

Cash Balance Plans for High Income Business Owners

For Owners of Highly Profitable Small Businesses, a Cash Balance + 401(k) Plan Offers the Highest Contributions and Tax Savings



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Highest Contributions, Significant Tax Savings

A Cash Balance Plan offers the highest permissible contribution to a qualified plan, potentially exceeding \$200,000 annually, for small business owners. When combined with a Safe Harbor 401(k) and Profit-Sharing plan, it enables owners of highly profitable small businesses and partnerships to maximize their tax-deductible contributions while managing the costs associated with employee retirement benefits.

Benefits for Business Owner's

- Tax-deductible contributions that lower business income
- Higher contribution limits—ideal for older owners
- Attracts and retains top talent with strong benefits
- Predictable retirement income with tax-deferred growth
- Flexible design to favor owners or key employees
- Supports estate planning with tax-efficient wealth transfer

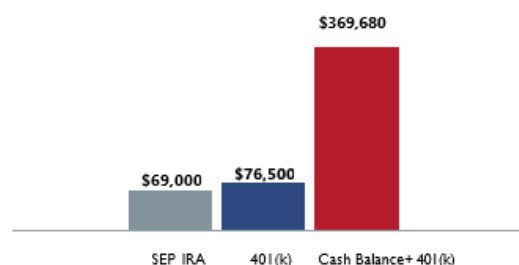
Business Profile

- High-income professionals (doctors, lawyers, consultants, business owners)
- Age 40+ seeking maximum tax and retirement savings
- Consistent cash flow to fund multi-year contributions
- Strong focus on tax deductions and deferrals
- Interested in advanced retirement planning beyond standard options
- Family businesses exploring succession and estate strategies

“Choosing the right retirement plan for your small business can be a \$2 million decision. If you are highly compensated and your financial goals include saving as much as you can for retirement, the cash balance/401(k) plan combo might be the solution for you.”

— Forbes, February 2020

COMPARE RETIREMENT PLANS
For a 60-year-old business owner earning \$350,000 in W-2 income



*2024 plan maximum contribution for a 60-year-old, including "catch-up" contribution of \$7,500 for 401(k)

Cash Balance Plan Illustration Prepared For : XYZ Radiology Clinic

Annual Contribution Schedule

Name	Retirement Age	Age	Annual Salary	401(k)	Profit Sharing	Cash Balance	Total Contribution	Tax Savings*
Owners								
Owner 1	62	70	\$317,000	\$30,500	\$100	\$330,000	\$360,600	\$144,240
Owner 2	54	65	\$285,000	\$30,500	\$100	\$225,000	\$255,600	\$102,240
Owner 3	69	75	\$325,000	\$30,500	\$100	\$300,000	\$330,600	\$132,240
Owner 4	48	65	\$265,000	\$23,000	\$100	\$140,000	\$163,100	\$65,240
Spouse	59	70	\$130,000	\$30,500	\$100	\$100,000	\$130,600	\$52,240
Sub Total			\$1,322,000	\$145,000	\$500	\$1,095,000	\$1,240,500	\$496,200
Employees								
7 Eligible Employees			\$670,000	\$0	\$46,460	\$122,329	\$168,789	\$67,516
Total			\$1,992,000	\$145,000	\$46,960	\$1,217,329	\$1,409,289	\$563,716

Percent of Contribution to Owners	88%		
Projected Cash Balance Account Value : Owner 1	\$3,352,505	Projected Cash Balance Account Value : Owner 3	\$2,298,738
Projected Cash Balance Annual Benefit : Owner 1	\$276,778	Projected Cash Balance Annual Benefit : Owner 3	\$238,626
Projected Cash Balance Account Value : Owner 2	\$3,193,206	Projected Cash Balance Account Value : Owner 4	\$3,210,918
Projected Cash Balance Annual Benefit : Owner 2	\$226,180	Projected Cash Balance Annual Benefit : Owner 4	\$232,188

Assume 40% tax rates.

Examples are based on specific assumptions and used for illustration only.

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All strategies referenced, including those involving advanced retirement planning or defined benefit structures, are subject to eligibility requirements, regulatory guidelines, and individual financial considerations. Outcomes will vary based on factors including income, age, business structure, contribution levels, and market performance.

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