

# THE ULTIMATE RETIREMENT STRATEGY GUIDE

How Doctors and Attorneys Can **Supercharge** Savings with Cash Balance and 401(k) Plans

---

## Written by:

Micah Alsobrook, CPFA®, MBA  
Retirement Plan Consultant





# Contents

In this guide, you will discover strategies tailored for professionals who want to maximize their retirement savings while minimizing their tax burdens.

Through realistic examples, actionable insights, and step-by-step guidance, you'll see how integrating these plans can provide a clear roadmap to pursue long-term financial security.

## 01 Introduction

This chapter introduces the key components of 401(k) and Cash Balance Plans, explaining how each one works and the advantages of combining them.

## 02 Understanding the Basics

This section uses the case of Dr. Emily Smith to illustrate how the combination of these plans can lead to significant tax savings and increased retirement contributions.

## 03 Dr. Smith's Case

Here, we explore Attorney John Wilson's financial strategy, showing how he can use the Cash Balance and 401(k) plans to reduce his taxable income while building long-term wealth.

## 04 Attorney Wilson's Strategy

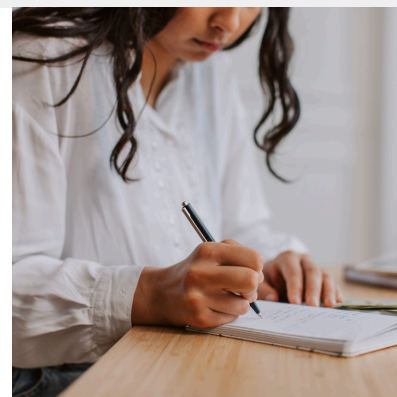
This chapter demonstrates the growth potential of these plans over time and how they can secure financial stability as retirement approaches.

## 05 Is This Strategy for You?

In this section, we help you determine if the 401(k) and Cash Balance Plan combination is the best fit for your personal financial situation.

## 06 Next Steps

Finally, this chapter provides actionable steps, guiding you on how to consult with a wealth advisor and CPA to start implementing this retirement strategy.





INTRODUCTION

# The Story of Dr. Smith and Attorney Wilson

---

# IMAGINE THIS...

## Introduction: The Story of Dr. Smith and Attorney Wilson

Dr. Emily Smith, a highly successful orthopedic surgeon in her late 40s, is making an impressive income from her private practice. She loves her work but wants to maximize her retirement savings and reduce her tax burden.

**Similarly,** Attorney John Wilson, a seasoned partner at a prestigious law firm, is also looking for ways to boost his retirement contributions and build long-term wealth without giving more to the IRS than necessary. They both face the common challenge of high income and limited retirement contribution opportunities.

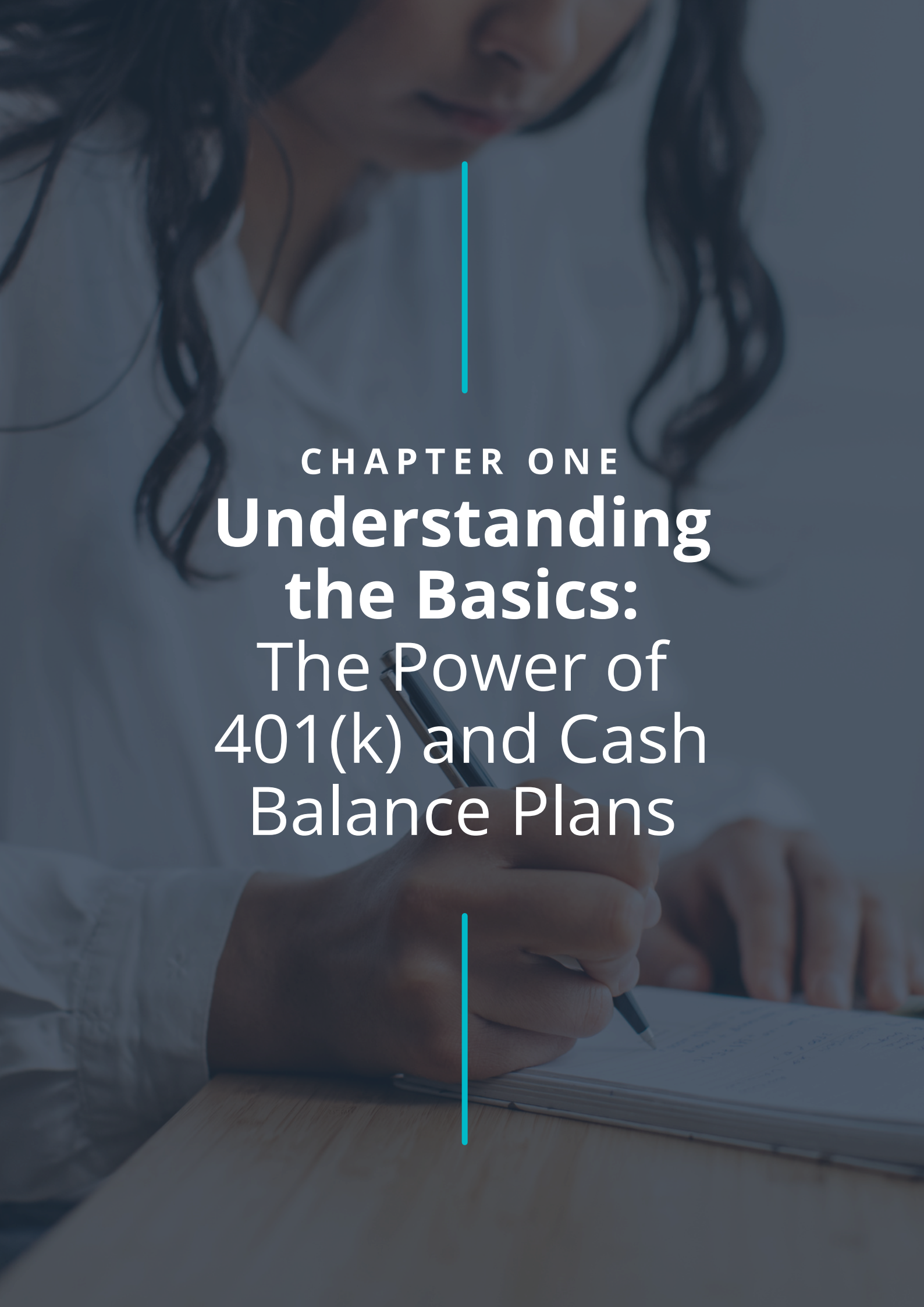


Enter the combination of a 401(k) and a Cash Balance Plan—the most powerful tool that high-earning professionals like doctors and attorneys can use to dramatically increase retirement savings while enjoying significant tax benefits.



## WHAT WE'LL EXPLORE...

In this e-book, we'll explore how professionals like Dr. Smith and Attorney Wilson can take advantage of this powerful combination, how it works, and why it's the optimal strategy for long-term financial health.



CHAPTER ONE

# Understanding the Basics:

## The Power of 401(k) and Cash Balance Plans

---

# Understanding the Basics:

**Before we dive into how this works for our two professionals, let's briefly explain what each of these plans offers.**

## 401(K) PLANS

401(k) plans are probably the most well-known retirement savings tool for professionals and business owners. With a traditional 401(k), individuals can contribute up to \$23,000 annually if they're over 50 (as of 2024), and employer contributions can push the total up to \$69,000 per year.

However, for someone like Dr. Smith or Attorney Wilson, making a high six-figure income, this might not seem sufficient. It's a good start, but not enough to really move the needle in building wealth.

## CASH BALANCE PLANS

This is where a Cash Balance Plan comes into play. A Cash Balance Plan is a type of defined benefit plan that allows much higher contribution limits, especially for older professionals who are trying to catch up on retirement savings.

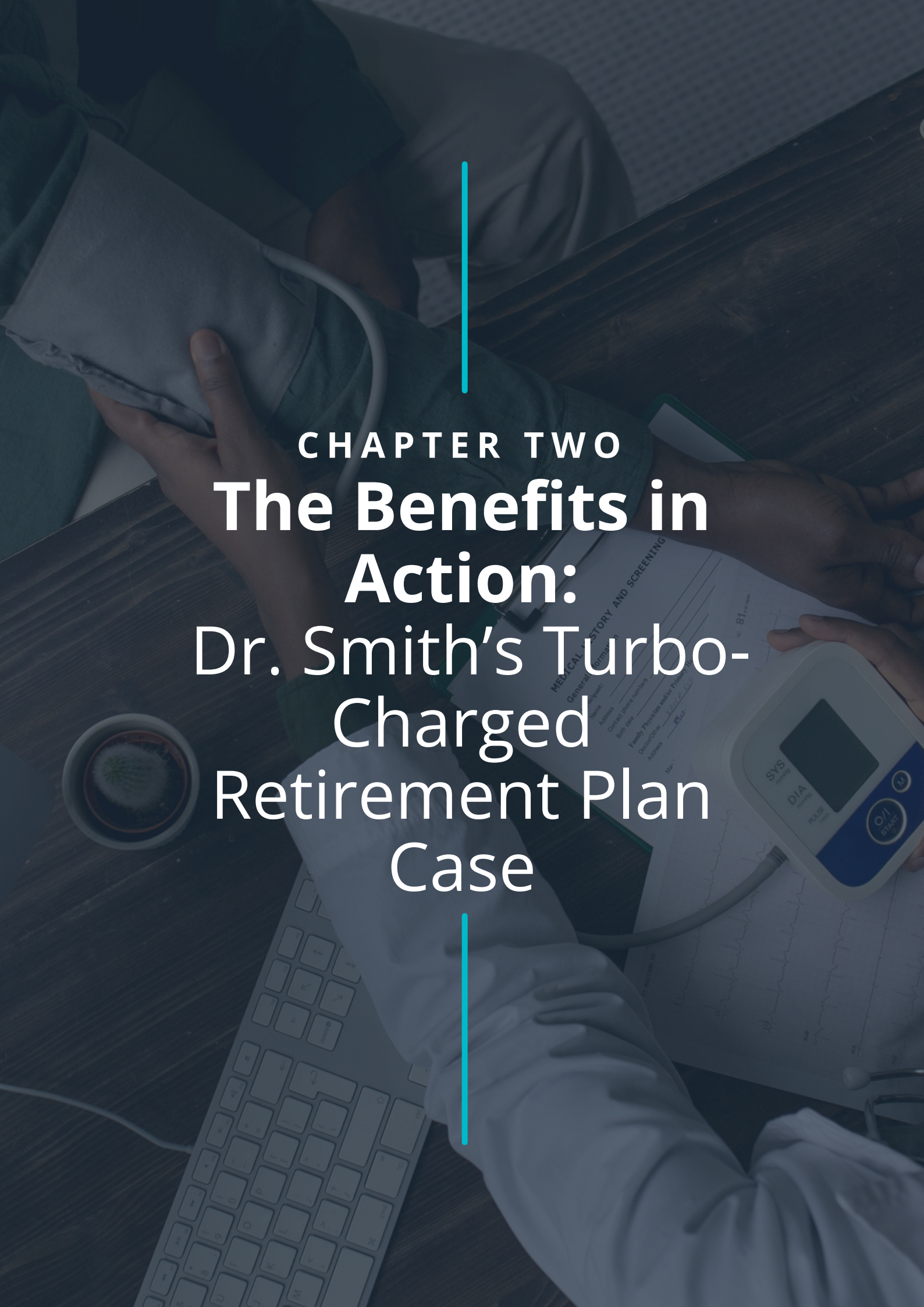
Unlike a 401(k), where contributions are limited, a Cash Balance Plan can allow contributions well into the six figures—often exceeding \$300,000 annually depending on the age and income of the participant.

## THE MAGIC OF COMBINING THEM

**Now, here's where the strategy gets exciting:**

When you combine a traditional 401(k) with a Cash Balance Plan, you unlock the ability to maximize contributions to both.

For high-earning doctors and attorneys, this means potentially contributing over \$350,000 per year toward retirement while simultaneously reducing taxable income significantly.



CHAPTER TWO

# The Benefits in Action: Dr. Smith's Turbo-Charged Retirement Plan Case

---

# The Benefits in Action

## Dr. Smith's Case

### LET'S REVISIT DR. EMILY SMITH

Let's revisit Dr. Emily Smith. Dr. Smith is 50 years old and earning \$600,000 annually from her private practice. She's already contributing the maximum to her 401(k), but she wants to turbocharge her retirement savings.

Dr. Smith's accountant introduces her to the idea of adding a Cash Balance Plan alongside her 401(k). Here's how the numbers work out for her:



### Illustration Example

- Without the plan: \$600,000 taxable income, \$222,000 in taxes.
- With the plan: \$351,000 taxable income, \$131,000 in taxes.

**Annual Tax Savings:**  
**\$91,000**

#### ✓ 401(K) CONTRIBUTIONS:

Dr. Smith contributes \$23,000 to her 401(k), plus her practice makes a profit-sharing contribution of \$46,000, bringing her total 401(k) contribution to \$69,000.

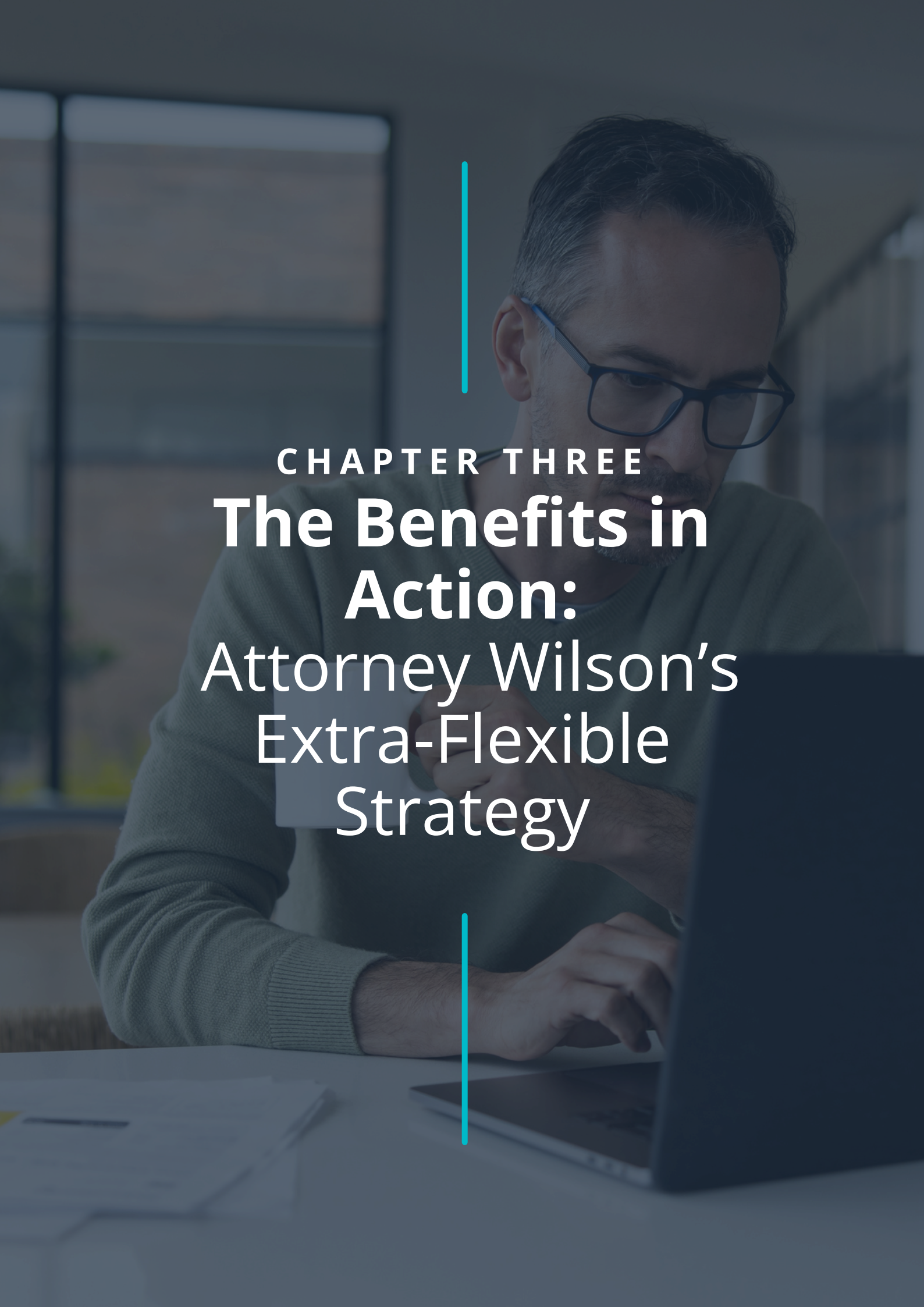
#### ✓ CASH BALANCE CONTRIBUTIONS:

At age 50, Dr. Smith can contribute up to \$180,000 annually to her Cash Balance Plan.

**In total, Dr. Smith can shelter \$249,000 of her income from taxes by making contributions to these two plans in the same year.**

**Now, the tax savings.** With her contributions, Dr. Smith has reduced her taxable income from \$600,000 to \$351,000. Given that she's in a 37% tax bracket, this strategy alone saves her over \$91,000 in taxes annually. Over 10 years, assuming the same contribution levels, she's saved nearly \$1 million in taxes—money that stays in her retirement account, growing for her future.



A man with glasses is sitting at a desk, looking at a laptop. The image is dimmed and has a blue tint. There are two vertical cyan lines, one above and one below the text.

CHAPTER THREE

# The Benefits in Action: Attorney Wilson's Extra-Flexible Strategy

---

# The Benefits in Action

## Dr. Smith's Case

### NOW, LET'S TURN TO ATTORNEY JOHN WILSON

A 45-year-old partner at a law firm, who also earns a significant income of \$550,000 annually. Like Dr. Smith, he's already maxing out his 401(k) contributions. But he wants more flexibility to save for retirement while minimizing his tax burden.

By adding a Cash Balance Plan to his law firm's benefits package, Attorney Wilson unlocks the following benefits:

#### ✓ 401(K) CONTRIBUTIONS:

Attorney Wilson maxes out his 401(k) with \$23,000 and receives a \$46,000 employer match.

#### ✓ CASH BALANCE CONTRIBUTIONS:

At 45, Attorney Wilson can contribute around \$130,000 to a Cash Balance Plan.

**In total,** Attorney Wilson contributes \$199,000 to his retirement plan in one year, reducing his taxable income from \$550,000 to \$351,000. Similar to Dr. Smith, this places him in a lower tax bracket, resulting in substantial tax savings.




### Illustration Example

- Without the plan: \$550,000 taxable income, \$203,500 in taxes.
- With the plan: \$351,000 taxable income, \$131,000 in taxes.

**Annual Tax Savings:**  
**\$72,500**



A person in a white shirt is writing in a notebook on a wooden table. There are stacks of US dollar bills on the table. The image is overlaid with a dark blue semi-transparent background.


CHAPTER FOUR  
**Long-Term  
Wealth Building:**  
Is this Strategy  
Right for You?

# Both have done something incredibly smart...

They've set themselves up for long-term wealth accumulation by leveraging tax-advantaged retirement accounts.

## GROWTH POTENTIAL

The combined contribution power of a 401(k) and Cash Balance Plan can grow significantly over time.

Assuming a modest 5% annual return, here's how their balances could look after 10 years: 

- Dr. Smith's Retirement Nest Egg: \$3.2 million
- Attorney Wilson's Retirement Nest Egg: \$2.8 million

**This gives them incredible financial security as they approach retirement.**

## Is This Strategy Right for You?

**The combination of a Cash Balance Plan and 401(k) is ideal for high-income earners like doctors and attorneys who:**

- ✓ Want to significantly increase retirement savings without being constrained by low contribution limits.
- ✓ Need to reduce their current tax liability, especially if they are in a high tax bracket.
- ✓ Own or partially own their practice or firm, allowing flexibility in plan design.
- ✓ Are 40+ years old and want to catch up on retirement savings before they slow down professionally.



A photograph of three business professionals in a meeting, overlaid with a large, semi-transparent blue diamond shape. The text is centered within the diamond. The background shows a modern office with wooden slat walls and a desk with a laptop.

CONCLUSION

# The Next Steps: Unlock Your Wealth's Purpose

---

---

# What are Your **Next Steps?**

If this is the right fit for you, here's what you can do:

If you're like Dr. Smith or Attorney Wilson, eager to increase your retirement savings while cutting down your taxes, setting up a Cash Balance Plan in conjunction with your 401(k) could be the right next step.



---

**01**

## **Speak with a financial advisor**

Speak with a financial advisor who specializes in retirement plans for high-income professionals.

**02**

## **Work with your CPA**

Work with your CPA to fully understand the potential tax benefits of these strategies and uncover how much you could save.

**03**

## **Design your plan**

Design your plan to fit your unique financial situation and future goals.

## **Conclusion: Unlock the Purpose of Your Wealth**

At Gatewood we help you navigate life's most important financial decisions with confidence, so that your wealth is put to work for your life, your family, and your legacy. **Let's start the conversation.**





**VISIT OUR WEBSITE**

# **CRAFT YOUR ACTION PLAN**

If you'd value the guidance of a professional wealth advisor, we'd love to schedule a time to craft your financial action plan!



## **SET UP AN INITIAL CONVERSATION:**

Have a brief discussion with our about your goals and aspirations to see if our partnership with a firm like ours would be of benefit to you.



## **ASSESS YOUR GOALS WITH A WEALTH ADVISOR:**

Sit down for an in-depth conversation with a Wealth Advisor to explain where you are today, where you want to be, and what gaps are preventing your from unlocking the full potential of your wealth.



## **DISCOVER WHAT SOLUTIONS MIGHT EXIST:**

After we've heard your story, discovered what your goals are and have our team together, we'll draft an action plan that makes sense for you and your family.

# **START YOUR JOURNEY HERE...**

**VISIT [WWW.GATEWOODWEALTH.COM](http://WWW.GATEWOODWEALTH.COM)  
TO BEGIN CRAFTING YOUR FINANCIAL ACTION PLAN WITH OUR TEAM.**

## **DISCLOSURES:**

This material was created for educational and informational purposes only and is not intended as ERISA, tax, legal or investment advice. If you are seeking investment advice specific to your needs, such advice services must be obtained on your own separate from this educational material.

This is a hypothetical example and is not representative of any specific situation. Your results will vary. The hypothetical rates of return used do not reflect the deduction of fees and charges inherent to investing.