

# Leveraging Employee Retirement Plan Solutions

## What Is a Cash Balance Plan?

A cash balance plan is a defined benefit plan with a hybrid structure that combines features of both defined contribution and traditional defined benefit pension plans.

## Why a Cash Balance Plan?

Plan features afford the employer maximum flexibility to meet both cost and benefit objectives. Select employees can be favored and costs for rank-and-file employees can be controlled.

## 401(k), Profit Sharing, and Cash Balance Plan Combined

Age	401(k)	401(k) With Profit Sharing*	Cash Balance	Total	Tax Savings**
<b>Above 65</b>	\$26,000	\$64,500	\$284,000+	<b>\$348,500+</b>	<b>\$139,400+</b>
65	\$26,000	\$64,500	\$271,000	<b>\$335,500</b>	<b>\$134,200</b>
60	\$26,000	\$64,500	\$265,000	<b>\$329,500</b>	<b>\$131,800</b>
55	\$26,000	\$64,500	\$209,000	<b>\$273,500</b>	<b>\$109,400</b>
50	\$26,000	\$64,500	\$158,000	<b>\$222,500</b>	<b>\$89,000</b>
45	\$19,500	\$58,000	\$123,000	<b>\$181,000</b>	<b>\$72,400</b>
40	\$19,500	\$58,000	\$95,000	<b>\$153,000</b>	<b>\$61,200</b>
35	\$19,500	\$58,000	\$74,000	<b>\$132,000</b>	<b>\$52,800</b>
<b>Under 35</b>	\$19,500	\$58,000	\$71,000	<b>Up to \$129,000</b>	<b>Up to \$51,600</b>

\*401(k): \$19,500, \$6,500 catch-up (Age 50+), \$38,500 Profit Sharing

\*\*Assuming 40% tax rate. Varies by state. Taxes are deferred. For illustration purposes only.



## Is a Cash Balance Plan Suitable for Your Business?

- Are you interested in increasing your own retirement plan contributions compared to your employees?
- Does your business have stable profitability and cash flow?
- Do you want to reduce taxes?

## A Combination 401(k)/ Profit Sharing/ Cash Balance Plan

Last Name	Age	Earnings	Cash Balance	401(k) Deferral	Profit Sharing	Total Amount	% of total
Owner	69	\$290,000	\$327,612	\$26,000	\$14,500	\$368,112	96.74%
Family 1	27	\$28,324	\$1,416	\$0	\$566	\$1,983	0.52%
Family 2	29	\$18,196	\$910	\$0	\$364	\$1,274	0.33%
Employee 1	65	\$59,156	\$592	\$0	\$4,236	\$4,827	1.27%
Employee 1	26	\$24,642	\$246	\$0	\$1,764	\$2,011	0.53%
Employee 3	31	\$28,271	\$283	\$0	\$2,024	\$2,307	0.61%
<b>Total</b>		<b>\$448,589</b>	<b>\$331,059</b>	<b>\$26,000</b>	<b>\$23,454</b>	<b>\$380,514</b>	<b>100.00%</b>

<b>% for Owner Family</b>	<b>97.59%</b>
---------------------------	---------------

