

# Cash Balance Plan (CBP) Overview

## Key Traits of Companies That Should Consider a CBP

1. Company with a high need for tax deductions
2. Company with excess cash and stable cash flow
3. Company that wants opportunities for employees to save beyond a 401(k) plan
4. Company that often (but not required) has a small number of key employees
5. Company with high, stable earnings from year-to-year

## What are the Characteristics of a CBP?



Contribution is specified in the Plan Document



Provides more flexibility in allocating benefits to different employee groups



Contributions are credited to a "Hypothetical Account" for each participant yearly



Fixed Annual Credit and Fixed Annual Interest Credit on the Account



Plan guarantees a specific benefit amount providing predictability and security



Offers significant tax-deferred savings opportunities



Allow for significantly larger contributions than a 401(k) plan alone



Plan sponsor bears investment risk, not employees



Contributions must be Fully Vested after three years



Plan should be maintained for five years to satisfy Permanency requirements



Plan Assets are Pooled and Trustee-Directed

## Contact Us



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