Cash Balance Plan Rescue

by Rick Keast

Time-Sensitive Information Regarding Recent Regulatory Changes for Cash Balance Plans

REDHAWK®
WEALTH ADVISORS

What Does “Cash Balance Plan Rescue” Mean?

We work with many small businesses and their cash balance plans. In talking with new prospective clients over many years, we hear the same complaints repeatedly and wanted to share with you how we were able to rescue their plans and make them work even better!

The main complaints include:

Dissatisfied because of poor or no servicing – Having to constantly remind the advisor or TPA to calculate the new funding amount and to send updated account statements are not what business owners want or need to add to their long to-do lists. How to fix it: We specialize in cash balance plans and will keep you on top of key enhancements as a result.

Stressed due to guaranteeing the benefit payment amount – Very concerned when the economy slows and negatively impacts your business, wondering if you'll have enough to fund the required contribution. How to fix it: We let the market determine the amount of assets in the plan with the flexibility to target higher returns than just a fixed amount.

Worried because it is difficult to budget annual contributions when they change each year – The annual contribution calculation is always a big unknown and tends to be communicated just days before your tax filing. How to fix it: We use the market return interest credit method, and your annual contribution will be the same every year.

Frustrated because you want your cash balance account to grow as much as possible – With every annual statement you receive, the account balance only increases by the fixed rate interest credit. How to fix it: We are an investment manager that oversees the investments in the cash balance plan and make sure it is aligned with your risk tolerance and retirement objectives.

What Is a Cash Balance Plan?

A cash balance plan is a type of defined benefit plan that is recognized by the Internal Revenue Service (IRS) as a qualified retirement plan. This means that it offers all the legal protections of the Employee Retirement Income Security Act (ERISA), which is a federal law that protects the retirement assets of participating employees.

The number of cash balance plans nationwide has more than tripled since the Pension Protection Act (PPA) came into effect in 2006. It is interesting to note that the first cash balance plan was established by Bank of America in 1985. However, the awareness and adoption by small businesses did not start until the PPA made them easier to manage and more cost effective as third-party administrators developed solutions that were more affordable[1].

For those new to cash balance plans, in 2014, the IRS issued finalized regulations supporting the cash balance plan concept as a retirement plan solution. Because of these changes, small businesses started to see the economic value of these plans and adoption soared.

Cash balance plans are referred to as "hybrid" plans because they combine features of traditional defined benefit plans and defined contribution plans. They are like a defined benefit plan whereby they pay out a defined benefit at retirement. However, the amount of the benefit is spread out over the course of the individual's employment history as opposed to their final years.

Like a 401(k) plan, a cash balance plan also allows employees to view their account balances over its lifetime, however, the assets in the plan are pooled (in one account) and each employee in the plan gets a "hypothetical individual account," which is a percentage of the plan's total assets. The plan assets are typically held in a retirement trust brokerage account at a large financial institution such as Schwab, TD Ameritrade, Fidelity, etc.

Cash balance plans are popular with small business owners and self-employed individuals because they have higher contribution limits. In addition to providing tax benefits, such amounts can help reduce the overall tax liability of high net-worth individuals.

Cash balance plans have comparatively high contribution limits, and the contributions offer some big tax savings to the employer. Unlike a profit-sharing plan, the employer contributions into the plan must be made every year according to the plan document. There are no employee contributions in a cash balance plan.

Since the employer bears the risk of the investments, the IRS needs to ensure that the employer is funding the accounts with enough money to cover the current liabilities. These funds can also be rolled over into an Individual Retirement Account (IRA) or other types of retirement accounts.

Enclosed below are the main components of a cash balance plan:

Account Balance	Employer Contribution	Interest Credit	Payment of Benefit
Employee benefits are defined as an account balance. The balance grows with employer contributions and interest credits. Account balances are hypothetical only - as all assets are held in a pooled retirement trust account (not in separate individual accounts).	Designated employees earn contributions for each year of service with the company. The contribution is designated by the employer and written into the plan document. These contributions stop when the participant leaves the company.	An interest credit is applied to the account balance each year. Interest credits do not stop when an employee leaves the company. They are earned until the balance is taken out of the plan at termination or retirement. There are two methods that can be used for the interest credit: 1. Fixed Rate or 2. Market Return	Typically, the benefit is paid out as a lump sum.

The employer makes contributions into the plan each year. This is often done near the end of the employer's fiscal year. Contributions must be made before taxes are filed for the year, including extensions, but never after September 15th (assuming a calendar year).

A cash balance plan is ideal for a small business, and they are often set up to benefit the owners. Cash balance plans are very advantageous for small business owners because these plans have extremely high contribution limits. In fact, older owners can typically put away a sizeable amount into a cash balance plan. The contribution limits are based on age. For example, an owner who is 40 years old can contribute up to $98,000 in 2022 while the 60-year-old business owner has a $271,000 contribution limit in 2022[2].

Cash balance plans typically have vesting requirements. Vesting is the term used to describe a process in which a person gains possession of an asset and it is a common feature in corporate employee retirement plans. A cash balance plan must fully vest after three years. If a participant leaves the company before they are 100% vested, they are entitled to their vested balance and the portion that is not vested is forfeited back to the company.

Maximum Annual Funding Amounts

The employer contribution is determined by a formula specified in the plan document. It can be a percentage of pay or a flat dollar amount. The table below (highlighted in light blue) shows the maximum annual contribution limits based on the age of the owner for 2022[2].

Age	Elective Deferrals	Profit Sharing	Maximum CBP Credit	Combined Plan Total
35	$20,500	$40,500	$76,000	$137,000
40	$20,500	$40,500	$98,000	$159,000
45	$20,500	$40,500	$127,000	$188,000
50	$27,000	$40,500	$163,000	$230,500
55	$27,000	$40,500	$210,000	$277,500
60	$27,000	$40,500	$271,000	$338,500
65	$27,000	$40,500	$283,000	$350,500

Staff benefits generally need to range 5.0% - 7.5% of pay.

Source: October Three, 2022.

The maximum amount a participant can receive from a cash balance plan is approximately $3.1 million at age 62[2].

Cash balance plans are unique in that they allow business owners to contribute to their cash balance plan, profit-sharing plan, and 401(k) plan. Thus, they can take advantage of the tax deduction benefits of three retirement vehicles. When combined with a 401(k) and profit-sharing plan, these plans can lead to significant tax deferral strategies and quick retirement savings. Additionally, with a cash balance plan, the tax deferred contribution limits grow as the age of the owner increases. In most cases, the business owners acquire around 95% - 98% of the total amount contributed to the plan (see the red circle in the chart below).

Source: October Three, 2022.

Name	Age	Compensation	401(k)	Profit Sharing	Cash Balance	Total
Owner 1	50	$285,000	$26,000	$38,500	$150,000	$214,500
Owner 2	62	$285,000	$26,000	$38,500	$250,000	$314,500
						$529,000
Staff				7.5%		
Employee 1	32	$55,000	-	$4,125	$900	$5,025
Employee 2	43	$50,000	-	$3,750	$900	$4,650
Employee 3	30	$40,000	-	$3,000	$900	$3,900
				$10,875		$13,575
					Percent to Owners	97%

A cash balance plan is portable and allows the participant to take the money with them if they leave the company. Further, they can roll over the funds into an IRA to avoid tax penalties. Cash balance plan contributions are fully tax-deductible to the company and the owners can reduce their income earned during the year (to reduce their personal tax liability).

These plans can also be tailored to fit the specific retirement strategies of the various owners within a company, taking factors such as age and income into consideration. The calculations and estimations are made with the assistance of an actuary.

For example, consider the case of a physician group made up of doctors of various ages. Doctor A is 60 years old and wants to put as much money as possible into the cash balance plan so they can retire within the next five years. Doctor B, who is in the same group practice, is 35 years old and plans to retire at age 65. The actuary can design the plan so that Doctor A can aggressively fund their retirement benefits. Doctor B has needs for short-term cash and may not want to fund their retirement plan as aggressively until later in their career. The cash balance plan design can be flexible enough to accommodate the individual needs of each practice owner.

Is a Cash Balance Plan Right for You?

Many small business owners find that a cash balance plan is an excellent way to increase contributions to their retirement accounts. After working with many small businesses, we have found that suitable business owner candidates have some or all of the following characteristics:

1. **Owners want to contribute more than $50,000 a year to their retirement.** Many small business owners neglect their personal retirement savings while they are building their company. They often have a need to catch up on years of retirement savings and adding a cash balance plan allows them to rapidly accelerate savings with sizeable pre-tax contributions.

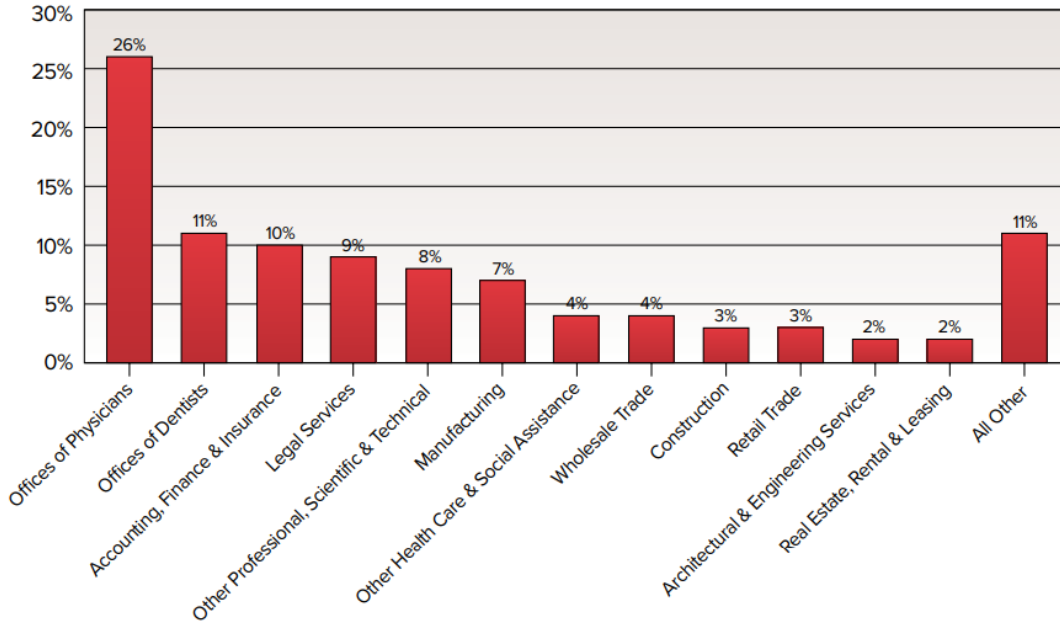
2. **Companies are already contributing 3-4% to employees.**
   While cash balance plans are often established for the business owner, other employees benefit as well. The plan normally provides a minimum contribution between 5% and 7.5% of pay for designated employees that are allowed to participate in the cash balance plan or a separate profit sharing 401(k) plan.

3. **Companies have consistent profitability.**
   Because a cash balance plan is a defined benefit plan with required annual contributions, consistent cash flow and profit is especially important.

4. **Owners over 40 years of age who desire to catch up or accelerate retirement savings.**
   Maximum amounts allowed in a cash balance plan are based on age. The older the participant, the faster they can accelerate their savings.

Cash balance plans are primarily adopted by physician groups, dental groups, accounting firms, and law firms and make up about 40% of the market. However, cash balance plans are becoming increasingly popular for the technology, retail, and manufacturing sectors (see the chart below).

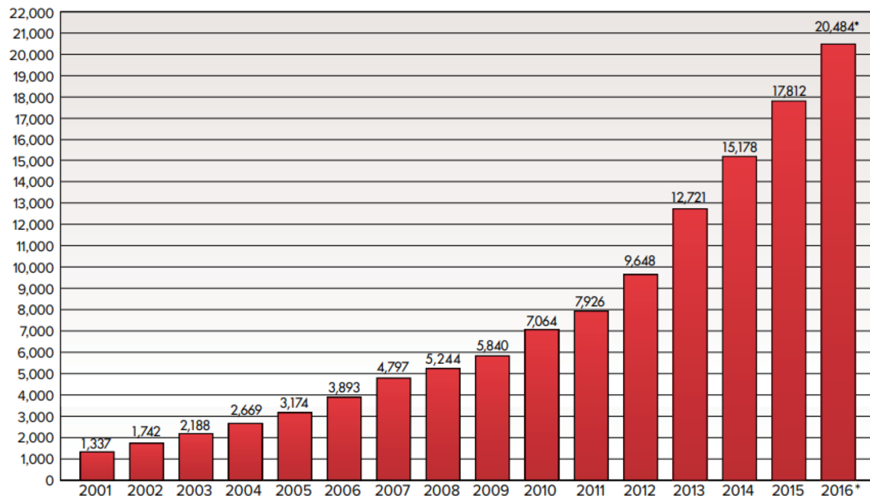
Cash Balance Plans by Business Segment



Source: Kravitz, an Ascensus Company, 2017.

The popularity of cash balance plans has soared since 2001, with double-digit annual growth almost every year, and a fifteen-fold increase over 15 years (see the chart below).

Number of Cash Balance Plans



Source: Kravitz, an Ascensus Company, 2017.

So, what is behind the remarkable growth in cash balance plans[5]?

1. **Rising taxes:** Rising federal, state, and local tax rates have motivated many small business owners to maximize tax-deferred retirement savings and take advantage of tax deductions for contributions to employee retirement accounts.

2. **Combined appeal:** The cash balance plan combines the high contribution limits of a traditional defined benefit plan with the flexibility and portability of a 401(k) plan. They also avoid the common risk factors and excessive costs associated with traditional defined benefit plans.

3. **Legislative changes and broader options for plan sponsors:** The 2006 PPA affirmed the legality of cash balance plans and made the plans easier to administer. New IRS cash balance regulations in 2010 and 2014 expanded investment options that minimized many funding issues.

4. **Retirement savings crisis:** Many small business owners have not saved for retirement which has prompted older business owners to accelerate savings and maximize qualified plan contributions.

Small businesses continue to drive the growth of cash balance plans and the highest adoption rate over the past five years has been in companies with fewer than twenty-five employees.

Today, 92% of plans are in place at firms with fewer than one hundred employees. Firms with 1 to 9 employees now account for 57% of all cash balance plans (see the chart to the right)[5].

Participants	Number of Plans	Percent of Nation's Total
Over 10,000	257	1.4%
1,000 to 10,000	581	3.3%
100 to 999	643	3.6%
25 to 99	1,909	10.7%
10 to 24	4,314	24.2%
1 to 9	10,108	56.7%
National Total	**17,812**	

Total participants in Cash Balance plans nationwide: 12.8 million

Source: Kravitz, an Ascensus Company, 2017.

What are the Tax Advantages of a Cash Balance Plan?

Cash balance plans have become increasingly popular, especially among small business owners and high-income earners. One of the biggest strategies for saving money as a small business owner is through tax deductions. The higher contribution limits allowed by a cash balance plan give small business owners the ability to deduct more from their income, thus savings in taxes.

Cash balance plan contributions offer significant tax advantages for small business owners because they reduce both taxable income ***and*** adjusted gross income (AGI) as the chart below illustrates[3].

Cash Balance Plans Contribution Limits and Tax Savings for 2022

Age	401(k) with Profit Sharing*	Cash Balance	Total	Tax Savings**
Above 65	$67,500	$295,000+	$362,500+	$163,125
65	$67,500	$295,000	$362,500	$163,125
64	$67,500	$302,000	$369,500	$166,275
63	$67,500	$308,000	$375,500	$168,975
62	$67,500	$315,000	$382,500	$172,125
61	$67,500	$299,000	$366,500	$164,925
60	$67,500	$285,000	$352,500	$158,625
59	$67,500	$271,000	$338,500	$152,325
58	$67,500	$258,000	$325,500	$146,475
57	$67,500	$245,000	$312,500	$140,625
56	$67,500	$233,000	$300,500	$135,225
55	$67,500	$222,000	$289,500	$130,275
54	$67,500	$211,000	$278,500	$125,325
53	$67,500	$201,000	$268,500	$120,825
52	$67,500	$191,000	$258,500	$116,325
51	$67,500	$182,000	$249,500	$112,275
50	$67,500	$173,000	$240,500	$108,225
49	$61,000	$164,000	$225,000	$101,250
48	$61,000	$156,000	$217,000	$97,650
47	$61,000	$149,000	$210,000	$94,500
46	$61,000	$142,000	$203,000	$91,350
45	$61,000	$135,000	$196,000	$88,200
44	$61,000	$128,000	$189,000	$85,050
43	$61,000	$122,000	$183,000	$82,350
42	$61,000	$116,000	$177,000	$79,650
41	$61,000	$110,000	$171,000	$76,950
40	$61,000	$105,000	$166,000	$74,700
39	$61,000	$100,000	$161,000	$72,450
38	$61,000	$95,000	$156,000	$70,200
37	$61,000	$90,000	$151,000	$67,950
36	$61,000	$86,000	$147,000	$66,150
35	$61,000	$82,000	$143,000	$64,350
Under 35	$61,000	Up to $78,000	Up to $139,000	Up to $62,550

Source: Ascensus. *Assuming 45% tax bracket. Taxes are deferred.

The tax law offers a significant tax break for pass-through business owners, but exclusions and limitations may prevent some professional services firms from benefitting. Fortunately, cash balance plans offer a greater advantage than ever, allowing some owners to reduce Adjusted Gross Income (AGI) enough to qualify for the full deduction, 20% of Qualified Business Income (QBI). QBI is typically referred to as a tax saving provision for small business owners.

One of the major provisions of the Tax Cuts and Jobs Act (TCJA) that was enacted in 2017 was the addition of Internal Revenue Code (IRC) section 199A. It provides up to a 20% deduction for qualified business income (QBI) received by taxpayers from a pass-through entity. Pass-through entities include sole proprietorships, S corporations, partnerships, or limited liability companies taxed as a partnership[4].

In summary, contributing to a cash balance plan can provide tremendous tax benefits. These benefits apply to both the amount contributed and the subsequent earnings on those contributions. Furthermore, the investment earnings on the contribution will compound, enabling it to grow to a significant amount at retirement.

What are the Differences Between a Cash Balance Plan and a 401(k) Plan?

While there are some similarities between these plans, there are a few major differences as well. In a 401(k) plan, employee and employer contributions are discretionary. Additionally, a 401(k) plan is self-directed and typically has both employee and employer contributions. When a participant in the 401(k) plan begins to fund their account, they must also decide how their account will be allocated among the funds available in the plan.

The investments in a 401(k) plan are typically index funds and the account is subject to market risk. The contributions to a 401(k) plan are tax deductible in the current year, and participants will pay regular income taxes on those funds when they make withdrawals at retirement. So, the employee bears the risk in a 401(k) plan.

In a cash balance plan, the employer makes all the contributions, and they are mandatory. In addition, the employer bears all the investment risk for the employee's benefit. This means that the employer promises a certain benefit amount (defined benefit) to the participants. Cash balance plans usually provide a lump sum based on the account balance. So, the employer bears the risk in a cash balance plan.

What are the Cash Balance Plan Funding Requirements?

As discussed earlier, an interest credit is applied to the account balance each year. Interest credits do not stop when an employee leaves the company. They are earned until the balance is taken out of the plan at termination or retirement. There are two methods that can be used for the interest credit:

- Fixed Rate
- Market Return

Fixed Rate Interest Credit

A cash balance plan can be credited with a fixed rate of interest specified by the plan document. The fixed rate is usually based on a particular index, such as the Consumer Price Index (CPI) or a U.S. Treasury rate and is normally 4% - 6%. Employers select the fixed rate to be credited under the plan within the guidelines issued by the IRS. The fixed rate interest credit is guaranteed by the employer and must be met each year, regardless of the investments used.

Let us go over an example of how this works based on the following assumptions:

- Cash Balance Plan Assets as of 12/31/2020: $1,000,000
- Annual Cash Balance Contribution: $250,000
- Fixed Rate Interest Credit: 5%
- Investment: iShares Core US Aggregate Bond ETF (symbol: AGG)
- AGG return for 2021: -4.38%
- Fixed Rate Interest Credit Amount: $1,000,000 times 5% = $50,000
- Guaranteed Cash Balance Plan Ending Balance as of 12/31/2021: **$1,050,000**
- Employer's Funding Requirement for 2021: **$343,800** (under the fixed rate interest credit the employer is liable for the guaranteed amount)

Because the plan assets were invested in a fund (AGG) that lost money for the year, the assets ended the year with a balance of $956,200. Remember that the fixed rate interest credit is guaranteed by the employer. Since the plan had a 5% fixed rate interest credit amount, the ending balance for 2021 should be $1,050,000. So, the employer must contribute $43,800 to make up for the underperformance of the AGG plus the $50,000 guaranteed fixed rate interest credit plus the annual contribution of $250,000 (which amounts to the funding requirement of $343,800).

Market Return Interest Credit

The Pension Protection Act of 2006 allowed for the interest credit to be based on market returns of the investments used. This option does not limit the plan assets to grow based on a small, fixed rate, but the assets can earn real returns based on the investments. This method can maximize the plan assets for when the business owners retire, and it also eliminates the employer's obligation to provide a guaranteed benefit to the participants in the plan.

Let us go over an example of how this works based on the following assumptions:

- Cash Balance Plan Assets as of 12/31/2020: $1,000,000
- Annual Cash Balance Contribution: $250,000
- Investment: SPDR S&P 500 ETF Trust (symbol: SPY)
- SPY Return for 2021: 27.04%
- Market Return Interest Credit Amount: $1,000,000 times 27.04% = $270,400
- Cash Balance Plan Ending Balance as of 12/31/2021: **$1,270,400**
- Employer's Funding Requirement for 2021: **$250,000** (under the market return interest credit method, the employer is not liable for a guaranteed benefit)

As you can see, the market return interest credit method has significant advantages for the employer.

1. The employer does not have the liability of meeting a guaranteed amount each year.
2. The cash balance plan can earn investment returns based on the markets and significantly increase the account balances for retirement.
3. The employer's annual funding requirement stays the same every year.

Annual Funding Amount

It is important to note that the annual funding amount is contingent on the interest credit method used.

If the fixed rate interest credit method is used, then the cash balance plan contributions are offset by the investment performance. If the investment performance exceeded the fixed rate of interest, the excess would be applied to reduce the employer's contribution to fund the plan. Conversely, if the investments underperform the fixed rate interest credit, the employer's contribution would be increased to make up for the loss. Because the annual employer contribution is offset by the investment performance, contribution amounts can vary largely from year to year, depending on the underlying investment returns. This often creates extra contribution surprises or unwelcome tax consequences (see the chart below – the column highlighted in red).

If an employer chooses the market return interest credit method for the plan, employer contributions are not offset by the investment performance. This allows for an annual contribution that is the same amount every year. The funding amount is the same and does not vary each year and most importantly does not increase when markets are volatile and negative. The stress of unexpected contribution amounts is replaced with consistent yearly contributions and easily budgeted annual expenses (see the chart below – the column highlighted in yellow).

	Contribution	Fixed Rate Promise	Actual Return	Promised Account Balance	Fixed Rate: Fluctuating Contribution	Market Return: Predictable Contribution
Year 1	$100,000	n/a	n/a	-	$100,000	$100,000
Year 2	$100,000	4%	7%	$104,000	$97,000	$100,000
Year 3	$100,000	4%	0%	$212,160	$108,160	$100,000
Year 4	$100,000	4%	-4%	$324,646	$124,973	$100,000
Year 5	$100,000	4%	12%	$441,632	$66,028	$100,000
Year 6	$100,000	4%	2%	$563,298	$110,833	$100,000
Year 7	$100,000	4%	-6%	$689,829	$166,330	$100,000
Year 8	$100,000	4%	11%	$821,423	$44,712	$100,000

Source: October Three, 2022.

As you can see in the chart above, under the fixed rate interest credit method, the annual contributions vary each year because the employer is guaranteeing an account balance based on a fixed rate of 4%. When the investments outperform the 4% rate, the contribution is reduced (Years 2, 5, and 8) to offset the gain. Conversely, if the investments underperform the 4% rate, the contribution must be increased to make up for the loss (Years 4 and 7).

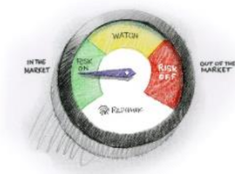
However, as stated above, under the market return interest credit method, the annual contribution is the same every year ($100,000 in this example), no matter how the investments performed!

How can an Investment Manager Mitigate Market Risks for a Cash Balance Plan?

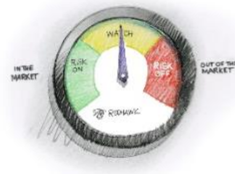
Wouldn't you want your cash balance plan to participate in a bull market, when prices are rising or are expected to rise? Wouldn't you want your cash balance plan to go defensive and preserve capital in a bear market, when a market experiences prolonged price declines? To answer these questions, let us look at our Risk-Guard™ tactical asset allocation strategy.

Risk-Guard Phases

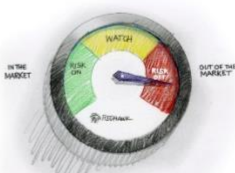
Risk-Guard has three levels of algorithms that are used when managing risk for cash balance plans. These three phases tell us whether we are on the offense and fully invested in the market or are in a defensive position.



Risk On – when the market is relatively calm. The cash balance plan is fully invested in the equity markets.



Risk Watch – when the market is experiencing volatility and uncertainty. The “risk watch” signal has tripped, but not enough to go into full risk off mode. The algorithms will gradually go defensive when going from risk on to risk off. Conversely, the algorithms will gradually go back into the equity markets when going from risk off to risk on.



Risk Off – when the market is experiencing heightened volatility. The algorithms fully kick in and change the allocations in the cash balance plan to defensive mode and invests in those asset classes that are doing well in a down market or a stable value fund. The algorithms only move to “risk off” mode when the signals indicate the potential for a significant and prolonged market downturn.

When the algorithms are “risk on,” the tactical asset allocation strategy is an active management style that looks for investment opportunities in the market. For example, it might be that within equities, it may be beneficial to own more small-cap companies than large-cap companies because small-caps are a better investment opportunity during a particular trend. The Risk-Guard algorithms provide an opportunity to invest the cash balance plan in the top performing funds available in the market.

Under this active type of strategy, the cash balance plan’s assets are in growth mode when the market is doing well and go to defensive mode when the market is not doing well. This strategy creates extra value by leveraging certain situations in the marketplace and employ a quantitative investment model to expose the imbalances among different asset classes. Let us take a closer look at the main objectives of the Risk-Guard principals.

Risk-Guard Objectives
As mentioned above, Risk-Guard is a tactical asset allocation strategy that is an effective means to limit the drawdown risk in a cash balance plan. The Risk-Guard philosophy prioritizes managing drawdown risk as a key component for success and has been designed to have two distinct advantages:

1. *Managing Drawdowns:* By going to “risk off” mode during severe bear markets. This defensive posture is intended to mitigate downside risk when markets are volatile.

2. *Range of Expected Returns:* It is important to understand that the performance of the cash balance plan is designed to have expected returns based on the risk number of each portfolio. The objectives of the portfolios are not designed to consistently target or beat the returns of the S&P 500 or other major indexes; it is to pursue returns that are in the range of expected returns based on the risk of the portfolio.

You can find out more about the Risk-Guard process in the "Cash Balance Plan Risk-Guard" red paper.

What Could Your Cash Balance Plan Look Like?

In this red paper, we have talked about several key items that can be done ***now*** to rescue your cash balance plan. Just by ***restating your plan*** to allow for the market return interest credit method and ***utilizing our Risk-Guard process***, your account balance could grow as shown in the chart below (see column circled in green compared to the column circled in blue).

Putting it all together…an extra $251,629 in retirement in just eight years *(see column circled in brown)****!***

	Fixed Rate Interest Credit Contribution	Fixed Rate Interest Credit Promise	Fixed Rate Interest Credit Fluctuating Contribution	Fixed Rate Interest Credit Promised Account Balance	Market Return Interest Credit Predictable Contribution	Risk-Guard Returns	Market Return Interest Credit Account Balance	Account Balance Difference with Market Return Interest Credit and Risk-Guard
Year 1	$100,000	N/A	$100,000		$100,000	N/A		$0
Year 2	$100,000	4.00%	$97,000	$104,000	$100,000	11.04%	$111,040	$7,040
Year 3	$100,000	4.00%	$108,160	$212,160	$100,000	31.45%	$277,412	$65,252
Year 4	$100,000	4.00%	$124,973	$324,646	$100,000	18.16%	$445,950	$121,304
Year 5	$100,000	4.00%	$66,028	$441,632	$100,000	-5.95%	$513,466	$71,834
Year 6	$100,000	4.00%	$110,833	$563,298	$100,000	22.02%	$748,551	$185,254
Year 7	$100,000	4.00%	$166,330	$689,829	$100,000	8.41%	$919,914	$230,085
Year 8	$100,000	4.00%	$44,712	$821,423	$100,000	5.21%	$1,073,052	$251,629

Source: October Three and Redhawk Wealth Advisors, Inc., 2022. The Risk-Guard annual returns are actual returns of Redhawk's S&P 500 Aggressive portfolio (RSPA) from 2015 to 2021.

Find Out if Your Plan Needs to be Rescued!

You have nothing to lose by letting us review your cash balance plan and determine if it can be rescued. We have made it easy for you to get started. When you think about it, we are really acting as co-fiduciaries with you. For our part, you can count on us to deliver the following:

- A free cash balance rescue assessment.
- A complimentary investment analysis, potential future income projection, and a risk number you can keep (even if you do not use our service).
- If you do use our service, we do it all for you.

Have Questions? Please call
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Acknowledgements

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About the Author

Rick Keast is the President and Chief Compliance Officer of Redhawk Wealth Advisors, Inc. Redhawk is an SEC registered investment advisor located in Minneapolis, Minnesota. Mr. Keast is responsible for the operations and overall performance of the firm, as well as oversees the regulatory and compliance functions and the investment committee for the firm. He has over 30 years of experience in the financial services industry and has worked with financial advisors throughout the country to help them build their practices.

Mr. Keast has a proven track record in the financial services industry for developing revenue-producing relationships and delivering key customer solutions. He developed the first 401(k) offering with exchange traded funds in 2005 working with Capital One ShareBuilder. He has also served as the lead consultant working with major Fortune 500 firms such as PepsiCo, Frito-Lay, Pizza Hut, Taco Bell, Continental Airlines, Merrill Lynch, State Street, CONAGRA, and Textron. Prior to joining Redhawk, Mr. Keast held various management positions with ExpertPlan, PAi, Merrill Lynch, KPMG Consulting, and William M. Mercer.

Mr. Keast earned his bachelor's degree from Northern Illinois University and an MBA from Lake Forest Graduate School of Management. He also holds the Accredited Investment Fiduciary ("AIF®") designation from Fi360. Mr. Keast is the author of the book "Freedom to Soar, Your Guide to a Better Financial Outcome" which was published in 2020 and the "TSP Millionaire" published in 2021.