



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 \$66,000 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 **\$400,000*** annually —far greater than the **\$69,000*** 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 \$345,000 per year, who would like to contribute (and deduct) more than \$69,000 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 2024, the plan must be established before **December 31, 2024** (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.

2024 Combined 401(K)/Cash Balance Contribution Limits ¹	
Age	Max Contribution (\$)
28 - 33	129,000
34	130,000
35	134,000
36	139,000
37	145,000
38	150,000
39	156,000
40	162,000
41	169,000
42	175,000
43	183,000
44	190,000
45	198,000
46	207,000
47	216,000
48	225,000
49	235,000
50	253,000
51	264,000
52	276,000
53	288,000
54	301,000
55	315,000
56	329,000
57	344,000
58	361,000
59 - 63	375,000 +
64 +	400,000 +

*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.