# 5 Reasons to Add a Cash Balance Plan Before Year End

FUTUREPLAN by ASCENSUS®

**Cash balance plans are the best way for business owners to significantly reduce their tax burden and accelerate retirement savings. Help your high-earning clients take advantage of those benefits by setting up a plan now.**

1 **Get ahead of the game**

Plan sponsors have a lot to do well before the tax filing deadline. Setting up a plan in the last few weeks before the deadline can result in poor decision-making and frustration for the plan sponsor. So, be sure to allow enough time to incorporate plan design innovation and creative solutions.

2 **Maximize contributions with savvy DC plan changes**

Optimizing cash balance plan design often involves amending defined contribution (DC)/401(k) provisions, which must be done before plan year end. These changes could include modifying profit sharing allocations, syncing highly-compensated employee (HCE) groups, or adding a non-elective safe harbor (SH) for the current plan year.

**Deadline extension**

The SECURE Act extended the deadline for adding a cash balance plan until the tax-filing deadline. But don't let that be a reason to delay.

3 **Get estimated deductions in time**

Your client needs an estimated tax deduction by the first tax return due dates (March 15 or April 15)—so they can make the right payment even if going on extension.

4 **Meet the Interest Crediting Rate (ICR)**

As an advisor, you'll need to help clients invest funds much sooner than extended filing dates to have any chance of meeting the ICR for the following plan year.

5 **Ensure to fund by deadline even with October extension**

Cash balance and defined benefit minimum funding is still due by September 15 even if the tax return is on extension until October 15. And don't forget that plan sponsors still must pay Pension Benefit Guaranty Corporation (PBGC) premiums within 90 days of the plan's adoption date or by October 15.

### Important timing considerations

| TASK | DEADLINE |
|---|---|
| Pay PBGC premiums | Within 90 days of adoption (or by October 15) |
| Estimate tax deduction | First tax return due dates (March 15 or April 15) |
| Amend DC/401(k) provisions | Before plan year end |
| Zero out for C-corp | Fiscal year end |
| Fund minimum | September 15 |

**Connect with your FuturePlan sales consultant to add a cash balance plan before the deadline. We can also help you with free plan designs, cash balance sales strategies, and end-to-end support.**

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