

WHO SHOULD CONSIDER THIS PLAN?

Partners or owners who desire to contribute more than \$53,000 per year to their retirement account.

Companies already contributing 3-4% to employees or at least willing to do so.

Partners or owners over 40 years of age who desire to “catch-up” or accelerate their pension savings.

ADVANTAGES

- Larger tax-deductible contributions may be made compared to those permitted by defined contribution plans.
- Retirement savings may be accelerated for owners and targeted employees.
- Funding costs are more easily understood and planned by the plan sponsor.
- Plan design can favor owners and/or key employees to the extent they are older than staff.
- Tiered benefits levels are especially attractive for partnership and professional groups with varying levels of ownership and compensation among owners.
- May limit the number of employees covers as long as each participant is provided a meaningful benefit.

QUICK TEST

- Are you and other preferred participants at least 40 years of age?
- Is your income or profitability stable or predictable?
- Can you make a commitment to increased savings for the foreseeable future?



Cash Balance DB + 401(k)

Turbo charge your 401(k) by adding a Cash Balance Pension. Annual contributions for owners can exceed \$200,000 each.

How it works

A Cash Balance plan is a defined benefit plan that specifies both the contribution to be credited to each participant and the investment earnings to be credited based on those contributions. Each participant has an account that resembles those in a 401(k) or profit sharing plan. Those accounts are maintained by the plan actuary who generates annual participant statements.

Participant accounts grow annually in two ways:

- The company contribution – a percentage of pay or a flat dollar amount – is determined by a formula specified in the plan document, and;
- An annual interest credit. The rate of return is guaranteed and is independent of the plan's investment performance. That rate changes each year but usually is equal to the yield on 30-year Treasury bonds which have hovered around 5% in recent years.

Example

Results: Company contributions for owners total \$353,050 while contributions to other employees total \$33,000 (92% to owners). When combined with their deferrals, the owners set aside a total of \$399,050.

	Age	Compensation	Deferrals	Employer Contributions
Owner A	55	\$245,000	\$24,000	\$213,104
Owner B	50	\$245,000	\$24,000	\$213,104
8 Employees		\$330,000		\$ 33,000
Total Company Contributions:				\$459,208
Total Percentage to Owners:				\$426,208/ 93%

Start Today - Free Proposal

To find out if a Cash Balance plan is right for you or your client, contact us. In one easy step, Crown will run a contribution illustration at no cost or obligation. **Call Today (310) 665-0578.**

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