Karel - Gordon & Associates

PENSION CONSULTANTS, PLAN ADMINISTRATORS AND ACTUARIES

Advisor Connect | Cash Balance

MAKING IT ACTIONABLE

For the right client, with the right situation, a Cash Balance plan can be an optimal retirement plan choice:

1. They have substantially higher contribution limits than a 401(k) plan
2. They can be used to reward business owners and key employees
3. They can be paired with a 401(k) plan to add flexibility and increase retirement savings

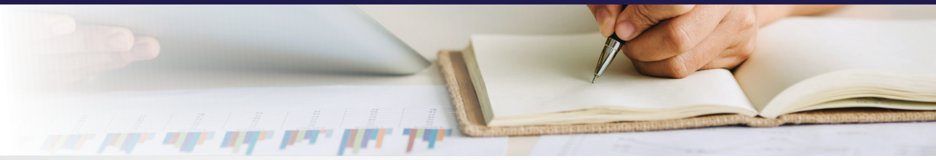
Cash Balance plans are a hybrid of a defined benefit and a defined contribution plan. Here are three key topics to help advance a Cash Balance conversation with clients:

1 | Ask these questions to help determine if a Cash Balance plan may be the right fit.

Does your business have steady, predictable cash flow?
Companies with consistent earnings from year-to-year are more likely to be a good candidate for the required annual contributions of a Cash Balance plan.

How comfortable are you to committing to annual contributions to your plan?
Not everyone is comfortable committing to annual contributions. Unlike a Profit Sharing plan with discretionary contributions, Cash Balance plans come with mandatory contributions in order to meet funding requirements and optimize tax savings.

How important is saving on current taxes and building retirement savings?
To some owners, reducing tax on current income may be very important. A Cash Balance plan offers significantly higher contribution limits than other plan designs.



2 | Compare annual contribution limits for company owners.

(Maximum annual contributions for owners are age and income dependent.)

How much a business owner may contribute annually to a retirement plan:

Plan(s)	Age 50	Age 60	Age 65
401(k) *(includes catch-up)*	$24,000	$24,000	$24,000
Profit Sharing & 401(k) combo	$60,000	$60,000	$60,000
Cash Balance	$143,000	$235,000	$243,000

3 | You can combine a Cash Balance plan with a 401(k) for more flexibility.

It can make great sense to combine a Cash Balance with a 401(k). This offers business owners real flexibility in plan design and provides rank and file employees an opportunity to benefit from 401(k) savings as well.

For businesses with consistent earnings, able to commit to making contributions, and looking to help key employees build substantial retirement accounts, a Cash Balance plan can be an ideal choice. It can also present an opportunity for you to bring value to your clients and set you apart from competition.

Let’s chat about clients who may benefit most.