

CAN PROFESSIONAL SERVICE PROVIDERS HELP ENCOURAGE SMALL BUSINESSES TO OFFER RETIREMENT PLANS?

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SPECIAL REPORT
APRIL 2026

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Executive Summary

The retirement plan coverage gap, which undermines the financial security of millions of U.S. workers, is driven by a lack of coverage among small employers. Despite various efforts to develop affordable and simple plans for small businesses, many small firms still overestimate the cost and administrative burden required to offer a plan, perceiving plan adoption as out of reach. This study explores whether professionals – such as accountants, lawyers, financial advisors, etc. – who provide services to small firms could bridge the information gap and help encourage more small firms to offer retirement plans. We surveyed 506 small business professional service providers, identifying misperceptions among these providers that could hinder plan adoption and strategies to encourage adoption. The providers must have at least five small business clients and be involved in helping small employers set up retirement plans.

Key insights from the survey:

- *Misperceptions about cost and administrative burden are widespread.* Many accountants, bankers, and lawyers substantially overestimate both the time and cost required to offer a retirement plan, potentially reinforcing misperceptions observed among small business owners, which could hinder plan adoption.
- *Knowledge is just a first step.* Hands-on guidance and strategic framing matter. Providers who actively guide clients through the setup process and position retirement plans as a recruitment and retention tool are significantly more likely to have a higher share of clients offering plans.
- *Service providers with higher plan adoption rates often discuss certain plan types.* Discussing Pooled Employer Plan (PEPs), Multiple Employer Plan (MEPs), solo 401(k)s, and traditional 401(k)s is positively associated with plan adoption, while an emphasis on Simplified Employee Pension Individual Retirement Arrangements (SEP IRAs) is associated with lower coverage –highlighting the importance of steering employers toward appropriate plan options.

The results suggest that improving knowledge and adeptly framing the benefits of retirement plans, as well as providing more hands-on guidance, could boost the share of small firms offering plans.

Introduction

At any given time, only about half of U.S. private sector workers participate in an employer-sponsored retirement plan – mostly because their employer doesn't offer a plan – and few workers save without one. The coverage gap, which undermines the retirement security of the nation's workers, is driven by small employers.

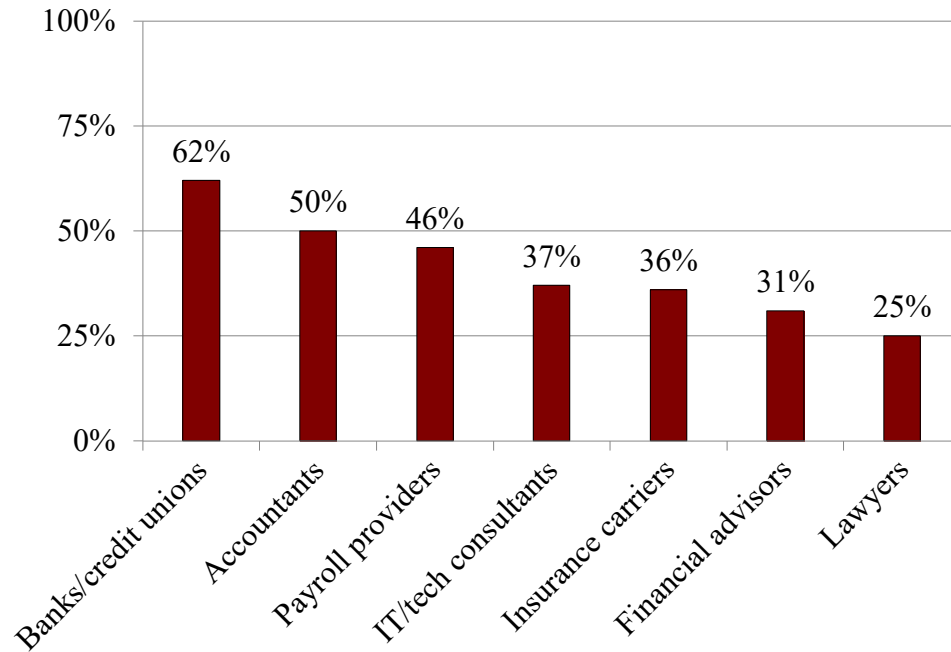
The *2023 Small Business Retirement Survey* – jointly conducted by the Center for Retirement Research at Boston College, the Employee Benefit Research Institute (EBRI), and Greenwald Research – found that many firms overestimate the financial and time costs required to offer a plan, and better awareness of lower-cost plan options and tax credits could help move the needle on the coverage gap.

However, several government agencies, such as the Department of Labor, Department of Treasury, and Small Business Administration, have conducted educational efforts to increase plan adoption with limited success.¹ One potential channel to help small employers overcome misperceptions is through professional service providers (i.e., accountants, lawyers, financial advisors, bankers, or HR consultants). According to a recent survey by Gusto, many small firms work with at least one of these providers (see Figure 1) and often build long-standing business relationships with them.²

¹ Center for Retirement Research at Boston College conversations or conference remarks by officials at various agencies.

² Dehar (2025).

Figure 1. *Percentage of Small Businesses that Work with Various Service Providers, 2024*



Source: Dehar (2025).

These professionals are often viewed as trusted and knowledgeable sources and may be able to help guide small businesses on their financial decisions.³ The purpose of this study, which is based on a new survey, is to evaluate: 1) the professionals' knowledge of the retirement plan system, costs, and options; as well as 2) strategies that have helped encourage retirement plan adoption among small firms.

The discussion proceeds as follows. The next section provides an overview of the survey participants and their characteristics. The third section examines their knowledge of the small business retirement plan ecosystem, costs, and plan options. The fourth section explores whether certain strategies are more common among service providers with clients that are more likely to have a retirement plan. The fifth section explores which resources are the most helpful for these providers. The final section concludes that improvements in knowledge, framing, and level of engagement can have a meaningful impact on expanding retirement coverage among small firms.

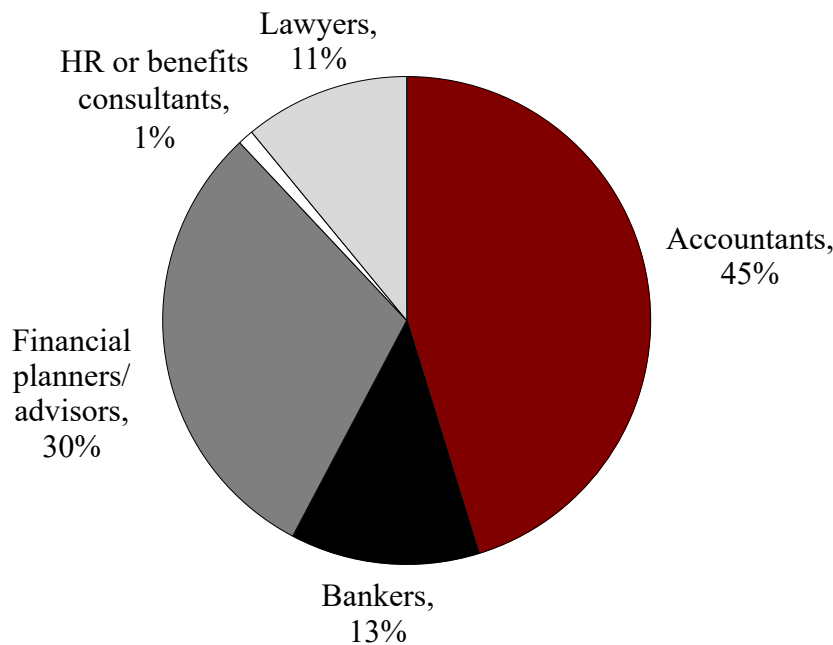
³ Gusto's survey includes non-financial service providers, such as IT consultants. Our current study focuses on service providers who might be involved in a small firm's financial decisions.

Characteristics of Professional Service Providers

The *2025 Small Business Professional Service Provider Survey* was conducted between September and October 2025 and includes 506 providers who have at least five clients that are small businesses.⁴ The survey focuses on professionals who may be involved with helping small employers set up a retirement plan.

Forty-five percent of the professionals surveyed are accountants, 30 percent are financial planners/advisors, 13 percent are bankers, 11 percent are lawyers, and the remaining small portion are HR or benefits consultants/providers (see Figure 2). While many prior surveys have examined small employer preferences and beliefs about retirement plans, this survey is one of the few that explores the role of professional service providers in plan adoption.

Figure 2. *Sample of Small Business Professional Service Providers*

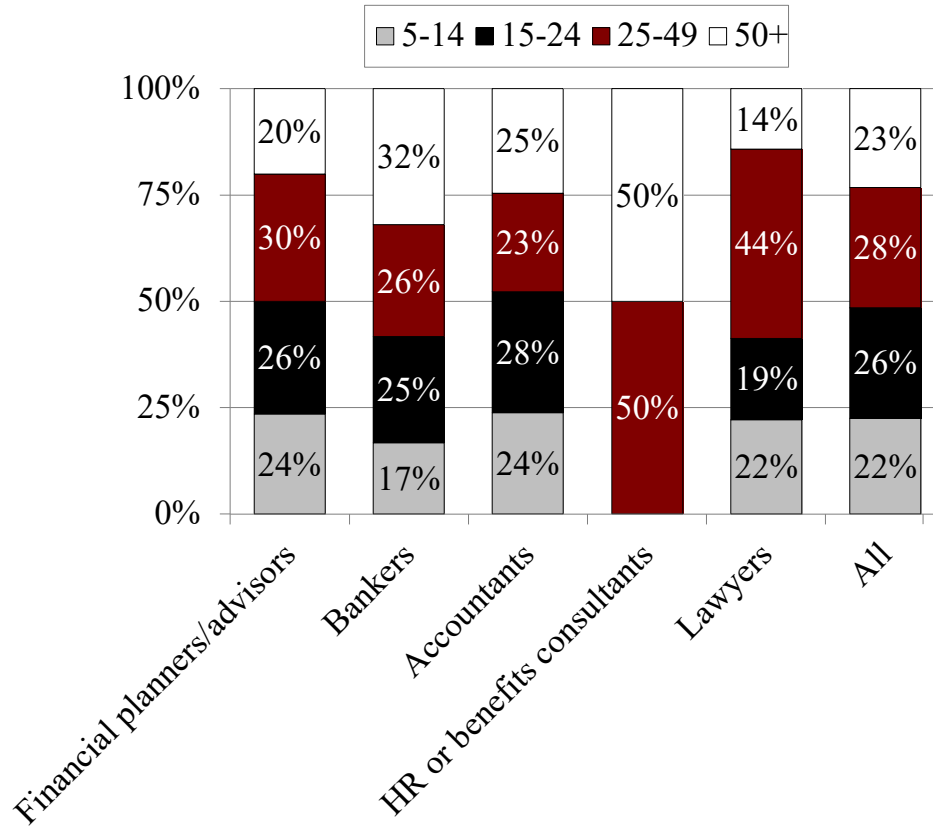


Source: *2025 Small Business Service Provider Survey*.

Except for HR consultants and benefits providers, most service providers have small business clients of various sizes. For example, firms with only 5-14 employees are almost equally represented among the client base as those with 50+ employees (see Figure 3).

⁴ Greenwald Research fielded the survey, which includes service professionals who advise small business owners, as long as they discuss small business needs rather than just their personal financial needs.

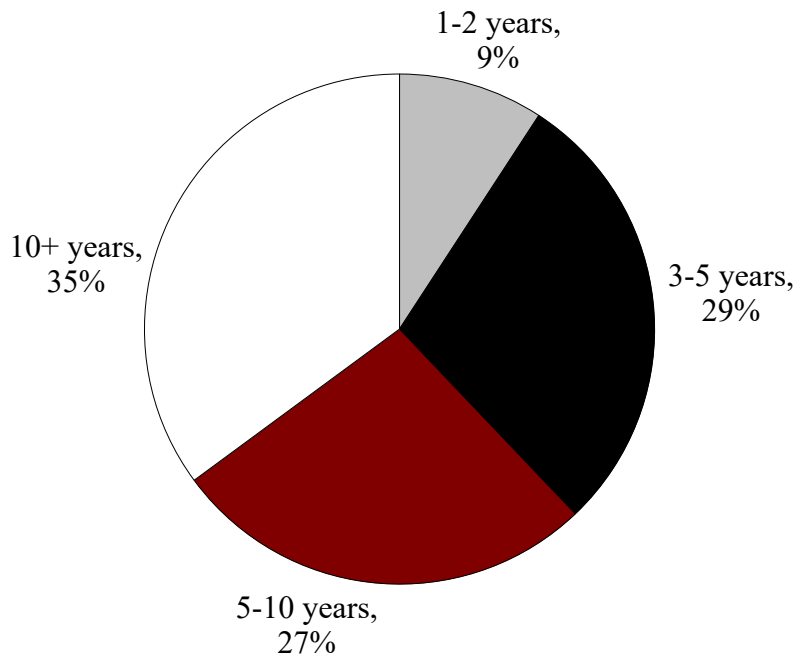
Figure 3. *Small Business Clients for Each Type of Service Provider, by Client Size*



Source: 2025 Small Business Service Provider Survey.

Over half of service providers have worked with their small business clients for an average of 5 years or more, and over a third have done so for over 10 years, indicating continued trust (see Figure 4). About 60 percent of providers work with small business clients one-on-one rather than as part of a team or some other structure.

Figure 4. *Average Number of Years Worked with Small Business Clients*



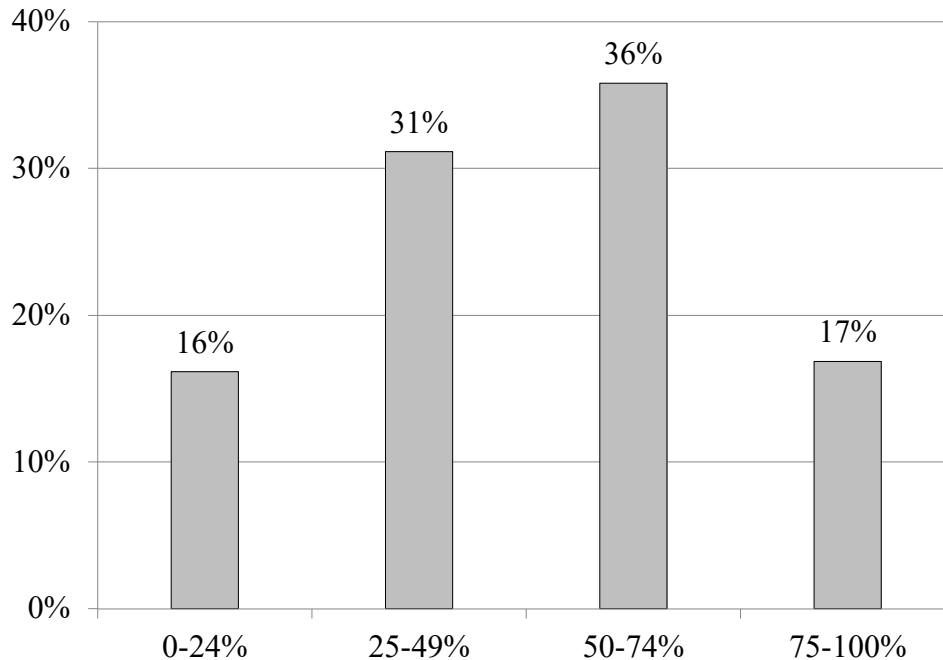
Source: 2025 Small Business Service Provider Survey.

The service providers also work with clients across various industries, and many help their small business clients with a variety of functions – from tax planning to business growth or expansion to hiring (see Tables A1 and A2 in the Appendix).

Among the service providers, the share of their small business clients that offer a retirement plan varies widely (see Figure 5). About 17 percent of providers report that virtually all of their small business clients offer a retirement plan. Another 36 percent report that between 50-75 percent have a plan, and 31 percent say that only a quarter to a half have a plan. Finally, 16 percent say that less than a quarter of the small employers they work with have a plan.⁵

⁵ Financial advisors were most likely to report that 75 percent or more of their small employer clients have a retirement plan while bankers were most likely to report that less than half of their small business clients have a plan. For a full breakdown, see Appendix Table A3.

Figure 5. *Share of Small Business Clients that Offer a Retirement Plan*



Source: 2025 Small Business Service Provider Survey.

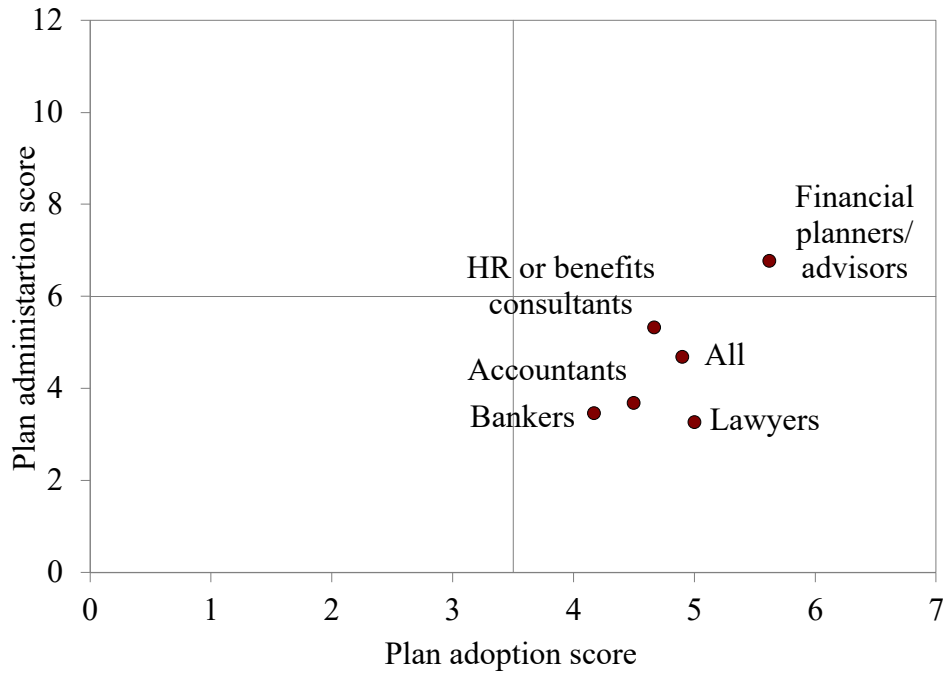
Given the wide dispersion, a key question is whether service providers with a large share of small business clients with retirement plans differ from those that do not have a large share of such clients. The next sections examine two important factors: providers' knowledge of retirement plans and the strategies they use to promote these plans to their clients.

Knowledge of Retirement Plan Adoption and Administration

Helping small businesses evaluate whether to offer a retirement plan and navigate the complexities of setup and administration requires considerable knowledge of both the retirement industry and the various plan options. While our sample of service professionals support small businesses with financial or benefits functions, many do not specialize in retirement.

We quizzed the providers on their knowledge of two broad areas related to retirement plans: 1) plan adoption (i.e., tax credits and match requirements); and 2) plan administration (i.e., the time and financial cost involved). Respondents were given a score from 1 to 7 for plan adoption knowledge (7 = the highest) and 1 to 12 for plan administration knowledge. The average scores, by service professional type, are shown in Figure 6.

Figure 6. *Average Plan Adoption and Administration Knowledge*



Source: 2025 Small Business Service Provider Survey.

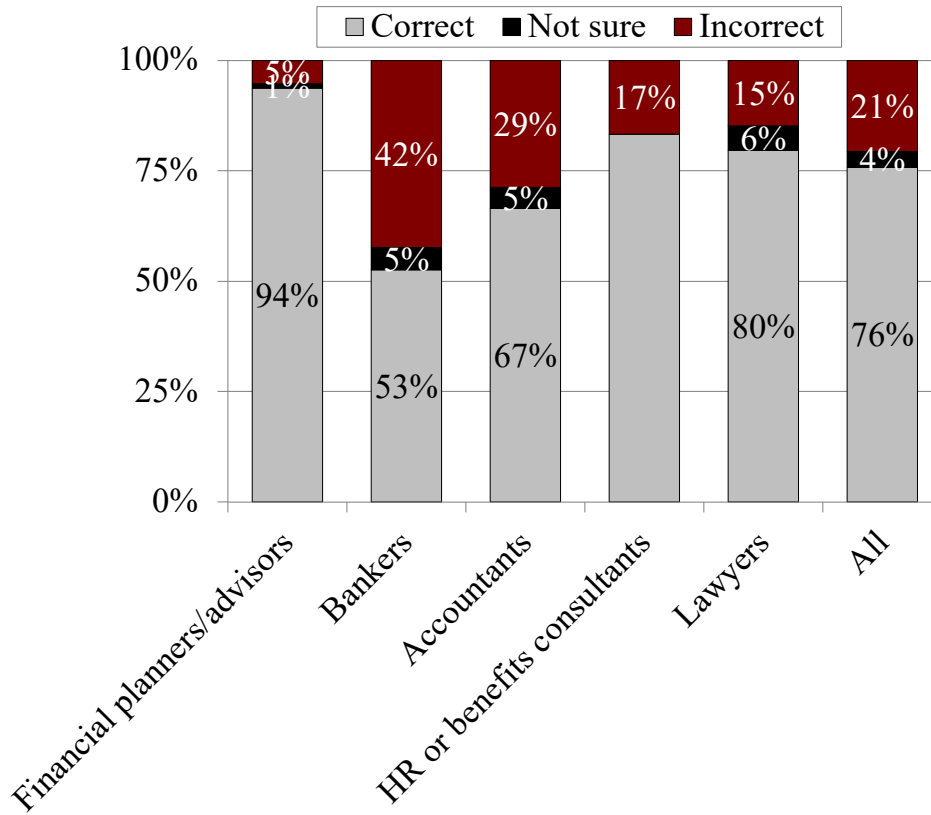
While most service providers are fairly knowledgeable about plan adoption, only financial planners/advisors, on average, got more than half of the plan administration questions correct. One reason that this group tends to score higher may be that a larger share of their clients are small businesses.⁶

Among the plan administration topics, respondents were most likely to miss the question on investment selection. About 35 percent of service providers thought that an employer must always select and manage the investments in a plan lineup. In reality, employers generally never have to manage the investments, and many plans offer a pre-set lineup of investment options. Bankers and accountants were the most likely to get the plan adoption questions wrong. Over half of bankers and two-fifths of accountants believed, incorrectly, that small employers had to take on all the work of managing investments for a retirement plan. And while most other service providers knew that employers can sponsor a retirement plan without offering a match, 42

⁶ Financial planners and advisors typically do not work with large corporations, although they could work with a business owner of a larger firm. As a result, almost 90 percent of the planners/advisors surveyed said that the overwhelming majority (>75 percent) of their clients are small businesses or their owners – compared to only 55 percent among bankers, the group that scored the lowest on most of the retirement knowledge questions.

percent of bankers and 29 percent of accountants thought that matches are required (see Figure 7).

Figure 7. Responses to “Employers Have to Provide Matching Contributions If They Start a Retirement Plan.”



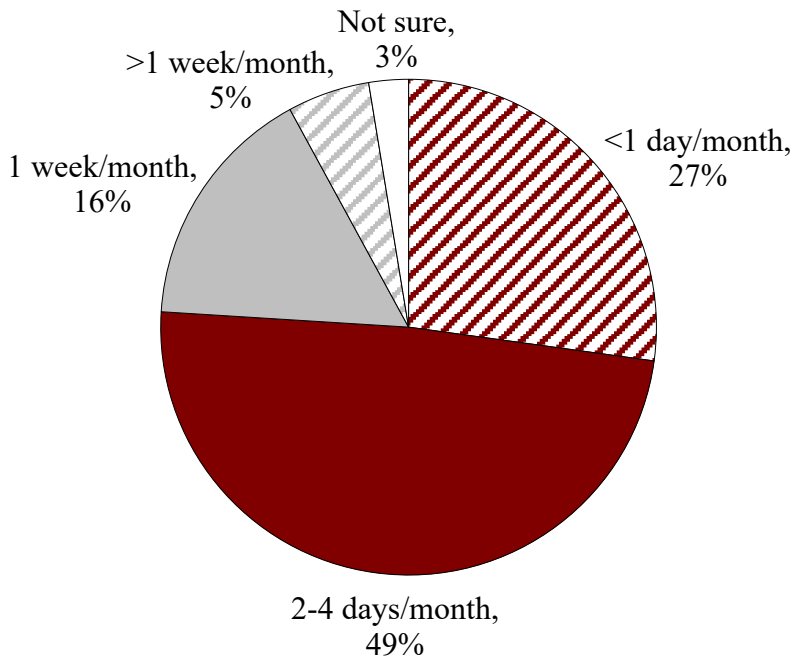
Source: 2025 Small Business Service Provider Survey.

Strikingly, 25 percent of bankers and 20 percent of accountants thought that only businesses with more than 50 employees could even offer a retirement plan.

Perhaps what is more concerning are the broader misperceptions about how much time and money it would cost for small businesses to offer a plan. Over half of service providers thought that, after a retirement plan has been set up, it would still take several days to a whole week every month to manage a plan (see Figure 8). In reality, managing a retirement plan should only take a few hours a year after it is initially set up.⁷

⁷ Droblynn (2023).

Figure 8. *Time Estimates for Monthly Retirement Plan Administration*



Source: 2025 Small Business Service Provider Survey.

Not only do most service providers overestimate the time it takes to administer a plan, but many also overestimate the cost of offering a plan. Several 401(k) providers show options where annual employer costs would be less than \$2,000 for a firm with 5 employees and less than \$3,000 for a firm with 25 employees.⁸ These costs are also before any tax credits. Fortunately, financial planners/advisors and HR and benefits consultants were better informed about the costs of setting up the plan. But, at least 60 percent of the accountants, bankers, and lawyers surveyed believe providing a retirement plan would cost more than \$5,000 per year for a firm with 5 employees, and at least 40 percent believed that it would cost over \$10,000 for a firm with 25 employees (see Table 1).

⁸ For example, a Guideline 401(k) can be as low as \$708/year for 5 employees and \$1,668/year for 25 employees. Similarly, Human Capital offers 401(k)s for \$1,740/year and \$2,940/year, respectively. These costs exclude any tax credits.

Table 1. *Estimates for Annual Cost of Offering a Plan, by Employer Size and Professional Type*

	Financial planners/ advisors	Bankers	Accountants	HR or benefits consultants	Lawyers	All
5 employees						
Under \$5,000	87%	36%	35%	100%	22%	52%
\$5,000-\$10,000	10	39	36	0	46	28
\$10,001-\$20,000	1	14	19	0	20	12
More than \$20,000	1	7	4	0	7	3
Not sure	1	5	5	0	4	4
25 employees						
Under \$10,000	90%	59%	48%	100%	35%	63%
\$10,001-\$20,000	8	17	32	0	33	22
More than \$20,000	1	20	16	0	22	12
Not sure	1	3	4	0	9	3

Source: 2025 Small Business Service Provider Survey.

One reason for the high-cost estimates may be that the service providers mistakenly assume that small employers have to provide safe-harbor plans, which require employers to provide a matching contribution that is immediately fully vested. However, common small employer retirement plans – such as starter 401(k)s, SEP or SIMPLE IRAs, and even PEPs – are not safe-harbor plans.⁹

These time and cost misperceptions among service professionals can really hinder small businesses from starting a retirement plan. These results suggest not only that small employers could benefit from better information on retirement plan options, but so could many of their service providers – particularly bankers, accountants, and lawyers.

Strategies that Encourage Retirement Plan Adoption

While correcting these misperceptions is an important step in helping more small businesses offer retirement plans, it is only one part of the equation. Table 2 compares the

⁹ Even for safe-harbor plans, the cost for providing 5 employees with a 401(k) is roughly \$10,000 before any tax credits and under \$4,000 after tax credits. The cost for 25 employees is about \$45,000 before tax credits and \$19,000 after tax credits. These estimates assume average employee salaries of \$60,000, average employee contributions of 3 percent with a 100-percent employer match, and a 100-percent participation rate. Given these unrealistically generous assumptions, about 20 percent of bankers and accountants and 30 percent of lawyers still overestimated the cost or responded “don’t know.”

average plan adoption and plan administration knowledge scores. Providers need to get at least half of the questions correct to be classified as having high knowledge. To have a high score in both, they need to score at least 4/7 for plan adoption and 6/12 for plan administration. The knowledge scores were not substantially higher among providers whose clients were more likely to have a retirement plan.

Table 2. *Plan Adoption and Plan Administration Knowledge Score, by Share of Clients with a Retirement Plan*

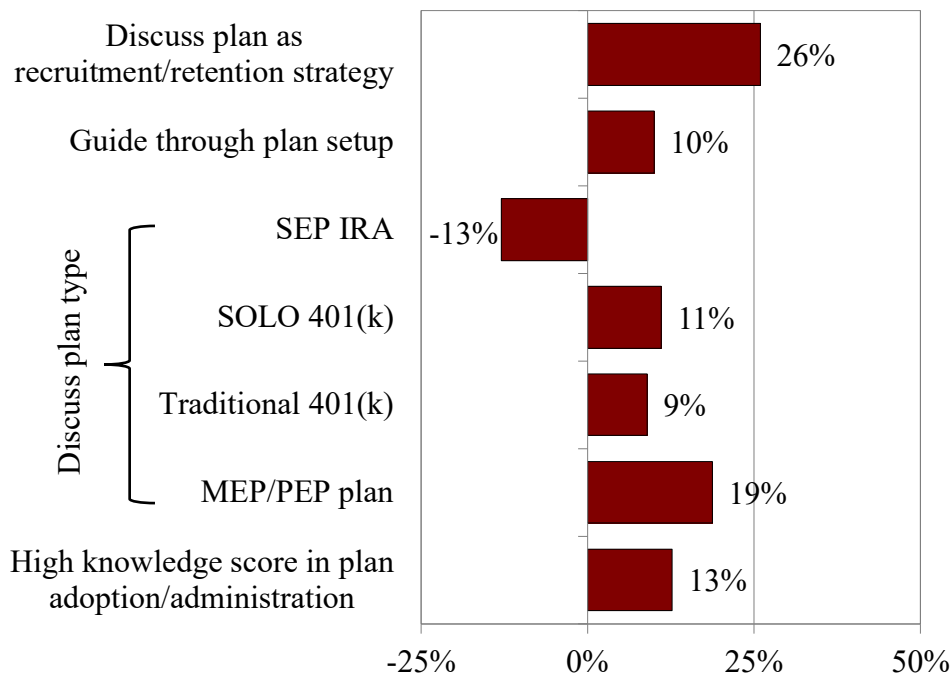
Share of small business clients with a retirement plan	Average plan adoption score (out of 7)	Average plan administration score (out of 12)	Percent with a high score in both
<50%	4.7	4.4	45%
>50%	5.0	4.9	45

Source: 2025 Small Business Service Provider Survey.

Service providers with a higher share of clients with retirement plans may use different strategies – such as offering more guidance or framing retirement plans as a hiring solution – that are successful in encouraging clients to offer a plan, despite having similar knowledge scores. Using a simple linear regression, we examine whether specific strategies are associated with higher plan adoption, while controlling for retirement plan knowledge. To isolate the impact of these specific strategies, we also control for other factors that might be linked to higher adoption rates, such as years of experience, having more small business clients, and being more likely to have clients in industries with higher retirement plan coverage (i.e., professional, technical, and scientific services). The factors that are statistically significant are highlighted in Figure 9.¹⁰

¹⁰ For the full regression with all the controls, see Table A4 in the Appendix.

Figure 9. *Strategies that Influence Share of Small Employers with a Retirement Plan*



Notes: Other strategies examined had no statistically significant association with higher retirement plan adoption, include providing educational materials, inviting them to attend a seminar, or helping clients evaluate options. Other discussion times that also had no statistically significant association include discussing only when the client asks, during succession planning, during tax season, and when the business grows. Other controls include years of experience, share of small business clients, and small business client industry. See Appendix Table A4 for the full set of factors examined.

Source: Center for Retirement Research at Boston College’s calculations using 2025 *Small Business Service Provider Survey*.

The results show that the most important factor is how retirement plans are framed. Professional service providers that discuss retirement plans as a strategy for employee retention or recruitment are much more likely to have a high share of clients with a plan. Those who adopt a very hands-on approach and guide their clients through the entire process of plan setup tend to have more clients with a plan. Interestingly, successful service providers also tend to discuss certain types of plans with their clients (and not discuss others). Discussing MEP/PEP plans or solo 401(k)s is associated with higher plan adoption rates. But those who talk about SEP IRAs are much less likely to have a lot of clients with retirement plans. Reassuringly, after controlling for experience level, client industry, and number of small business clients, those with higher knowledge scores are also more likely to have a higher share of clients with a retirement plan – showing that knowing the ins and outs of the retirement industry does matter.

These results show that a high level of guidance, framing a retirement plan as a recruitment and retention tool, and focusing on certain types of plans may help encourage small employers to offer a retirement plan. Additionally, improving knowledge of plan adoption and plan administration cost details among these service providers can also help.

Preferred Resources for Learning and Staying Informed

What are the best channels to help improve knowledge of retirement plans and costs, as well as encourage the use of more effective strategies among professional service providers? The type of resource that would be most helpful varies by type of provider (see Table 3). Most providers find their professional network to be the most helpful, but it is not clear how knowledgeable those in their networks are. Relying mainly on their network for information poses a risk that the information may be outdated.

Table 3. *Most Helpful Resource for Learning or Staying Informed about Small Business Retirement Plans*

Accountants	Bankers	Financial planners/advisors	HR or benefits consultants	Lawyers
Continuing ed	In-person events	In-person events	Continuing ed	
Info from plan provider or recordkeeper	Info from Dept. of Labor	Continuing ed	Info from Dept. of Labor	In-person events
Professional network	Info from plan provider or recordkeeper	Professional network	Professional network	Professional network

Source: 2025 Small Business Service Provider Survey.

The differing preferences highlight the need to correct misperceptions and disseminate better information across multiple channels.

Actionable next steps

- Target service providers – particularly accountants, bankers, and lawyers – through professional associations, government educational programs, and continuing education.
- Provide clearer guidance on the availability of low-cost and low-burden plan options.

- Emphasize the importance of hands-on guidance.
- Develop messaging that frames retirement plans as a recruitment and retention tool.
- Highlight specific plans – such as PEPs or solo 401(k)s, or traditional 401(k)s – that would be most beneficial for different small business needs.

Conclusion

Professional service providers for small employers are trusted partners in key business decisions and have the potential to play a meaningful role in closing the retirement coverage gap. Yet, many may unintentionally reinforce the same misperceptions about administrative burden and plan costs that deter employers from offering a plan. Improving service providers' knowledge – particularly accountants, bankers, and lawyers – of the many plan options that limit employer costs and responsibilities could help close the small business coverage gap.

However, improving knowledge is just the first step. What distinguished the providers with a higher retirement plan adoption rate among their clients were two strategies: 1) they took a hands-on approach and guided their clients through the process of setting up a plan; and 2) they framed these plans as a tool for attracting and retaining employees. Successful service providers also tended to steer their clients toward certain plans, such as PEPs, solo 401(k)s, and traditional 401(k)s, while directing them away from SEP IRAs. Helping clients understand what types of plans may best fit their needs can offer the clarity needed to navigate the many decisions involved in plan adoption.

The results suggest that improving knowledge and shifts in framing, as well as more involved guidance, can meaningfully influence whether a small business offers a retirement plan. Targeted education through preferred channels could help transform professional service providers into effective intermediaries, helping small employers expand retirement coverage for millions of workers.

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Appendix

Table A1. *Share of Professionals with Small Business Clients in Each Industry*

	Accountants	Bankers	Financial planners/ advisors	HR or benefits consultants	Lawyers	All
Professional, technical, and scientific services	49%	27%	75%	83%	54%	56%
Manufacturing	27	33	56	83	28	39
Retail trade	41	42	46	33	43	43
Construction	38	38	63	67	37	47
finance, insurance and real estate	51	60	52	50	44	52
Transportation and warehousing	25	20	29	50	17	25
Utilities and mining	11	22	9	0	2	10
Agriculture, forestry, fishing or mining	14	17	13	17	15	14
Public administration	13	10	6	0	13	10
Wholesale trade	23	30	28	17	20	25
Healthcare and social assistance	27	30	44	33	13	32
Arts, entertainment, recreation, and information	20	12	21	17	15	19
Accommodation and food services	30	35	26	17	28	29
Other	2	0	4	0	0	2

Source: 2025 Small Business Service Provider Survey.

Table A2. *Share of Professional Service Providers that Offer Various Advisory Functions*

	Accountants	Bankers	Financial planners/ advisors	HR or benefits consultants	Lawyers	Total
Tax planning and deductions	73%	45%	52%	17%	57%	60%
Business growth or expansion	61	73	26	0	65	50
Employee management or hiring	36	40	11	50	44	29
Succession planning or exit	29	27	62	50	56	43
Financial or investment planning	78	90	99	50	63	85
Other	2	0	5	17	7	4

Source: 2025 Small Business Service Provider Survey.

Table A3. *Share of Small Business Clients with a Retirement Plan*

	Accountants	Bankers	Financial planners/ advisors	HR or benefits consultants	Lawyers	Total
0-24%	22%	11%	10%	0%	16%	16%
25-49%	31	50	22	33	35	31
50-74%	37	33	33	50	41	36
75-100%	10	6	35	17	8	17

Source: 2025 Small Business Service Provider Survey.

Table A4. OLS Regression of Strategies that Influence Share of Small Employers with a Retirement Plan

	50% + small business clients have a retirement plan
<i>Experience (base = less than 3 years)</i>	
3-5 years	-0.0139 (-0.13)
5-10 years	0.0744 (0.70)
10+ years	0.0577 (0.55)
<i>Share of clients with <100 employees (base = 1-14%)</i>	
15-24%	-0.0909 (-1.37)
25-49%	-0.0716 (-1.13)
50% +	-0.0656 (-0.97)
<i>Guidance for plan set-up (base = no guidance)</i>	
Provide educational materials	0.0248 (0.48)
Help them evaluate and select options	-0.0291 (-0.44)
Invite them to attend a seminar/webinar	0.0481 (0.98)
Guide them through the entire process of setting up a plan	0.103* (1.66)
<i>Discussion time (base = other timing)</i>	
Only when client asks	0.0611 (0.32)
As part of an employee recruitment or retention discussion	0.257* (1.67)
During succession or exit planning	0.0490 (0.29)
During tax or financial planning conversations	0.0989 (0.66)
When their business grows in size and profitability	0.125 (0.80)
<i>Types of plans discussed</i>	
SEP IRA	-0.134** (-2.58)
SIMPLE IRA	-0.0391 (-0.79)

SOLO 401(k)	0.111** (2.36)
Traditional 401(k)	0.0907* (1.49)
Roth 401(k)	-0.00372 (-0.08)
MEP/PEP plan	0.188*** (2.90)
State-sponsored plans	-0.0114 (-0.15)
Other	0.0477 (0.41)
Never a specific type of plan	-0.0328 (-0.14)
High score in both plan adoption and plan administration knowledge	0.127** (2.53)
<i>Industries with SB clients</i>	
Professional, technical, and scientific services	-0.0252 (-0.53)
Finance, insurance and real estate	0.0349 (0.77)
Retail trade	0.00426 (0.09)
Construction	-0.0588 (-1.26)
Utilities and mining	0.0546 (0.80)
Other	-0.284* (-1.91)
Constant	0.104 (0.44)
N	506

Notes: *** indicates significance at the 1-percent level, ** at the 5-percent level, * at the 10-percent level.

Source: Center for Retirement Research at Boston College's calculations using 2025 *Small Business Service Provider Survey*.