



# ▶ Qualified Retirement Plans

**Presented by:**

**Jared Archer, CPA/ABV, CFP®, CEPA®**  
*Manager | WPWealth*

# Agenda

- About WPWealth
- Purpose and Types of Retirement Plans
- Tax Credits
- Cash Balance Plans
- Additional Considerations

# About WPWealth

# Tailored Services for Diverse Client Needs

Based in Fort Worth, Texas, we are a Registered Investment Advisor with the Securities and Exchange Commission. Our team of Certified Financial Planners™ (CFP®), Certified Public Accountants (CPA), and other credentialed professionals distinguishes us by:



## Focusing on Client Goals

We prioritize identifying and building personalized plans aimed at achieving your unique financial objectives.



## Comprehensive Planning

We understand the power of comprehensive financial planning and its impact on long-term success.



## Client Education

We are dedicated to educating our clients, helping them maintain a long-term perspective to achieve their goals.



## Seamless Coordination

We coordinate seamlessly with tax professionals to provide integrated solutions.



## Evidence-Based Investing

Our systematic approach to investing delivers a high probability of success.



## Specialized Services

We offer specialized services tailored to meet the diverse needs of each client.

# Your Team of Trusted Advisors



# Purpose and Types of Retirement Plans



# The Power of a Plan

- Employee Retention
- Attract & Retain Key Employees
- Maximize Owner Contributions
- Tax Deduction/Credit for Business

# Types of Retirement Plans

Retirement Plan	Individuals		Small Businesses		Medium-Large Businesses		
	IRA	Roth IRA	SEP IRA	SIMPLE IRA	401(k) / 403(b)	Roth 401(k)	Cash Balance Plan
Maximum Contribution (Annual)	\$7,500*	\$7,500*	Lesser of \$72,000 <b>OR</b> 25% of Eligible Comp	\$16,500*	EE: \$24,500* ER: \$47,500	EE: \$24,500* ER: \$47,500	\$290,000
Catch Up Contributions	50+: \$1,000	50+: \$1,000	N/A	50+: \$4,000 60-63: \$5,250	50+: \$8,000 60-63: \$11,250	50+: \$8,000 60-63: \$11,250	N/A
Salary Deferral	✗	✗	✗	✓	✓	✓	✗
Employer Match	✗	✗	✗	✓	✓	✓	✗
Loans	✗	✗	✗	✗	✓	✓	✓
Pre-Tax Contributions	✓	✗	✓	✓	✓	✗	✓
Tax-Free Distributions	✗	✓	✗	✗	✗	✓	✗

# Tax Credits



# Start-Up Costs

- **Secure 1.0:** Limited to employers with less than 50 employees – 50% of costs
- **SECURE 2.0:** Expanded to employers up to 100 employees
- **Credit Amount:**
  - 50 Employees: 100% of qualified start-up costs, up to \$5,000 per year for the first three years
  - 51-100 Employees: 50% of qualified start-up costs



# Automatic Enrollment

- **Required:** Applies to new 401(k) and 403(b) plans (2025) \*
- **Initial contribution rate:** At least 3%, increasing 1% annually until 10%
- **Impact:** Encourages higher participation and savings rates.
- **Benefit to employer:** Tax credit \$500/year for 3 years upon adding this feature
- **Eligibility:** Fewer than 100 employees, new plan or improving enrollment features

\* Note: Existing plans can implement and be eligible for credit



# Employer Contributions

- **Eligibility:** Employers with up to 100 employees, establishing a new plan
- **Effective:** 1/1/2023
- **Credit Amount:** Up to \$1,000 per employee for employer contributions, phased down over five years:
  - 100% for the first two years
  - 75% in the third year
  - 50% in the fourth year
  - 25% in the fifth year

# Cash Balance Plans

# Cash Balance Plan Overview



Contribution is specified in the Plan Document



Provides more flexibility in allocating benefits to different employee groups



Contributions are credited to a "Hypothetical Account" for each participant yearly



Fixed Annual Credit and Fixed Annual Interest Credit on the Account



Plan guarantees a specific benefit amount providing predictability and security



Offers significant tax-deferred savings opportunities



Allow for significantly larger contributions than a 401(k) plan alone



Plan sponsor bears investment risk, not employees



Contributions must be Fully Vested after three years



Plan should be maintained for five years to satisfy Permanency requirements



Plan Assets are Pooled and Trustee-Directed



## Who Should Consider a Cash Balance Plan?

- Company need for **significant** tax deductions
- Company with **excess cash** and **stable cash flow**
- Company with **high, stable earnings** from year-to-year
- Business owners seeking opportunities to **save beyond a 401k plan**
- Company that often (but not required) has a **small number of key employees**

# Additional Considerations

# Mega Backdoor Roth

- After-Tax 401(k) Contributions
- In-Plan Roth Conversion
- Bypass Annual Roth IRA contribution Limits

<b>Tax treatment</b>	<b>Contribution Details</b>	<b>Contribution limits (2026)</b>
<b>Pre-tax</b>	<ul style="list-style-type: none"><li>• Contribute pre-tax</li><li>• Upon withdrawal in retirement, pay ordinary income taxes on contributions and earnings</li></ul>	<b>\$24,500</b> aggregate total (under age 50)
<b>Roth</b>	<ul style="list-style-type: none"><li>• Contribute after-tax</li><li>• Upon withdrawal in retirement, pay no taxes on contributions or earnings</li></ul>	<b>\$24,500</b> aggregate total (under age 50)
<b>After-tax</b>	<ul style="list-style-type: none"><li>• Contribute after-tax</li><li>• Upon withdrawal in retirement, pay no taxes on contributions and pay ordinary income taxes on earnings</li></ul>	<b>\$72,000</b> aggregate total (under age 50)
<b>Employer contributions</b>	<ul style="list-style-type: none"><li>• Made on a tax-deferred or after-tax basis</li></ul>	Included in the <b>\$72,000</b> limit



# Why Does this Matter?

- Employee Retention
- Attract & Retain Key Employees
- Maximize Owner Contributions
- Tax Deduction/Credit for Business



## 2026 Planning

- Catch-Ups for Employees earning  $> \$150,000$  in FICA Wages = Roth
- Investment allocation still appropriate?