



Cash Balance Small Plan Plan Example

This is an estimate only and should not be used as a basis for a tax deduction. All numbers in this example are subject to change when final census is received

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Case Study: Accelerating Owner Savings with a Cash Balance Small Plan

Client Profile

A professional services firm with seven employees, including two owners, was searching for a retirement plan structure that would allow them to make substantially larger tax-deductible contributions than a traditional 401(k) or profit sharing plan. With consistent profitability and an interest in building predictable retirement income, the firm wanted a plan that could prioritize long-term accumulation for the owners while still offering meaningful benefits for employees.

Challenge

The firm had outgrown the limitations of defined contribution plans. The owners, ages 58 and 49, were looking for a way to boost annual contributions as they approached retirement, but doing so without disproportionately increasing funding for younger staff. They needed a plan that would meet IRS requirements, maintain internal fairness, and still concentrate the majority of plan value toward ownership.

Solution

Nydia Retirement Solutions designed a Cash Balance Plan that used a uniform allocation formula to assign interest credits and pay credits to all participants. This allowed benefits to scale naturally with both age and compensation, producing significantly larger allocations for the owners. These allocations created an ownership-forward structure that met their needs and regulatory requirements.

Results

91% of all contributions were allocated to the owners. By adopting this Cash Balance structure, the firm created a powerful savings engine for ownership, established predictable annual deductions, while the employee benefits were strong enough to signal their position as an employer committed to long-term financial security for their staff.

Cash Balance Small Plan Example



Employee	Age	Salary	Cash Balance Plan
Owner 1	58	\$305,000	\$289,081
Owner 2	49	\$305,000	\$179,389
Employee 1	42	\$100,000	\$9,700
Employee 2	38	\$70,000	\$9,700
Employee 3	34	\$50,000	\$9,700
Employee 4	30	\$40,000	\$9,700
Employee 5	26	\$30,000	\$9,700
Totals		\$900,000	\$516,500
Employee Benefit (Funded by Employer)			\$48,500
Employee Benefit Total			\$468,000
Percentage to Owners			91%

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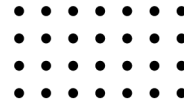
If a defined benefit plan is adopted, please be aware your plan may be subject to PBGC coverage and therefore annual premium payments. These payments are based upon the number of participants in the plan and the plan's funded status.

Please contact us for additional details.

Assumptions:

1. Owners wish to maximize their contributions to the plan.
2. All eligible participants receive the same benefit allocation formula.

Who We Are



MGKS is now Nydia Retirement Solutions

Same reliable team, same independent ownership, exciting new name. We are your experienced, reliable retirement plan consulting team. Our attention to detail is unmatched, and our commitment to you is unwavering.

Our Services

Plan Design & Implementation | Compliance Testing & Government Reporting | Record Keeping & Administration | Actuarial Services & Administration. We provide expertise and experience and lasting consultative relationships to our partners, and our clients.

Why Us

At Nydia, we do more than retirement plan administration, we bring 30+ years of experience and our unique attention to detail to every client relationship. We call ourselves Retirement Plan Consultants (RPCs) instead of TPAs because of our consultative approach.



Visit our website to
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Contact Us

Reach out to our experienced team of retirement plan consultants to design the right plan for you.

Nydia Retirement Solutions is a Retirement Plan Consulting partner focused on supporting our clients and partners from coast to coast. We are your one-stop-shop for all things retirement related.

FOR MORE INFORMATION

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