Cash Balance Plans

Offer employees an accelerated savings option for retirement

Double or triple retirement plan contributions.
Many business owners or partners like you are looking for accelerated retirement savings with potentially larger tax deductions. Cash balance plans may be the solution. The latest legislation has encouraged more professionals and business owners to adopt this type of plan.

What is a Cash Balance plan?
- Type of defined benefit pension plan
- Combines the high contribution amounts of a traditional pension plan with some of the flexibility and portability of a defined contribution plan

How does it work?
- Employers contribute to individual accounts based on the employees’ salary and number of years to retirement
- Highly compensated employees and those closer to retirement benefit most — generally includes owners and key employees
- Employees earn a yearly benefit expressed as either a percentage of pay or a flat dollar amount
- Plan must pass nondiscrimination testing
- Employer can offer in addition to a 401(k) or profit-sharing plan

How can contributions grow?
Participants have their own hypothetical account that can grow annually in two ways:
- An employer contribution — determined by a formula in the plan document (benefits are based on the ability of the employer to make scheduled contributions)
- An interest credit — rate of return that is guaranteed and not dependent on the plan’s investment performance
What are the maximum contribution amounts?

<table>
<thead>
<tr>
<th>Age</th>
<th>401(k) only</th>
<th>401(k) with Profit Sharing</th>
<th>Cash Balance</th>
<th>Total</th>
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<tbody>
<tr>
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<td>$24,500</td>
<td>$61,000</td>
<td>$266,000</td>
<td>$327,000</td>
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<td>$55,000</td>
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</tbody>
</table>

How are investments and contributions handled?

- Plan assets are pooled and invested by the trustee or investment manager
- Individual participants can’t choose where their money is invested, the employer does
- Accounts are credited with interest at a rate guaranteed by the plan
- If plan’s earnings are higher than the guaranteed rate, the excess is used to reduce future employer contributions
- If the plan’s annual earnings are less than the guaranteed rate or are negative, future employer contributions are increased
- Assets can be invested using any asset allocation method (conservative models are most common)

Why Nationwide®?

- Nationwide is ranked #68 on the Fortune 100¹
- Manages and administers over $133 billion in retirement assets²

Ready to learn more?

Talk to your financial advisor or retirement plan administrator for more information.

¹ Based on revenue. Fortune Magazine (June 2017).
² Nationwide Financial (December 2017).

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