \$10,000. So those that are thinking about retirement at an older age can put up to \$10,000 in as a catch-up amount. That is, again, a very important thing for those that are looking to retire in the next five to 10 years.

Gene Marks:

I agree. Congressman, what is the Saver's Credit, and what part does that play in the SECURE Act 2.0?

Rep. Randy Feenstra:

Yeah, I'm glad you brought that up because to me, this is such a critical part of this. So, the Saver's Credit is a tax credit that you can get based on your income. So, if you have a lower-income, let's say you're not making as much as others, you can get a tax credit based on your income. It goes from what you put in. It can be all the way up to 50%, all the way down to 10%. So, it could be as high as, "Hey, I put in \$3,000 into my 401(k)," you can get up to a tax credit of 50% of that. Or it could be as low as 10%. But what it does, it tries to help lower-income people save for their retirement. That's what the Saver Credit does. It incentivize people to try to save. That's what I love so much about this is trying to get those people ... and you think about it. Those are the people that are going to really struggle. The lower-income people are going to look at it and say, "Hey ..."

Rep. Randy Feenstra:

Those are the people that are going to really struggle. I mean, the lower-income people are going to look at it and say, "Hey, I don't have the dollars to put in as a match for my 401(k)." But if you give them a tax credit that will offset 50% of that, that is a win. That's a huge win for them.

Gene Marks:

It's funny, I was at, earlier this week before I went to Okoboji, I was at a client in Trenton, New Jersey, which was not as nice as Okoboji. I had this client, they have about 150 employees. By the way, I'm a CPA. So, I have clients up and down in the Philly area. This client has a lot of hourly workers in their plant. A lot of them, they don't save for retirement.

Rep. Randy Feenstra:

That's right.

Gene Marks:

And to me, and I'm curious to hear your thoughts on this, the biggest challenge for the owners of this company is just educating their employees. They have a lot of immigrant employees as well, so coming from other places where there's not a lot of trust in institutions or the government. What are you telling Iowa's small businesses about getting the word out about this kind of stuff?

Rep. Randy Feenstra:

Well, first of all, the small town, the small employer, they're just trying to scratch out a profit.

Gene Marks:

Yeah.

Rep. Randy Feenstra:

And they're trying to figure out who we can keep as employees, you know what I mean? Right now with unemployment being around 3%, everybody's just trying to keep employees. And it's hard when you're a small business, because you train them, and all of a sudden, they go to the bigger corporation. So, I'm telling small employers that this is your opportunity to compete with a corporate level, that you can give a retirement program, and that you can help out your employees by offering them this match. And then you get incentive, you get a tax credit up to \$1,000 for helping do the paperwork, but for that small employer, they have to see how important this is because every employee is asking for it, whether they say it when they come in the door or when they're thinking about taking that job, if you can right up front say, "Hey, we have a 401(k) match," that can be a game changer on hiring that next employee, that great employee that you might miss out on because they're going to go to a larger corporation.

Gene Marks:

Fair enough, fair enough. Okay, just a couple more questions, a couple more features that I just wanted to make sure that we got the information on. There's a tax credit for making these benefits available to military spouses. Can you explain what that means?

Rep. Randy Feenstra:

Yeah, it provides a small tax credit available for military spouses. Again, job relocation, you think of the military, they're relocating, and here's an opportunity that there could be a tax credit for relocating and going to that small business, wherever it might be. And again, we're trying to incentivize people that are changing jobs, changing positions, and looking at a small business versus a large corporation. And that's what the small military tax credit will help do.

Gene Marks:

Got it. And finally, there is also some tax incentives, you say, for employee stock ownership plans. And, Congressman, I've been talking a lot about employee stock ownership, I just talked about it yesterday in Okoboji, maybe because if you're running a business in Iowa, you might have a very good, profitable business, and it's a beautiful place to be, but as business owners are getting older, we know that there's the silver tsunami that is happening. I mean, the average age of the U.S. small business owner is around 55 years old. And I'm sure if you look at your voters and your demographics and your constituency, you see that too. So if you're looking to exit, it's not always easy for them to find a buyer, and yet they've got employees. And I'm seeing more and more people set up ESOP plans or employee stock ownership plan.

Rep. Randy Feenstra:

That's exactly right. You see so much of that happening right now for that small business, that they're offering their employees an ESOP program that the employees can buy in and they can take over. And what this bill will do, it will cut that red tape for stock ownership. And that's been the biggest hiccup right now when you talk about ESOP programs, is there's so much red tape involved to get it done. Well, this streamlines the process and it dramatically incentivizes employers to go down this path to offer this ESOP to employees. I'm glad you said this, Gene, because this is such an important part of this bill, because I think this is the future when that small employer wants to get out of the business and you have employees that want to take over, but there's not dollars there, this bill allows that to happen, takes away some of the red tape, but it also offers that incentive there for the employee and employer to make it happen.

Gene Marks:

Absolutely huge, and for two reasons. Well, three reasons. One is that there's, like you said, there's great tax incentives for setting up an ESOP, which will be enhanced with this new bill. It is a way for an employer to exit their business, which is what most employers want to do, ultimately have a succession plan. And, you can't get a better employee benefit than giving your employees a say in the business. I mean, that's what the narrative is nowadays, is that employees want to really feel like they have a part in the place that they work for. And this bill seems like it provides even more encouragement and tax incentives for employee stock ownership plans.

Rep. Randy Feenstra:

And just think about the small business, thousands and thousands of small businesses makes up the heartland of our country, it makes up who we are. And if we can help small businesses be successful. And how are they successful? By having great employees? How do you get great employees? By making sure that you have what the employee wants. And here's an opportunity, that retirement plan is one of those big things. And that's what this bill does.

Gene Marks:

Great stuff, great stuff. All right, I'm going to let you go in a minute, but before I do, tell me about the future. We're having this conversation right now, it's the middle of July, there's a bill in the House, there's a bill in the Senate, with all of the talk about the lack of partisanship and the acromony in Washington and all of that, this is definitely one piece of legislation that has a lot of bipartisan support. So, tell me what your expectations are for when this bill becomes reality.

Rep. Randy Feenstra:

Yeah, I tell you what, this bill has a lot of legs. And it passed out of the House, the Senate has a bill. So it's just a matter of if the Senate's going to take their own bill or take this bill up. Talking with my Senate colleagues, I truly believe this is going to get passed after the summer recess. It'll probably happen late September, maybe early October before the election, but I'll tell you this, why is it going to pass? Because again, politics is everything when it comes to how to get a bill passed. This is something that both sides can go on the stump and talk about, how they're helping small businesses and how they're helping employees save for retirement. So that's why I think it's going to get passed, that's why I think it's so important. And I'm doing everything I can to make sure that it gets signed into law and that we can help our employers and employees.

Gene Marks:

Congressman Randy Feenstra represents the state of Iowa, at least the district in Iowa, which I'm not going to know... What is your district in Iowa? I'm not from Iowa.

Rep. Randy Feenstra:

It's the Fourth District. Northwest Iowa, the Fourth District. Yes.

Gene Marks:

Very good. Well, thank you very much, Congressman. It was great speaking with you. Want to wish you best of luck in Washington. Hope you enjoy the rest of the summer. And we'll look for the SECURE Act, the next version of it coming out, because I think a lot of businesses will definitely benefit. So thanks for the information you provided.

Rep. Randy Feenstra:

Yeah, sounds great, Gene, thanks so much for having me on.

Gene Marks:

So, you just heard from Congressman Feenstra, who has given us a great background of the SECURE Act 1.0, as well as an intro to the SECURE Act 2.0, and how those are designed to help small businesses and their employees with savings for their future and retirement. Now our next guest, Congresswoman Hinson, is also very involved in the SECURE Act 2.0, as well as the Main Street Tax Certainty Act. So, let's hear from her about the importance of these two pieces of legislation and how they will impact you, the business owner. Congresswoman Hinson, thank you, first of all, so much for joining us.

Rep. Ashley Hinson:

Thank you so much for having me, Gene. It's good to be with you.

Gene Marks:

It is good. And it's good to be with you. And it's great to talk about the SECURE Act version 2.0. I've been having a lot of conversations about it, not just because Paychex is an HR firm, but I've been writing about it, I've been talking to a lot of people about it. The SECURE Act itself got so little attention when it was first passed because it... Remember it passed in December of 2019 and then COVID hit and it just got passed up. So, you're involved in a new version of the SECURE Act, a 2.0 version. Can you explain to us what you're doing with that and why you sponsored this new bill?

Rep. Ashley Hinson:

Yeah. So, first of all, I think a little history is important here. My father was a financial advisor. And so I spent my childhood growing up around a money manager, literally. He gave me a ledger book when I was in sixth grade and taught me how to manage my money. So I knew money into the bank of dad, as we called it.

Gene Marks:

I have to say that is so sweet. Most fathers would give their daughters a cuddly toy or a bike or whatever, but a ledger book?

Rep. Ashley Hinson:

No, my dad gives me a bank book, right?

Gene Marks:

Right.

Rep. Ashley Hinson:

That's the house I grew up in. So, I learned very early on about, "Hey, if I'm going to give my dad this money to put in the bank, here's what my ledger looks like and what savings looks like, don't spend it all." And when you're young, of course you're like, "Great, I've got money burning a hole in my pocket, I'm going to get out there and spend." And then you don't really start thinking about it until you're working age.

Rep. Ashley Hinson:

And when I started thinking about it, I was 22 years old. I was making \$8.65 an hour. And my dad said to me, he goes, "Ashley, you need to start saving for retirement now." And here I am making \$16,000 a year as a starting-out reporter in Grand Junction, Colorado. But what I learned in that conversation was that compounding truly makes a difference, and if you want to shave years off of your work, you have to start saving early, even when you're saving a very little amount.

When I started digging into that, and I looked at, specifically, Millennials and how little they're saving, and lowans in general. There's a significant chunk of lowans who have less than \$5,000 saved for retirement. So it was my goal to make it easier to save, but to continue to put an emphasis on how important it is to save.

We're at a really tough time right now in the economy too, where people have had to dip into their emergency and their retirement savings to get by. That's where I thought this was a really good piece of policy that not only incentivizes saving for our younger people and all ages, but really gives some flexibility in that regard as well to employers. That's where I think this is such a strong piece of legislation.

Gene Marks:

It really is. The whole narrative is all about the employees, the employees, the employees. But, our audience are small business owners as well. I'm a CPA, and so many of my clients don't have retirement accounts, 401(k)s, set up. A lot of them don't even realize that the more that their employees save, the more they can save for their retirement as well. Right?

Rep. Ashley Hinson:

Absolutely. That's where the employer provisions in this bill are really critical. The 403(b) plans, I did some work on that when I was a state legislator, to help teachers have more access to 403(b)s, and now we're opening that up for people to work together, to pool plans, and find other opportunities. I just think that's a really good provision.

Also, employers can really look at matching the contributions to retirement accounts, based upon student loan payments. That's a great recruitment tool for our small businesses to be able to say, "Hey, I'm going to offer this as a benefit too." And again, when I talk about young people and the need for them saving, you can save, and you can pay off your student loans at the same time, which I know many people are facing that challenge and trying to figure out how to afford all of those things. Those are, again, some of the things that I think are really important provisions of the bill.

Gene Marks:

I agree. Congresswoman, one of the issues that I have with some of my clients... Well, I'm in the Philly area, so we have clients all up and down the Mid-Atlantic area. A lot of hourly workers are immigrants, or they're not used to putting money away for retirement. This bill is going to have an automatic enrollment function, right? Can you explain that a little bit more? And also, what would you tell your small business constituents how to explain this to their employees?

Rep. Ashley Hinson:

Yeah. Well, I still remember... I just learned about it from if you pass up this money, you're passing up free money for your retirement. That's the way I tried to look at it.

But we know that, obviously, by auto-enrolling, you're increasing participation, but we're still allowing people to opt out. So it's not a you have to do this, but we're going to opt you in, try and save some money, and then if you choose that's not right for you, that's obviously your decision. But I think this is a great way to try to encourage more people to participate in these programs. Again, that's a win-win to help really pool those savings up.

People don't realize... It's like the money that cinches off your bank account. If you put it into savings, and you don't see it, you don't even realize that it's coming off your paycheck. I think that's a really great way to explain it to people is a couple of dollars here and there. You're going to spend that on a coffee. You should be saving that for retirement, and then it'll be worth \$10 instead of two. That's where I think that, as an employer, explaining that to people about the automatic enrollment provision and how that will really just help them to save without even realizing they're doing it is a really good way to communicate that.

Gene Marks:

Great. This bill as well is providing older people to continue to put money away for a longer period of time than what they were previously allowed? Can you expand on that a little bit?

Rep. Ashley Hinson:

Yeah. Well, I think when you look at the age requirements, we've got these required minimum distributions, we've got a lot of provisions on retirees that are complicated. When we look at flexibility there, people are working longer, people are living longer. So any anything we can be doing to allow more flexibility and more options there is a priority. That's one of the provisions of this. It allows for longer saving there.

The other thing I think to mention too, you talk about missing revenue. I know when I was 22 years old, I moved from job to job, and I think it took me a year and a half to get ahold of the right people at, I think, it was Empower, and I was trying to go back to them and go, "Oh, I know I had a plan there. I don't have any of the information." The other thing that this does, when you get to be a certain age, and you thought, "Oh yeah, I did save money when I was working at this place," it has a lost and found for retirement plans provision in it as well. I think that's a really, really great tool.

Like you said, the original version that passed at the end of 2019, this looks at... And it's truly a bipartisan bill. I think that's really an important thing to mention, especially with all the drama that seems to be happening here in Washington, DC these days.

But those are just really common sense provisions to allow people again more flexibility to save money, different options to save money, different tools for the employer to help their employees save money, and tools for seniors to be able to be more flexible in the long term. I think when you look at all those provisions, no wonder it had overwhelming bipartisan support in the House.

Gene Marks:

Yeah. There's no doubt about that. We're going to get to, I want to talk about the other bill that you're introducing. But before we do, just a couple final things on the SECURE Act as well. There is more tax credits to help employers set up a 401K plan, correct?

Rep. Ashley Hinson:

Yes.

Gene Marks:

And there is a continuation of the Pooled Employer Plan provision from the original SECURE Act as well, so all of that should really reduce costs for employers. I guess the takeaway is if you're an employer, you really need to be talking to your benefits administrator or your accountant, or your attorney, whoever does that kind of stuff.

Rep. Ashley Hinson:

Yep. Absolutely. People can reach out to our office too if they have questions about it. We'd be happy to help answer or navigate, especially in Iowa. If you're an Iowa constituent of mine, please reach out to our office. We'd be happy to help navigate you through the provisions of this bill.

Gene Marks:

Great. All right. That's really good information. Just to make sure, there is bipartisan support. I know there is a similar bill that's working its way through the Senate, also with bipartisan support. Seems like a no-brainer. Is your expectation that this bill will become legislation this year?

Rep. Ashley Hinson:

Well, I hope so. You think about what we've experienced through this pandemic, and I mentioned this when we started talking about it, but it's been a really hard time. People are starting to dip into their emergency and retirement savings. This is a bill that I think sends a strong message about the prioritization of savings and making sure that you can weather, even when a really bad storm hits. I'm going to continue talking about it. I hope the Senate comes to a good agreement or just passes our version, because I think our version's really great. I would think the Senate would take something up as well, but I'm hopeful we can get this across the finish line this year.

Gene Marks:

Okay, great. Let's pivot to the Main Street Tax Certainty Act, a hot issue actually right now, because I know that, and I don't want to get into a whole... You're a politician, a lot of people yell and scream in politics. But I know that Senate Democrats are working on a bill that could potentially begin taxing some pass-through businesses that are making over a certain amount of money to fund some of the initiatives that they want to do. Your bill, though, that you've introduced, called the Main Street Tax Certainty Act wants to take the 2017 Tax Act provisions that were passed and really make them permanent, because a lot of them are going to expire in 2025. Can you talk a little bit about that?

Rep. Ashley Hinson:

Yeah. Well, I was hopeful. I was watching everything in 2017 as a state representative, because we were working on tax policy in Iowa too. I was hopeful that they would make that provision permanent, but unfortunately, they set the sunset for it at 2025.

What I have had in many, many conversations with small businesses was that we need to make it easier for small businesses and families to save for the rainy days. When you look at the amount of money that a lot of these pass-through entities have, it's reinvested in their business, it's reinvested in their employees. That's where I see what you may see on paper doesn't really reflect reality. And when I'm talking to all of our small business owners, what they want is certainty. They want that long-term certainty so they can make those investments in their businesses, which is what they want to do. They want to grow and expand their business.

Simply, what we want to do is make that permanent, that 20% pass-through tax deduction for our small businesses permanent so that they do have that long-term certainty. I've done a lot of main street tours, where I literally go walk and talk with main street businesses. I just recently completed... I do 20 county tours every quarter in my district. I've talked with dozens of small business owners about this. What they're saying is, "Hey, we have not only the uncertainty of record high inflation, but now you're saying we might not be able to invest in our businesses, because we don't know how much we're going to have to pay in taxes that the government's going to come for." So, this is about sending a clear message to our small business community and our job creators that, "Hey, we want you to be able to have that flexibility, and we want you to be able to provide for your employees. And we want you to be able to continue to invest in your business."

I'm disturbed that... I serve on the House Budget Committee and the Appropriations Committee. In the House Budget Committee, they actually put forth in the President's budget a repeal of... They would repeal a number of the provisions of the 2017 Tax Cuts and Jobs Act. It's not the right time to be raising taxes on hardworking Americans. We should stop spending money we don't have.

Rep. Ashley Hinson:

... time to be raising taxes on hardworking Americans. We should stop spending money we don't have, in my opinion.

Gene Marks:

Yeah, I couldn't agree with you more. It's funny, even before the 2017 Act, every year ... And again, I'm speaking of this as an accountant here. Every year there was the whole tax extenders circus that happened at the end of the year. Are we going to extend some of these provisions or not?

Rep. Ashley Hinson:

And the healthcare provision. Yeah, everything gets looped in at the end of the year. Yeah.

Gene Marks:

Yeah, everything gets looped in at the end of the year. And these things are really significant to a lot of small business owners, and sometimes these decisions weren't made, they would get passed literally on December 31st. Its very, very tough to plan ahead when you do that. And as we all know, I mean taxes are the number one biggest expense for most of our businesses and we should be allowed to extend that.

I'm kind of curious, there were some provisions in stimulus bills that extended certain things also to 2025. I'm thinking of the Work Opportunity Tax Credit, if you're familiar with that, and allowing businesses to deduct loan repayments, take a full deduction for it. But I'm assuming those aren't included in your bill, yours is just focused on the 2017 tax bill. Is that correct?

Rep. Ashley Hinson:

Right, that's correct. I would say that, but reach out to our office if that's a priority for you or let us know how you're utilizing those because one of the things that we have found very quickly here, policy can move at a snail's pace or it can move with such fury you don't even realize what's getting looped into these bills. So, if you care about those and you're concerned about them, please reach out to us because then we can know hey this bill, if it's flagged for us, then we can know it's something we need to go to bat for should it end up as a provision in one of these packages.

Gene Marks:

All right. I appreciate that. The Emergency Savings Account Act is something else that you are involved with. This is different than the Main Street Tax Certainty Act. Tell us about the Emergency Savings Account Act.

Rep. Ashley Hinson:

Right. Well, so I mentioned earlier we were talking about SECURE and how important it's people can save money because right now what we've seen is a lot of people dipping into those not only savings, but into their retirement accounts too, so we want to incentivize people to actually save money the good old fashioned way. So the Emergency Savings Account Act would provide individual taxpayers the ability to save \$5,000 per year by making tax free contributions to an emergency savings account. So married couples can do \$10,000, individuals \$5,000. We just want to incentivize people to be ready to weather those storms, as we said, and make sure that you have that incentive to save, whether it's for a pandemic or a family emergency. That's where we're saying, "Hey, the government doesn't need to tax that. Put money into savings and let's be better prepared."

Gene Marks:

So I got to stop you right there. So first of all, that's awesome. That has nothing to do with retirement, this is just so you can build a nest egg in case of emergencies.

Rep. Ashley Hinson:

Right.

Gene Marks:

And as far as you know, and again, if you ... It's fine, as far as... does it grow tax free or are the earnings of that taxable overtime or do you not know?

Rep. Ashley Hinson:

I'm not sure off the top of my head. I'd be happy to look into that, but I know our intent is to just simply get people to just get the initial saved money into an account.

Gene Marks:

That is absolutely huge, and there was a small business portion of this, the Small Business Emergency Savings.

Rep. Ashley Hinson:

Right.

Gene Marks:

Tell us about that.

Rep. Ashley Hinson:

Yeah, 25% of the payroll expenses tax free into an emergency savings account, so that's the Small Business Emergency Savings Account Act, and that kind of it's meant to be all of a package of how to get people again, to be better financial stewards of their money and be better prepared again, to weather these emergency situations.

Gene Marks:

So hold on for that. So say I've got a payroll of \$100,000 for my employees a year, so you're saying I could take 25% of that and ...

Rep. Ashley Hinson:

...tax free and put it in ... Yep.

Gene Marks:

And this is tax free, the savings are for the business owner or for the business owner's employees?

Rep. Ashley Hinson:

For the small business owner, so it's 25% of their payroll tax, tax free. Yeah.

Gene Marks:

That is amazing. Okay. That is amazing. Great stuff. Anything you want to add to this conversation, Congresswoman? We've talked about obviously, the SECURE Act, we have talked about the emergency savings preparedness, the Main Street Tax Certainty Act. A lot of great stuff for small businesses. Am I forgetting anything?

Rep. Ashley Hinson:

Yeah. Well, I think what these are, our common sense economic policies and that's where I've just tried to focus is on what I'm hearing from our small businesses and a strong small business economy is a strong large economy, right? Because we know our small businesses are our job creators and they're doing that every day, and so what I'm going to try to do every single step of the way is put forth these common sense proposals that can help solve these problems. Meanwhile, we're seeing this kind of other narrative where there are these tax increases threatened and regulation threatened.

I mean, that's another side that we didn't even get to today. We could probably have a whole other podcast on that, but those are the two biggest things that I hear from people back in the district is that their livelihoods are being threatened with some of the policy proposals out of President Biden, his administration. So, I'm going to do everything that I can to push back against those and make sure we're just being smart about helping people save money.

Gene Marks:

Congresswoman Ashley Hinson is a Republican Congresswoman from Iowa. Congresswoman, thank you so much for joining me. Great information. I want to wish you the best of success in your battles defending small businesses. It's very much appreciated.

Rep. Ashley Hinson:

It's a battle every day, but I'm willing to fight it, so we'll keep going.

Gene Marks:

Fair enough.

Rep. Ashley Hinson:

Thanks, Gene.

Gene Marks:

Thank you very much for joining us and you take care.

Rep. Ashley Hinson:

You too.

Gene Marks:

Do you have a topic or a guest that you would like to hear on Thrive? Please let us know. Visit payx.me/thrivetopics and send us your ideas or matters of interest. Also, if your business is looking to simplify your HR, payroll, benefits, or insurance services, see how Paychex can help. Visit the resource hub at paychex.com/worx. That's W-O-R-X. Paycheck can help manage those complexities while you focus on all the ways you want your business to thrive. I'm your host, Gene Marks, and thanks for joining us. Until next time, take care.

Announcer:

This podcast is property of Paychex, Incorporated. 2022. All rights reserved.