



Cash Balance Pension Plans For Dentists

Timing your exit from your practice is critical to make sure you can maximize the amount of money and profit you take with you. In addition to pre-sale business planning, taking certain steps to maximize your retirement assets is also possible with techniques like cash balance plans.

A cash balance pension plan is a tax-deferred (qualified) retirement plan that provides an alternative means of potentially accelerating retirement savings with the benefit of tax deductibility.

Participant accounts exhibit the combined characteristics of a traditional defined benefit (DB) plan, including high contribution amounts and guaranteed benefits, with those of a defined contribution (DC) plan, where each participant maintains an account with a portable balance.

Why Cash Balance?

Tax Reduction

- Contributions are tax deductible, and investment earnings grow tax deferred until withdrawn.
- Significant potential deferral allowances make cash balance a powerful income deferral tool.
- In the event of a change of employment, account values may be rolled into an IRA, sustaining the account's tax-favored treatment while providing portability.

Accelerated Retirement Savings

- When business principals and partners combine a cash balance plan with a 401(k)-profit sharing plan, pre-retirement savings amounts have the potential to be significantly increased.

- Accelerated contributions may allow for a lifetime of retirement savings to be compressed into a much shorter time period (versus contributions without a cash balance retirement strategy).
- Annual contributions can range from \$59,000 to \$366,000, subject to current laws and limitations, with a lifetime benefit of approximately \$3 million.¹

Stabilized Asset Growth

- Unlike traditional defined benefit plans, growth is achieved primarily through contributions and real earnings and is less reliant on total return strategies.
- Conservative benchmarks, attractive plan design and a short time horizon can be used to diminish volatility in plan values, providing for greater potential contribution stability.
- Cash balance plans may act as a substitute for principle preservation strategies within an overall retirement strategy.



Ancillary Benefits

- Plan assets receive protection from creditors in the event of bankruptcies or lawsuits.
- The generous contribution limits within cash balance plans increase with age, potentially amplifying lifetime savings and tax benefits.

2022 Contribution Limits¹

Cash balance plans have generous contribution limits that increase with age, amplifying lifetime savings and tax deferral.

DC Contribution Level for Staff/NHCE

Age	5%	6%	7%	7.5%
30	59,000	59,000	59,000	59,000
40	98,000	98,000	98,000	98,000
50	81,000	116,000	151,000	163,000
60	59,000	84,000	109,000	271,000
65	57,000	81,000	105,000	283,000
70	56,000	81,000	105,000	366,000

Source: October Three; assumes staff benefits of 7.5%, generally they need contributions of 5.0% - 7.5% of pay. Subject to all applicable regulations and dependent upon plan design.

Is Cash Balance Right for You?

- Do partners have an appetite for potentially increasing retirement savings above what is currently available?
- Is this appetite likely to be sustainable for five or more years?
- Is the plan sponsor willing to contribute at least 5% of payroll toward staff retirement benefits?

If the answer to these questions is YES, allow your Mariner Wealth Advisors representative to provide a comprehensive review of your contribution and tax reduction options through a customized proposal.

Cash Balance Plans: A Powerful Retirement Option

Plan sponsors can tailor their plan to minimize funding risks, while at the same time offering participants a meaningful mechanism to potentially increase tax-deferred retirement savings. In today's rapidly changing and competitive business environment, the added benefits of a cash balance retirement offering could help attract qualified job candidates and retain valuable employees, which, in turn, helps with business continuity and success.

Mariner Wealth Advisors has partnered with experienced service providers in the cash balance arena to bring our clients a professional, coordinated and turnkey solution in the areas of plan design, implementation and monitoring, investment management and tax efficiency.

Contact your Mariner Wealth Advisors representative to discuss whether a cash balance plan may be right for your business team.

For more information visit: marinerwealthadvisors.com

Source:

¹ IRC 415

Some or all services listed in this piece may or may not be offered depending on the needs of each specific plan.

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