

Cash Balance Plans

Established in 1948, Watkins Ross is a **100% employee-owned** actuarial, consulting and retirement plan administration firm providing services for employer or union sponsored retirement benefit plans. The diversity of our client base gives us a unique and broad-based perspective on the challenges and opportunities faced by our clients.

WR Advantage

EXPERTISE

Watkins Ross has been designing and administering cash balance plans to provide strategically targeted benefits and increased tax deferred savings since 1999.

ADMINISTRATIVE/RECORDKEEPING

Our staff is trained to provide the services necessary to comply with the complex rules governing an ongoing retirement plan.

CONSULTING

Watkins Ross can help you determine the best plan design to achieve your corporate goals and better prepare your employees for retirement.

ALLOCATE RESOURCES

Watkins Ross allocates resources specifically to cash balance administration and makes it a primary focus of our business. Allocated resources include personnel, technology, and education resources.

Cash Balance Plans

WHAT IS A CASH BALANCE PLAN?

A cash balance plan is a defined benefit plan that specifies the benefit as a hypothetical account balance.

WHO SHOULD CONSIDER A CASH BALANCE PLAN?

High income earners that have been maxing out their profit sharing/401(k) contributions but would like to save more for retirement.

ARE THE EMPLOYER CONTRIBUTIONS DISCRETIONARY?

No. A cash balance plan is subject to the minimum funding requirements applicable to defined benefit plans.

HOW ARE BENEFITS CALCULATED?

Each year, the hypothetical account is credited with a principal credit and an interest credit, as defined in the plan document. These plans are required to permit an annuity form of payment, but the standard payment form is a lump sum equal to the amount of the hypothetical account balance.

WHAT ARE THE INDIVIDUAL LIMITS?

Unlike a defined contribution plan where the maximum annual additions are limited to \$53,000 per year (as indexed), the annual allocation limit in a cash balance plan depends on age. For example, the maximum annual allocation for someone age 50 is more than \$140,000.

Our Service Principles

- Every client is unique and deserves thoughtful solutions to its specific objectives.
- Every client warrants the personal attention of our experienced staff members who are thoroughly familiar with its plan.
- Full compliance with all legal, regulatory and reporting requirements will never be compromised or ignored.



Cash balance plans can provide rapid accumulation of benefits and large tax deductions.

Questions?

CONTACT WATKINS ROSS

We can answer your questions and help you determine if a cash balance plan is the best option for you and your firm.

