



QUALIFIED
PENSION SERVICES, INC.
DESIGNING TODAY'S RETIREMENT PLANS

Cash Balance Plan Specifics

Many business owners are looking for larger tax deductions and accelerated retirement savings. A Cash Balance retirement plan may be the perfect solution. This type of defined benefit plan allows plan sponsors to make very large tax deductible contributions every year while garnering large contributions for key owners and staff.

A Cash Balance plan is a defined benefit plan that specifies both the contribution formula to be credited to each participant and the investment earnings to be credited based on those contributions. The benefit is therefore defined and each participant receives an annual benefit statement with a *hypothetical* account balance that resembles those in a 401(k) or profit sharing plan. The actual assets are invested in one pooled account which is invested by the plan trustees or investment advisors. Cash Balance plans are paired with an existing 401(k) or profit sharing plan in order to maximize owner contributions.

While Cash Balance and 401(k) combination plans are often established for the benefit of key executives the plans normally provide a minimum benefit between 5% and 10% of pay for staff which is mostly funded through the 401(k) plan.

- Company contributions are MANDATORY and must be made for at least three years.
- Contributions may be stated as a percentage of pay or a flat dollar amount. This formula is specified in the plan document and may be changed every three years or more.
- An annual interest credit is guaranteed as a rate of return regardless of the plan's actual investment performance. That rate changes each year but usually is equal to the yield on 30-year Treasury bonds, which has hovered around 5 percent in recent years.

Good Candidates for a Cash Balance Plan

1. Highly profitable companies of any type or size with consistent profit patterns & owners over age 40 who wish to contribute more than \$58,000 per year to a retirement plan.
2. Older owners who have delayed saving for retirement who need to squeeze 10 years of saving into 5.
3. Sole proprietors with income exceeding \$290,000 per year (all entity-types apply).
4. Professional firms of all types - Dentists, surgical, ER groups, CPAs, engineers, architects, financial services, independent consultants etc...
5. Law firms of all sizes - Tax deferral and asset protection are often very important to this profession, along with a highly competitive retirement package to help attract and retain top talent.
6. Pension Benefit Guarantee Premiums do not apply if you have 25 or less professional employees.

2021 Combined Contributions Limits												
Age	Maximum Income	401(k) Deferral	6% Profit Sharing	Cash Balance Maximum	Total		Age	\$100K Income	401(k) Deferral	6% Profit Sharing	Cash Balance Maximum	Total
36	\$290,000	\$19,500	\$17,400	\$77,896	\$114,796		36	\$100,000	\$19,500	\$6,000	\$77,896	\$103,396
37	\$290,000	\$19,500	\$17,400	\$81,918	\$118,818		37	\$100,000	\$19,500	\$6,000	\$81,918	\$107,418
38	\$290,000	\$19,500	\$17,400	\$86,152	\$123,052		38	\$100,000	\$19,500	\$6,000	\$86,152	\$111,652
39	\$290,000	\$19,500	\$17,400	\$90,605	\$127,505		39	\$100,000	\$19,500	\$6,000	\$90,605	\$116,105
40	\$290,000	\$19,500	\$17,400	\$95,295	\$132,195		40	\$100,000	\$19,500	\$6,000	\$95,295	\$120,795
41	\$290,000	\$19,500	\$17,400	\$100,231	\$137,131		41	\$100,000	\$19,500	\$6,000	\$100,231	\$125,731
42	\$290,000	\$19,500	\$17,400	\$105,433	\$142,333		42	\$100,000	\$19,500	\$6,000	\$105,433	\$130,933
43	\$290,000	\$19,500	\$17,400	\$110,900	\$147,800		43	\$100,000	\$19,500	\$6,000	\$110,900	\$136,400
44	\$290,000	\$19,500	\$17,400	\$116,666	\$153,566		44	\$100,000	\$19,500	\$6,000	\$116,666	\$142,166
45	\$290,000	\$19,500	\$17,400	\$122,738	\$159,638		45	\$100,000	\$19,500	\$6,000	\$122,738	\$148,238
46	\$290,000	\$19,500	\$17,400	\$129,137	\$166,037		46	\$100,000	\$19,500	\$6,000	\$129,137	\$154,637
47	\$290,000	\$19,500	\$17,400	\$135,882	\$172,782		47	\$100,000	\$19,500	\$6,000	\$135,882	\$161,382
48	\$290,000	\$19,500	\$17,400	\$142,989	\$179,889		48	\$100,000	\$19,500	\$6,000	\$142,989	\$168,489
49	\$290,000	\$19,500	\$17,400	\$150,481	\$187,381		49	\$100,000	\$19,500	\$6,000	\$150,481	\$175,981
50	\$290,000	\$26,000	\$17,400	\$158,377	\$201,777		50	\$100,000	\$26,000	\$6,000	\$158,377	\$190,377
51	\$290,000	\$26,000	\$17,400	\$166,696	\$210,096		51	\$100,000	\$26,000	\$6,000	\$166,696	\$198,696
52	\$290,000	\$26,000	\$17,400	\$175,475	\$218,875		52	\$100,000	\$26,000	\$6,000	\$175,475	\$207,475
53	\$290,000	\$26,000	\$17,400	\$184,723	\$228,123		53	\$100,000	\$26,000	\$6,000	\$184,723	\$216,723
54	\$290,000	\$26,000	\$17,400	\$194,474	\$237,874		54	\$100,000	\$26,000	\$6,000	\$194,474	\$226,474
55	\$290,000	\$26,000	\$17,400	\$204,748	\$248,148		55	\$100,000	\$26,000	\$6,000	\$204,748	\$236,748
56	\$290,000	\$26,000	\$17,400	\$215,619	\$259,019		56	\$100,000	\$26,000	\$6,000	\$215,619	\$247,619
57	\$290,000	\$26,000	\$17,400	\$227,093	\$270,493		57	\$100,000	\$26,000	\$6,000	\$227,093	\$259,093
58	\$290,000	\$26,000	\$17,400	\$239,215	\$282,615		58	\$100,000	\$26,000	\$6,000	\$239,215	\$271,215
59	\$290,000	\$26,000	\$17,400	\$251,927	\$295,327		59	\$100,000	\$26,000	\$6,000	\$251,927	\$283,927
60	\$290,000	\$26,000	\$17,400	\$264,523	\$307,923		60	\$100,000	\$26,000	\$6,000	\$264,523	\$296,523
61	\$290,000	\$26,000	\$17,400	\$277,749	\$321,149		61	\$100,000	\$26,000	\$6,000	\$277,749	\$309,349
62	\$290,000	\$26,000	\$17,400	\$291,636	\$335,036		62	\$100,000	\$26,000	\$6,000	\$291,636	\$323,596
63	\$290,000	\$26,000	\$17,400	\$284,911	\$328,311		63	\$100,000	\$26,000	\$6,000	\$284,911	\$329,749
64	\$290,000	\$26,000	\$17,400	\$278,119	\$321,519		64	\$100,000	\$26,000	\$6,000	\$278,119	\$327,842
65	\$290,000	\$26,000	\$17,400	\$271,267	\$314,667		65	\$100,000	\$26,000	\$6,000	\$271,267	\$326,884
66	\$290,000	\$26,000	\$17,400	\$284,279	\$327,679		66	\$100,000	\$26,000	\$6,000	\$284,279	\$329,869
67	\$290,000	\$26,000	\$17,400	\$297,989	\$341,389		67	\$100,000	\$26,000	\$6,000	\$297,989	\$341,817
68	\$290,000	\$26,000	\$17,400	\$312,438	\$355,838		68	\$100,000	\$26,000	\$6,000	\$312,438	\$359,710
69	\$290,000	\$26,000	\$17,400	\$327,612	\$371,012		69	\$100,000	\$26,000	\$6,000	\$327,612	\$383,503
70	\$290,000	\$26,000	\$17,400	\$343,529	\$386,929		70	\$100,000	\$26,000	\$6,000	\$343,529	\$400,178
71	\$290,000	\$26,000	\$17,400	\$360,175	\$403,575		71	\$100,000	\$26,000	\$6,000	\$360,175	\$420,720

At Qualified Pension Services, Inc. we partner with our client's CPA and financial advisor to become part of an overall management team. Through this collaborative approach, the management team helps the business owner realize a greater vision and tax savings than they may have thought possible.

We hope you have found the above information useful and encourage you to pass it on to others you think would benefit. If you would like to see how a Cash Balance plan combination would work for your situation, please visit our website at www.qpsinc.biz - click on the request for a Free Proposal and forward to us today. Faith Irmen 417-522-7526 x102 faithi@qpsinc.biz