

# CASH BALANCE PLANS



ARISTA  
WEALTH MANAGEMENT



## OFFERING AN EMPLOYER SPONSORED RETIREMENT PLAN IS IMPORTANT - **FOR YOU & YOUR TEAM.**

We believe that everyone deserves to feel that they are on the right path to retirement and achieving their dreams. We also know that taking care of your employees is directly correlated to your business and financial growth.

A **CASH BALANCE PLAN** is one way we can help make this a reality. A Cash Balance plan is a defined benefit plan that specifies both the contribution to be credited to each participant and the investment earnings to be credited based on those contributions. Read on to get the full picture.

### TYPES OF RETIREMENT PLANS



TRADITIONAL  
401(k) PLANS



PROFIT  
SHARING  
PLANS



NON-PROFIT  
403(B) PLANS



**DEFINED  
BENEFITS &  
CASH BALANCE**



GOV. &  
CHURCH  
PLANS

**A CASH BALANCE PLAN IS DESIGNED FOR BUSINESS OWNERS LIKE YOU.**

High Income Professionals  
(ex: Doctor, Lawyer, Engineer)

Entities with strong cash flow



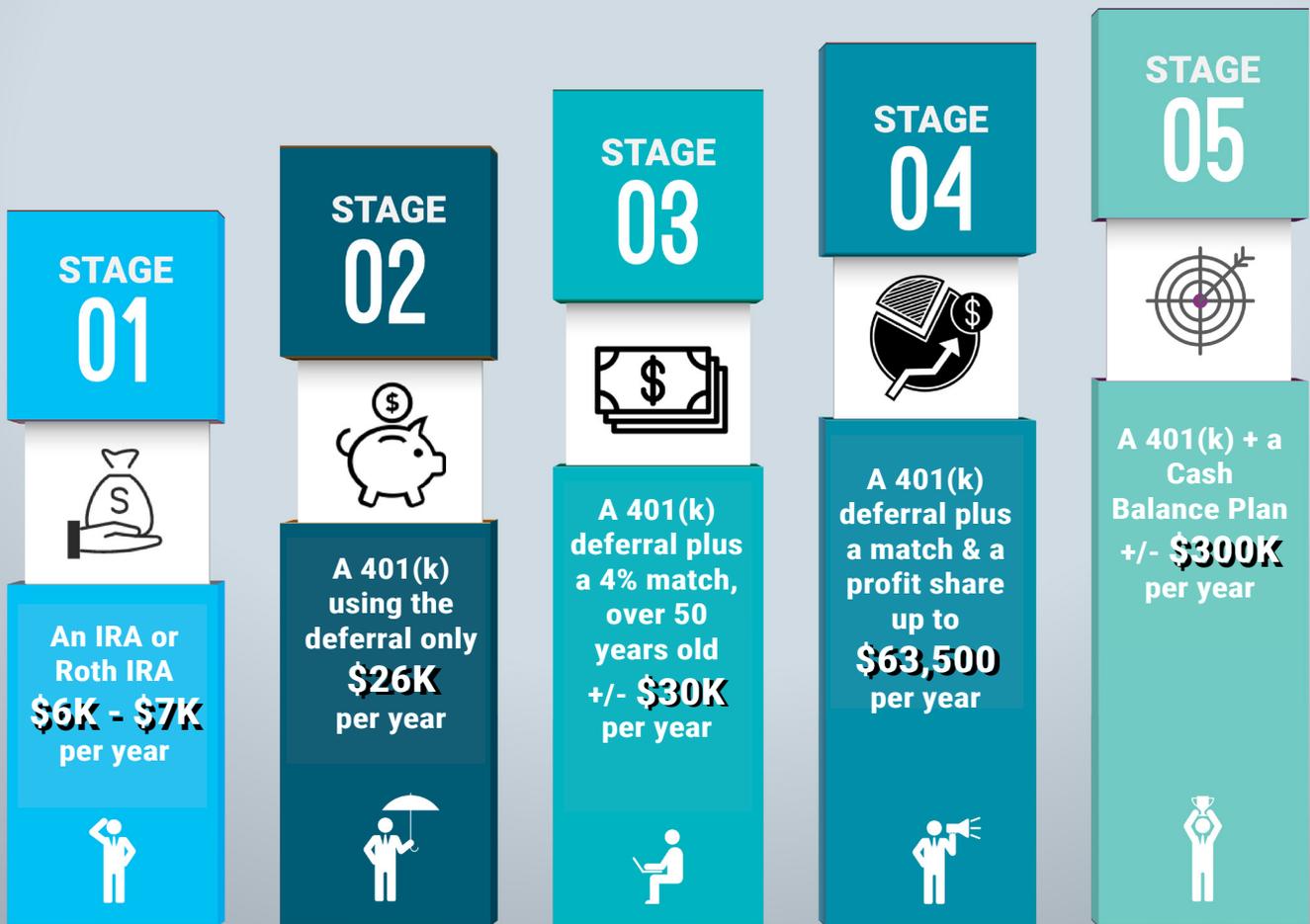
Entities looking for tax deductions

Older individuals

## LET'S HAVE A DISCUSSION.

HOW MUCH CAN YOU AFFORD TO PUT AWAY? WHAT DOES A TAX DEDUCTION LOOK LIKE?

Whether you are a well established organization that has a lot of capital or a newer organization with a tighter budget, there are options for you.



We can design a plan to maximize your contributions and tax deductions. Contact us to discuss a retirement plan design that is best for you.

# MAXIMIZING OWNER CONTRIBUTIONS

2020 CASH BALANCE PLAN COMBINED WITH NEW COMPARABILITY SAFE HARBOR 401(k) PLAN

EMPLOYEE NAME	AGE	PLAN COMPENSATION	HCE/OWNER	DEFERRAL	CATCH-UP	SAFE HARBOR 3% + NEW COMPARABILITY	CASH BALANCE	COMBINED TOTAL	CONTRIBUTIONS AS % OF PAY
<b>OWNER 1</b>	60	\$285,000	YES	\$19,500	\$6,500	\$14,250	\$220,000	\$260,250	91.31%
EMPLOYEE 1	50	\$48,000	NO	0	0	\$3,360	\$960	\$4,320	9%
EMPLOYEE 2	45	\$42,000	NO	0	0	\$2,940	\$840	\$3,780	9%
EMPLOYEE 3	40	\$36,000	NO	0	0	\$2,520	\$720	\$3,240	9%
EMPLOYEE 4	35	\$30,000	NO	0	0	\$2,100	\$600	\$2,700	9%
EMPLOYEE 5	30	\$24,000	NO	0	0	\$1,680	\$480	\$2,160	9%
EMPLOYEE 6	25	\$24,000	NO	0	0	\$1,680	\$480	\$2,160	9%
<b>TOTALS</b>		<b>\$469,000</b>		<b>\$19,500</b>	<b>\$6,500</b>	<b>\$28,530</b>	<b>\$224,080</b>	<b>\$278,610</b>	

<b>% ALLOCATED TO OWNERS</b>	<b>93.41%</b>
<b>TOTAL CONTRIBUTION</b>	<b>\$278,610</b>
<b>TOTAL COST OF EMPLOYEES</b>	<b>\$18,360</b>
<b>TOTAL ALLOCATED TO OWNERS</b>	<b>\$260,250</b>
<b>ESTIMATED TAX SAVINGS 15%</b>	<b>\$42,750</b>
<b>ESTIMATED TAX SAVINGS 34%</b>	<b>\$96,900</b>

**FORMULAS:**  
 Owner -> 100% of pay (up to max)  
 Non-Owners -> 2% of pay  
 PS: Owners -> 2%  
 PS: Non-Owners -> 4%  
 Safe Harbor 3% all employees

## KNOWLEDGE IS POWER

Looking at the chart above it is easy to see how it all works. However, an example can only go so far. Send us your business information and your employee information and we can pull the numbers for you.

The more you know, the more confident you are when making decisions and the power you hold.



## CASH BALANCE PLAN FOR 415 DOLLAR LIMITS - 2020

AGE	LIMIT	AGE	LIMIT	AGE	LIMIT
35	\$77,000	46	\$132,000	57	\$229,000
36	\$80,000	47	\$139,000	58	\$241,000
37	\$85,000	48	\$146,000	59	\$253,000
38	\$89,000	49	\$154,000	60	\$266,000
39	\$93,000	50	\$162,000	61	\$280,000
40	\$98,000	51	\$170,000	62	\$294,000
41	\$103,000	52	\$179,000	63	\$289,000
42	\$108,000	53	\$188,000	64	\$283,000
43	\$114,000	54	\$197,000	65	\$277,000
44	\$120,000	55	\$207,000		
45	\$126,000	56	\$218,000		

## GETTING CLEAR

Use the chart to the left to understand what the dollar limits are by age per year. Obviously, you do not have to contribute the maximum limits each year. However, the greater the contribution the greater the tax deduction and overall benefit.

## YOU SHOULD HAVE A RETIREMENT PLAN

### FOR THESE 3 REASONS.

TAX SAVINGS

RETIREMENT SAVINGS

REDUCTION OF LIABILITY



Stay connected and reach out if you have any questions.

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