

MAKING IT ACTIONABLE

While many of your clients and prospects will do just fine with a traditional 401(k), high-earning, small business owners might find a Defined Benefit plan to be the optimal retirement savings vehicle. Here's how to identify clients and prospects who may be good candidates for Defined Benefit plans along with ways to help them quickly understand their value.

1 Two questions to determine a possible fit:

Has the business matured or is it more focused on growth?

Businesses with steady cash flow will have the ability to make required annual contributions well beyond the \$60,000 a 401(k) with a profit sharing plan allow. Companies still using their excess profits to fuel growth may want to evaluate other retirement plan options.

Are the owners or key employees nearing retirement age?

Defined Benefit plans allow companies to contribute additional dollars to older individuals, making it possible to help owners who spent years building their enterprise quickly make up for lost time saving for their retirement.

2 Keep it simple:

At their core, Defined Benefit plans offer a stated benefit at retirement that can remove some of the uncertainty involved in retirement planning as compared to Defined Contribution plans that fluctuate in value based on the accumulation of investments and earnings.

While there may be fewer DB plans than was once the case, they remain a contemporary choice for consultants seeking to help small business owners build a secure retirement. We can help you identify clients who may be a good fit for a Defined Benefit plan. Give us a call to get started.

Advisor Connect | DB Plans Are Alive and Well

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