



CASH BALANCE PLANS

What Is a Cash Balance Plan?

A **Cash Balance Plan** is a type of defined benefit pension plan that presents benefits as a hypothetical account balance. Each year, the employer provides a pay credit (*often a percentage of compensation*) and an interest credit set by the plan formula. **The employer manages investments and bears the funding risk.** At retirement, participants may typically elect a **lump sum or an annuity.**

Who Is a Cash Balance Plan Best For?

- 1) High-income business owners and professionals
- 2) Older individuals seeking accelerated retirement savings
- 3) Firms with stable, predictable cash flow
- 4) Employers layering benefits on top of a 401(k)

What Are The Pros?

- Much Higher Contribution Limits
- Significant Tax Deductions
- Tax-Deferred Growth
- Predictable Retirement Benefit

What Are The Cons?

- Higher Costs and Complexity
- Required Annual Funding
- Employer Bears Investment Risk
- Less Flexibility Than a 401(k)

Key 2026 IRS Limits *

- Defined benefit annual limit: **\$290,000**
- Compensation limit: **\$360,000**

* Source: <https://www.irs.gov/pub/irs-drop/n-25-67.pdf> as of 11.13.2025





Meet Asset Strategy's OCRO, Tim Black

Our OCRO Tim is a retirement industry veteran with over **30 years of experience** servicing retirement plan sponsors and participants. With a career beginning on Wall Street, a former CPA at a Big 4 CPA firm, and retirement plan administration, operations, and finance experience, **Tim has worked with employers ranging in size from 40,000 employees to single-employee startup plans.** Tim is also a Certified Plan Fiduciary Advisor with the National Association of Plan Advisors (NAPA). He has degrees in both Economics and Accounting from Boston University.

Why Partner with Asset Strategy?

1) Experience

- Decades of expertise in Retirement Plan Consulting across various industries.

2) Personalized Approach

- Customized solutions that align with your organization's unique goals and culture.

3) Commitment to Excellence

- Dedicated to delivering exceptional service and measurable results.

The Value of Independence

As an independent firm, Asset Strategy always prioritizes your best interests. We assume a fiduciary role in your retirement plan.



Your Dedicated Retirement Plan Consulting Team



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Let's Talk!



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