



CASH BALANCE PLAN: CUSTOMIZABLE, FLEXIBLE, VERSATILE

WHAT IT IS:

A cash balance plan is generally used by businesses with multiple owners who have stable surplus income and are interested in larger tax deductions and accelerated retirement savings. A cash balance plan is a type of a defined benefit plan that resembles a 401(k) plan; however, it allows contributions that typically far exceed the limits of a 401(k) profit-sharing plan. Unlike a traditional defined benefit plan, which promises a monthly payment in retirement, a cash balance plan provides a participant with a hypothetical account balance. This balance increases annually from two sources: employer contribution and guaranteed investment earnings linked contributions. Upon retirement or plan termination, the assets may be rolled over into an IRA account where they will continue to grow tax deferred. Cash balance design supports the establishment of multiple participant groups, which allows owners with divergent savings objectives to meet their individual goals.

WHO IT IS FOR:

A cash balance plan may be appropriate for businesses that:

- » Are interested in providing a layer of benefits to supplement a 401(k) plan and may be combined with a 401(k) plan
- » Want to recognize key players with contributions in excess of 401(k) plan limits
- » Have a consistent profit pattern that meets the minimum funding standards
- » Seek to tailor contributions for specific groups of participants
- » Desire to offer a tiered benefit system to attract and retain talent
- » Optional access to savings through plan loans in case of a need
- » Tailored vesting schedules

CETERA RETIREMENT PLAN SPECIALISTS' SERVICES:

- » Complete suite of plan documents, including employer resolutions and participant documentation
- » Tax credit may be available to offset implementation and first three years of maintenance and employee education costs
- » Full suite of annual compliance testing
- » Comprehensive contribution planning and consulting
- » Direct access to a retirement plan consultant for advanced issues
- » Annual plan bond review
- » Annual certification by actuary
- » Completed Form 5500 ready for electronic filing with an option to complete the filing for the employer
- » Distribution services
- » Fiduciary support services options to assist the employer in fulfilling their duties to plan participants
- » Secure online employer portal to ease document retention and annual administration

INVESTMENT CONSIDERATIONS:

- » Rate of return promised to participants is guaranteed by the plan document and is not tied to investment performance
- » Investment risks are borne solely by the employer
- » Assets are required to be invested in a single pool

PRICING*

Setup fee: \$2,000

Annual maintenance fee: starts at \$1,300 plus \$55 per participant

*Refer to fee schedule for details.

Distributions from traditional employer sponsored retirement plans are taxed as ordinary income and, if taken prior to reaching age 59½, may be subject to an additional 10% IRS tax penalty.

Cetera Retirement Plan Specialists is a third-party administrator and may not offer tax, legal and investment advice. Plan sponsors should consult their tax, legal and investment professionals.

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