

CASH BALANCE PLAN

ALLOWS LARGE TAX DEDUCTIONS

Pension plans allow profitable business owners to contribute \$100,000 or more per year to a tax-deductible, asset-protected retirement plan. That is substantially more than can be contributed to a traditional SEP or profit-sharing/401(k) plan.

When consulting with clients we often hear the cry “I’m paying too much in taxes. What can we do to stop the bleeding?” Frequently, the Cash Balance Plan is the answer.

Retirement planning makes more sense than ever for the high income business owner and Cash Balance Plans are possibly their best tax planning tool. The key is in the design. We find many businesses with retirement plans, but their contribution amounts are limited by the plan design (i.e., contribution limits in an SEP or 401(k) profit-sharing plan). A properly designed retirement plan can yield tax-deductible contributions in the hundreds of thousands.

- **Lower your taxes significantly**
- **Contribute 3-6 times more than a Profit Sharing/401(k) or SEP**
- **Allows for potentially earlier retirement**
- **New business owner-friendly tax laws**
- **Can now combine a pension plan with a 401(k)**
- **Can make tax-deductible contributions for yourself from \$75,000 to \$350,000**
- **All funds are asset protected.**

Maximizing Deductions

Bob is 55 years old and expects to have W-2 income of at least \$375,000 in his business this year and until he retires in 10 years. By establishing a Cash Balance Plan, he can contribute and take a deduction of \$180,000 or less if he chooses. By adding a 401(k), Bob could contribute an additional 59,000 for a total deduction for 2017 of \$239,000. That is more than 5 times what he could contribute in a SEP or profit-sharing/401(k).

A Short Window until Retirement

Michael, age 60, is earning in excess of \$525,000 from his medical practice. He’d like to retire at age 65. He is finally finished with his children’s college expenses and he realizes that he must save as much as possible, but he is unsure how to meet his goal with just a \$59,000 per year SEP contribution. He could set up a Cash Balance Plan along with a 401(k) profit sharing plan and make \$294,000 in tax-deductible contributions for five years. His tax savings each year are in excess of \$100,000.

For more information on this powerful retirement plan please contact:

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Bob and Michael are fictional representations of our client base. All similarities to actual persons, living or dead, are entirely coincidental. All results in this example are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. All results use simplifying assumptions that do not completely or accurately reflect your specific circumstances. No Plan or Report has the ability to accurately predict the future. As investment returns, inflation, taxes, and other economic conditions vary from the examples assumptions, your actual results will vary (perhaps significantly) from those presented in this example.