erp | Retirement Services

401(k) PLANS
DEFINED CONTRIBUTION PLANS
CASH BALANCE/DEFINED BENEFIT PLANS

CASH BALANCE PLANS:
A COST-EFFECTIVE SOLUTION FOR GREATER TAX & RETIREMENT SAVINGS

THE POWER OF TAX-DEFERRED GROWTH = INCREASED SAVINGS
Faced with consistently rising federal taxes and retirement ready shortfalls, many business owners/professionals are now looking for ways in which they can save taxes and build retirement wealth. To achieve this, they may want to defer more than the maximum contribution of $61,000 in their 401(k) Plan, but are not aware that they can. A **Cash Balance Plan** may be the single, best solution available. Utilizing the power of tax-deferred growth, a **Cash Balance Plan** can not only help reduce the consequences of tax increases, but it can enable business owners to actually save taxes, increase their retirement savings and fully achieve their retirement goals.

RETIREMENT READINESS
A **Cash Balance Plan** provides:
- Significantly higher tax deferred contributions (as much as **$350,000*** annually —far greater than the **$61,000*** limit for a 401(k) Defined Contribution Plan alone) and all of the contributions to the plan are tax deductible to the business
- Acceleration of retirement savings
- Portable dollars in the event of a change in job or termination
- More flexibility than a Defined Benefit Plan
- Many distribution options upon retirement including a lump sum payout or rollover to an IRA

WHO IS A GOOD FIT FOR A CASH BALANCE PLAN?
An ideal candidate for a **Cash Balance Plan** includes:
- Business owners or partners who are over the age of 45 and want to “catch up” on their pension savings
- Business owners or partners, earning more than $305,000 per year, who would like to contribute (and deduct) more than $61,000 and who employ younger, lower-paid employees
- Organizations that already contribute 3-6% or more to employees or that are willing to do so
- Companies that anticipate consistent profits for the next 3-5 years

To take full advantage of the tax and retirement savings that a **Cash Balance Plan** can provide for 2022, the plan must be established before **December 31, 2022** (the plan can be funded when the tax return is due).

THE ERP SOLUTION
ERP Retirement Services’ corporate mission is to help businesses save money and accumulate retirement wealth with a qualified retirement plan solution. Known and respected as an industry leader, ERP effectively delivers superior, customized retirement plan designs, compliant plan administration and experienced actuarial and retirement plan services that reduce plan costs and increase savings. Our team of credentialed pension professionals is committed to providing timely information and proactive solutions to help business owners save money through their 401(k) and other qualified retirement plans.

2022 Combined 401(K)/Cash Balance Contribution Limits[1]

Age	Max Contribution ($)
26 - 32	115,000
33	119,000
34	124,000
35	128,000
36	133,000
37	138,000
38	143,000
39	149,000
40	155,000
41	161,000
42	168,000
43	176,000
44	183,000
45	191,000
46	199,000
47	208,000
48	217,000
49	226,000
50	243,000
51	253,000
52	265,000
53	277,000
54	289,000
55	302,000
56	316,000
57	331,000
58 - 63	343,000 +
64 +	360,000 +

**The maximum contribution is indexed for inflation and usually increases annually.*
[1] Subject to the compensation amount of the individual.
Please note that a Cash Balance Plan may not be a good option for every company as it requires contributions to employees which can be substantial and unlike a DC Plan, there are required annual minimum contributions.