

# CASH BALANCE PLANS

Founded in 1948



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

### OUR FIRM

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.

### WR ADVANTAGES

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

### 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 \$160,000.
- 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**. For example, *Professional Service Groups (Ex. medical practice groups), Multi-Generational Family Owned Businesses, or Single Member S-Corporations Taking Large S-Corporation Distributions.*