



New Comparability Cash Balance Plan

OVERVIEW

A Cash Balance Plan is a type of Defined Benefit Plan. It is not an Individual Account Plan (Defined Contribution Plan) since each participant's benefits are not determined by the performance of the assets held in an individual account for that participant. However, it looks a lot like an Individual Account Plan (such as a Profit Sharing Plan) because the benefits are related to a Hypothetical Cash Balance Account. Because a Cash Balance Plan exhibits some characteristics of both Defined Benefit Plans and Defined Contribution Plans, it is often called a hybrid plan.

NEW COMPARABILITY CASH BALANCE PLANS

While most Cash Balance Plans have a uniform formula for allocating employer contributions, a New Comparability Cash Balance Plan uniquely targets specified participants (business owner and/or other key employees) for specified allocation amounts, while other employees receive a uniform allocation level. The overall allocation is chosen so that the resulting benefits pass the general nondiscrimination tests required under IRC 410(b) and 401(a)(4).

This formula structure is the same as is used for New Comparability Profit Sharing Plans. The difference is that the Cash Balance Plan is in fact a Defined Benefit Plan, and can permit much larger benefit levels than is possible under the \$46,000 Profit Sharing Plan limits.

ARE YOU A CANDIDATE FOR A CASH BALANCE PLAN?

A New Comparability Cash Balance Plan is most useful when the following criteria are met:

- The contribution/benefit goals of the employer are higher than permitted by a New Comparability Profit Sharing Plan (defined contribution plan)
- The employer desires to target owners/key employees to receive higher benefit levels than the general staff
- Targeted owners/key employees are approaching retirement age
- The staff is significantly younger than the targeted owners/key employees
- General staff contribution levels are cost-prohibitive under a Traditional Defined Benefit Plan

Work...Save...Play!



New Comparability Cash Balance Plan

<u>Name</u>	<u>Annual Comp</u>	<u>Age</u>	<u>New Comparability Profit Sharing Plan</u>			<u>Traditional Defined Benefit Plan</u>			<u>New Comparability Cash Balance Plan</u>		
			<u>\$</u>	<u>% Pay</u>	<u>% Cont</u>	<u>\$</u>	<u>% Pay</u>	<u>% Cont</u>	<u>\$</u>	<u>% Pay</u>	<u>% Cont</u>
Owner	230,000	52	46,000	20.00%	86.63%	198,757	86.42%	78.83%	143,033	62.19%	89.72%
Owner Totals	230,000		46,000			198,757			143,033		
Staff	47,000	44	2,350	5.00%	4.43%	27,843	59.24%	11.04%	7,872	16.75%	4.94%
Staff	42,000	35	2,100	5.00%	3.95%	15,652	37.27%	6.21%	4,534	10.80%	2.84%
Staff	26,000	22	1,300	5.00%	2.45%	4,238	16.30%	1.68%	1,950	7.50%	1.22%
Staff	27,000	26	1,350	5.00%	2.54%	5,635	20.87%	2.24%	2,025	7.50%	1.27%
Staff Totals	142,000		7,100			53,368			16,381		
Company Totals	372,000		53,100			252,125			159,414		
	Owner Contribution		46,000	86.6%		198,757	78.8%		143,033	89.7%	
	Staff Contribution		7,100	13.4%		53,368	21.2%		16,381	10.3%	
	Total Employer Contribution		53,100			252,125			159,414		
	Est. Employer Tax Savings		18,585			88,244			55,795		
	After-Tax Cost of Staff Contribution		(11,485)			(34,876)			(39,414)		



InWest Retirement Solutions partners with employers and financial advisors to design, communicate and administer retirement savings plans. We pursue innovative solutions that help our clients promote corporate objectives, control costs and give employees needed retirement income security.

OUR SERVICES

Plan Design

We recognize that every employer's objective and financial capabilities are different. We offer customized plan design services to meet the unique needs of each employer. Whether the goal is maximizing benefits for owners and key employees or employee recruitment and retention, our plan architects can build a plan to meet your needs.

Plan Installation

Our clients receive turnkey plan installation services; including plan documents prepared by experienced ERISA consultants and hands-on coordination of existing plan conversions. Our dedicated plan installation team guides you every step of the way.

Plan Communication

The effective communication of your plan is key to its success. Our communication specialists create campaigns that explain benefits in simple terms and spark enthusiasm for the plan. InWest is recognized for our customized communication efforts that both empower and educate plan participants.

Plan Administration

Responsiveness. Accuracy. Full Service. These are some of the core qualities that define us as a company and make InWest a leader in retirement plan administration. Our experience team frees you from the tedium of day-to-day plan administration.

WE SPECIALIZE IN

Retirement Plans

Traditional 401(k) Plans
Safe-Harbor 401(k) Plans
New Comparability Profit Sharing Plans
457/403(b) Plans
Owner-Only Retirement Plans
Defined Benefit Plans
New Comparability Cash Balance Plans
Defined Contribution/Defined Benefit Combo Plans

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