

THE ROAD TO

CASH BALANCE PLANS

For **200 years**, defined benefit retirement plans proliferated in the U.S.¹

200 YEARS

DETOUR

401(k)

But in the mid-1980s, employers and plan sponsors shifted to **401(k)** defined contribution plans mainly to shift risk to employees.²

In **1985**, cash balance plans emerged - defined benefit plans maintained in individual accounts like a defined contribution plan, with an annuity option.³

EXIT 1985

CASH BALANCE PLANS

In the past **17 years**, cash balance plans increased from



3%

to



42%

of all defined benefits plans.⁴

They're growing fast - new cash balance plans increased **17%** from 2017 to 2018.⁵

Employers

Employees

RISK

Employers continue to mitigate defined benefit risks through cash balance plan design, sometimes transferring risk to insurers via pension risk transfers (**PRTs**).

For complete cash balance plan administration, plan sponsors, insurers, and TPAs need a highly configurable platform with:

- ★ Ability to support hybrid pension products
- ★ Digital self-service
- ★ Efficient, scalable operations
- ★ Data access & reporting

Welcome to
V3locity

To learn more about how V3locity can enhance your defined benefit or cash balance plan, please view our Insight or visit us at vitechinc.com.

1. "The Rise, Fall, and Complexities of the Defined-Benefit Plan," Troy Adkins, November 2020, Investopedia
 2. "Defined Contribution Retirement Plans Become More Prevalent," Ann C. Foster, Compensation and Working Conditions, June 1996, The Bureau of Labor Statistics
 3. "Cash Balance Plans," John W. Almquist, IRS Tax Exempt and Government Entities, pg. 11-2, 2004
 4. 11th Annual Edition 2020 National Cash Balance Research Report, FuturePlan Cash Balance Center of Excellence, pg. 5
 5. Ibid, pg. 2