The small business retirement dilemma: Turning interest into action

Small business owners overwhelmingly recognize the value of retirement benefits for attracting talent, building loyalty and helping employees prepare for the future. Yet many remain stuck between good intentions and business realities, citing cost concerns, limited time and uncertainty about how to get started.

They don't need to be convinced about the idea of starting a plan – they need help understanding how to make the decision feel affordable, understandable and manageable.

A retreat in confidence — not a collapse in belief

Small business owners continue to see retirement plans as important. However, lower business optimism may make a long-term benefit feel 'desirable yet discretionary,' even among owners who intend to offer one.

Owners want to take care of their employees; however, they need their businesses to feel stable enough to make the commitment.

An employee retirement plan is important

69%

Small business owners overall

Owners offering a plan report greater business optimism

Nearly two-thirds of owners expressed optimism about their business over the next three years. Those who offered a plan (68%) were even more optimistic than those who didn't (58%).

Optimistic about the business over the next three years

63%

All owners





MOTIVATION FOR STARTING A PLAN

"You're taking care of people who are taking care of you ..."

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

Who's ready to start a retirement plan?

Ready now
47%

Within 3 years
56%

Costs are taking a toll on small business owners

For many owners, the immediate obstacle is readiness. Nearly half of owners without a plan say their business is not ready, while nearly a third say they personally are not ready. Concerns about cost, business size and unexpected expenses help explain why readiness remains difficult to assess.

Why doesn't a company offer a retirement plan?

47%
Business isn't ready

31%
Owner isn't ready

Costs are seen as a challenge for both owners who don't offer a plan and those who do. This highlights the potential need for initial and ongoing guidance and support to help owners establish and manage plans with confidence.

Barriers to offering a plan	Challenges of offering a plan
36% Expensive to set up and manage	**40%** High cost
34% Business is too small	**38%** Setup fees
28% Unexpected costs	**35%** Complexity

WHAT'S HOLDING YOU BACK?

"Cost, cost, cost. Cost of labor has dramatically increased. Insurance has dramatically increased. Rent has dramatically increased."

Financial incentives are strong motivators

Small business owners say that tax incentives and grants could help change the economics for them when it comes to establishing a plan.

Once they've cleared the cost hurdle, many owners say that the benefits of a plan outweigh the perceived difficulty of setting one up.

Likely to start a plan:

95%
with tax incentives

78%
with grants

A practical understanding of the SECURE 2.0 Act could help

More than three-quarters of all small business owners were familiar with the SECURE 2.0 Act. However, awareness is not the same as understanding. Financial professionals and retirement plan providers can help more owners by translating SECURE 2.0 into practical benefits. That includes the plan cost tax credit that reduces the amount of federal taxes a qualifiying small business may owe during each of the first three years of its first-ever retirement plan by up to $5,000 per year. In some cases, these incentives may cover the cost of startup.

Getting started might be easier than you think

Incentives may make action financially possible while a simpler-than-expected experience can help owners feel confident they made the right decision.

More than three-quarters of owners are happy to offer a retirement plan, and almost nine out of ten of them said it was easier than expected to set up a plan. Those findings reinforce the need to support owners through education to help them move forward.

76%
Happy to have a plan



88%
Easier than expected



Best things about offering a retirement plan



54%
Employee retention



49%
Improved morale



40%
Employee productivity



THE VALUE OF OFFERING A PLAN

"When I started hiring people and they saw the benefits package … I started getting some really qualified people."

Research begins online but people drive decisions

The research journey is a hybrid process. More than two-thirds of owners without a plan have already begun researching, with Google being the most useful digital resource. Financial professionals, however, are their most trusted resource.

A key to supporting owners is to connect digital discovery to an accessible, objective person who can reduce the retirement plan decision to a clear sequence and remain accountable after plan setup.



Owners who started researching a plan

Top sources of information

Most useful for business owners without a plan			**Most trusted** for all business owners		
Google	YouTube	My bank	Financial professional	Accountant	My bank
58%	**42%**	**38%**	**47%**	**37%**	**36%**

Financial professionals remain an underutilized resource

While financial professionals are the most trusted source for retirement plans, only about a third of owners who don't offer a plan currently work with one. Nearly two-thirds of owners, however, said they would like to seek a financial professional to help them start a retirement plan.

Owners who don't offer a plan
Currently work with a financial professional **34%**

Would seek a financial professional to start a plan **64%**

Where owners need help the most



Identifying the right plan

42%



Understanding costs

39%



Understanding responsibilities

36%



Determining financial impact

34%

Top features desired when starting a plan

Easy enrollment
39%

Easy setup and maintenance
38%

Trusted brand
34%

THE VALUE OF OFFERING A PLAN

"It's peanuts compared to the long-term value that you're creating with your employees."

Get retirement plan education you can trust

Start with our retirement plan quiz at capitalgroup.com/small-business to identify the options that may fit your small business. Then compare plans and prepare for a conversation with a financial professional.

Small Business America is a free educational resource designed to help small business owners move forward with confidence.



About Capital Group

For more than 95 years, we've helped hard-working Americans pursue the ability to retire with dignity. We also work closely with many small businesses. In fiscal year 2026, we engaged over 200 qualified local and small businesses as part of our commitment to responsible sourcing, helping expand opportunities for suppliers that support economic growth and vibrant communities.

Dedicated to investors

2.7 million +

plan participants count on us to pursue their retirement goals.*

A trusted recordkeeper

370,000 +

small- to mid-size businesses and their employees rely on Capital Group retirement plans.*

A top asset manager

$3 trillion +

assets under management; we're one of the world's largest investment management organizations.*

* As of 12/31/25. Participants in Capital Group 401(k), 403(b), SEP IRA and SIMPLE IRA plans. Number of businesses in proprietary recordkeeping solutions.

How the survey was conducted

Capital Group, in partnership with C&C Multicultural, conducted an online survey from March 23 to April 17, 2026, targeting 1,000 U.S. small business owners and 1,100 full-time employees aged 21 to 65. The employer sample included owners of businesses operating for 3 to 15 years, generating revenues between $250K and $100M and employing at least three full-time staff members in addition to the owner. These businesses represented a range of industries and included both those that currently offer and do not offer workplace retirement plans. The employee sample consisted of full-time workers with a mix of respondents whose employers either do not offer a retirement plan, offer a plan and the respondent is enrolled or offer a plan and the respondent is not enrolled.

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