

Cash Balance Retirement Plans

The Strategy in 60 Seconds

You're capped near eighty thousand dollars in a 401k. A cash balance pension can multiply that deduction. Here's exactly how it works, in sixty seconds.

\$92,500

TAX DEFERRED ON A \$250,000 CONTRIBUTION AT A 37% MARGINAL RATE

FUND LAST YEAR, THIS YEAR

- o **ADOPT THE PLAN DOCUMENT** - Signed plan plus a trust tax ID
- o **SEND THE CONTRIBUTION** - Cash sitting in the trust account
- o **BEAT YOUR FILING DATE** - Extensions count, prior-year deduction

WHO ACTUALLY QUALIFIES

- STABLE, PROFITABLE INCOME
- OWNER 45 AND UP
- ALREADY MAXING THE 401(K)
- CAN FUND MULTIPLE YEARS
- W-2 EMPLOYEES ARE FINE
- ANY INDUSTRY, NOT JUST MDS

EXCAVATORS AND ELECTRICIANS RUN THESE TOO

The Law Behind It (primary sources)

Verify against the source before relying. This is education, not legal or tax advice.

26 U.S.C. Sec. 401(a) - Qualified defined-benefit plans - the category a cash balance plan falls under.

<https://www.law.cornell.edu/uscode/text/26/401>

26 U.S.C. Sec. 415 - The limits on benefits and contributions that set how much you can put in.

<https://www.law.cornell.edu/uscode/text/26/415>