



Introducing **Cash Balance Plans**

A more efficient way to invest in your retirement and your business.



Maximize your retirement savings and your tax deductions.

At Lifetime Benefit Solutions, we now offer a retirement solution that can be a valuable tool for small business owners. They're called cash balance plans and they offer benefits that you can't get through traditional retirement strategies, namely higher retirement contribution limits and significant tax reductions.



The Basics:

What is a cash balance plan?

They're similar to 401(k) plans in that they're IRS-qualified, and all contributions are tax-deductible expenses, subject to creditor protection under ERISA. However, contributions are made by the employer only and the limits are significantly higher.

Is it right for you?

If you're a high-income small business owner, you could greatly benefit from a cash balance plan because of the high contribution limit and associated tax benefit. You will need to have consistent profits to ensure you'll be able to make the necessary contributions.

How do contributions work?

As the employer, you can either contribute a percentage of each employee's pay (typically 5-8%) or a set dollar amount into your employees' accounts. There is also an annual interest credit.

DID YOU KNOW?

Depending on your age, you could **save up to \$157,500 on taxes every year** by adding a cash balance plan to your 401(k) with profit sharing.*

*Assuming 45% tax, varies by state. Taxes are deferred.

The advantages of supplementing your 401(k) plan with a cash balance plan:

Higher Contribution Limits

If you've focused on your company's growth more than your own retirement, cash balance plans are a great tool for catching up on savings. That's because the contribution limit for these plans is exponentially higher. Depending on your age, as of 2019, the maximum contribution limit for 401(k) plans with profit sharing is \$62,000. For cash balance plans, that limit is \$336,000.

Bigger Tax Deductions

Cash balance plans are often used by small business owners to significantly reduce their taxable income. The table below shows how much can be saved on taxes by contributing to a 401(k) with profit sharing and a cash balance plan. These numbers continue to increase even after age 65. We'd be more than happy to provide you with a personal savings projection if you're interested.

Potential Combined Tax Savings with 401(k) and Cash Balance Plans for 2019				
Age	401(k) with Profit Sharing	Cash Balance	Total	Tax Savings*
60-65	\$62,000	from \$261,000 to \$288,000	from \$323,000 to \$350,000	from \$145,350 to \$157,500
55-59	\$62,000	from \$203,000 to \$248,000	from \$265,000 to \$310,000	from \$119,250 to \$139,500
50-54	\$62,000	from \$158,000 to \$193,000	from \$220,000 to \$255,000	from \$99,000 to \$114,750
45-49	\$56,000	from \$123,000 to \$151,000	from \$179,000 to \$207,000	from \$80,550 to \$93,150
40-44	\$56,000	from \$96,000 to \$117,000	from \$152,000 to \$173,000	from \$68,400 to \$77,850
35-39	\$56,000	from \$75,000 to \$91,000	from \$131,000 to \$147,000	from \$58,950 to \$66,150
30-34	\$56,000	from \$58,000 to \$71,000	from \$114,000 to \$127,000	from \$51,300 to \$57,150

* Assuming 45% tax, varies by state. Taxes are deferred.



Improve your benefits package.

Cash balance plans can also support your recruitment efforts by helping you build a more attractive benefits package in three key ways:

- 1. Simplicity** – Employees don't contribute to or manage cash balance plan funds, making them a much simpler retirement solution from an employee perspective.
- 2. Flexibility** – With cash balance plans, you can offer the plan as a standalone retirement solution or to bolster your 401(k) plan.
- 3. Reliability** – Employees enjoy the peace of mind that comes with having a guaranteed company contribution to their retirement accounts.

What costs can I expect?

Cash balance plans are a bit more complex to manage than 401(k) plans, making the associated administrative costs higher. Of course, these increased costs are more than offset by the significant tax savings.

As an independent Third Party Administrator, we partner with the industry's top recordkeepers, including:

- ADP
- American Funds
- Empower Retirement
- John Hancock
- Lincoln Financial
- Mass Mutual
- Principal Financial
- Transamerica
- Vanguard
- VOYA Financial

A solution built around you.

With Lifetime Benefit Solutions, you'll get more than the security of working with a Third Party Administrator that's been trusted for over 30 years. You'll also have the convenience and comfort of knowing you can always reach out directly for answers and support with your cash balance plan.

Let's chat.

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The cure for benefits as usual.



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