***Please note: This is an AI generated transcription - there may be slight grammatical errors, spelling errors and/or misinterpretation of words*.**

If your employer is offering you access to a cash balance plan, there are a few things you should know, including what it is and how to take advantage of its benefits.

A cash balance plan is a form of defined benefit retirement plan, in other words, a pension plan. This type of plan often supplements other employee provided retirement programs, 401k or profit sharing plan. Cash balance plans are similar to other pension plans in that you don't manage them or choose your investments.

The plan will maintain a specific account balance on behalf of each participant. As a participant, your account balance is made up of service credits tied to the plan's design. Usually, These service credits are given annually, and the amount may vary based on factors such as your years of service or compensation level.

Additionally, these credits grow over time according to a defined interest rate, often referred to as the crediting rate. For partnerships, we're One advantage of a cash balance plan is that it can allow for greater accumulation of tax advantage retirement savings than a 401k alone. When you retire, your account balance can be paid out as an annuity over a period of years or in a single lump sum distribution based on the specific features defined in your plan document.

If you separate from service before retirement, you might be able to take the cash balance with you and roll the funds into an individual retirement account. or other tax advantaged retirement program. Even with a 401k and cash balance plan, you may need additional savings and investments to meet your retirement lifestyle goals.

Be sure to speak with your financial advisor about all the available ways for you to save. For help understanding your cash balance plan and how it fits into your overall retirement strategy, call CAPTRUST. We're ready to help.