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New IRS Guidelines are Turbo Charging Retirement Plans

Could you use an extra $2.5 million when you retire?

LOS ANGELES, Feb. 24, 2015 /PRNewswire/ -- Would you like to defer taxes on over $200,000 of current income, EACH YEAR?

Often professionals postpone their retirement savings while building their practice which results in a need to catch up on years of retirement savings neglect. A Cash Balance Plan allows for a rapid acceleration of savings with pre-tax contributions as high as $100,000 to $240,000, depending on age.

"With an increasing number of attorneys bumping up against their maximum contributions for 401(k) and profit sharing plans, more law firms are implementing Cash Balance Plans to help partners/shareholders increase their pre-tax contributions," says Dan Kratvitz, President of Encino.

Over 40% of Cash Balance Plans are in physician, law, and professional service firms - 9% of all Cash Balance Plans in the United States as of 2005 were established by law firms.

What's all the EXCITEMENT?

If you're a doctor (self-employed or partnered), chances are you already have a DC/profit-sharing plan available to you into which you can contribute $50,000 a year ($55,000 if you're over 50)

But what if you want to save more of your money toward retirement?

A Roth IRA or even a taxable account can be used but neither of those options reduces your tax bill this year. A Cash Balance Plan will. A 2014 national Cash Balance study by Kravitz showed a 22% increase. The analysis of IRS data showed 9,648 Cash Balance Plans as of 2012.
The types of businesses that are ideal candidates for Cash Balance Plans:

- **CPA**
- **Law Firms**
- **Medical Groups**
- **Family or closely-held businesses with owners at their 401(k)/profit sharing**
- **Sole proprietors with income exceeding $260,000 per year**

The Solution:

You may be the perfect candidate for a Cash Balance Plan. You can recover from a financial setback, or compress 25 years of savings into 10.

SOURCE John Cornish

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