BULL RUN INVESTMENT MANAGEMENT
BRIM

CLIENT GUIDE

Cash Balance Plan Guide

A cash balance plan is an employer-sponsored retirement plan that combines the best features of a traditional pension and a 401(k), and lets business owners and key employees contribute far more than a 401(k) alone, often $100,000 to $350,000 or more a year depending on age.

A standard 401(k) caps contributions at $24,500 ($32,500 if you are 50 or older). A cash balance plan allows much larger tax-deductible contributions. Every dollar reduces your taxable income today and grows tax-deferred until retirement.

How it works

1 **Your business sets up the plan**

The business establishes a cash balance plan through a retirement plan provider. Each participant gets a hypothetical account that tracks contributions and guaranteed interest credits.

2 **Annual contributions (pay credits)**

The employer contributes to each participant's account every year, usually a percentage of salary. For owners, the amount can be substantial; it depends on age, income, and plan design.

3 **Guaranteed growth (interest credits)**

The plan guarantees a fixed interest credit each year, usually 5% to 7%, applied to your balance regardless of market performance. If investments underperform, the employer makes up the difference.

4 **Retirement payout**

At retirement you can take the benefit as a lump sum (rolled into an IRA) or as a monthly annuity. Most people take the lump sum for flexibility.

Why it matters

For a high-income business owner, a cash balance plan is one of the most powerful tax-reduction strategies available. A 55-year-old owner earning $400,000 or more could contribute over $250,000 a year, all deductible to the business. Over ten years that is potentially millions in tax-deferred retirement savings.

Combining a 401(k) profit sharing plan with a cash balance plan can push total annual contributions past $400,000 for older owners, far beyond any other retirement vehicle.

Who benefits most

- **Business owners and self-employed professionals.** Doctors, lawyers, CPAs, consultants, and other high-income owners who want to shelter $100,000 to $350,000 or more a year from taxes.
- **Older owners catching up.** If you are 45 or older and behind on retirement savings, a cash balance plan accelerates savings far beyond 401(k) limits.
- **Businesses with stable cash flow.** Contributions are required every year, so this works best with predictable profitability.
- **Key executives and highly compensated employees.** Companies use cash balance plans to attract and keep top talent with benefits well beyond a standard plan.

How we get this set up

Setting up a cash balance plan is straightforward when you work with Bull Run. Here is who does what.

Who	What they do
Bull Run Investment Management (your advisor)	Designs the overall retirement strategy and decides how a cash balance plan fits your financial picture. Coordinates between you, the plan provider, and your CPA. Manages the plan's investments inside your Schwab custodial account. Provides ongoing advisory and fiduciary oversight.
The Retirement Plan Company (TRPC), plan administrator	Handles all plan administration, recordkeeping, compliance testing, and actuarial work. Prepares the required IRS filings, annual valuations, and participant statements. TRPC has served plans nationwide since 1992, with over 3,500 plans and $3 billion in assets. Transparent fees, no hidden revenue-sharing.
Your CPA or tax advisor	Reviews contribution levels for the best tax deduction. Coordinates the business return with the plan's contribution schedule. Helps set the right contribution each year based on cash flow and profitability.

Maximum contributions by age (2026)

Estimated maximum annual contributions to a cash balance plan combined with a 401(k) profit sharing plan. Actual amounts depend on plan design, income, and actuarial review.

Age	401(k) deferral	401(k) profit sharing	Cash balance plan	Total
35	$24,500	$47,500	$93,000	$165,000
40	$24,500	$47,500	$120,000	$192,000
45	$24,500	$47,500	$154,000	$226,000
50	$32,500	$47,500	$197,000	$277,000
55	$32,500	$47,500	$253,000	$333,000
60	$35,750	$47,500	$325,000	$408,250
62	$35,750	$47,500	$359,000	$442,250
65	$32,500	$47,500	$349,000	$429,000

Source: IRS 2026 limits. Assumes compensation of at least $360,000. 401(k) catch-up contributions apply at age 50 and older ($8,000) and at ages 60 to 63 ($11,250). Actual cash balance contributions vary with plan design and actuarial review.

Cash balance plan vs. 401(k) only

	401(k) only	401(k) + cash balance plan
Max annual contribution, age 50	$80,000	$277,000
Max annual contribution, age 60	$83,250	$408,250
Tax deduction	Limited	Substantial
Investment risk	Employee	Employer
Guaranteed growth	No	Yes (5% to 7%)
PBGC insured	No	Yes
Ideal for	All employees	Business owners and high earners

Key things to know

- **Contributions are required every year.** Once the plan exists it has to be funded annually, so it suits businesses with consistent profitability.
- **The employer bears the investment risk.** If investments underperform the guaranteed rate, the business makes up the difference. Bull Run's investment management is designed to meet or exceed these targets.
- **Benefits are PBGC-insured.** Most cash balance plans are backed by the Pension Benefit Guaranty Corporation.
- **It combines with a 401(k).** A cash balance plan works alongside your existing 401(k), not instead of it. Together they unlock much higher total contributions.
- **It is portable.** When you leave or retire, you roll the balance into an IRA, just like a 401(k). No annuity required.

What it costs

Bull Run advisory fee

Our standard advisory fee, on the same graduated schedule you pay on all of your managed accounts (see our Fee Schedule). There is no additional advisory charge for the cash balance plan.

No hidden costs

No commissions, no product-based fees, no surprises. Bull Run is a fee-only fiduciary and never receives compensation from third parties.

TRPC administration fees

Modest, transparent fees for plan setup, annual compliance, actuarial calculations, and recordkeeping. TRPC does not collect hidden revenue-sharing payments from fund companies. Typical annual administration runs a few thousand dollars depending on plan complexity.

Questions?

Want to see whether a cash balance plan makes sense for you? Send us your age, your W-2 or net business income, and last year’s profit. We coordinate with your CPA and TRPC and come back with a first estimate.

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Bull Run Investment Management, LLC is a registered investment adviser. This guide is general information, not tax or legal advice. Contribution limits are set by the IRS and change each year; the figures shown are 2026 estimates, and actual amounts depend on plan design and actuarial review. Confirm your numbers with your CPA and the plan administrator before adopting a plan.