



Cash Balance Plan Specifics

Many business owners are looking for larger tax deductions and accelerated retirement savings. A Cash Balance retirement plan may be the perfect solution. This type of defined benefit plan allows plan sponsors to make very large tax deductible contributions every year while garnering large contributions for key owners and staff.

A Cash Balance plan is a defined benefit plan that specifies both the contribution formula to be credited to each participant and the investment earnings to be credited based on those contributions. The benefit is therefore defined and each participant receives an annual benefit statement with a *hypothetical* account balance that resembles those in a 401(k) or profit sharing plan. The actual assets are invested in one pooled account which is invested by the plan trustees or investment advisors. Cash Balance plans are paired with an existing 401(k) or profit sharing plan in order to maximize owner contributions.

While Cash Balance and 401(k) combination plans are often established for the benefit of key executives the plans normally provide a minimum benefit between 5% and 10% of pay for staff which is mostly funded through the 401(k) plan.

- Company contributions are MANDATORY and must be made for at least three years.
- Contributions may be stated as a percentage of pay or a flat dollar amount. This formula is specified in the plan document and may be changed every three years or more.
- An annual interest credit is guaranteed as a rate of return regardless of the plan's actual investment performance. That rate changes each year but usually is equal to the yield on 30-year Treasury bonds, which has hovered around 5 percent in recent years.

Good Candidates for a Cash Balance Plan

1. Highly profitable companies of any type or size with consistent profit patterns & owners over age 40 who wish to contribute more than \$58,000 per year to a retirement plan.
2. Older owners who have delayed saving for retirement who need to squeeze 10 years of saving into 5.
3. Sole proprietors with income exceeding \$290,000 per year (all entity-types apply).
4. Professional firms of all types - Dentists, surgical, ER groups, CPAs, engineers, architects, financial services, independent consultants etc...
5. Law firms of all sizes - Tax deferral and asset protection are often very important to this profession, along with a highly competitive retirement package to help attract and retain top talent.
6. Pension Benefit Guarantee Premiums do not apply if you have 25 or less professional employees.

2022 Combined Contributions Limits

Age	Maximum Income	401(k) Deferral	6% Profit Sharing	Cash Balance Maximum	Total		Age	\$100K Income	401(k) Deferral	6% Profit Sharing	Cash Balance Maximum	Total
71	\$305,000	\$27,000	\$18,300	\$303,047	\$348,347		71	\$100,000	\$27,000	\$6,000	\$99,360	\$132,360
70	\$305,000	\$27,000	\$18,300	\$312,987	\$358,287		70	\$100,000	\$27,000	\$6,000	\$102,589	\$135,589
69	\$305,000	\$27,000	\$18,300	\$322,542	\$367,842		69	\$100,000	\$27,000	\$6,000	\$105,751	\$138,751
68	\$305,000	\$27,000	\$18,300	\$332,008	\$377,308		68	\$100,000	\$27,000	\$6,000	\$108,855	\$141,855
67	\$305,000	\$27,000	\$18,300	\$317,598	\$362,898		67	\$100,000	\$27,000	\$6,000	\$111,909	\$144,909
66	\$305,000	\$27,000	\$18,300	\$302,899	\$348,199		66	\$100,000	\$27,000	\$6,000	\$114,934	\$147,934
65	\$305,000	\$27,000	\$18,300	\$288,958	\$334,258		65	\$100,000	\$27,000	\$6,000	\$117,942	\$150,942
64	\$305,000	\$27,000	\$18,300	\$296,257	\$341,557		64	\$100,000	\$27,000	\$6,000	\$120,921	\$153,921
63	\$305,000	\$27,000	\$18,300	\$303,493	\$348,793		63	\$100,000	\$27,000	\$6,000	\$123,875	\$156,875
62	\$305,000	\$27,000	\$18,300	\$310,656	\$355,956		62	\$100,000	\$27,000	\$6,000	\$126,798	\$159,798
61	\$305,000	\$27,000	\$18,300	\$295,863	\$341,163		61	\$100,000	\$27,000	\$6,000	\$129,677	\$162,677
60	\$305,000	\$27,000	\$18,300	\$281,774	\$327,074		60	\$100,000	\$27,000	\$6,000	\$132,507	\$165,507
59	\$305,000	\$27,000	\$18,300	\$268,357	\$313,657		59	\$100,000	\$27,000	\$6,000	\$135,283	\$168,283
58	\$305,000	\$27,000	\$18,300	\$255,577	\$300,877		58	\$100,000	\$27,000	\$6,000	\$137,994	\$170,994
57	\$305,000	\$27,000	\$18,300	\$242,927	\$288,227		57	\$100,000	\$27,000	\$6,000	\$140,367	\$173,367
56	\$305,000	\$27,000	\$18,300	\$230,638	\$275,938		56	\$100,000	\$27,000	\$6,000	\$142,500	\$175,500
55	\$305,000	\$27,000	\$18,300	\$219,010	\$264,310		55	\$100,000	\$27,000	\$6,000	\$144,575	\$177,575
54	\$305,000	\$27,000	\$18,300	\$207,997	\$253,297		54	\$100,000	\$27,000	\$6,000	\$146,575	\$179,575
53	\$305,000	\$27,000	\$18,300	\$197,547	\$242,847		53	\$100,000	\$27,000	\$6,000	\$148,492	\$181,492
52	\$305,000	\$27,000	\$18,300	\$187,647	\$232,947		52	\$100,000	\$27,000	\$6,000	\$150,342	\$183,342
51	\$305,000	\$27,000	\$18,300	\$178,241	\$223,541		51	\$100,000	\$27,000	\$6,000	\$152,100	\$185,100
50	\$305,000	\$27,000	\$18,300	\$169,321	\$214,621		50	\$100,000	\$27,000	\$6,000	\$153,783	\$186,783
49	\$305,000	\$20,500	\$18,300	\$160,865	\$199,665		49	\$100,000	\$20,500	\$6,000	\$155,400	\$181,900
48	\$305,000	\$20,500	\$18,300	\$152,834	\$191,634		48	\$100,000	\$20,500	\$6,000	\$152,834	\$179,334
47	\$305,000	\$20,500	\$18,300	\$145,225	\$184,025		47	\$100,000	\$20,500	\$6,000	\$145,225	\$171,725
46	\$305,000	\$20,500	\$18,300	\$137,998	\$176,798		46	\$100,000	\$20,500	\$6,000	\$137,998	\$164,498
45	\$305,000	\$20,500	\$18,300	\$131,150	\$169,950		45	\$100,000	\$20,500	\$6,000	\$131,150	\$157,650
44	\$305,000	\$20,500	\$18,300	\$246,646	\$285,446		44	\$100,000	\$20,500	\$6,000	\$124,646	\$151,146
43	\$305,000	\$20,500	\$18,300	\$118,470	\$157,270		43	\$100,000	\$20,500	\$6,000	\$118,470	\$144,970
42	\$305,000	\$20,500	\$18,300	\$112,616	\$151,416		42	\$100,000	\$20,500	\$6,000	\$112,616	\$139,116
41	\$305,000	\$20,500	\$18,300	\$107,053	\$145,853		41	\$100,000	\$20,500	\$6,000	\$107,053	\$133,553
40	\$305,000	\$20,500	\$18,300	\$101,769	\$140,569		40	\$100,000	\$20,500	\$6,000	\$101,769	\$128,269
39	\$305,000	\$20,500	\$18,300	\$96,750	\$135,550		39	\$100,000	\$20,500	\$6,000	\$96,750	\$123,250
38	\$305,000	\$20,500	\$18,300	\$91,984	\$130,784		38	\$100,000	\$20,500	\$6,000	\$91,984	\$118,484
37	\$305,000	\$20,500	\$18,300	\$87,458	\$126,258		37	\$100,000	\$20,500	\$6,000	\$87,458	\$113,958
36	\$305,000	\$20,500	\$18,300	\$83,163	\$121,963		36	\$100,000	\$20,500	\$6,000	\$83,163	\$109,663

At Qualified Pension Services, Inc. we partner with our client's CPA and financial advisor to become part of an overall management team. Through this collaborative approach, the management team helps the business owner realize a greater vision and tax savings than they may have thought possible.

We hope you have found the above information useful and encourage you to pass it on to others you think would benefit. If you would like to see how a Cash Balance plan combination would work for your situation, please visit our website at www.qpsinc.biz - click on the request for a Free Proposal and forward to us today. Faith Irmen 417-522-7526 x102 faithi@qpsinc.biz