



United Retirement Plan Consultants

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Cash Balance/401(k) Profit Sharing Combo

Consider adding a cash balance plan, and watch your opportunity to save grow. Let URPC help maximize your plan options.

Cash balance plans may be appropriate for companies when owners and target employees are:

- age 40 or older and generally older than the remaining staff
- want to generate a high tax-deductible contribution beyond the scope of defined contribution plans alone
- able to make required contributions for at least five years

Employee	Age	Ret. Age	Annual Salary	Cash Balance (\$)	Cash Balance (%)	401(k) Deferral	3% SH	Profit Sharing	Total Allocation	% of Comp.
Principal 1	50	62	275,000	155,000	56%	24,500	0	16,200	195,700	71%
Principal 2	51	62	275,000	155,000	56%	24,500	0	16,200	195,700	71%
Subtotal			550,000	310,000		49,000	0	32,400	391,400	

Employee 1	56	62	200,000	4,000	2%	4,000	0	10,000	14,000	7%
Employee 2	26	62	40,000	800	2%	800	1,200	1,400	3,400	9%
Employee 3	36	62	27,000	540	2%	540	810	945	2,295	9%
Employee 4	25	62	20,000	400	2%	400	600	700	1,700	9%
Employee 5	62	66	51,000	1,020	2%	1,020	1,530	1,785	4,335	9%
Employee 6	52	62	54,000	1,080	2%	1,080	1,620	1,890	4,590	9%
Employee 7	45	62	68,000	1,360	2%	1,360	2,040	2,380	5,780	9%
Employee 8	37	62	35,000	700	2%	700	1,050	1,225	2,975	9%
Subtotal			495,000	9,900		9,900	8,850	20,325	39,075	

Grand total			1,045,000	319,900		58,900	8,850	52,725	430,475	
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Notes: Assumes each employee defers 2% in 401(k) contributions. Safe harbor and profit sharing contributions equals 6% of total compensation. For illustration purposes, employee 401(k) deferrals are not included in the total allocation.

2018 Plan Limits			
Qualified plan limits		IRA limits	
Maximum compensation	\$275,000	SIMPLE	
401(k)/403(b) deferral limits	\$18,500	Deferral contribution	\$12,500
401(k)/403(b) catch-up	\$6,000	Catch-up contribution	\$3,000
Annual contribution limit (age < 50)	\$55,000	Traditional or Roth	
Annual contribution limit (age > 50)	\$61,000	Deferral contribution	\$5,500
Taxable wage base	\$128,400	Catch-up contribution	\$1,000

Highly compensated employee: More than a 5% owner or earned \$120,000 in the prior year