

WHAT IS A CASH BALANCE PLAN? (And why you should care)



Provided by Greg Koch, Koch Insurance Brokers LLC,
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Cash balance plans allow professionals and small business owners to compress 20 years of retirement savings into 10 years and generate additional tax savings that are *substantial*.

Cash balance retirement plans, are one of the best strategies to help high-earning Americans reduce taxes and accelerate their retirement savings. Since the loosening of IRS restrictions in recent years, cash balance plans have become extremely popular and only continue to grow, commanding over \$1 trillion in assets. Adding a cash balance plan on top of a 401(k) profit-sharing plan can generate hundreds of thousands of dollars in annual tax savings.

Those who stand to benefit the most from a cash balance plan include:

- Professionals with high incomes such as doctors, engineers, lawyers, orthodontists, etc.
- Business owners over 45 looking to substantially increase their retirement savings in the coming years
- Highly-profitable companies
- Business owners wanting to contribute more than the traditional 401(k) limits to their retirement while accruing substantial tax savings

For Americans earning over \$400,000 per year, cash balance plans are a game-changer. With the potential for hundreds of thousands of dollars in **annual tax savings**, a closer look is well worth the time.

Cash balance plans work best when they supplement existing 401k/profit sharing / simple IRA/SEP. In fact, 96% of all cash balance plans exist with another qualified plan—a plan like a 401k/profit sharing plan/simple IRA/SEP.

Despite the explosive growth and substantial tax benefits of cash balance plans, most Americans are unfamiliar with one of the best tax-deferred savings opportunities in existence. When combined with a 401(k) profit-sharing plan, cash balance plans substantially increase the contribution limits for retirement plans, sometimes increasing available top-line deductions by over 400%. This means that participants, particularly older contributors, can accelerate their retirement savings and simultaneously take advantage of significant tax savings.

Please call at 610.370.7268; or email Greg@KochInsBrokers.com to find out how a Cash Balance Plan could benefit you.



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