



Cash Balance Retirement Plans

Supercharge Your Retirement and Increase Tax Deductions
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What is a Cash Balance Plan?

A Cash Balance plan ("CB plan") is considered an employer-sponsored hybrid defined benefit pension plan ("DB plan"). While a traditional DB plan provides a monthly benefit at retirement, the CB plan allows an employer to guarantee a specific benefit for the plan participants with a fixed annual contribution by the employer. Plan contributions provide dollar-for-dollar tax deductions in the tax year that they are made so business owners can save thousands and in some cases even hundreds of thousands in taxes.

Who Needs a Cash Balance Plan?

CB Plans work best for professional firms such as attorneys, medical practices, CPAs, and small business owners who want to reduce tax liabilities and increase their retirement savings.

Can I have both a DB Plan and a 401(k) DC Plan?

Yes, in fact, the use of a 401(k)/Profit Sharing Plan in addition to the CB plan will allow for greater tax deferral and deductions for the targeted group at a lower total cost. The reason is that benefits provided to Non-Highly Compensated Employees ("NHCE's") can be done more efficiently in the Profit Sharing Plan to allow the combined plans to pass the necessary nondiscrimination tests.

Are there limits on the Interest Crediting Rate?

While you choose a fixed or variable Interest Crediting Rate, it must not exceed a "market rate of return." Additionally, as this is a DB plan, interest credits must always be positive.

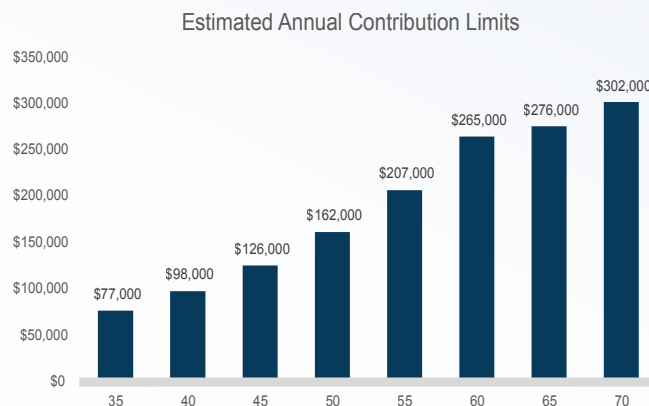
How does it work?

A CB Plan will provide each participant a "pay credit" to a specified account which also receives an "interest credit." The pay credit is usually some % of pay or dollar amount & can vary by participant or group (i.e. 25% of pay to the owners & 3% of pay to others). A Third Party Administrator ("TPA") or actuary, will design the plan which can (and typically does) include both a CB plan and 401(k)/profit sharing plan. Each year, the business would submit the pay credit plus the interest credit to each participant's CB account.

Before establishing the account, you would work with your Financial Advisors to open a pooled investment account. Your Financial Advisor would be in charge of managing your assets. The TPA would then consult with you, (the business owner) and your Financial Advisor to design and administer the plans and provide continual consulting services, actuarial services and ensure your plan maintains compliance.

Does it matter how old I am?

Yes, the tax deductible contribution amounts vary by age.



The information provided on this document is for reference only and should not be construed as legal or consulting advice. All ERISA, IRS, & DOL statutes & regulations are complex and must be evaluated in relation to your particular circumstances. Please contact Odyssey Advisors, an independent third party administration firm, at (855) 401-GAIN for additional information related to your retirement plan questions.



Odyssey Advisors, Inc. is an independent third party administration ("TPA") firm. We specialize in consulting and TPA for defined contribution and defined benefit plans of all types including 401(k), profit sharing, money purchase and cash balance plans.

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Professional firms and small business owners that have higher income may have significant tax liability. Adopting a CB Plan will decrease your liability while maximizing tax-deferred retirement savings.

Why a Cash Balance Plan vs. Traditional Plan?

- ✓ Maximize tax savings
- ✓ More flexibility in allocating employee benefits
- ✓ Better able to target key staff
- ✓ Ideal for professional groups

Call us today at (855) 401-GAIN for a free quote and to discuss our services.

Cash Balance and 401(k)/PS Combo Example

	Age	Income	Employer DC Contribution	Employer Cash Balance Contribution	Total Employer Contribution
Owner 1	55	\$290,000	\$15,675	\$180,000	\$195,675
Owner 2	52	\$290,000	\$15,675	\$140,000	\$155,675
Owner Totals		\$580,000	\$31,350	\$320,000	\$351,350
Employee 1	48	\$60,000	\$4,500	\$1,200	\$5,700
Employee 2	40	\$50,000	\$3,750	\$1,000	\$4,750
Employee 3	28	\$45,000	\$3,375	\$900	\$4,275
Employee 4	25	\$40,000	\$3,000	\$800	\$3,800
Employee 5	22	\$35,000	\$2,625	\$700	\$3,325
Employee Totals		\$230,000	\$17,250	\$4,600	\$21,850
Grand Totals		\$810,000	\$48,600	\$324,600	\$373,200
% to Owners		71.60%	64.51%	98.58%	94.15%
% to Employees		28.40%	35.49%	1.42%	5.85%

Are benefits only paid in a lump sum?

No, as this is still considered a DB Plan, a participant must be offered various annuity forms of payment upon termination of employment and/or retirement. However, past experience shows that the large majority of participants will elect a lump sum payout upon distribution.

Why Odyssey Advisors?

A CB Plan requires the use of an Enrolled Actuary as part of the annual administration including preparation of the Schedule SB of the Annual Filing (Form 5500) with the DOL. Our mission is to provide you with a custom, simplified solution to meet and exceed your future needs. Retirement is a journey - trust us as the guide to your financial freedom.