

Industry:
**Professional
Services**

Entity Type:
Law Firm

Ownership
Structure:
**Private
Corporation**

Number of
Employees:
20

Ready to take the next step?

CBIZ is uniquely positioned to serve as both an adviser and third-party administrator with experience in designing, performing and implementing annual administration, plan document, and consulting services. We offer a complete solution to help you assess, install, maintain, and unwind a cash balance plan.



BENEFITS | RETIREMENT PLAN CONSULTING

Law Firm Implements Cash Balance Plan to Help Deliver Increased Retirement Savings and Reduced Taxes

Issue

After dedicating significant effort to growing the firm, the owner of a 20-person law practice realized they were falling behind on their retirement savings. Traditional 401(k) plans, with their relatively low contribution limits, restricted both the amount the owner could save for retirement and the potential tax deductions for the company. Seeking to substantially boost retirement savings while optimizing tax efficiency, the owner began exploring more robust retirement planning strategies.

Solution

The firm engaged CBIZ to design, implement and maintain a cash balance plan alongside their 401(k). This allowed them to significantly increase yearly tax-deductible contributions compared to 401(k) contributions alone.

Outcome

- The owner accelerated their retirement savings by accumulating more than \$3M in benefits in the cash balance plan over a 10-year period. The staff also received benefits in the cash balance plan equal to 2% of compensation each year.
- The firm was able to make large tax-deductible contributions each year to the cash balance plan, in addition to the employer contributions to the 401k plan.
- The cash balance benefits earned by the owner required larger employer contributions to the staff in the 401k plan to pass nondiscrimination testing. These larger contributions were typically in the area of 6% to 7% of compensation each year. These larger benefits helped to improve recruitment and retention.

Investment advisory services provided through CBIZ Investment Advisory Services, LLC, registered investment adviser and a wholly owned subsidiary of CBIZ, Inc.

Third-party administration, actuarial, and other consulting services offered through CBIZ Benefits & Insurance Services, Inc.

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