IMA Retirement

The Cash Balance Plan Starter Kit: **A Quick Guide for Policy Admins**

Cash balance plans are one of the fastest-growing retirement plan designs in the U.S., offering the security of a pension with the flexibility of a 401(k). This guide provides the essentials for determining whether a cash balance plan is right for your organization.

What Is a Cash Balance Plan?

A hybrid retirement plan that combines elements of both defined benefit and defined contribution plans.

Traditional Defined Benefit →

Employer promises a fixed monthly benefit at retirement.

401(k) →

Employee-directed investments; account balance depends on contributions + returns.

Cash Balance Plan →

Employer credits a percentage of pay + interest credit each year; account grows in a way that feels like a 401(k) but with DB-style guarantees.

Is Your Company a Good Fit?

+ You want to accelerate retirement savings for owners/executives.
+ Your workforce skews older or highly compensated.
+ You're already maxing out 401(k)/profit-sharing contributions.
+ Your company is profitable and can commit to predictable annual contributions.
+ You want a powerful recruiting/retention tool for leadership talent.

Success Story:

"A 120-person tech firm reduced taxes by $500K annually while helping leadership save 3x more than in their 401(k)."

Cash Balance Plan FAQs

Q: Who contributes?

A: Employers fund the plan on behalf of employees; participants may also have a 401(k) alongside.

Q: How is it different from a 401(k)?

A: Unlike a 401(k), contributions are employer-funded and guaranteed by formula, not market performance. Account balances grow annually with “pay credits” + “interest credits.”

Q: What are the tax benefits?

A: Substantial. Companies can make large, tax-deductible contributions, often far beyond 401(k) limits. Executives can defer significant income taxes while building retirement security.

Q: Is it hard to administer?

A: Not with the right partner. Annual actuarial calculations are required, but modern third-party administrators and advisors handle compliance and plan design seamlessly.

IMA’s Process (visual timeline with 4 steps)

1. **Discovery** – Assess company profile and goals.
2. **Plan Design** – Model contribution scenarios and participant impact.
3. **Implementation** – Set up plan documents, coordinate with recordkeepers.
4. **Ongoing Support** – Annual actuarial review, compliance, and consulting.

Ready to Explore? *Schedule a consultation today.*

Scan QR code or visit imaretirement.com/contact

Let’s Connect

For assistance with your retirement needs, contact an IMA Retirement Advisor at 877.305.1864 or retirement@imacorp.com

SAFEGUARDS FOR YOUR RETIREMENT

Retirement Benefits Matter. We believe in the power of a well-planned retirement. It’s not just about numbers, it’s about investing in the people who make your organization shine. We partner with you to design a retirement plan that speaks to every individual, from the moment they join your team to the day they wave goodbye – helping them blossom both today and tomorrow.