



**Picture
success.**

Cash Balance Plan Examples

This document shows hypothetical examples of Cash Balance Plans for different owner-only companies

Introduction



- This document shows hypothetical examples of owner-only Cash Balance Plans
- Actual results will vary based on your own company demographics
- Call JULY and we will prepare a no-cost report to illustrate how a Cash Balance Plan will work for you or your client

Example 1 – Owners at Different Ages



Example 1 illustrates the maximum contribution to a single participant, owner-only plan and shows contribution amounts for owners between age 35 and 65.

Owner	Age	Salary	401(k) Deferrals	401(k) Employer Contribution	Cash Balance Contribution	Total Contribution
Owner 1	65	\$285,000	\$26,000	\$17,100	\$256,500	\$299,600
Owner 2	60	\$285,000	\$26,000	\$17,100	\$236,550	\$279,650
Owner 3	55	\$285,000	\$26,000	\$17,100	\$247,950	\$291,050
Owner 4	50	\$285,000	\$26,000	\$17,100	\$210,900	\$254,000
Owner 5	45	\$285,000	\$19,500	\$17,100	\$173,850	\$210,450
Owner 6	40	\$285,000	\$19,500	\$17,100	\$142,500	\$179,100
Owner 7	35	\$285,000	\$19,500	\$17,100	\$116,850	\$153,450

Assumed retirement age is age 62 or 5 years of plan participation if later.

This is a hypothetical example dependent on specific assumptions and used for illustrative purposes ONLY. Full amounts may not be deductible in the first plan year.

Example 2 – Two Owners and Spouse



Example 2 illustrates a company with two partners and one spouse working in the business. Partner 1 and spouse wished to contribute the maximum contribution and Partner 2 wished to not participate in the plan at this time.

Owner	Age	Salary	401(k) Deferrals	401(k) Employer Contribution	Cash Balance Contribution	Total Contribution
Partner 1	65	\$285,000	\$26,000	\$17,100	\$256,500	\$299,600
Spouse 1	60	\$50,000	\$26,000	\$3,000	\$50,000	\$79,000
Partner 2	55	\$285,000	\$0	\$0	\$0	\$0

This is a hypothetical example dependent on specific assumptions and used for illustrative purposes ONLY. Full amounts may not be deductible in the first plan year.