

# CASH BALANCE PLANS

## WATKINS ROSS ADVANTAGE

Founded in 1948, Watkins Ross has been designing and administering cash balance plans to provide strategically targeted benefits and increased tax deferred savings since 1999.

We allocate resources specifically to cash balance administration and make it a primary focus of our business including personnel, technology and education resources.

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**CASH BALANCE PLANS CAN PROVIDE RAPID ACCUMULATION OF BENEFITS AND SIGNIFICANT TAX DEDUCTIONS.**

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DAVID PAAUWE  
PRESIDENT & ACTUARY

## CONTACT US

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

## FAST FACTS

### What is a Cash Balance Plan?

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

### 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?

The hypothetical account is credited with a principal credit and an interest credit as defined in the plan document.

### What are the individual limits?

The annual allocation limit in a cash balance plan depends on age and is generally larger than in a defined contribution plan. For example, the maximum annual allocation for someone age 50 is more than \$140,000.

### Who should consider a Cash Balance Plan?

High-income earners that have been maxing out their profit sharing or 401(k) contributions but want to **save more for retirement:**

- 1 Professional Service Groups  
(Ex. medical practice groups)
- 2 Multi-Generational Family Owned Businesses
- 3 Single Member S-Corporations Taking Large S-Corporation Distributions