Advisor Connect | Cash Balance

MAKING IT ACTIONABLE

Most people can contribute to their 401(k) without worrying about exceeding the annual contribution limit.

In a Traditional 401(k)

Age	Annual Contribution Limit
Under 50	$19,500 / year
50 and Older	$26,500 / year

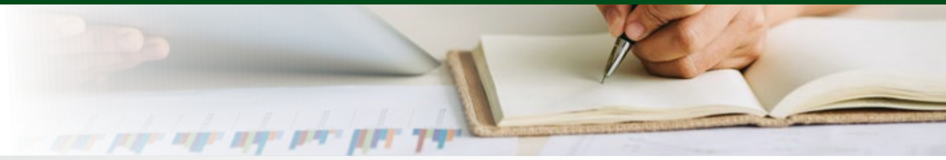
A small but important segment of the population, however, has the ability to contribute much more to their retirement account. A profit-sharing plan combined with a 401(k) raises the saving limit to $63,500 per year. For business owners looking to save more on taxes or put more into a retirement account, a Cash Balance plan may be the right choice. It offers the opportunity to contribute significantly more to your retirement account each year.

ACTIONS TO TAKE NOW

Make sure you're familiar with Cash Balance plan designs: their advantages and their disadvantages. Like many plan designs, Cash Balance plans have their own jargon and complexities that sometimes get in the way. That alone may present a real competitive opportunity for you as an advisor, since some of your peers may not make the effort to include this important plan design in their repertoire.

Advantages

> Business owners can take advantage of a Cash Balance plan to quickly make up a retirement shortfall in a tax-efficient way.



In a Cash Balance plan

Age	Annual Contribution Limit*
50	$162,000+
60	$266,000+

** The actual amount depends on your income and age.*

You can also pair a Cash Balance plan with a traditional 401(k) to reward key executives and provide even more plan design flexibility.

Disadvantages

These plans can be especially helpful if clients are close to retirement age, but they're not for everyone. Cash Balance plans are a hybrid between Defined Benefit plans and Defined Contribution plans—that means they require mandatory annual contributions. As a result, this plan design tends to favor businesses with an income that is both substantial and predictable from year to year.

Let's chat about clients who may benefit most.